C1

PROCEEDINGS

OF THE

THIRTY-SECOND ANNUAL CONVENTION

OF

The Association of Life Insurance Presidents

HELD IN

The Waldorf-Astoria

NEW YORK, N. Y.

December 1 and 2, 1938

PROCEEDINGS

OF THE

THIRTY-SECOND ANNUAL CONVENTION

OF

The Association of Life Insurance Presidents

HELD IN

The Waldorf-Astoria

NEW YORK, N. Y.

December 1 and 2, 1938

Printed in U. S. A.

CONTENTS

THE ASSOCIATION OF LIFE INSURANCE PRESIDENTS

165 Broadway, New York, N. Y.

OFFICERS, 1939

Vincent P. Whitsitt, manager and general counsel
Bruce E. Shepherd, actuary
Charles F. Creswell, statistician
Robert L. Hogg, assistant general counsel
Clyde W. Savery, attorney
Frank DeF. Ross, associate attorney
Mott A. Brooks, assistant secretary
Robert B. Crane, assistant secretary

EXECUTIVE COMMITTEE

Vincent P. Whitsitt, New York, *Chairman*
Alfred L. Aiken, New York
Elbert S. Brigham, Montpelier
W. Howard Cox, Cincinnati
Franklin D'Olier, Newark
John R. Hardin, Newark
David F. Houston, New York
Leroy A. Lincoln, New York
Henry S. Nollen, Des Moines
Thomas I. Parkinson, New York
George Willard Smith, Boston
L. Edmund Zacher, Hartford

COMPANIES REPRESENTED IN THE ASSOCIATION

Acacia Mutual Life Insurance Company.........Washington, D. C.
Ætna Life Insurance Company.....................Hartford, Conn.
American United Life Insurance Company.......Indianapolis, Ind.
Bankers Life Company...........................Des Moines, Iowa
Bankers Life Insurance Company of Nebraska.......Lincoln, Nebr.
Berkshire Life Insurance Company.................Pittsfield, Mass.
Boston Mutual Life Insurance Company.............Boston, Mass.
The Canada Life Assurance Company.........Toronto, Ont., Canada
Central Life Assurance Society..................Des Moines, Iowa
Central Life Insurance Company of Illinois...........Chicago, Ill.
The Colonial Life Insurance Company of America,
Jersey City, N. J.
The Columbian National Life Insurance Company...Boston, Mass.
Confederation Life Association...............Toronto, Ont., Canada
Connecticut General Life Insurance Company......Hartford, Conn.
The Connecticut Mutual Life Insurance Company..Hartford, Conn.
Continental American Life Insurance Company...Wilmington, Del.
Continental Assurance Company......................Chicago, Ill.

The Equitable Life Assurance Society of the United States, New York, N. Y.
Equitable Life Insurance Company of Iowa.......Des Moines, Iowa
Federal Life Insurance Company.......................Chicago, Ill.
The Fidelity Mutual Life Insurance Company.....Philadelphia, Pa.
The Franklin Life Insurance Company.............Springfield, Ill.
The Guardian Life Insurance Company of America, New York, N. Y.
Home Life Insurance Company....................New York, N. Y.
The Imperial Life Assurance Company of Canada, Toronto, Ont., Canada
Jefferson Standard Life Insurance Company......Greensboro, N. C.
John Hancock Mutual Life Insurance Company......Boston, Mass.
The Life Insurance Company of Virginia.............Richmond, Va.
The Lincoln National Life Insurance Company...Fort Wayne, Ind.
The London Life Insurance Company..........London, Ont., Canada
The Manhattan Life Insurance Company........New York, N. Y.
The Manufacturers Life Insurance Company.Toronto, Ont., Canada
Massachusetts Mutual Life Insurance Company..Springfield, Mass.
Metropolitan Life Insurance Company............New York, N. Y.
The Minnesota Mutual Life Insurance Company....St. Paul, Minn.
The Mutual Benefit Life Insurance Company.......Newark, N. J.
The Mutual Life Assurance Company of Canada, Waterloo, Ont., Canada
The Mutual Life Insurance Company of New York, New York, N. Y.
Mutual Trust Life Insurance Company................Chicago, Ill.
The National Life and Accident Insurance Company, Inc., Nashville, Tenn.
National Life Insurance Company..................Montpelier, Vt.
New England Mutual Life Insurance Company......Boston, Mass.
New York Life Insurance Company...............New York, N. Y.
Northwestern National Life Insurance Company, Minneapolis, Minn.
Occidental Life Insurance Company..................Raleigh, N. C.
The Ohio National Life Insurance Company.......Cincinnati, Ohio
The Old Line Life Insurance Company of America..Milwaukee, Wis.
The Penn Mutual Life Insurance Company.......Philadelphia, Pa.
Phoenix Mutual Life Insurance Company..........Hartford, Conn.
Provident Life Insurance Company...............Bismarck, N. Dak.
Provident Mutual Life Insurance Company of Philadelphia, Philadelphia, Pa.
The Prudential Insurance Company of America......Newark, N. J.
Puritan Life Insurance Company of Rhode Island..Providence, R. I.
Reliance Life Insurance Company of Pittsburgh....Pittsburgh, Pa.
Reserve Loan Life Insurance Company............Indianapolis, Ind.
Security Mutual Life Insurance Company.......Binghamton, N. Y.
Southland Life Insurance Company....................Dallas, Tex.
State Mutual Life Assurance Company..........Worcester, Mass.
Sun Life Assurance Company of Canada.....Montreal, Que., Canada
Sun Life Insurance Company of America............Baltimore, Md.
The Travelers Insurance Company.................Hartford, Conn.
The Union Central Life Insurance Company.......Cincinnati, Ohio
Union Mutual Life Insurance Company..............Portland, Me.
The United States Life Insurance Company.......New York, N. Y.
The Volunteer State Life Insurance Company...Chattanooga, Tenn.
The Western and Southern Life Insurance Company, Cincinnati, Ohio

Thirty-second Annual Convention

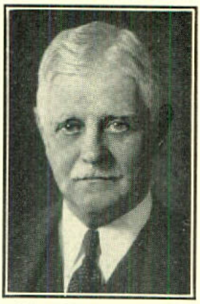
of

The Association of Life Insurance Presidents

DECEMBER 1 - 2, 1938

—

Speakers



Mr. Julian Price
Chairman

The Hon. J. L. Ilsley

Mr. Thomas S. Gates

Mr. Ethelbert Ide Low

Mr. E. R. Stettinius, Jr.

Dr. Harold M. Frost

Mr. T. A. Phillips

Hon. Frank N. Julian

Mr. John A. Stevenson

Hon. Norman H. Davis

Dr. Frank B. Jewett

Mr. James G. McDonald

THIRTY-SECOND ANNUAL CONVENTION OF THE ASSOCIATION OF LIFE INSURANCE PRESIDENTS THE WALDORF-ASTORIA NEW YORK

FIRST DAY

Morning Session

Thursday, December 1, 1938

The Convention was called to order by Mr. Vincent P. Whitsitt, Manager and General Counsel of The Association of Life Insurance Presidents.

Mr. Whitsitt: Members and Guests of The Association of Life Insurance Presidents:

It is a great pleasure to welcome all of you here this morning. I am particularly pleased to welcome the members of other organizations—the American Life Convention, The National Association of Life Underwriters, The Canadian Life Insurance Officers Association, and the National Association of Insurance Commissioners.

Those of you who have glanced through your programs will have observed that we have a rather wide and varied program this year, with representatives from other fields than life insurance—industry, government, education, and others. It is, therefore, particularly appropriate that we have as our Chairman a man who has had experience in other fields. He has been a railroader; he has been a college trustee; he has been connected with industry; and he has been active in civic work in his own city of Greensboro, North Carolina.

Before introducing our Chairman this morning, however, may I say that those of us who know him quite well feel that it is rather unusual to see him without his hat on. In fact, I received a request this morning, signed by a group of his friends, the first of whom was Harry Seay, petitioning me to permit him to wear his hat while he is presiding here. I was prevented from doing that, however, because, as he came up in the elevator this morning, his loyal son took his hat away from him and checked it, and now has the check in his pocket. (Laughter.)

It is with great pleasure that I now present to you your Chairman, Mr. Julian Price, President of the Jefferson Standard Life Insurance Company, of Greensboro, North Carolina. Mr. Price! (Applause.)

UNDERWRITING AMERICA'S HUMAN VALUES

Chairman Price then addressed the Convention as follows:

I appreciate, more than I can say, the honor that Mr. Whitsitt and his associates have conferred upon me by asking me to be Chairman of this meeting.

When Mr. Whitsitt called me on the telephone and said he would like to have me act as Chairman, I asked him whether he needed a shock absorber and wanted a good Democrat from down South. He denied that, but, in my own mind, I have come to the conclusion, that if he hadn't given me the invitation when he did, I shouldn't be here today, because that was prior to the election of November 8th. (Laughter.) After all is said and done, you are going to meet good Democrats down South, but I am not quite so sure what kind of Republicans you have elected up here, and out West. (Laughter.)

As I have said, it is a great pleasure to be here. There is a great deal in association—men coming together in the same line of business and some in other lines of business—but I shall try to confine myself to the theme of this meeting.

Mr. Whitsitt said I was a trustee in a college, but I want to tell you I never went to college a day in my life, so don't get the impression that there is anything collegiate in here (indicating his manuscript). I am merely an agency man, and I hope the agency departments of your companies have a good turnout today, because they are my buddies. (Applause.)

It is with much pleasure that I greet the members and guests of the Association who have come in such inspiring numbers to participate in this Thirty-second Annual Convention.

With my mind running quite naturally upon "human values," apropos of our convention theme, the thought occurs that life insurance itself might be represented as a ledger of human values. Those vital human values which are created by life insurance and which protect the welfare of life insurance policyholders and beneficiaries are recorded on the outgoing side of the ledger. They include the prevention of poverty or dependency for families deprived of their income-provider, the care of aged persons, the education of children, the payment of home mortgages, and many other items. Such values, however, are made possible only because of those contributed human values noted on the income side of the ledger. The first recording here is, of course, the thrift and sacrifice of policyholders. Here also are recorded the human values contributed by the institution itself through human vision, human ability and, above all, human responsibility. Pausing to contemplate the significance of these values which underlie life insurance stewardship, we might well annotate this page of our ledger with a line written by Emerson, "An institution is the lengthened shadow of a man."

Life insurance stewardship as it is understood and applied throughout the life insurance world today will be the subject of a later address from this platform. It is my purpose here merely to stress the importance of stewardship as a conscious and living ideal—an ideal which demands of us not only faithfulness and integrity in the actual administration of company affairs, but also the constant exercise of our creative imaginations to the end that life insurance may grow not in size alone, which is incidental, but in quality and usefulness.

In pursuit of that broader phase of stewardship, these annual occasions have a special value. Coming together, less as representatives of life insurance companies than as individuals who have an absorbing interest in life insurance, we find here opportunity for the interchange of ideas so essential for the stimulation of creative thinking.

During the course of these sessions, experienced life insurance men will share with us some of the fact and philosophy they have absorbed and assimilated through serving the interests of life insurance policyholders. The messages of leaders in fields other than life insurance will broaden our appreciation of the aims and problems of various important spheres of activity in American life and will give us a larger view of our own field. Informally, we shall have the opportunity to renew old and make new acquaintances among people engaged in our own line of work in various parts of the United States and Canada.

Thus our Convention holds promise of many things which may tend to broaden our vision, deepen our sense of responsibility, and fructify our stewardship. Through these means may we grow tall and cast our shadows into the future!

The theme proposed for our contemplation, I believe, should prove exceedingly fertile in ideas that may crystallize the philosophy of stewardship.

"UNDERWRITING AMERICA'S HUMAN VALUES"

The word "Underwriting" has a distinctly economic flavor—to write under, to subscribe one's name; hence, in insurance parlance, to assume a risk or, in a more general sense, to guarantee. "America's Human Values," on the other hand, is an expression redolent of America's hopes and aspirations since early colonial times. The words of our theme seem to frame a window of the mind through which we glimpse a moving picture of America's history, revealing in every phase a valiant struggle, through both individual and co-operative effort, to guarantee human values.

Into this pageant of the mind come the early settlers, struggling with nature, fighting the Indians, setting up governments under which they might enjoy those liberties—political, religious, or economic—variously denied them at home. Next come scenes of the struggle of the thirteen colonies, first for self-government and finally for complete independence; the winning of that independence; the struggle to form a workable union, the framing of the Constitution.

As the 19th century comes into view, we see the American frontier move steadily westward and industrial cities rise along the Atlantic seaboard. Pioneers, in increasing numbers, trek across the plains, the desert, the mountains, partly in response to an inner urge to seek nature and the simple life, partly in response to the lure of free land, the chance of a fresh start. Enacted in this drama of the great westward movement—strongly romantic in its conception, brutally harsh in its actualities—are scenes of supreme heroism revealing the pioneer's magnificent struggle to survive and other scenes revealing the crudity and spiritual barrenness of life on the frontier, where cultural values are lost in the forgetfulness of physical necessity.

In the wake of the land pioneer, we see the industrial pioneer and his partner, the inventor. Railroads are built and, riding the railroads, still greater numbers go west.

Into the picture come vast armies of immigrants arriving on our shores in quest of the promised opportunity in the New World. We see them dispersing into all sections of the country, contributing enormously to the agricultural and industrial development of the nation—a few destined to fulfil the American fairy-tale of "rags to riches," the majority becoming absorbed and assimilated into the so-called middle class life of America, a residue failing to find places much above the poverty level they had known at home.

Finally, we see a continent transformed, through the processes of settlement, railroad-building, immigration, industrialization, invention, and scientific discovery, from a wilderness to a modern mechanized civilization, a great wealth-producing nation. But we are chiefly interested in how human values have been affected in this changed aspect.

The very circumstances of our national existence have tended to foster in America an intense absorption in economic activity. Not only have we had a vast continent with a wealth of natural resources to develop, but we have had two oceans to keep us comparatively free from the constant threats of war which sap the resources and energies—physical, mental, and spiritual—of so many nations less fortunately situated. Our preoccupation with economic growth and development has appeared to many observers of American life to emanate from a narrow, purely materialistic concept of life in which all values were subordinated to that of money. This interpretation, however, seems to have missed entirely the significance, from the standpoint of human values, of the evolution of American life. Viewed in this light, we find that the most striking aspect of the picture is the enormous increase in the standard of living of our population, generally, over a period of 100 years. On the average, our people have better food, better clothes, better houses. They are healthier, have more leisure and are better educated, not only through schooling but through books, newspapers, magazines, radio, and travel. They not only spend more but they save more. These average, long-term trends are proof of a tremendous enhancement of America's human values.

But we are still not satisfied, and rightly so. We want more of these good things and for more people. We want greater stability and security. With the vast resources we have at our command—not only in natural supplies but in an enormous capacity for mass production—there is no reason why we cannot make further progress along the paths to which the lessons of our past distinctly point. There can be little doubt that the long-range increase in our national wealth and the wide diffusion of its benefits have been brought about both through the industry and thrift of our people individually and also through an increasing sense of cooperative responsibility on the part of our American institutions.

The opportunity to work and save has represented to most Americans the meaning of the inalienable right of every man to "life, liberty and the pursuit of happiness." The great majority who have risen in the scale of economic welfare—and happily that has been a common rather than an exceptional experience in American life—have done so by working and saving.

Of course, we recognize that we have never had in America, and probably there never could be in any country, an ideally equal opportunity for every man. In the days when our government had an abundance of free land to give away, America enjoyed perhaps the closest approach in history to that ideal. Then, every man, regardless of economic status, could become a property owner provided he was willing to settle upon and cultivate the land. The settler's life was exceedingly arduous but it was simple. He was subject to many hazards beyond his control, such as the marauding of the Indians, the rigors of the climate, and devastating pestilences, but, if he succeeded at all, it was purely through his own efforts. Whether his neighbor's efforts succeeded or failed, did not, materially, affect him.

In our highly complex and interdependent economic life today, the welfare of every individual directly affects, and is affected by, that of the community as a whole, both local and national. Individual effort and individual responsibility, therefore, are more than ever essential to general progress, but the reinforcement of individual effort through cooperation is also necessary to an increasing degree. During the past twenty-five years, particularly, we have been learning new ways to apply such cooperation. The recognition of an interest and a responsibility in the consumer's welfare on the part of the producer, and in the worker's welfare on the part of the employer, are manifestations of a broader viewpoint with respect to our national economy, and one which has contributed greatly to the fruits of individual industry and thrift.

The institution of life insurance offers a concrete example of human values underwritten through individual effort applied cooperatively under the guidance of able, experienced, and responsible management. The economic value of an individual human life is one of the most fundamental of human values because upon it depend so many other values. The sustenance of life itself, health, and happiness, not only for the individual but for those he loves, depend in a large measure upon his earning capacity. Death, disability, and old age destroy earning power and, therefore, represent hazards which threaten human values. Life insurance, however, is an economic instrument which may be utilized to guard against the economic consequences of these contingencies and thus preserve many human values dependent upon earning capacity.

It operates very simply. An individual makes a contract with a life insurance company and, in accordance therewith, pays a regular premium. The company, by assuming the risk not only on this individual life but also on a large number of other lives, utilizes the law of averages and can thus guarantee to each individual the payment of a fixed sum, either upon maturity of the contract or in the event of death or other specific contingency provided for. The guaranty made by the company and represented by the life insurance contract has both a scientific and a human basis. It rests upon actuarial calculations taking into account premiums, expected mortality among the group insured, a conservative interest rate, and the cost of carrying the business, and also upon the ability and integrity of the company in managing its business in the interests of policyholders.

Thus, through cooperative thrift, the principle of life insurance, and the faithful stewardship of the companies, each policyholder may convert not only a portion of his present but his anticipated earning power into future benefits necessary for the welfare of himself and his dependents. Such benefits are received in the form of money either in lump sums or in income payments but their human value to the recipients can be calculated only in terms of food, clothing, shelter, family life, recreational and educational activities and in the enjoyment of many other human values—economic, social, and cultural. Operating indirectly to protect the general welfare, these benefits relieve the community of the burden of caring for many citizens who might otherwise become dependent upon public or private charity; they tend to sustain the spending capacity of the community and they afford to their recipients opportunity to lead healthful and wholesome lives as useful members of the community.

The institution of life insurance, therefore, serves in a most constructive way the community which is America. The extent to which the American people, through this cooperative means, are meeting their individual responsibilities and are materially contributing to the general welfare may be judged from estimates for the current year showing the total coverage they enjoy, the amount of new protection purchased during the year and the amount disbursed or credited during the year by life insurance companies to policyholders and beneficiaries. Announcement of such estimates at this time is made possible through the generous cooperation of member, and non-member, companies of this Association who have furnished their 1938 data for this purpose. The 208 companies which furnished data relative to their new business and insurance in force—based upon actual records for the first ten months of the year and estimates for the last two—had in force, at the beginning of this year, 97% of the insurance outstanding in all United States legal reserve life insurance companies. The 48 companies, which furnished the policy payment data, disbursed last year 92% of the total payments to policyholders and beneficiaries by all United States legal reserve companies. Based upon these individual company records, estimates for the country as a whole have been made and the figures projected to December 31.

It is estimated that new life insurance acquired from United States legal reserve companies during 1938 will amount to $11,800,000,000—$2,996,000,000 less than the 1937 figure. The total amount of life insurance in force on December 31 will approximate $110,300,000,000, representing an average coverage of $1,725 on about 64,000,000 lives. While this outstanding total is the largest on record, it is the spread of the protection, rather than its dollar value, that indicates its importance in the underwriting of human values. When beneficiaries and policyholders are counted together, it is indicated that the current life insurance coverage extends to 100,000,000 persons. Actual payments under present insurance in force will be distributed over a long period of years in the future but each policy has a very real present value in that it represents a definite sum available at any time whenever the need, for which it was designed, arises.

During 1938, many thousands of American families have experienced the comfort of having this ready source of funds at times when they were most needed. It is estimated that by the end of the year amounts paid or credited by life insurance companies to policyholders and beneficiaries will total $2,600,000,000. Of this amount 37.5%, or $975,000,000, will have been paid in death claims to beneficiaries of deceased policyholders. The remaining 62.5%, or $1,625,000,000, will have gone to living policyholders as matured endowments, annuities, surrender values, policyholders' dividends, and disability payments. These 1938 payments are part of the stream of funds which are annually sent into American homes to take care of expenses attendant upon illness and death, to help in the readjustment of families bereft of their income-provider, to continue sending children to school who might otherwise have to contribute to family support, to enable elderly persons to retire independently, and to accomplish a thousand other purposes for which thoughtful and responsible individuals provided through life insurance.

The present volume of life insurance in force guarantees the continuous flow of such funds into the homes of the nation for many years to come. Thus American policyholders, faithfully served by life insurance companies, are contributing in a very practical way toward the underwriting of America's human values.

And in closing, let me say again, that the underwriting of American human values is a great and worthy undertaking and we in the life insurance business must accept a large responsibility, for we have a large opportunity. Unless we fortify ourselves with the strong purpose and determination to ever be on guard, then our task will be but poorly accomplished. This great institution of ours carries an assignment of contentment and happiness unequalled in the annals of history; therefore, it behooves us to stand steadfast in the face of all perils and temptations and let no force whatsoever drive us from the paths of right and duty. Parties, policies, and principles may and will change, but our consecrated duty and task, never.

(Applause.)

THE CHAIRMAN: We now have on our program a man from our neighbor country, Canada. We are always delighted to have men from Canada with us and we are sorry when they have to go back. A custom which has become one of our most highly-valued convention traditions is that of having with us each year a Canadian speaker. The presence of these men on our platform symbolizes the sense of community interest between Canada and the United States, and the contribution of Canadian viewpoints greatly adds to the value of our discussions.

We are most happy, therefore, to have the privilege of adding another name to the growing list of distinguished Canadians who have honored us by addressing our Conventions.

Last year, our Canadian speaker was the Hon. Charles A. Dunning, the Dominion's Minister of Finance. Mr. Dunning's able and highly enjoyable talk on that occasion undoubtedly left in our minds the subconscious wish to have another address by a Canadian financial officer. At any rate, we are fortunate this year in having the opportunity to welcome the Hon. James L. Ilsley, Canada's Minister of National Revenue. Mr. Ilsley, a Nova Scotian, was first elected to the House of Commons in 1926, and has served in public life continuously since then. He was appointed Minister of National Revenue in 1935.

It is with great pleasure that I now present the Hon. James L. Ilsley, who will speak on "Canada's Progress and Stability." Mr. Ilsley! (Applause.)

CANADA'S PROGRESS AND STABILITY

Hon. James L. Ilsley thereupon spoke as follows:

MR. CHAIRMAN, AND GUESTS:

Thank you for your introduction. While this is not in my prepared address, I should like to acknowledge the honor that you have conferred on me in inviting me to speak at this gathering. The custom of asking a Canadian speaker to come to your Conventions has become established, as you, Mr. Chairman, have said, and the invitation has come to be regarded as an honor very greatly appreciated.

Last year my colleague, Mr. Dunning, in addressing you, used these words: "All the things I have been speaking of are our common heritage. Even so, let us not take for granted our long-established friendship, understanding, and confidence, but let us rather cultivate our understanding ever more and more. Let us not overlook any opportunity of doing business together, of fraternizing socially, and of making things easy for each other in our mutual relations of every kind."

Since that address was delivered, events have drawn us closer together than before. Our people have reacted in much the same way to European events—we have the same concern for the future of democracy, the same horror of persecution of the weak and defenseless. And only two weeks ago, our countries entered into a far-reaching trade agreement—an important step along the sound lines laid down in the speech from which I have quoted.

It occurred to me that I might be able to contribute further to mutual "friendship, understanding, and confidence" by saying something about the qualities of the Canadian nation and people—not, I hope, in the spirit of salesmanship or propaganda, but in that of candid self-appraisal. If I stress the good in our national life, rather than the bad, it is not because there is no bad—our severe self-criticism parades it continually in the press—but because I think the good predominates.

No going concern amounts to much in this world unless it has at least two qualities, not always found together, but both of great importance—the quality of progressiveness and the quality of stability. Without progressiveness it will disintegrate through disuse of its capacities and neglect of its opportunities; without stability it will cripple or destroy itself by the reckless running of risks, by sudden or frequent changes in policy or by excessive experimentation. So, I have asked myself the questions, "Is Canada progressive? Has Canada stability?" And these are the questions that I shall attempt to answer today.

Lord Macaulay, in his description of the origin of the Whig and Tory Parties, says in his "History of England" that "though both parties have often seriously erred, England could have spared neither. If, in her institutions, freedom and order, the advantages arising from innovation and the advantages arising from prescription, have been combined to an extent elsewhere unknown, we may attribute this happy peculiarity to the strenuous conflicts and alternate victories of two rival confederacies of statesmen, a confederacy zealous for authority and antiquity, and a confederacy zealous for liberty and progress." Lord Macaulay, as a good party man, identified the cause of liberty and progress with that of the Whig Party, and I suppose, as a member of a Liberal government opposed by a Conservative opposition, I should make similar claims for Canadian Liberalism. But apart from the fact that those who emphasize progressiveness rather than stability, or stability rather than progressiveness, are not all in one party, I doubt whether it would enhance the prestige of any party to have it stand for one of these qualities to the exclusion of the other, for one is as important as the other.

If you were to ask a hundred persons what is meant by progressiveness in a nation, you would get a hundred answers. Scientific or mechanical achievement, increase in wealth, the lowness of the death rate, the state of the arts, the degree of liberty among the people, the extent to which industry is socialized—any of these might be regarded as the criterion. But most of us, at least in the democratic countries, would say that a nation is progressive, at least on the material side, if it is making satisfactory headway in the production of wealth and in the application of that wealth to the improvement of conditions among its people; if it is making the best of its opportunities to increase its national income and to distribute that income properly. And proper distribution we would regard as application to the advancement of the welfare of the people as a whole.

Judged by this standard, is Canada a progressive nation? This is not too easy a question to answer. We labor under certain admitted handicaps. A magazine writer recently referred to our "small population expensively scattered over an immense and largely inhospitable territory." But, even so, our population during the thirty years between the census of 1901 and that of 1931 increased by 93.2%, our export trade by 320%, our import trade by 409%, our total trade by 363%, our manufacturing production by 461%, our agricultural production by 169%, and our mining production by 250%.

In many respects Canadian recovery as between 1933 and 1937 was more satisfactory even than in the United States. This country increased its per capita relief expenditures, its total government expenditures, and its national debt faster and further, proportionately, than did Canada. And, in 1937, we had made a more complete recovery—at least this was true of export trade, mining production, and manufacturing production—while in employment of labor our degree of recovery was about the same. This comparison, while reasonably satisfactory from the Canadian point of view, is, needless to say, not conclusive evidence of the progressiveness of the Canadian nation or people, but it is presumptive evidence of progressiveness, especially when we realize that these striking advances were achieved with proportionately so much less government spending than took place here.

But production of wealth is only one manifestation of progressiveness. The second, as we have agreed, is the kind of distribution of that wealth that takes place. Of prime importance in such distribution is our taxation system. Candor compels me to admit that it is far from satisfactory in Canada, chiefly because of conflicts between jurisdictions, notably provincial and federal, but also to some extent between municipal and provincial, or municipal and federal, authorities. We hope to get some of our taxation difficulties ironed out as a result of the report of the Royal Commission on Dominion-Provincial relations now sitting.

Our largest source of Dominion revenue for the current fiscal year is our income tax; and we feel that our Income War Tax Act, as we call it, as originally enacted, and as amended from time to time, has considerable merit as a modern and progressive measure. The amendments have been framed with a view to the collection of revenue rather than for other purposes. And many of the methods of avoidance and evasion possible under income tax legislation of other countries have been carefully guarded against. Alertness in the framing and reframing of an income tax act may not create much enthusiasm, but it is both an evidence and a condition of progress.

But, you may ask, are the revenues raised by the Canadian taxation system applied to the advancement of the welfare of the people? All I can say is that I think we are moderately well advanced in our social legislation. Workmen's Compensation Acts and child labor laws have long been on the statute books. There are minimum wage laws in eight of the nine provinces, and in seven of those eight, they apply to men as well as to women. The province with the largest population, Ontario, has long paid mothers' allowances and, with Dominion assistance, old age pensions. Indeed, in all the provinces of Canada, old age pensions are now being paid, and in some cases have been paid since 1927. To some extent, standards of living reflect social legislation, and Canadian living standards are fairly high. For instance, Canadians, while not as well supplied as Americans with schools, hospitals, automobiles, radios, and telephones, are well supplied with these facilities and conveniences, as compared with most other countries.

These facts indicate a flexibility of attitude, a capacity for adaptation, and a warmth of social sympathy that have no place in the picture of a static or unprogressive nation.

But, if progressiveness is a national quality, so is stability. And it is to this characteristic that I wish to turn for a few minutes now.

To begin with, our political and governmental institutions are stable. As you know, we have the British parliamentary system, with minor modifications, in every province and in the Dominion. The people are intensely democratic. There is no country—not even this—where a dictator would have harder sledding than in Canada.

Under no system can public opinion assert itself more promptly. An executive responsible to the legislature, the term of office of the government and of Members of Parliament limited, but not assured for any fixed length of time, Cabinet Ministers with seats in the House and put on their defense continually—these features of our parliamentary and cabinet systems, when combined with freedom of the press, freedom of speech, and freedom of assembly, enable the people really to govern themselves.

Whether for this reason or others, there is, apart from discussion of re-division of powers as between the Dominion and the provinces, no demand for constitutional change. Otherwise, our issues are not constitutional issues. There is much demand that democracy be more efficient, but none that democracy be curtailed. There is grumbling because Parliament talks so much, but no suggestion that Parliament be muzzled. The Courts are respected. The people are for law and order. And although they have lived beside this great Republic for a century and a half, they have a vivid consciousness of their relationship to a modest young man who lives much of his time in Buckingham Palace and Balmoral Castle. Whether it is because they respect him so deeply as a man, or because he sums up in their minds those traditions and institutions which are close to their hearts, their emotional response to the appeal of the Crown is one of the basic realities of Canadian life.

The stability of our institutions, to which I have referred, is based upon a more fundamental type of stability, and that is in the temperament and mentality of our people. The Canadian people are not subject to waves of mob-mindedness. Time and again, we read of social phenomena in other countries which we cannot understand because of our inherent resistibility to crowd-hysteria. Of course, we are not entirely immune but there is a certain critical habit about our thinking which usually saves us. Moreover, our population is divided in such a way racially, religiously, and in some respects ideologically, that the leader of any cult or "ism" must expect prompt and intelligent criticism on a broad scale from the elements in the population to which he does not appeal. Excessive enthusiasms and fine frenzies of one kind and another are in this way checked. Generally speaking, Canadians are a sober, stable people going about their business in an orderly and sensible way.

These characteristics find economic expression in the stability of our banking and financial institutions and of our general economy.

Our banking record has been excellent from the beginning. Since Confederation only twenty-six Canadian chartered banks, most of them of relatively small size, have failed. No holder of the notes of a Canadian bank has suffered a loss since 1881, and no depositor in a Canadian bank since 1923. During the great depression, not one of our banks failed, although many failed elsewhere.

The record of our insurance companies has been even more remarkable. It is a matter of pride to us that no policyholder in a Dominion company has ever suffered a loss on his policy, nor have Canadian policyholders of non-Canadian companies fully subject to the Dominion's deposit laws ever suffered loss by reason of the failure or retirement of such companies. This record of stability, while not universal among the other financial institutions of Canada, is nevertheless general.

As to our economy generally, there are two stabilizing influences affecting it, the diversification of our primary and secondary industries, and the political impossibility of extremes in economic policy.

Certain critics have attempted to make a case for the precariousness of the Canadian economy on the ground that we export between 35% and 40% of our gross production and are thus dependent to a high degree on export markets. It is true that a few important commodities, such as wheat, newsprint, base metals, and gold, bulk largely in our exports and that a serious drop in the world price of any one of them would exert an important adverse influence on our whole economic fabric. But this criticism has less point today than it had some years ago and it is becoming increasingly less valid.

The fact is that Canada has a great variety of natural resources, and our wealth-producing activities show a greater degree of diversification than those of most countries. Our basic industries of farming, forestry, fishing, and mining still play an important role, but, particularly during and since the War, the development of a wide range of secondary industries has proceeded apace and today, manufacturing is responsible for almost half of the net value of our production. This diversification obviously makes for stability. Depressed conditions in one field tend to be offset by expansion in others. Thus, during the depression, a remarkable increase in the production of gold and other metals—an increase which is still continuing—has tended to offset depression in wheat farming and other fields.

These physical characteristics of our economy, making for stability, are reinforced by certain less tangible factors. Both primary and secondary industries in Canada are reasonably sure that they will never be hurt very much by instability of government policy, but not only because of the temperament of the people, but also for another reason which I should like to emphasize. There is a considerable degree of balance between pressure groups in Canada. Extremes are met and checked by extremes. The agricultural West is opposed to high tariffs, the industrial East is opposed to free trade. Accordingly, most of the time, there is tariff moderation and stability. That curious monetary panacea, Social Credit, won a victory in one province, but, in the adjoining province, opposing forces defeated it. And, while the conflict between "sound money" advocates and inflationists goes on, the Bank of Canada pursues a moderate and stable "easy money" policy and avoids both extremes.

In the realm of economic policy, there is to every action an opposite and almost equal reaction, which makes compromise and moderation the guiding principles of political leaders who expect their own careers to have stability.

The validity of these contentions may be tested by examination of the record of our business activity during these last abnormal years. The physical volume of business in Canada, which is our most comprehensive measure of business activity, fell 37.3% from the 1929 average to an average level of 78.7% in 1932, while the index of industrial production in the United States declined 46%. Since the tide turned in 1932, or the early part of 1933, business curves in this country have been characterized by a series of rather sharp upward and downward fluctuations. In Canada, the rise was steady and persistent until the high point was reached in the latter part of 1937. In the United States, business began to decline in August, 1937, and by May of this year the index of industrial production registered a drop of no less than 35%. That index for the latest available month is 19% below the figure for the corresponding month of last year. In Canada, in spite of the fact that the summer of 1937 witnessed a crop disaster in Western Canada which a few years ago would have prostrated our economy, business kept on improving until December and the recession, or rather the tapering-off process which followed, was only of moderate proportions. At the low point, February, our index of physical production had fallen by 17% and for the latest available month, October, it is only 6% below the same month of last year. These figures suggest that the criticism to which I have referred requires some qualification.

You may be interested in another evidence of stability, indeed of increasing stability. You will remember that in the year or two following England's departure from the gold standard the drastic decline in the pound sterling exerted abnormal pressure upon the Canadian dollar, primarily because the United Kingdom constitutes so important a market for Canadian products. During that period the Canadian dollar tended to take up a position midway between the pound sterling and the United States dollar. It is probably significant that within the last few weeks the Canadian dollar has shown a rather remarkable resistance to the downward pressure exerted by sterling. On Monday of this week the Canadian dollar was at a discount of only 5/8 of 1% in terms of the United States dollar, as compared with a discount of 4½% for the pound sterling.

There may be some connection between these facts and another interesting development now taking place. There is evidence that foreign capital is again turning to Canada as a haven of refuge. Canada's geographical position—remote from the scene of war—her stable institutions, and the opportunities for profitable investment offered by her wide and varied resources, appear to be acting as a magnet for foreign capital. During the last few years we have been able to repatriate a substantial volume of our securities held abroad, and this has probably added to the strength of our position, but if new foreign capital comes in to find, not a temporary refuge, but permanent investment in productive undertaking, it should strengthen our economy and accelerate its development.

If time permitted, something could be said about the stability of our foreign policy. But I must draw my remarks to a close. I sincerely hope that what I have said has not sounded complacent or boastful. If it has, I can only plead that the subject matter of my speech necessitated some such treatment as I have given it. Certainly no Canadian should today address an American audience in an arrogant spirit, for not a day goes by that we do not feel profoundly thankful that we have such a neighbor beside us as the United States of America.

I wish only to say, in closing, that recent events have increased our devotion to country. Our Canadianism has always been strong externally—I mean when it came to issues between Canada and other nations. But at times it has not been so strong internally—when it came to our relations with one another. At times it has seemed as if many a Canadian stood first for himself, next for his town or city or district, next for his province, and last for Canada. I am satisfied that for thousands, perhaps millions, that order is being reversed. The dark week at the end of September made them Canadians first, individualists last.

We have always been conscious of our ties to Great Britain—the British connection, as we call it. Recently, we have become increasingly conscious of our ties to the United States. We speak the same language, we both love freedom, we both hate tyranny, and, to a large extent, we have the same ideals. The trade agreements recently signed between the United States and Great Britain, and between the United States and Canada, marked a great advance in our mutual relations. In my province, Nova Scotia, I found, when I visited it less than two weeks ago, that the broad, rather than the narrow, view was taken of these agreements, that it was not the dollar gain to the farmer, the fisherman, the lumberman, or the miner that mattered as much as the interests of Canada, of the Empire, and of democracy. The signing of these agreements brought to light an unsuspected breadth of view in thousands of Canadians. The troubles in Europe are almost more than sensitive men and women can bear, but they are making us more of a nation, and they are bringing us closer to our neighbors.

(Applause.)

THE CHAIRMAN: Mr. Ilsley, we are much indebted to you for that fine contribution to our program.

Our next speaker relinquished an important financial post in order to work directly with human material in the field of education. In so doing, he dramatized the importance to him of human values. Mr. Thomas S. Gates, President of the University of Pennsylvania, had achieved outstanding success in the fields of law, banking, and finance when he chose to place his talents at the disposal of his alma mater, without remuneration. Mr. Gates has long been interested in the welfare of the University of Pennsylvania, having served on its Board of Trustees for many years before he accepted the presidency. In both positions, he has rendered important services in upbuilding the usefulness of that great institution.

Mr. Gates still maintains close contact with the business world as a director of several industrial and public utility organizations. He is greatly interested in life insurance and is a trustee of The Penn Mutual Life Insurance Company. One of Philadelphia's most distinguished citizens, he is an outstanding civic leader and is usually to be found in the forefront of any activity significant to the welfare of the people of Philadelphia.

It gives me great pleasure to present to you Mr. Thomas S. Gates, President of the University of Pennsylvania, who will speak to us on "Education, Insurance, and Research." Mr. Gates! (Applause.)

EDUCATION, INSURANCE, AND RESEARCH

Mr. Thomas S. Gates then said:

Mr. Chairman, Ladies, and Gentlemen:

It is a pleasure to address the leaders of a domain of business so closely bound up with the welfare of our people, particularly so in these rapidly changing times.

Sometimes one is almost stunned by the velocity of the times. Take, for instance, the amount of life insurance in force today, as announced by your chairman. It is difficult to comprehend that this total is now greater than the 107 billion dollar figure which, as recently as 1904, represented the estimated total of our national wealth.

More life insurance in force today than there was total national wealth a generation ago. It hardly seems possible!

To many of us in this room, 1904 doesn't seem so long ago—certainly not long enough to qualify as ancient history. Yet history has been written so fast in the field of life insurance that 1904 now actually *is* ancient history.

Our universities, for instance, date back to the middle ages. The oldest in the world, the Moslem University of Al-Azhar in Cairo was founded in 970. The University of Paris was founded around 1100. Although young compared with these, the university I represent will celebrate its two hundredth anniversary in 1940. Yet the history of insurance as a subject in the curriculum of higher education dates back only to 1904.

In that year, the University of Pennsylvania appointed Solomon S. Huebner instructor in Insurance and Commerce—the first such post in any college or university. By 1913, he had developed this obscure experimental course into a full-fledged department. As part of the Wharton School of Finance and Commerce, it now ranks as one of the outstanding departments of our entire university.

Nor is this a phenomenon of solitary grandeur. There are today approximately 100 colleges and universities which have courses or departments of insurance.

We did not enter the field of insurance to provide technical training for salesmen. That has been, and always should be, your own activity rather than ours. Nor was it necessary to establish departments of insurance in order to train actuaries. They could obtain basic knowledge of their technique in our departments of mathematics.

The fundamental reason why insurance entered the curriculum, and why it will stay there, is that it is a subject of wide social and economic importance—a subject of which neither the man who teaches economics, nor the man who practices it in the fields of business or public service, can afford to be ignorant.

Thus it has been that the contributions of education to insurance have not been in adding new tricks to the trade but, rather, in such matters as the development of the theory of life value, the concept of insurance as a profession, the analysis of its social values, and the stressing of the need for better public understanding of those values as the key to progress.

That you are intent on such progress is manifest by the theme you have chosen for this conference—"Underwriting America's Human Values". In underwriting life, you underwrite the necessary basis of all human values.

Back in 1854, when America's pioneer life insurance companies were having a hard time making up their minds whether they had really found something, or had better confine themselves to the banking business, the expectancy of life presented a far different picture than it does today. In that year the Registrar General of England and Wales recorded 39.9 years as the average expectation of life for men. Today, it is approximately 60 years.

As you all know, a great proportion of this increase has taken place in recent years. The masterly twenty-five year report on health progress issued by one of your leading companies is still so recent as to be vitally current. The record of an increase of 14 years in life expectancy among its industrial insured within a quarter of a century, an increase of approximately 30%, reflects one of the finest eras in the history of human achievement.

Even if I were capable of doing so, I ought not to anticipate the paper which will be delivered when Dr. Harold M. Frost speaks on "The Human Significance of Changing Mortality"; but I cannot deal with what seems to me the most important feature in the relationship of education, insurance, and research, and the outstanding need and opportunity pertaining to this relationship, without touching on medical research and its possibilities.

The profound influence of medical research is seen in the gratifying report that you now pay out nearly twice as much to living policyholders as you pay in death claims. We know that this means, as compared with the turn of the century, that only one of your policyholders died of pneumonia where previously three died; that only one died of tuberculosis where previously four died; that typhoid fever, diphtheria, and diarrhea and enteritis have disappeared from among the ten chief causes of death.

This progress has become so much a matter of course that we tend to take it for granted. Someone has always taken the responsibility for seeing that it took place. This responsibility has always been that of the able.

Almost dismembered in our adolescence by a great Civil War, this nation was in no position from seventy to eighty years ago to play a leading part in the beginning of the great era of medical research to which we owe so much. Pasteur, Lister, Koch, and Virchow were names representative of civilizations which had wealth, power, and traditions making them far more able than we to assume the responsibilities of leadership.

But with the rapid growth of our national wealth, we soon developed the ability to do our share. We not only developed the material ability but also the scientific and spiritual ability. We began to add great names like Walter Reed and Theobald Smith, and, in Philadelphia, such figures as Osler, Mitchell, Leidy, and Pepper, to the roll of those who led in the conquest of disease and death. Equally, if not more important, we began to develop men like John D. Rockefeller, Sr., and Andrew Carnegie who made the work of such men possible.

You know, as well as I, that medical progress is based on medical education and that in large part the medical discovery which makes possible the reduction of mortality and morbidity rates is based on research conducted by our medical schools. You also know that, despite the great contributions which have been made to our colleges and universities through state support, higher education and research in this country owe much of their progress to the generous gifts of wealthy individuals.

Without in any way minimizing what you have done and what government has done, we must face the fact that the enormous benefits to your policyholders in greater expectation of life, not only in duration but in lessened hazard of sickness and suffering, is due in large measure to private philanthropy.

It is your hope as leaders in life insurance and our hope in the universities that we may work together to increase these benefits.

Last year you were told there still remains a possibility of adding at least ten more years to the average expectancy of life. You know, and we know, that part of this gain can be accomplished whether or not we raise a finger to help. Sometimes a long time elapses before the full benefits of medical discovery are passed on to the people. Enough is already known, if only applied, virtually to stamp out tuberculosis and syphilis; and our public health agencies, both governmental and private, are waging a splendid fight to bring this about. Death by pneumonia can be still further greatly reduced by the application of what is already known. Humanity has won its greatest battles against contagious disease.

But, having said this, we turn to another picture when we consider the present chief causes of death, such as heart disease and cancer. Here we find that the solution of some of the problems has created still others. Research which has so greatly decreased sickness and death among infants and children has correspondingly increased the number of persons of middle and advanced years. The result is that the degenerative diseases have replaced the contagious diseases as the prime causes of death.

I am informed that the life insurance companies of this country are paying out in the neighborhood of $100,000,000 a year because of deaths due to cancer and an even greater amount on deaths due to organic heart disease. Suicide may rank further down the list, yet we all have the conviction that mental ailments, of which suicide is but one end result, are costing you a tremendous amount not only in death payments, but also in disability costs and in the removal of thousands from the group of potential policyholders.

When faced with the question of what can be done about these problems, we find not a little comfort in the fact that much can be accomplished through application of what is already known about early recognition and treatment. But, in the main, our chief hope lies in finding that which is still hidden in the vast jungles of the unknown.

Charles Zeleny, of the University of Illinois, has given us what I think is one of the best definitions of pure research. "Research", he said, "is a guerilla warfare on the unknown."

For this guerilla warfare we are largely dependent on the research workers in our medical schools and the hospitals and institutes with which they are associated. Many of these men have pressed so far into the jungle of the unknown that they themselves cannot see clearly what is ahead. They see an indication of something they cannot explain. They take a shot at it. Many times they haven't much idea of what its significance may be, or at least its total significance. Although Banting, for instance, knew he was on the trail of diabetes, it probably never occurred to him that insulin might some day prove helpful in the treatment of mental disorders.

This research, which is a guerilla warfare on the unknown, is not being conducted by isolated and unrelated bands. Nor is correlation left wholly to the fact that the published results of research in one clinic or laboratory become available to all other workers in science. There are a number of bodies that make it their business to keep track of progress of how the war is progressing with relation to certain specific problems.

The American Heart Association has a comprehensive idea of the most hopeful leads in that field. The Research Council of the American Academy of Pediatrics can give a good idea of where money can be spent most effectively for research in children's diseases. The Epilepsy Commission which has its headquarters at Harvard can do the same in that field. In my opinion one of the best examples is the International Cancer Research Foundation, which makes a business of keeping close track of what seem to be the most hopeful advances in this field. It ferrets out the men with demonstrated ability and promising ideas, and to the full limit of its capacity provides them with financial aid.

Although it is vital to your interests, you may not realize how serious a problem the support of research has become. I may be able to emphasize it by drawing a comparison between your business and that of the universities. As a business, you aim to make profits, even though you do in large measure pass the profits on to your policyholders. Dividends are dependent on three factors: savings in expense, interest returns on investments over statutory requirements, and savings in mortality.

Like you, we have done everything we can to reduce expenses. Like you, we have suffered a loss due to decrease in income from our investments. Unlike you, we are unable to counteract it by direct profit from the decrease in mortality that results from our research. Moreover, the private individuals on whose gifts we have depended for support are no longer able to give as they once did.

Please do not misunderstand me, I do not believe that the era of private giving has come to an end. But its relative position has changed, just as the relative positions of European and American research have changed in the last quarter century.

May I call your attention, for instance, to the situation with regard to the philanthropic foundations which have done so much to support the development of university research. As Hollis points out in his recent book on "Philanthropic Foundations and Higher Education", foundations have multiplied annually almost by geometric progression. Despite this fact, almost three-fourths of the known foundation assets are still in the group established before 1915 by Andrew Carnegie and John D. Rockefeller, Sr. Moreover, the policy which is now being followed by several of the larger foundations is gradually to liquidate their assets on the theory that future generations must assume responsibility for their own welfare. This policy is already far advanced. And we must face the fact that we have entered an era in which it is unlikely that individuals will be able to amass such great accumulations of wealth as would be necessary to replace our great foundations. Support of research in universities is thus becoming more dependent on support based on present income rather than on past accumulation.

The primary support of research has been industry—industry which made money for a man, who assigned that money to research which, in turn, benefited industry and completed the cycle. This cycle, thank God, has been the reverse of vicious for all concerned—worker, stockholder, and consumer have profited by them.

With the growth of income and inheritance taxes, industry can no longer expect that a few of the more favored individual beneficiaries of its earnings are to be the main support of those activities in education and pure research which underlie hopes of profit and progress both for industry and for the people as a whole. I am convinced that the time has come when industry itself must take more direct responsibility if we are to continue to progress—for the industries which are dependent on chemistry, for instance, to do their share to support pure research in chemistry; for the manufacturing and electrical industries to help carry on research in physics and our schools of engineering; for business and banking to do their share in the development of our schools of business.

We all recognize that management is no longer regarded as merely the servant of invested capital but as the steward of the best common interest of stockholder, employee, consumer, and the general public. In your field I can think of no better way in which you can serve the interests of all than by cooperative support of research which will underwrite the further extension of life and of productive health.

Only a few of your companies are large enough to attempt extensive independent activity in this field, but together you could exert a profound influence. The profitable opportunities which are open to you, profitable both in terms of money and in public good will, are enormous. Let us say that you were to organize, in connection perhaps with this Association, a joint foundation to support research directed at the chief causes of death and to promote activities designed to advance health.

First of all, such a foundation might serve as a medium of cooperation both among yourselves and with other agencies. Take, for instance, the question of cooperation with government. There are, for example, some men in the Bureau of the Census who are fighting very hard to maintain the present Registration Area, which now covers the entire nation. I am sure that your joint influence and aid could be of help to them. Better vital statistics not only have a cold cash value to you but are of tremendous importance to the whole cause of health. I cannot help but feel also that you may not have begun to realize on the good-will possibilities open to you through a formal, joint participation in aiding such an undertaking as the efforts of the U. S. Public Health Service to stamp out syphilis.

In research there are many fields which have special potentialities in relation to your business. Take, for instance, climatic research. There is little doubt that these variations in temperature, humidity, and barometric pressure, which we call climate, influence health, longevity, and productive activity. With the coming of air conditioning we are approaching a time when we can make our own climate, at least for the 85% of the time which we spend indoors. The question of whether we know how to regulate our indoor environment in such manner as to promote health will have an influence on your future earnings.

What is called "constitutional research" also seems very closely related to your interests. You have long known the definite connection, at various ages, between weight in relation to height and the life expectancy of the individual. I am told that medical research workers are beginning to find indications of many correlations between physical characteristics, such as head form, and longevity. Discoveries of this type will aid you in developing more accurate means of estimating your risks.

Such activities should indeed prove profitable, but their possibilities are nowhere near as direct as those related to the chief causes of death. In cancer, let us pass over the tempting thought of the possibility of a cure, and instead think what it would mean if we were to extend for but one year the lives of those who now eventually will die of cancer. I am told that that would mean a saving to you of at least $7,000,000 a year in interest and premiums alone. The International Cancer Research Foundation estimates that the total amount being spent on cancer research in this country is not more than $1,000,000 annually—only half that up to about a year ago. A single manufacturing corporation spends as much as $4,000,000 on industrial research. I cannot help but feel that the insurance companies are missing a great investment opportunity in cancer research.

I know that it is good practice in the life insurance field to be conservative and that economy is one of your watchwords. If you were indeed to follow the suggestion I have made, not because I suggested it but because it is along a line which you yourselves have been thinking for many years, it is not unlikely that you would start first on an experimental basis.

Even a fraction of one per cent on the business of each company, a fraction such as many industries think nothing of applying to group advertising alone, would provide a sizeable fund for research. By using the knowledge and personnel available in foundations, commissions and universities, such as I have mentioned, the overhead should be negligible. Duplication of effort would be minimized and the impact of one united effort would be of great significance.

If you are hesitant, I ask you to think first of your policyholders. Are they going to object if you spend a small fraction of their premiums to promote their chances of longer and happier life? Where you have stockholders as well as policyholders, is it or is it not to their interest that dividend possibilities should be bettered by lowering the mortality and morbidity rates? And that minority of the general public which has neither policies or stock, but cannot help but benefit. Are you likely to face an outcry from this direction?

There is also the question of government attitude. From those branches of the government which are most closely concerned, I feel certain you can count on both appreciation and support. What, after all, has been the chief criticism which government, at times justly and at times unjustly, has leveled at private enterprise, and given as a reason for extending still further its field of operation? It has been the charge that private enterprise is unwilling or incapable of assuming the larger social responsibilities of our age.

Most certainly you should have nothing to fear and much to gain if you couple an undertaking for the support of research with a sound public relations program which will tell everyone what you are doing and why.

Gentlemen, I see two possibilities. One is the unpleasant eventuality that in future years you will less frequently hear the glad tidings that once again there has been a reduction in the mortality rate. That is the natural expectation if there is a slackening in basic research. Much can still be done on the basis of what is already known, but eventually the possibilities of application depend on discovery.

The other possibility I see is that of maintaining the record of progress which has been so fruitful; of this progress being attributable in far greater measure than ever before to the life insurance companies themselves; of the life insurance companies standing out as the leading factor in a new demonstration of the ability of private enterprise to justify itself, and the system which makes it possible, through service to humanity.

(Applause.)

THE CHAIRMAN: Mr. Gates, we are much indebted to you for presenting your paper.

We are now going to have greetings from some of our kindred insurance organizations. Not the least instrumental in the progress of life insurance to its present place of usefulness in American life have been the various life insurance Associations, both of companies and of agents, which have played so large a part in fostering a spirit of cooperation, not only within their own groups, but throughout the entire business. The ultimate and common objective of all such associations is to promote the interests of policyholders and this harmony of purpose has made for genuinely cordial and friendly relations among these various groups.

It is, therefore, altogether fitting at meetings of this Association to reaffirm this spirit of friendship through the presence on our platform of representatives of other Associations in the life insurance field. Accordingly, it is now my great pleasure to present, on behalf of our Association, cordial salutations to the American Life Convention, The Canadian Life Insurance Officers Association, and The National Association of Life Underwriters, and to extend a hearty welcome to the gentlemen who will present messages of greeting on behalf of these organizations.

The American Life Convention sends its greeting through its President, Mr. W. T. Grant, whom it is now my pleasure to present to you. Mr. Grant has long served the institution of life insurance with great ability and, since 1922, has been the chief executive of the Business Men's Assurance Company of Kansas City, Missouri. Mr. Grant! (Applause.)

MESSAGE FROM THE AMERICAN LIFE CONVENTION

MR. W. T. GRANT: MR. CHAIRMAN, AND FRIENDS:

One of the finest examples of the cordial friendship that exists between the members of The Association of Life Insurance Presidents and the American Life Convention is that happy custom that you have established of inviting the current President of our organization to address you at these annual meetings.

In bringing these greetings from our member companies, I also bring them from our efficient staff, headed by our mutual friend Colonel Robbins. We, of the A.L.C., are fortunate in having a man so well qualified by natural ability, broad experience in life insurance, and in general administrative affairs. And you, too, are to be congratulated in having as your chief officer, Mr. Vincent P. Whitsitt, who with his able associates is quite as well known and appreciated by many of our companies, as by your own.

You don't know what a comfort it is to me in getting up here today, as the current head of the American Life Convention, to have sitting at my side, giving me, I am sure, his moral support, my good friend and my associate on the Executive Committee of the American Life Convention, your Chairman, the Honorable Julian Price. I believe that through some oversight, this is the first time that that title has been properly given him this morning.

I thank you also, Mr. Chairman, for the fact that you have, by your example, given me the privilege of not reading closely my notes.

THE CHAIRMAN: Hand them to me!

MR. GRANT: No, I'll keep them. (Laughter.) I never could speak very well but I can't even read as well as I speak so you will have to take a chance on some of the things that I am going to say here.

I deem it a very fortunate circumstance that the friendly relations that I have just mentioned do exist between these two organizations at this particular time. I say, this time, because it seems to me that we are in the midst of a period when we are confronted with more than the ordinary number of perplexing problems and in order to solve them, as we will solve them, we must have the friendly, the finest degree of, cooperation among all companies in all locations; all sizes, and as I say, in all locations. I would like to emphasize that.

While my introduction calls for greetings only, I do not feel that I would quite justify taking any time on this platform this morning if I did not at least comment on some of the problems that seem to me to be the major ones in this year of 1938.

One of the questions that confronts us and confronts business in general is that of creating a better understanding of what business means and what business will contribute toward the prosperity, or the lack of prosperity, of this country. In mentioning this, I would like for the moment to pay tribute to my fellow townsman, my very near neighbor and my lifelong friend, George Davis, the current President of the United States Chamber of Commerce, who, in his campaign, or rather the campaign of the Chamber headed by George

Davis, has, in my opinion, made a tremendous impression on this country through the use of the slogan that you have seen on twelve thousand billboards scattered throughout the country (and there will be some twenty thousand billboards this year, if present plans mature) saying in terse language, and in words that can be understood, the things that ought to be said about the business of this country.

We are in the same situation, perhaps to the same degree, that general business is. The public does not understand life insurance as well as it should. I doubt if the public will ever thoroughly understand life insurance. But I am sure they understand it better today than they did in any previous generation and I am sure that it is our duty to see to it that that understanding is made as broad and as general as may be.

Of course, one of the problems that anyone would have to name, and which was touched upon by President Gates in the address which he just delivered, is that of the interest return on savings. It has been right fashionable for many years, not only the last few years but for many years, to plead in behalf of the borrower, the man who borrows money and pays interest. It has not been so fashionable to speak in behalf of those who receive that interest. I would like to commend for your consideration, the address made by Mr. Alfred N. Mitchell, President of The Canada Life Assurance Company, before our convention in Chicago recently, in which he spoke very enlighteningly on that subject.

I want to plead just for a moment this morning, not for the borrower, because for the main part the borrower is not a man or woman in financial distress. Interest in the main is not paid by the poor; it is paid by those who are reasonably well-to-do or those who are rich. The biggest borrower we ever had in our home town was the richest man we had there, and the lower the interest rates went, the more he benefited proportionately.

I have no fault to find with whatever money will command, so long as it is left free to make its own market. I do, however, remind those who would arbitrarily reduce the earnings on savings and on invested capital that they are working in direct contradiction to the principle that has recently been very popular and is becoming very general—the Canadian speaker spoke of it in Canada—the wage and hour law. We have just enacted a law that says to the laborer, "You shall receive a minimum wage." Whenever a law is enacted or a regulation issued that says to the borrower, "You shall pay a maximum rate," we are in the same breath saying to the saver, "You shall receive a maximum return."

I submit to you that it is inconsistent to say to a working man or a man or woman who is needy, "We want you to make all the money you can, but we are not going to let that money earn over a certain amount for you after you have saved it and invested it, whether it be in life insurance or in a bank or in a savings and loan association or a bond or whatever it may be." There is absolute inconsistency, in my opinion, in that theory, and as I say, I want to plead in behalf of the sixty-four million owners of life insurance contracts, of the thirty-five or forty million depositors in savings banks and savings and loan associations, who, according to a statement made the other day by Mr. Orval W. Adams, the then President of the American Bankers Association, are losing about three-quarters of a billion dollars a year because of the drop in interest returns within the last five or six years.

You know what the regulations are on banks as to paying interest on deposits; you know who the principal losers are; you know that the owners of life insurance contracts are not the rich men and women of the country. How could they be when their average accumulation is only about $400?

The drop in interest on life insurance assets alone, if it be 1% (and I am reliably informed that it is approximately that), means a loss to the policyowners of American life insurance companies of nearly three hundred million dollars in this year of 1938. I need not remind you of how that loss has to be made up. It is merely taking it out of one pocket; taking it out of the pocket of the saver to the benefit of the borrower, and it is recognizing the minority in favor of the majority, because there are always more savers than there are borrowers.

I suspect that if we counted the number of those borrowing on our policies, if we go to our records, we would find that at no time has there been more than perhaps approximately one-fifth of our total number of policyowners that have used the borrowing privilege on their contracts. I suspect that of all the farms and homes owned throughout this land, there is probably not more than 25% to 35% of them on which money has been borrowed. I did not take the time to look up the figures on that, but I think you will find those are reasonably accurate.

We have another problem, with government competition. That again is not limited to the field of insurance. Not long ago, a Congressman from my home city, Kansas City, was made chairman of a committee to investigate government competition. It is not new; it is not limited to our business. Certainly the banking industry is feeling it in its competition with lending agencies. Certainly, we are feeling it because in a sense we are engaged in a banking or a lending business.

I am not trying to offer any solutions or any conclusions; I am only asking that we realize that these problems, as I believe them to be, are of major importance and that we should not sit by and do nothing or not do everything within the power of life insurance management to meet them.

Another one perhaps, and I will not attempt to try to name all of them, is that of creating a better understanding between our own institutions and our customers, our clients.

Because these problems exist now does not mean that we have a harder job confronting us than others have had. I suspect (addressing Mr. Thomas A. Buckner, of the New York Life Insurance Company) that back in the days when you lived in Independence, Missouri, and even in the days when I started to work for your company in your office at Kansas City, if the oldtimers who were responsible for the handling of the trustee funds of those days could step back into the picture on this first day of December, 1938, and listen to an outline of the problems which we seem to think so important, they would really have a good laugh at our expense. They would say, "Why, you haven't anything to worry about! You ought to have been living in those days, fifty years ago, when we met them!" And we are going to meet them, but we are not going to meet them unless we recognize them and unless we do everything, not only in the way of working among ourselves, but of getting the public more and more to understand the services rendered by this institution.

Let me assure you again of my own sincere appreciation and the appreciation of the members of the American Life Convention in being the beneficiaries of your very cordial hospitality, and to wish for you, Mr. Chairman, and friends of The Association of Life Insurance Presidents, the most successful meeting that you have ever had. Thank you! (Applause.)

THE CHAIRMAN: It is now my pleasure to introduce to you Mr. Alfred N. Mitchell, President of The Canadian Life Insurance Officers Association, who brings us a message of greeting from that organization. Mr. Mitchell has spent practically his entire business life in the service of Canadian companies and is now President of The Canada Life Assurance Company. It is a pleasure to present him to you at this time. Mr. Mitchell! (Applause.)

MESSAGE FROM THE CANADIAN LIFE INSURANCE OFFICERS ASSOCIATION

MR. ALFRED N. MITCHELL: MR. CHAIRMAN, LADIES, AND GENTLEMEN:

It is a great privilege to bring greetings today from a sister Association in life insurance dealing with the country that lies north of the Great Lakes. It is a special privilege, because the outstanding picture that this year has imprinted on the pages of history makes noteworthy any message of international greetings born of downright friendship.

Our two nations, over a long period, have established something absolutely unique in international relationships. We can be pointed out as a perfect example of what should be, and could be, in world politics.

It is worth noting, however, that our situation does not result from any carefully thought out special treaties or special agreements between the two countries. It arises, I think, from the fact that our two peoples have learned to know each other. We have established a new and unique type of internationalism that does not interfere in the slightest degree with our nationalism.

I think the cause lies elsewhere than in formally arranged agreements. We belong to your Associations, and you to ours. We take part in each other's business parleys as though we were of one country. Many of our business houses are internationally organized, without thinking of themselves as operating in a foreign field. Our business men travel back and forth between the cities of both countries as they do between the cities of their own respective countries. Our schools and colleges educate our youth through instructors from both nations. Our young people inter-marry. Yet none of this constant intermingling tempts either of our peoples to instruct the other on how its civil government and its jurisdiction should be set up or administered. In other words, we live as good neighbors. We live and let live.

This condition is as natural to us as rain or snow, but it is incomprehensible to our friends over in Europe. In the process of time, however, the internationalism we demonstrate will, I personally am convinced, be the method which will produce a permanent world peace. I do not think it will happen before I stand before the gates of St. Peter, however.

Our example, now over a century old and constantly more fixed in its results, gives the lie to those who protest that force, not reason, must be the ultimate solvent of international relations.

Our two Associations, with their interlocking memberships and constantly-reciprocating arrangements for jointly underwriting the human values of these two countries, perfectly illustrate the relationships of our two peoples. Each of us assists in the other's development, and yet we do nothing to detract from the individualism and nationalism of the other.

The recent three-party trade agreements are, I believe, an expression of this growing desire to develop by cooperation. No matter what our individual opinion may be regarding any particular tariff feature affected, I believe that, as a whole, we applaud the attempt to bring about betterment by cooperation. The governments of all democracies are being faced with definite attempts from two opposite directions to wipe out the principles they stand for. Circumstances are forcing them to realize the necessity of safeguarding their interests by cooperative effort. Enlargement of these tri-partite agreements will be forced upon us by those who openly advocate a world of force and autocracy.

It may not be an ultimate misfortune if the recent development of antipathetic feeling toward democracies on the part of both Fascist and Communist autocracies causes us to proceed more rapidly in the direction of international cooperation.

Present-day communications have reduced the world to small compass. This closeness of contact accentuates the necessity for beneficial international relationships. In this year, therefore, when insatiate ambition has attempted once more to overcome sections of the world by force, it is a particular privilege to bear international greetings which are based on true friendship and which demonstrate that in a large section of the world neighborly relations between nations are still observed and are regarded as an ideal. Thank you! (Applause.)

THE CHAIRMAN: Mr. Mitchell, you Canadians are always welcome and we are glad to have you on our program this morning.

Mr. Holgar J. Johnson, General Agent at Pittsburgh for The Penn Mutual Life Insurance Company, will now speak to us as President of The National Association of Life Underwriters. He has been connected with life insurance since 1922, and heads one of the most successful agencies in the country. After long service on at least seven important committees, The National Association of Life Underwriters elected him President at its annual meeting in September of this year. It is a pleasure to present him to you. Mr. Johnson! (Applause.)

MESSAGE FROM THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS

MR. HOLGAR J. JOHNSON: MR. CHAIRMAN, LADIES, AND GENTLEMEN:

Both of the preceding gentlemen who have had the privilege of bringing greetings to this gathering have told you that it was a distinct privilege. I should like to reiterate that and tell you again that it is a distinct privilege to have the opportunity of bringing to you the greetings of The National Association of Life Underwriters, representing as it does, twenty-eight thousand of your agents, located in every state in the Union. Because of the fact that they are your agents and members of The National Association of Life Underwriters, I appreciate this opportunity to report to you, and to discuss with you, a few of the major objectives of our Association—especially those which express in substance your theme for this meeting, "Underwriting America's Human Values."

One of the greatest assets in every company is its agency force. Even though we recognize its great record of results, we are necessarily interested in seeing that the agency force attains an even higher level of performance in its responsibility for insuring more adequately the life value of the American people.

Your agents, who are our Association members, are, in the final analysis, your direct representatives with the public. They interpret the institution of life insurance to the American people. They are the ambassadors of goodwill and fine public relations for our institution.

In view of this, won't you think with me about those things which will help us to make the agent a better qualified representative and thereby give to him a greater share of the prestige to which he is justly entitled, because of the part he plays in the economic and social life of his community?

With your many responsibilities of stewardship for American life insurance—and the history of your performance speaks well for the seriousness with which you accept that stewardship, for I know of no business where official integrity has proved to be of a higher order than that which exists in our business—but with the diversity of your responsibility and the many immediate problems which compete for your time, it has probably become necessary for you to delegate most of the consideration of these agency problems to others. Therefore, I am happy to review with you certain thoughts which we believe will be of real interest to you.

Some people would look at the American Agency System quite critically, but, even in spite of the fact that they may do so, they must agree that it has been a major factor in bringing to America the protection which it now holds, for while attempts have been made to distribute life insurance without it, the results have been far from impressive. There have been attempts at direct-mail distribution of life insurance. They have not succeeded too well. There have been attempts at over-the-counter sales, especially in Massachusetts, through the savings banks. The results have not been very impressive during the past thirty years, in spite of the fact that they have operated a major portion of that time under a form of state subsidy. Even war-risk insurance, which started with a total of over seven billions, has dwindled to two and a half billions. I think it is safe to say that these results reflect the lack of personal service such as is provided by the agent and the agency system.

On the other hand, when one contemplates that under the agency system our American life insurance companies have built approximately 70% of the world's life insurance in force, with about 7% of its population, we must recognize the fact that the agency system has justified itself.

While facts testify to the value of the American Agency System, it is not perfect, for no human instrument attains perfection, but we have a responsibility to strive constantly, through aggressive action, to improve its service and thus strengthen the very keystone of the system itself—the agent. In doing those things which will strengthen the agent's hand and bring to him a larger degree of the prestige to which he is entitled, we strengthen the whole American Agency System.

This year, as I travel throughout the country, I am taking occasion to point out to the agent the part he must play, and, to the general agents and managers their parts, for they have a major share in the strengthening of the agency system and in doing those things which will bring to the agent his rightful prestige. Likewise, the company official has his responsibility.

A few weeks ago, it was my privilege to attend the Life Agency Officers Meeting in Chicago, and I was tremendously impressed with the seriousness with which they considered their responsibility in streamlining our sales system in face of changing sales trends, and in the building of the agent's position. I ask that you give them your whole-hearted support, for they need your help and cooperation, and that of every other executive in the various departments in the home office, in strengthening and perfecting the distribution system of our great companies.

In considering specifically such measures in which you can participate in helping to raise the agent's prestige, I ask your consideration of the following thoughts:

Realizing that the American people, as such, recognize position rather than person, I seek your aid in enhancing the agent's position with the public. He is considered primarily as a salesman because the public consciously knows he lives by his sales effort, but our life insurance agent is more than a salesman: (a) He must create his market; (b) He must honestly attempt to interpret what he believes to be the best possible life insurance policy for the insured's needs; (c) He must work for the conservation of business in times of stress and strain; (d) He must see to it that the insurance is properly distributed, which, incidentally, involves some knowledge of trusts, estate distribution procedures, taxes, and many other phases of modern life; (e) He must adequately supervise changes of beneficiary to see that they conform with the changes in circumstances of the insured; (f) He must also be a salesman.

The public sees him primarily as a salesman. I ask that in your advertising programs this year more of the copy be built to depict the full importance of his position and thereby glorify the American agent.

However, there are more fundamental things we must do in order to help this agent, your direct representative, and to place him before the public as you and I would have him appear. We have a responsibility to recognize the fact that each agent is an individual personality, striving with hopes, ambitions, and desires. He is not merely a producing unit. This entails the recognition on our part that total volume of production is not the only thing to be sought. Rather, we must build into our consciousness that the individual production per man is the measure of development of an agency or a company. I feel that you will agree with me that it is not enough to interpret company volume as so much paid-for business, but rather the amount each producing agent contributes. It is necessary that we see to it that the individual agent or representative produces sufficient results to earn a reasonable livelihood, for he must first earn a fair living before he can render proper service to the public.

Let us review with care the demands we make for new agents. We must, of course, have growth and new blood, but only to the degree that we can provide adequate training and supervision for a permanent career in life insurance.

Let us consider the necessity of providing a continuous and more adequate program of education and training for our established agents, as well as a greater knowledge of company policies, so that our agents may bring to the American people the answers to the public's questions about life insurance and the relation of their life insurance to their estates and their living programs.

Another point involves a more careful selection of agency representatives, making it possible to provide for careers in life insurance distribution, as against merely appointing agents for the purpose of producing a volume of business.

These points bring me to the major emphasis on which I ask your thoughtful consideration. It involves the problem of the agent's income as now distributed.

From my discussions with agents, managers, and some company officials, as well as from my own agency management experience, I believe that the most important improvement that must be considered in our agency system is the stabilization of our agents' income.

I hope you will agree with me that, in this, our companies should assume the leadership.

How many of our average producers, because of irregularity of production results and the demand on their time for service, find themselves at the end of their career with little or no financial reserve? Because of the fluctuation of their income, they find it extremely difficult to establish any fixed standard of living which leaves sufficient margin for future security.

This does not necessarily mean changing the compensation factors, but rather the distribution of present income factors by the company or by the general agent or manager, or by both, in order to accomplish this objective.

Such a wholesome change would have a far-reaching result, not only in the agent's attitude because of the removal of fear and uncertainty, but also by taking away the pressure on the public for immediate results, and would I believe, provide a higher degree of service to the insured. Above all, the removal of economic pressure would have its influence on the production of a higher quality of business with a greater persistence.

Many of our executive officers have told us that the future of life insurance costs will be determined largely by mortality. This, in turn, presupposes the production of quality business, and this requires the type of full-time agent in our urban centers who will produce such business and adequately represent the companies with the public.

If this be true, that the cost of life insurance will be influenced largely by mortality which in turn is influenced by our agency representation, then the things we do which will bring to the agent a greater prestige and recognition will in reality strengthen the entire structure of the life insurance business.

In conclusion, may I assure you that we appreciate the leadership you have given to the development of the institution of life insurance, and we pledge to you our whole-hearted support toward the accomplishment of those things which will help to underwrite more adequately America's human values. Thank you! (Applause.)

The Chairman: Mr. Johnson, we are very grateful to you for that fine message. I am sure we all appreciate the cooperation that your Association has always given us.

I should like to appoint the following Committee on Resolutions:

Mr. E. E. Rhodes, of New Jersey, *Chairman*;
Mr. C. S. V. Branch, of Montreal;
Mr. Allan E. Brosmith, of Connecticut;
Mr. L. W. Dawson, of New York;
Hon. Byron K. Elliott, of Massachusetts;
Hon. Wesley E. Monk, of Massachusetts;
Hon. C. Petrus Peterson, of Nebraska;
Hon. William C. Safford, of Ohio;
Mr. George B. Young, of Vermont.

Mr. Hogg, the Association's Assistant General Counsel, will act as Secretary to the Committee.

(The morning session then adjourned at 12:30 o'clock.)

FIRST DAY

Afternoon Session

Thursday, December 1, 1938

Mr. Julian Price in the Chair

The Convention reassembled at 2.40 P. M.

The Chairman: We are delighted to see so many here this afternoon.

In many businesses it is the custom, at the end of the year, to take an inventory. Although life insurance companies do not "take stock" in the literal sense of the word, nonetheless we, too, must pause from time to time to review our position so that we may be able to render an account of our stewardship.

The man who is to cast our accounts for us today, in an address entitled "Life Insurance Stewardship," is Mr. Ethelbert Ide Low, Chairman of the Board of the Home Life Insurance Company, of New York. An able lawyer, Mr. Low was an active member of the New York Bar for many years prior to his election to the presidency of the Home Life Insurance Company in 1924. Since that time, his leadership has exemplified in every way the highest ideals of life insurance stewardship. He became Chairman of the Board of his company in 1929.

Upon becoming its president, Mr. Low chose a characteristically direct and thorough method of familiarizing himself with his organization. By actually going into the field and soliciting insurance himself, he became intimately acquainted with the agents and their problems and, in so doing, laid a firm foundation for meeting his own executive problems. Thus, from the very start of his life insurance career, he has displayed a remarkable talent for understanding men and has inspiringly demonstrated his sincerity and capability in discharging the responsibilities of his stewardship.

It is with great pleasure that I present him to you. Mr. Low! (Applause.)

LIFE INSURANCE STEWARDSHIP

Mr. Ethelbert Ide Low then made the following address:

Mr. Chairman, Ladies, and Gentlemen:

The subject that has been assigned to me is not a new one. It has been before this Association several times. The late George E. Ide, President of the Home Life Insurance Company for twenty-five years, took it as the subject of his address at our Sixth Annual Meeting in December, 1912. Mr. Ide characterized his remarks on that occasion as trite and commonplace. My remarks will also be an exposition of the obvious. At this time, when we are busy with so many new and knotty problems, it may be well to pause in the discussion of the technical side of our business, its supervision and regulations, trends of mortality, types of investments, and view our responsibilities as a whole—to divert our attention for a moment from the individual trees and take a broad view of the woods.

Stewardship, or Trusteeship, has always been the very essence of life insurance management. Collectively, American life insurance management is trustee for some twenty-seven billion dollars, representing the savings of some sixty-four million policyholders. The magnitude of these figures must of necessity bring home to us the great responsibility which we have accepted.

What and why is life insurance? The late Darwin P. Kingsley, of the New York Life Insurance Company, described it as follows:—
"Life Insurance is an agreement between men by which they so distribute amongst themselves the misfortunes of life and the certainty of death, that the full force of misfortune and some of the worst phases of death are shared in such small proportions by the mass, that the burden and suffering is scarcely felt by the individual."

Life insurance, to my mind, is the lineal descendant of the custom of our forefathers and the pioneers of the West whereby, when a new house was to be raised or a barn built or any work of major importance was to be undertaken, the neighbors gathered together and, by their united efforts, brought the enterprise to a successful conclusion. This was not charity, not dependence on the government. It was self-reliance and cooperation. Each man knew that, when his turn came, his neighbors would rally to his assistance.

The modern, independent, self-reliant American—rugged individualist, if you will—still wants to "do his own doing," to take care of himself, his wife, and his children. He has taken on certain responsibilities and believes that, while he lives, he can fulfill these responsibilities himself. But in case of his premature death, he wants to feel that he himself has taken care of their future. He, therefore, combines with millions of others in purchasing life insurance, saying to himself, "If I die, I, with the help of the other millions of policyholders, will have provided for my loved ones. If I do not die, I will have helped the other fellow provide for his."

In making up his budget, he sets aside the funds necessary for the payment of his premiums. He keeps them paid, sometimes at a great sacrifice—by going without things he would like to have—but he says to himself, "This is my job and I am doing it."

These sixty-four million policyholders have turned over to us some twenty-seven billion dollars of savings. They have said to us, "Here are our savings. They represent our plans for the future security of our families and ourselves. They are a sacred trust. Administer them wisely."

What, then, are our duties? What is our stewardship? When life insurance was young, the answer was comparatively simple. Our policies provided for the payment of a lump sum to the beneficiary and, when this was done, our duty was ended. Now our duties have become more complex. Experience taught that the payment of a lump sum to the beneficiary did not, in many cases, carry out the wishes of the policyholder. The beneficiary sometimes was extravagant and wasted the proceeds. More often the beneficiary was inexperienced and entrusted the investment of these funds to well-meaning but equally inexperienced relatives and friends. Sometimes the beneficiary fell into the hands of crooked schemers. The plans of the policyholder were not carried out and his sacrifices were in vain. We saw that we were not doing our full duty, although we were living up to the letter of our contract.

We saw that our stewardship required us to provide policies that would carry out more fully the wishes and satisfy the needs of each one of our policyholders. How we are fulfilling this duty, an examination, even a cursory one, of the policies now issued will show. They range from Convertible Term Insurance, for the man who can pay but little but needs immediate protection, to the Income Policies and the modern supplemental agreement, which require us to retain the proceeds and administer them for the benefit of the beneficiaries in accordance with the wishes of the policyholder. We believe our policies cover every need that can be covered by the legitimate use of life insurance. Nevertheless, the best brains in the business are working continuously in an effort to provide even more complete coverage.

But having the proper policies is not enough. We must have the means of ascertaining the needs of our prospective policyholder and of placing the proper policy in his hands—plan his life insurance estate. This brings us to our duties in respect to our agency force, and the duties and responsibilities of our agency force to the public.

Gone are the days when the broken-down second cousin sold thousand-dollar policies to his unwilling relatives and friends for no good reason except that he needed the money. It is the responsibility of the modern life insurance agent—or "life underwriter," as he should be called—to equip himself with a full knowledge of the policies he has to place so as to be able to analyze intelligently the needs of his clients and sell them the type of policy or policies that satisfy those needs—to properly plan their life insurance estates. He is no longer a high-pressure salesman who, with a flow of language and an overbearing personality, forces a bewildered prospect to sign on the dotted line, the prospect knowing neither what he bought nor why he bought it. This type of salesmanship gave a large volume of sales, but a larger proportion of lapses. Neither the company nor the policyholder was satisfied. Neither the company nor the underwriter had fulfilled their responsibilities. The modern life underwriter first ascertains his prospect's circumstances, what insurance he has, what results he wishes to obtain, and then maps out an intelligent program. His prospect becomes his client, as well as his policyholder, and relies on him for insurance advice in the same way that he relies on his physician for medical advice and his lawyer for legal advice. He has become a technical adviser—not merely a salesman.

Life insurance executives have made this possible by their own study and by their careful education of their agency force. The life underwriter has made it possible by the realization of his stewardship—the realization that he is a trustee in the very highest sense, by his willingness to give the time and effort necessary to thoroughly study and master his subject. His expert knowledge and disinterested advice more than any other factor determine the effectiveness of the life insurance plan which the policyholder is making sacrifices to carry through. The sales organizations of American life insurance are discharging their trusteeship with fidelity and intelligence.

Some sixty-four million of policyholders have placed in our hands approximately twenty-seven billion dollars of their savings. How this is invested is not within the scope of this paper. That subject is to be treated by another speaker to-morrow morning. It is enough to say that it is invested in farm and city mortgages, Federal, State, and Municipal securities, in the bonds of railroads, public utilities, and other industries. This reserve of funds, which otherwise might have been dissipated, has helped largely in the development of our country. Our question today is our responsibility and how we are living up to it.

The weight of the proper investment and preservation of these twenty-seven billion dollars of assets rests on the shoulders of the directors and executives of the life insurance companies. It is their duty and responsibility to see that these funds are properly and wisely administered. The responsibility is theirs and cannot and should not be shifted to the legislatures of the various states by too hampering restrictions. That there should be a broad law governing these investments is necessary and proper. It should not be possible, and is not under the New York law or under the laws of any state with which I am familiar, for the board of directors or for any director, to use the funds under their control to control any other corporation or business. Their discretion is wisely confined to underlying securities which have no voting power, or to such a small proportion of securities carrying voting power that no dominance of industry is possible.

Minute legislative directions and limitations as to how these funds must be invested cannot but work harm. Legislative enactments are fixed and not flexible. They cannot be made to fit the changing investment situation as it shifts from year to year. One year it may be to the advantage of the companies to invest their ever-increasing funds largely in mortgages, in another year it may be in a certain type of corporate bond or in government securities. As I have said, this responsibility rests on the trustees and directors of the companies, and they cannot and should not be able to shift it.

The assets of the life insurance companies are bound to increase. This is inevitable under the system of "level premium" insurance, which requires an annual addition to the reserve on each policy. The problem, then, is the wise and safe investment of these ever-increasing funds.

In mapping any investment policy, the first question to be asked is what is the purpose of the investment, what results are to be obtained, what obligations are to be undertaken? The investments of a bank require a large amount of liquidity. Large depositors may make heavy withdrawals without warning. Their investments must be made with that in mind.

Other organizations, formed primarily for profit, may legitimately invest in more speculative securities—their stockholders knowing and assenting to the added risk in the hope of larger profits.

In the case of fire insurance companies, their obligations run for a short period—one to five years. Their investments must be made accordingly.

Examples could be multiplied.

What, then, is our stewardship in regard to these twenty-seven billions of dollars? Why were they entrusted to us? What results are we expected to obtain?

They were entrusted to us by some sixty-four million policyholders in order that we might achieve for them their hopes and aspirations for the future economic welfare of their families and for themselves. They do not ask us to make money for them. They do not loan it to us that we may use it for our own purposes. It is not entrusted to us for a quick turnover. We are not investing for a few days or years. Some of our policies may run for sixty years or more.

Our obligations are simple and clearly defined. Our duty and our sacred trust is to so invest these funds that every payment called for by our policies may be made promptly on the day it is due, whether that day comes to-morrow, next week, next year, or sixty years hence. "Safety First" must be our motto. Our stewardship calls for the highest fidelity, foresight, and care.

While the technical side of our business, the preparation of our policies, the actuarial work, and the training of the agency force, must of necessity be left to the technical experts, and the duties of the board of trustees and directors restricted largely to the wise selection of these experts and to seeing that they properly perform their duties, the investment policies are primarily the responsibility of the trustees and directors. The proper officers may suggest and advise, but the final responsibility rests on the boards, and especially on the finance committees.

I doubt if the public, or even our policyholders, realize the amount of time, care, and thought given by our directors to the conservation of the policyholders' assets. In the case of our own company, the finance committee meets weekly. Suggestions for the purchase and sale of securities, mortgages, and real estate are brought before them by the various departments. Suggestions are made by members of the committee. Every proposal is carefully analyzed, both by the members of the committee who happen to be especially skilled in the form of investments under discussion, and also by the other members who bring to bear on the problem their business experience. The result is that every asset of the company is kept under the watchful care of the finance committee and, through them, the board which scrutinizes monthly the work of that committee. Furthermore, members of the committee are consulted by heads of the various departments by telephone during the week so that before coming to the weekly meetings, they may have an opportunity to study the proposed action and to obtain any further data required. Details of the functioning of the finance committee and the board of directors of other companies may be different, but in every case the same careful and painstaking consideration is given to their investment policy. The small fees paid these men for their attendance does not compensate them in any degree for the time and thought they give to the work. They are compensated by the knowledge that they are performing a worth-while public service.

How faithfully and well these men have lived up to the responsibilities of their stewardship is amply illustrated by an examination of the present financial conditions of the life insurance companies after the last nine trying years—years that have tested the stability and soundness of every financial institution. Our companies have not only paid every obligation in full, but are in sound condition to carry out their obligations for the future. They have been tested and not found wanting. The men responsible for this have proven faithful to their stewardship.

Who are the men upon whose shoulders this tremendous responsibility rests? Of what type? An examination of the list of directors and trustees of the various life insurance companies will answer these questions. You will find them the leaders of all branches of worth-while human endeavor—statesmen, educators, lawyers, bankers, business executives—each one bringing to the solution of the problems of his company his expert knowledge of his own particular specialty, together with a broad comprehension of business, economic, and social trends without which no man can be a leader. Election to the board of a life insurance company is considered a hall-mark of success—a recognition of ability and integrity. Such men are glad to give freely of their time and energy to a work of such far-reaching importance to their fellow men as life insurance. They recognize its inestimable value in fostering thrift, self-reliance, and economic independence in the individual—in the advancement of America's human values. The independent, self-reliant citizen, realizing his responsibilities and living up to them, is an asset to his country. It is by such as he that this country has been built.

Conserving his savings and applying them as he directs for fulfillment of his plans for the future welfare of his family is a service to humanity of the highest order—a stewardship of the most sacred kind—a true advancement of America's human values.

In closing, I should like to quote from an address made by Mr. Ide in 1905, before the Rochester, N. Y., Life Underwriters' Association. He said, "Every dollar which passes through your hands or mine has upon it the sacred words 'in trust' and we are accountable for its wise use to further the beneficent object of our profession. * * * We are trustees all the time and in every branch of our work. * * * The importance of the fiduciary character of our business cannot be exaggerated and this fundamental principle must be borne in mind in every branch of our work."

(Applause.)

THE CHAIRMAN: Mr. Low, we are very much indebted to you for that excellent talk.

We had expected to have with us, this afternoon, Mr. Edward R. Stettinius, Jr., Chairman of the Board of Directors of the United States Steel Corporation. The subject which Mr. Stettinius had chosen, "Employee Security and Social Standards in Industry," is one of great significance to this gathering and to industry generally.

Mr. Stettinius has been called out of town on account of serious illness in his family. We are exceedingly fortunate, however, in having the opportunity to welcome in his place, Mr. William Beye, Vice-President of the United States Steel Corporation, who, since October 1, 1937, has guided the company's relations with its 250,000 employees.

It gives me great pleasure to present Mr. Beye. Mr. Beye! (Applause.)

EMPLOYEE SECURITY AND SOCIAL STANDARDS IN INDUSTRY

Mr. William Beye then spoke as follows:

MR. CHAIRMAN, AND GENTLEMEN:

Mr. Stettinius has asked me to express to you his profound disappointment and regret that he cannot be present in person and extend to each of you on this occasion his cordial greetings. It is only a crisis of life and death to one who is very near and dear to him which prevents his being with you.

At his request, I shall present the subject which he had hoped to discuss with you. In the manuscript which he has prepared and which I shall present, there appear the personal pronouns and expressions as though he were in person discussing these matters with you, and so, of course, when such occur, as in all of the details of the phrasing, it is Mr. Stettinius through me who is speaking to you.

(Mr. Beye then read the following address by Mr. Edward R. Stettinius, Jr.)

It is a great privilege to take part in the proceedings of the Thirty-second Annual Convention of The Association of Life Insurance Presidents, and I welcome the opportunity of discussing with you the relationship of insurance to some of industry's broad social problems. The effective measures initiated by you gentlemen in helping industry to find solutions for many of these problems, as well as the pioneering work in which you are continually engaged, are ample proof of your deep interest. Your approach to social questions has been patient, thorough, and understanding. In something of the same open-minded spirit, I should like to discuss a subject of paramount importance in these changing times, one in which I have a great personal interest—that is, employee security.

Great industrial and commercial developments, combined with our own natural resources, have raised the general standard of living in this country to a relatively high plane. While there are, of course, differences in the standards of living of individual members of society, and poverty has not been abolished, by and large we do live better than the people of any other nation. Specialization and large scale production have enabled industry here to produce better goods in greater volume, at a relatively lower cost. As a result, goods considered luxuries in other countries have become conventional necessities in our way of life.

Specialization and large scale production, however, have profoundly changed our economic and social life. Fifty or a hundred years ago a typical small enterprise was owned by one man or two partners who lived near their shop and employed a few relatives, friends or neighbors. They did their own selling to near-by customers. Necessarily, they conducted their own labor relations and public relations. They were close to their employees and the public. They heard plenty of first-hand criticism; but when trouble came, neighbors pitched in, and the employees worked all hours or waited for their pay without complaint. At such close range the existence of mutual interest was obvious.

The business grew. Efficient operation required more capital to equip the plant with modern machinery and to develop wider markets. The partners sold or merged their company, which then became part of a larger organization. In spite of increased employment and higher wages, the home folks were not entirely satisfied with the change. The shift in control from small to large ownership disturbed the employees. A stranger now gave orders, often from a distance. Occasionally the workers might see him, but they did not get close enough to tell him their troubles. His local representative was not always a satisfactory substitute, from the standpoint of worker-pride and quick correction of grievances.

Here we see a normal business development separating employee from employer, both in space and in sympathetic understanding. With ownership spread among many shareholders and authority delegated down the line, from a president known only as a name, a good deal of the spirit of the old-time enterprise disappeared.

Other obstacles to good feeling arose in our industrial expansion. Shifts in population, caused by the search for jobs and wages, drew multitudes from the farm and village to the town and city. Formerly, families were able to ride out adversity because they had some land, a home, a garden, a cow, hogs, poultry, and little or no rent to pay. In town, the new-comers missed the easy-going neighborliness of country and village which helped soften the rough edge of distress. Not so many friendly hands reached forth to help when trouble came. New processes and machinery, not sufficiently safeguarded, increased working hazards. Altogether, men who toiled for their living found themselves and their families less secure and more vulnerable to accidents, lay-offs, and the hard rubs of life in general. Thus the so-called industrial revolution, although it has raised our general standard of living, nonetheless created complex problems in human and social relationships. These difficulties were not and are not insuperable. Many of them have now been overcome and many of the remaining problems are in the process of solution.

Included among the pioneers of a better order of industrial relationships were large numbers of far-sighted business men whose innovations have demonstrated the practicability of many proposed betterments. Such men did not wait for compulsion, but early grasped the significance of a situation which still remained clouded to many of their contemporaries. Understanding the employees' problems, they recognized that the rapid development of large scale business created social strains, which shorter working hours and increased wages left largely unrelieved. Such employers no longer thought of an employee merely as a "hand", to be hired for so many hours at so much, and to be kept hustling at top speed during the agreed period, or as a machine to be discarded when worn out. Instead, these progressive employers saw in their employees fellow men for whose well-being they should be constantly concerned. Many of those on the payroll were heads of families, with dependent wives and children. As citizens, consumers and voters in a democratic nation, their intelligent cooperation in representative government was essential for the stability of the country. Therefore, it was both just and wise to look beyond the pay envelope, and to try to discover what employees needed for a well-rounded life.

The preservation of the independence of employees is essential to a proper social order. Maintenance of the employees' individuality in employer-employee relations is one aspect of employee independence. Today, I shall confine my discussion to another important phase of employee independence—that of economic security.

Let me state the concept of economic security which, I believe, most of our fellow citizens hold today. It seems to me that employees expect to work, during their productive years, at wages which permit of an improving standard of living and a modest backlog of protection against adversity. This is often visualized as an unencumbered home, a savings account, and insurance against the major hazards of life—death, sickness, accident, unemployment and old age. It is a natural instinct of mankind to reach for safeguards against these hazards.

When the nation was younger, men and women with greater control over their individual economic status were not so conscious of insecurity, but now all sections of society are aware of its disastrous effects. The average man today has only limited control over his own and his family's economic security. His lot is closely tied with that of his fellow workers.

Indispensable as efficient integration of our many productive forces is to economic progress, we must not fail to recognize the significance of preserving the individual's sense of responsibility to himself and to his social and economic environment. Nor must we lose sight of the importance of cooperating with him, so that he may have an increasing measure of security. Cooperation, in providing a social and economic independence for the individual, should, therefore, be among the major objectives of modern industry. The problems which are inherent in the attainment of this independence are challenging. Their solution requires realistic ability and progressive leadership. They are essential, human problems and because of their vastness they become social in scope.

As the struggle for economic security progressed, industry began a search for remedies. Convinced that a healthy and confident body of employees was necessary to efficiency, industry went beyond the advancing letter of the law, and numerous companies undertook safety and health measures, profit-sharing, bonus and savings plans. They pioneered in building up death and sickness benefit societies and retirement plans. They made strenuous efforts to provide steady employment by leveling out production. Definite advances have been registered in all these respects; yet no one can claim that these activities have proved uniformly successful. The sponsors of many of these programs faced grave financial risks. In addition, they were sometimes charged with paternalism.

Of course, we all realize that the word paternalism is often misused. Surely, sincere interest in the well-being of employee groups and their families is not to be discouraged, but since the social endeavors of industry depend for success upon the cooperation of large numbers of individuals, how they regard a program is quite as important as the program itself. It is idle to quarrel with deep-seated prejudices when fundamental principles are not involved. One may better pass on to a substitute plan, in the hope that it will be more successful in enlisting the necessary cooperation.

All this leads to a survey of three of the essential factors in economic security—the individual, the Government and the business group, made up of employer and employee.

First, there is the individual, who holds uppermost in his mind the welfare of his family and himself. He considers tomorrow's uncertainties and those of the distant future. He consults his fears and his hopes for his wife and children, the continuance of the home, and the education of his offspring. With all these in mind, he divides his income, large or small, as best he can, for the well-being of those for whom he is responsible. With a careful eye on outgo, he saves part of his income, and devotes it to acquiring properties and equities, as well as insurance. This is the individualist method of safeguarding the future. Insurance-wise, this head of the family group uses his brains and will-power to erect barriers against disaster.

The Sovereign State—the Government—attacks the problem of dependency from the viewpoint of society as a whole. This function of the State is not new, but the approach and the methods used change from time to time with economic conditions and social outlook.

Recently, in national legislation, we witnessed the principle of social insurance applied on an unprecedented scale. Without passing on the details of the Social Security Act, and although aware that its machinery may need readjusting, I am convinced that recognition of the principle of social security by the enactment of that legislation represents a great advance—one deeply desired by the people and deserving to be protected by all who cherish the well-being of our social order.

What, precisely, does social insurance aim to do? Chiefly this—to provide benefits on a self-respecting basis for individual members of the gainfully employed when they and their families are brought face to face with loss of income resulting from major social hazards, such as old age and unemployment.

In our country, this is accomplished through the taxing power of the government, under which the necessary funds are raised from various sources, including employers and employees. A system which is partly self-help, partly employer-aid, and partly government-aid has been set up to provide, in a systematic way, for many who otherwise would need and receive such help in a more confused and perhaps more expensive manner.

The primary purpose of social insurance, however, is not independence—but subsistence. Not since the Poor Laws of Queen

Elizabeth were passed more than 300 years ago has the government of a civilized nation turned its back completely upon hunger and suffering. Subsistence must somehow be provided for those who cannot do work or find work, and State aid in this task is now indispensable.

Social insurance does not furnish complete protection against all the uncertainties involved in living and working. It does not set as its standard what the individual desires as protection, but rather what society feels is essential for the minimum needs of the individual —subject, of course, to the ability of the government to meet even these minimum needs. It is true that the benefits provided under social insurance often bear some relation to past earnings or contributions, and thereby reflect a measure of equity for the individual worker. However, because the benefits provided afford only a limited degree of protection, there is ample scope for thrifty individuals and socially minded employers to provide added protection adjusted to varying family needs, desires, and standards of living. Indeed, there is greater incentive to do so, because by building upon the foundation afforded by social insurance, there is a better opportunity than formerly of providing a worker and his family with a more desirable degree of individual security.

Standing between the individual and the State are groups which have a tie of common interest, frequently occupational. Such groups can pool resources and buying power to increase the security of their members. The latest and broadest application of this pooling of group resources has been in group insurance, in which employers of large numbers of persons have joined with the employees in protecting the working group. Here we find the intermediate expression of the will to safeguard. The group, already well selected, took proper advantage of its size and cohesion to secure, through a joint arrangement, benefits which would have been more costly if every man had struck out for himself. But since participation was voluntary, many of the incentives of individualism were retained. It is in the field of group activity that industry and insurance can best cooperate, and it is their mutual contribution to employee security which I wish now to discuss.

In helping men to help themselves, industrial leaders who recognized their social responsibility became convinced that through insurance many projected benefits could be secured with the full cooperation of their employees. We, in industry, realized that compared with your long experience we were novices in this business of carrying risks. Your companies could do part of what we were trying to do much better than we could.

Obviously, from your viewpoint, it was practical and economical to sell a wide group coverage for industrial employees in one transaction. Equal advantage accrued to the other side, since through the economies effected by a single industrial employer, acting as purchasing agent, so to speak, in buying protection, selling costs could be reduced and benefits passed on to the group members.

The merits of this three-cornered transaction of employer, employee and insurance companies went far beyond the dollar sign. Of prime importance was the fact that the insured employee helped to pay his own way. His voluntary contributions changed the psychology of the situation. The employee was now a willing partner. Employee participation relieved group insurance from any implication of paternalism. It stood or fell on the principles of cooperation; it was a complete expression, not of paternalism, but of mutuality. Actuarial soundness became essential, because employees were contributors and their payments had to be made definite for the fullest protection of their interests. This could best be accomplished by having the plan underwritten by an insurance company, with the employer contributing substantially to the cost.

During the past twenty years, group insurance has become a factor in the lives of millions of individuals and in thousands of industries. I am informed, with respect to group life insurance in this country, that there are more than 20,000 insured groups affording protection to more than 7½ million employees, to the extent of about 13 billion dollars, or an average of $1,700 per person insured. More than 7,500 accident and health insurance group plans, issued by life insurance companies, protect about 2½ million employees for $34,500,000 of weekly benefits. Annuity groups of relatively recent origin probably total well over 500 and cover more than 500,000 lives. Hospitalization insurance is the latest form of group protection and is enjoying an unusual growth.

Claims were settled last year under group life insurance policies alone for more than 100 million dollars. Here is concrete evidence of the social benefits obtained through group insurance. Whether the bread-winner had other substantial possessions or not, here were funds immediately available for pressing expenses in a time of acute suffering and forced readjustment. The same may be said of the very substantial disbursements to insured employees on account of group accident and health insurance, group retirement annuity payments, and group hospital insurance.

However, I realize that group life insurance plays only a supporting role. The major part of the life insurance protection individuals desire for themselves and their families will continue to be in the form of policies they themselves purchase from insurance companies. This latter type of insurance does much to promote thrift and self-reliance.

Indeed, it is impossible to imagine a civilized world without such insurance facilities for the individual. For is not the extent and character of a nation's insurance coverage one of the better ways of measuring the standard of civilization its people have attained? We can all rejoice in the fact that through voluntary effort there are in the United States more than 100 billion dollars of life insurance in force on the lives of over 60 million persons, but there can be no easy resting on either laurels or statistics. The wants of men continue to increase. Nowhere is this more evident than in the demand for greater economic security.

Thus, industry, as well as the individual and the state, has a definite duty in meeting that demand. There are sound reasons underlying the view that these three form an essential partnership. No one of the three can do the whole job, and each will do its job better because the other two are doing theirs.

What the individual seeks through his own efforts is equity—a benefit proportional to the amount he voluntarily sets aside for his security. Private individual insurance must by its very nature operate on this basis. The state is primarily concerned with the problem of adequacy in relation to social need. It seeks to provide a level of protection which will at least partially relieve society of a responsibility it would otherwise be compelled to assume. The determining influence for the State is obviously not equity but the amount adequate to prevent dependency on the State. This distinction between equity and adequacy in their application to individual insurance, as against social insurance is fundamental and cannot be over-emphasized.

Between these two extremes stand group insurance and other employee benefit plans adopted by industry. With the cooperation of the employer, such plans may permit an arrangement combining both the equity and adequacy concepts. Here adequacy is measured in terms of benefits which will relieve the fellow employees or the employer, or both, of responsibilities which they might otherwise be called upon to assume. Mutuality is at work; and integration has been effected between the individual's concern for equity and the group's concern for adequacy.

Individual, social and group insurance naturally have their economic limitations, which are dependent upon the respective amounts that can be budgeted practically for these purposes. The maximum is not the total earnings or other revenues available, but rather what can be applied safely to insurance. There are, of course, other requirements in each case, food and shelter, education, national defense—which may be even more important than security, in the limited sense in which we use that term. The crucial question for the individual, the government and the group is how the total income available in each case can best be distributed among the various responsibilities.

With these distinctions in mind, the dominant insurance motives may be described as follows: Equity, the realizing of individual ambition; Adequacy, the realizing of social need; and Mutuality, the realizing of group incentive.

It is in the field of mutuality, where the concepts of equity and adequacy meet and overlap, that industry finds opportunity for effective service. Here industrialists can apply with minimum criticism and maximum satisfaction both their resources and good-will. Here we can act fruitfully on an honest desire to promote employee security without trespassing upon individual feelings or arousing valid opposition from any source.

Developments since the enactment of the Social Security Act in 1935 show clearly that the triple partnership is functioning. In addition, and independent of the old age benefits contemplated under Federal legislation, many employers in the last two years have adopted or have revised pension plans providing old age retirement benefits. Through these plans the employers and employees have undertaken responsibilities for a level of protection higher than that provided through social insurance, and better adapted to the needs of the group and the individual. Their aim is to provide increased protection more in line with the varying standards of living of different individuals, as reflected by their earnings, and hence to provide benefits which would be commensurate with their personal and family needs. Moreover, the evidence to date, limited as it may be, does not indicate that these developments have had an unfavorable effect on the independent insurance and thrift programs which the individual himself sets up to provide a measure of security through his own efforts.

Hence, no matter what employees do for themselves through individual insurance, or what the State does in social insurance, I am convinced that the field of group insurance will continue to expand. I believe that one of the surest ways to raise industry's social standards is through the intelligent application of insurance to the needs of industry. Certainly the broad field of insurance is important enough to call forth all the practical idealism of both the industrialist, and you, the leaders in insurance.

This constructive activity in insurance is only a part of your broader service which helps to school the nation in thrift and foresighted planning for security. Who can over-estimate the importance of the insurance mission which, by providing protection against mischance and misfortune, increases human happiness and contentment? Notwithstanding the great engineering and scientific advances in this modern world, and the progress in all the managing and directing functions of society, our efforts will be of no avail unless they combine to create a social scene containing a happy people.

We know that happiness has many roots, but none is more important than security. Fortunately, a reasonable degree of security for all well-disposed and industrious persons is feasible through the cooperation of the individual, the group and the State. In serving the individual and the group in their quest for security, you gentlemen stand responsible on the highest plane of trusteeship. Equally, industrial leadership should stand ready to give an accounting in terms which show that it has a moral, as well as financial, justification for its stewardship.

I am convinced, however, that while realization of industry's responsibilities to society is growing, the general welfare calls for even greater progress. No longer can industry plow a single furrow toward a single strictly commercial objective; instead, it must manage its affairs with due regard to the whole field of human relations. Industry must strive to adjust its operations to the highest purposes of life, and, in so doing, it may safely depend upon the wholehearted support, sympathy and understanding not only of our great body of employees and their families but the public as well. Only thus will we achieve a better social, as well as economic standard of living.

(Applause.)

THE CHAIRMAN: Mr. Beye, please express our regret to Mr. Stettinius that he could not be here, thank him for the fine address which you so ably read, and, last but not least, extend to him our sympathy on account of the serious illness in his family.

We now come to a part of our program which, in more than one sense, is a vital one. Our program, dedicated to a consideration of human values, would, indeed, be incomplete without a discussion of the subject of health and its effect upon the "why" and "when" of dying, the "how" and "how long" of living. Our next speaker, Dr. Harold M. Frost, who combines high scientific attainments with a vast amount of human understanding, is precisely the man to develop for us this important phase of our theme.

A graduate of Harvard Medical School, Dr. Frost gained his early experience as physician and surgeon in a hard school, the World War. Joining the British Royal Army Medical Corps, as Lieutenant, in 1915, he saw four years of service of the most active kind and of the highest character, as evidenced by the record of his various appointments during that period. Later, Dr. Frost became Assistant Superintendent of the Massachusetts Eye and Ear Infirmary. Since 1921, he has been with the New England Mutual Life Insurance Company, and has been the company's Medical Director for the past seven years. In the field of life insurance medicine, Dr. Frost has done important research work in connection with the cardio-respiratory test, extensively used by his company. He is Vice-President of the Association of Life Insurance Medical Directors.

It is with great pleasure that I present Dr. Frost, Medical Director of the New England Mutual Life Insurance Company, who will speak on "The Human Significance of Changing Mortality." Dr. Frost! (Applause.)

THE HUMAN SIGNIFICANCE OF CHANGING MORTALITY

Dr. Harold M. Frost then presented the following address:

MR. CHAIRMAN, AND MEMBERS OF THE ASSOCIATION:

When I evolved the title of this paper, "The Human Significance of Changing Mortality," after a good deal of sustained thought and concentration, I imagined that I had a rather euphonious title—I was rather proud of it. My conceit was certainly pricked a few days ago at our round-table luncheon, at which, while we are all friendly, comments nevertheless are often brutally frank. One of the men, with that keen, incisive mind and insistence upon accuracy which characterizes our actuaries, said to me, "Well, I have been trying to figure out, ever since I heard that title, what it meant."

I appreciate deeply the honor of being invited to address this distinguished audience. I am temperamentally averse to a mathematical presentation of mortality figures. This is the proper realm and prerogative of the vital statistician. Naturally, I understand and concede their practical importance in the conduct of the institution of life insurance. I prefer rather to interpret them in the light of their bearing upon the development of human health and happiness; of the picture they portray as to the improvement in the living conditions and comfort of mankind.

I am aware that for good reasons a comparative survey of current mortality has become a tradition of this feature of your program. I shall respect this custom, though in brief fashion. Then I shall try to sketch for you a series of contrasting word-pictures, necessarily limited in scope and incomplete as to detail, visualizing the significance to our present well-being of some of the more important changes in the death rate from disease.

Let us now summarize the mortality among insured lives for the year 1938. The data for this have been compiled by this Association from records generously furnished by forty-eight member, and non-member, companies, which have issued 84.8% of the policies now outstanding in all of the legal reserve life insurance companies of the United States. The records cover the first ten months of the year only. The data, however, have been converted into death rates per 100,000 policyholders, on an annual basis. The tables which are appended give a comparison with similar data for the year 1937.

The outstanding feature of this survey is that the mortality for 1938 is markedly less than that for 1937. In fact, it is the lowest for all the years during which these records of the Association have been compiled. In specific figures, 747.9 of each 100,000 policyholders will have died this year, as compared with 794.3 in 1937. This represents an improvement in the death rate of 5.8%; a saving of 46.4 lives for each 100,000 policyholders.

If the same degree of improvement continues and applies to our general population, we may expect 73,000 fewer deaths in our nation than last year, despite an increase of population which, had the death rate of 1937 prevailed, would have resulted automatically in 12,000 more deaths.

Considering the lower death rate in conjunction with the increase in population, we conclude that there will be about 1,378,000 deaths in the United States in 1938—a saving of 85,000 lives as compared with 1937. This forecast appears conservative when compared with a recent statement by Dr. Thomas Parran, Surgeon General of the United States Public Health Service, that for the first half of this year the national death rate from disease was 8.5% less than that of 1937; and that in the absence of some unforeseen occurrence, such as an epidemic, the national death rate for 1938 would be the lowest ever known.

As for insured lives, the death rate of both ordinary and industrial policyholders has improved: in the former by a decrease of 4.0%, and in the latter by a decrease of 6.5%. Here again, as in recent years, improvement is greater among industrial than among ordinary policyholders. As usual, the causes of death are divided in the tables into twenty-one specific categories. In twelve of these the death rate is the lowest since this series began, reflecting the general improvement. In only three is there any material increase.

Considering first the three classes showing an increase in death rate, we note that deaths from organic heart disease have increased from 158.6 to 164.3 per 100,000 insured lives, the highest rate ever recorded in this series; and that deaths from cancer have increased from 91.0 to 94.1 per 100,000. These are the two foremost causes of death. Together, they account for about one-third of all deaths. The increased death rate from organic heart disease derives almost entirely from the ordinary policyholders. Among the industrial policyholders this rate shows an increase of but 0.2 deaths per 100,000. The death rate from suicide increased by 16.1%, from 13.7 to 15.9 deaths per 100,000 insured lives. This is not surprising. The experience of recent years has demonstrated that the frequency of suicide varies with fluctuations of economic conditions, increasing as these conditions become more harassing, and vice versa. This increase of rate, therefore, is consistent with the decline of business in 1938.

Turning now to the brighter side of the picture, we find that influenza and pneumonia registered the most prominent gains, representing 62% of the total saving of 1938 over 1937. The deaths from influenza decreased by 65.9%—from 17.3 to 5.9 per 100,000 policyholders; those from pneumonia, by 26.3%—from 66.5 to 49.0 per 100,000. These are the lowest rates for these two diseases in the course of this series. While we hope that this improvement reflects more adequate control, we must nevertheless bear in mind that the incidence of pneumonia varies directly with that of influenza; and that influenza is characterized by more or less periodic exacerbations. This may well alter this picture from year to year.

Tuberculosis likewise registers the lowest death rate yet recorded in this series: 39.5 deaths per 100,000 policyholders—a decrease of 8.8%, compared with 1937. It has shown a steady improvement since 1920, when the rate was 117.7 deaths per 100,000, having decreased by 66.4%. Since 1929, deaths from Bright's disease have declined by 31.1%—from 65.3 to 45.0 per 100,000. The death rate of the six children's diseases is 10.9 deaths per 100,000. It includes new low figures for scarlet fever, diphtheria, meningitis, and diarrhea and enteritis. The improvement is strikingly evident when we consider that only thirteen years ago the death rate from diarrhea and enteritis alone was more than double the present rate for all of the children's diseases.

Not all of the improvement is to be found among deaths from disease. By no means the least welcome news is that deaths from auto-

TABLE I—DEATHS AND DEATH RATES
FIRST TEN MONTHS 1937 AND 1938

(Combined Experience of 48 Legal Reserve Life Insurance Companies)

ORDINARY BUSINESS

Cause of Death	1937 Number Deaths Ten Months	1937 Death Rate per 100,000 (Annual Basis)	1938 Number Deaths Ten Months	1938 Death Rate per 100,000 (Annual Basis)	1938 Increase or Decrease in Death Rate: Absolute	1938 Increase or Decrease in Death Rate: Relative (P. Ct.)
Tuberculosis	5,684	32.7	5,086	28.8	—3.9	—11.9
Influenza	2,835	16.3	875	5.0	—11.3	—69.3
Pneumonia	9,410	54.1	6,962	39.5	—14.6	—27.0
Respiratory Diseases Not Specified	1,673	9.6	1,668	9.4	—.2	—2.1
Cancer	16,478	94.7	17,224	97.7	3.0	3.2
Cerebral Hemorrhage	9,484	54.5	9,952	56.4	1.9	3.5
Organic Diseases of Heart	28,776	165.4	32,099	182.0	16.6	10.0
Bright's Disease	7,189	41.3	6,892	39.1	—2.2	—5.3
Diabetes	2,381	13.7	2,402	13.6	—.1	—.7
Puerperal State	689	4.0	613	3.5	—.5	—12.5
Typhoid Fever	132	.8	135	.8	0	0
Suicides	3,900	22.4	4,741	26.9	4.5	20.1
Homicides	439	2.5	396	2.2	—.3	—12.0
Automobile Accidents	4,635	26.6	3,965	22.5	—4.1	—15.4
Other External Causes	5,693	32.7	5,530	31.4	—1.3	—4.0
All Other Causes	34,612	198.9	31,790	180.3	—18.6	—9.4
Total	134,010	770.2	130,330	739.1	—31.1	—4.0
Years of Life Exposed to Risk	17,398,888		17,633,876			

These data are based on the combined mortality experience of companies having 82.9% of the number of Ordinary policies outstanding on December 31, 1937, in all United States legal reserve life insurance companies.

mobile accidents have declined almost 20%—from 23.1 to 18.6 per 100,000 insured lives—thus reaching the lowest point since 1928. Translated into national figures, this means that this year 8,000 lives should be saved, which would have been lost had we continued to operate our automobiles as in 1937. However, lest we become too well pleased with this result, we must remember that the number of deaths from automobiles in 1938 will be approximately 32,000, and that most of them might have been averted through effective safety programs. To give but one example, the deaths from automobile accidents in Providence, Rhode Island, through a proper safety campaign, were reduced by 65% in the first seven months of this year. If similar campaigns could be carried out generally and could achieve the same result, it would mean a saving this year, not of 8,000 lives, but of 26,000.

This survey of current life insurance mortality experience gives encouraging evidence of the efficacy of our efforts to conserve human life. However, there is still much room for improvement.

TABLE II—DEATHS AND DEATH RATES
FIRST TEN MONTHS 1937 AND 1938
(Combined Experience of 7 Legal Reserve Life Insurance Companies)
INDUSTRIAL BUSINESS

	1937		1938		1938 Increase or Decrease in Death Rate	
Cause of Death	Number Deaths Ten Months	Death Rate per 100,000 (Annual Basis)	Number Deaths Ten Months	Death Rate per 100,000 (Annual Basis)	Absolute	Relative (P. Ct.)
Tuberculosis	16,197	48.8	14,995	45.1	—3.7	—7.6
Influenza	5,895	17.8	2,120	6.4	—11.4	—64.0
Pneumonia	24,180	72.9	17,980	54.1	—18.8	—25.8
Respiratory Diseases Not Specified	3,163	9.5	2,993	9.0	—.5	—5.3
Cancer	29,481	88.8	30,644	92.2	3.4	3.8
Cerebral Hemorrhage	18,909	57.0	18,789	56.6	—.4	—.7
Organic Diseases of Heart	51,351	154.7	51,440	154.9	.2	.1
Bright's Disease	16,422	49.5	15,982	48.1	—1.4	—2.8
Diabetes	7,396	22.3	7,420	22.3	0	0
Puerperal State	2,023	6.1	1,887	5.7	—.4	—6.6
Typhoid Fever	294	.9	286	.9	0	0
Measles	297	.9	534	1.6	.7	77.8
Scarlet Fever	540	1.6	341	1.0	—.6	—37.5
Whooping Cough	975	2.9	641	1.9	—1.0	—34.5
Diphtheria	489	1.5	462	1.4	—.1	—6.7
Meningitis	1,545	4.7	1,129	3.4	—1.3	—27.7
Diarrhea and Enteritis	2,843	8.6	2,426	7.3	—1.3	—15.1
Suicides	3,039	9.2	3,335	10.0	.8	8.7
Homicides	1,464	4.4	1,259	3.8	—.6	—13.6
Automobile Accidents	7,034	21.2	5,474	16.5	—4.7	—22.2
Other External Causes	11,998	36.1	10,982	33.1	—3.0	—8.3
All Other Causes	61,608	185.6	58,856	177.2	—8.4	—4.5
Total	267,143	805.0	249,975	752.5	—52.5	—6.5
Years of Life Exposed to Risk	33,186,521		33,217,979			

These data are based on the combined mortality experience of companies having 85.5% of the number of Industrial policies outstanding on December 31, 1937, in all United States legal reserve life insurance companies.

In proceeding now to the attempt to visualize the human significance of but a few of the changes in the death rate from disease, we must as a preliminary consider briefly the work of one of the foremost contributors to the well-being of the human race. Before he lived, the cause of disease was cloaked in mystery, its treatment or prevention obscured by ignorance and superstition. As a result of his work, the obscurity has been illumined by the light of knowledge, ever since waxing more brilliantly, with a cumulative benefit to humanity far beyond the powers of our conception. I refer to Louis Pasteur, who died in 1895, at the age of 73.

Curiosity is a natural human trait. It is an index of an active mind. It is a preëminent attribute of childhood. It is prone to become dull under the pressure of the responsibilities of increasing age. Now and then, however, in persons of keen, industrious mind, it persists with undiminished force or with increasing intensity, char-

---

TABLE III—DEATHS AND DEATH RATES
FIRST TEN MONTHS 1937 AND 1938

(Combined Experience of 48 Legal Reserve Life Insurance Companies)

ORDINARY AND INDUSTRIAL BUSINESS

Cause of Death	1937 Number Deaths Ten Months	1937 Death Rate per 100,000 (Annual Basis)	1938 Number Deaths Ten Months	1938 Death Rate per 100,000 (Annual Basis)	1938 Increase or Decrease in Death Rate: Absolute	1938 Increase or Decrease in Death Rate: Relative (P. Ct.)
Tuberculosis	21,881	43.3	20,081	39.5	—3.8	—8.8
Influenza	8,730	17.3	2,995	5.9	—11.4	—65.9
Pneumonia	33,590	66.5	24,942	49.0	—17.5	—26.3
Respiratory Diseases Not Specified	4,836	9.6	4,661	9.2	—.4	—4.2
Cancer	45,959	91.0	47,868	94.1	3.1	3.4
Cerebral Hemorrhage	28,393	56.2	28,741	56.5	.3	.5
Organic Diseases of Heart	80,127	158.6	83,539	164.3	5.7	3.6
Bright's Disease	23,611	46.8	22,874	45.0	—1.8	—3.8
Diabetes	9,777	19.4	9,822	19.3	—.1	—.5
Puerperal State	2,712	5.4	2,500	4.9	—.5	—9.3
Typhoid Fever	426	.8	421	.8	0	0
Measles	297	.6	534	1.0	.4	40.0
Scarlet Fever	540	1.1	341	.7	—.4	—36.4
Whooping Cough	975	1.9	641	1.3	—.6	—31.6
Diphtheria	489	1.0	462	.9	—.1	—10.0
Meningitis	1,545	3.1	1,129	2.2	—.9	—29.0
Diarrhea and Enteritis	2,843	5.6	2,426	4.8	—.8	—14.3
Suicides	6,939	13.7	8,076	15.9	2.2	16.1
Homicides	1,903	3.8	1,655	3.2	—.6	—15.8
Automobile Accidents	11,669	23.1	9,439	18.6	—4.5	—19.5
Other External Causes	17,691	35.0	16,512	32.5	—2.5	—7.1
All Other Causes	96,220	190.5	90,646	178.3	—12.2	—6.4
Total	401,153	794.3	380,305	747.9	—46.4	—5.8
Years of Life Exposed to Risk	50,506,727		50,851,855			

These data are based on the combined mortality experience of companies having 82.9% of the number of Ordinary policies and 85.5% of the number of Industrial policies—84.8% of the number of Ordinary and Industrial policies—outstanding on December 31, 1937, in all United States legal reserve life insurance companies.

acterized by a persevering desire to know the "why" of that which is mysterious. In this form it has been the fount of all the marvelous discoveries which have so greatly improved the lot of mankind.

Louis Pasteur was obsessed by a burning curiosity to know the "why" of fermentation. He labored and learned the secret. By 1857 he had proved that microscopic living organisms were the cause. On this knowledge is based the whole modern germ-theory of disease; of its causation and its treatment. From his work has developed the present-day structure of medicine, surgery, and sanitation, so vast that it cannot be mastered by any one man. This has made possible our modern surgical technique; our present methods of conferring immunity which have dissipated the terrors of hydrophobia, diphtheria, lockjaw, and typhoid fever; the prevention of bubonic plague and typhus, of yellow fever and malaria; assurance of pure water, wholesome food, and absence of filth. In the sketches that follow, the significance of Pasteur's work will become increasingly apparent.

In the Commonwealth of Massachusetts during the year 1880, tuberculosis accounted for 308 deaths per 100,000 of population. I cite the rate for Massachusetts because it is one of the earliest indices of conditions in our country. In our current survey of the mortality for 1938, tuberculosis accounts for only 39.5 deaths per 100,000 insured lives. The marked contrast is obvious. These bald figures, however, give only a slight hint of the absorbing underlying drama associated with this disease from the infancy of our race and even yet not concluded.

Tuberculosis has undoubtedly scourged mankind since the dawn of history. It was first described by Hippocrates, the Father of Medicine, four hundred years before the Christian era. Bunyan labelled it the "Captain of the Men of Death." Previous to the year 1882, its cause was unknown and no attempt at cure or prevention was possible. It ravaged the human race unchecked, counting its victims by the millions. In that year, under the stimulus of the revelations of Pasteur, Robert Koch identified the guilty organism.

Dr. Arthur E. Hertzler, in his recently published book, "The Horse and Buggy Doctor," gives a striking instance of the havoc caused by this disease only fifty years ago. He describes a neighboring family with nine children, living in a three-room shack in the country. At one time, the mother and three children were lying in bed, helpless, slowly dying in the terminal stages of the disease.

Other children played about the house at will. Within eight years, eight of the nine children succumbed. The youngest child, due to the long-continued illness in the family, was sent to live with an aunt and hence escaped. One member of the family began to teach the rural school. His hacking cough was incessant through the day. He spat upon the floor without reserve. His breath was foul from the putrefaction within the tuberculous cavity in his lungs. Before the school term was half finished, he died suddenly from pulmonary hemorrhage.

This was no unusual occurrence either in country or city. Even in the well-to-do families, tuberculosis took its toll, either in the rapid form of "galloping consumption" or with a slow decline and wasting-away. Nothing that money might provide could in the least stay its inexorable course.

How different is the picture in our day! From the time of Robert Koch our knowledge of the disease has steadily increased. Methods of treatment, both medical and surgical, have become more effective. Clinical facilities for its diagnosis and treatment, sanatoria, and district nursing services have rapidly extended. The necessity for segregation of patients and of search for contacts in their families is well understood. Every effort is made to detect the disease in its incipient stages when it is most amenable to treatment. Clinics for the examination of school children abound. Transmission of bovine tuberculosis to humans is controlled by destruction of infected cattle and by pasteurization of milk. Education of the public and improved standards of living have contributed. While there is still room for improvement, the control of tuberculosis so far established represents a glorious achievement of clinical and preventive medicine and of sanitation. Such is the brief outline of the drama of tuberculosis.

Smallpox is one of the most loathsome of human diseases. It has afflicted man from ancient times. It was prevalent in the Orient centuries before the birth of Christ. It played havoc among the Crusaders. It is estimated to have caused sixty million deaths in Europe in the eighteenth century; and in the latter part of that century, to have accounted for one out of every ten deaths and to have destroyed or disfigured one quarter of the human race. It has condemned myriads to total and incurable blindness.

In the eighteenth century a rumor began to spread that the milkmaids of Holstein and England enjoyed a special immunity from smallpox, the apparent reason being that they were protected by having contracted cowpox while milking infected cows. This came to the ears of Edward Jenner, a physician of Berkeley in Gloucestershire, England, who, like Pasteur, was abundantly endowed with persevering curiosity. For twenty years he revolved the problem in his mind, making such observations as he could. Finally, opportunity knocked at his door. A neighboring milkmaid, Sarah Nelmes by name, had scratched her hand upon a thorn. Shortly the typical vesicles of cowpox developed about the wound. With the lymph from these vesicles, Jenner vaccinated a boy who had never contracted smallpox: a memorable day—May 14, 1796. The following July, Jenner inoculated this boy with matter from smallpox vesicles. The boy did not develop smallpox. Some months later, Jenner repeated the smallpox inoculation; again without result. The efficacy of vaccination with cowpox lymph was established.

The news of this great discovery did not reach America until it was published by Dr. Benjamin Waterhouse in the columns of the "Columbian Centinel," in Boston on March 16, 1799. A furor of protest immediately arose. Firm in his conviction, with undaunted courage, Dr. Waterhouse, in July of 1800, vaccinated seven members of his household with cowpox lymph. Shortly after, he sent three of his vaccinated children to a smallpox hospital, that they might be exposed to the dread disease. One of his vaccinated children he even inoculated with smallpox matter. None of the children contracted smallpox.

In spite of this, the controversy still raged. Finally, in August of 1802, the Board of Health of Boston, no member of which was a physician, agreed on the following experiment to settle the matter. A small house was built for the occasion on Noddle Island in Boston harbor. Nineteen children who had never suffered from smallpox were isolated there in one room and were vaccinated with cowpox lymph. Later, twelve of these, together with two other children who had never contracted either cowpox or smallpox, were inoculated with smallpox matter. The latter two children developed smallpox; the others did not. Then all of the nineteen original children were inoculated with the smallpox matter from the vesicles of the two children who had the disease. None of them developed it. The Board of Health certified to the efficacy of vaccination with cowpox lymph.

The general practice of vaccination is the chief reason why smallpox has become a minor cause of death in our country, never even approaching epidemic proportions in any community, except when laxity as to vaccination is allowed to supervene. When we note in our survey of the mortality for 1938 that the rate for smallpox is not significant enough to appear as a separate item in our tables, in the light of the story given above, we may better appreciate our blessings.

"Protect us, O God, from diphtheria!" We are again indebted to Dr. Hertzler for a heart-rending description of the tragedy of diphtheria a mere half-century ago. The family is gathered at morning prayers, in the course of which the father makes the supplication above. At the breakfast table, the atmosphere is tense. The father and mother cannot eat, and the children, sensing the tensity, do scant justice to their meal of fried mush. The father leaves the house dressed in his Sunday clothes. The mother, pale and silent, paces the floor, wringing her hands, going often to the window to gaze down the road. Later, a long line of carts, wagons, and men on horseback appears. In the bed of the leading wagon are three oblong boxes. The father later returns and announces, as he enters the house, "Five more!" The mother sinks into a chair, covering her face with her apron.

In these oblong boxes were the bodies of three of Dr. Hertzler's playmates, destroyed by diphtheria. In rapid succession, five of the other children succumbed; eight of the nine children of that family dying within a period of ten days. A baby of nine months remained. The grief-stricken mother would not allow it out of her sight and even the wide-eyed stare of the infant seemed to reflect the tragedy which had crushed that household.

The terror inspired by diphtheria in those days, the paralyzing fear of parents for their children, are beyond the comprehension of our present generation, for our children are not endangered. With the identification of the causative organism in 1883 by Klebs and Loeffler, the development of the antitoxin in 1891 by Behring, and of the Schick test in 1913, whereby those children susceptible to the disease may be detected and immunized, the incidence of diphtheria has declined to negligible levels. This, together with the promptness of diagnosis now possible, and the improvement in treatment, render it a minor cause of death. Thus one may better appreciate the reason for and the meaning of the markedly contrasting death rates of 99 per 100,000 population for Massachusetts in 1880 and 0.9 per 100,000 insured lives in our current survey.

Not so spectacular is the story as to typhoid fever and that type of inflammation of the intestines classified as diarrhea and enteritis. Nevertheless, these diseases in bygone days have made serious inroads upon the human race. In 1880, they accounted for 98 deaths per 100,000 of the population of Massachusetts. Today, they are of slight significance as a factor in our death rate, at least in communities which are intelligent in sanitation. This is attested by the rate attributed to them in our current survey, 5.6 deaths per 100,000; of which typhoid accounts for only 0.8 deaths per 100,000. Diarrhea and enteritis are primarily diseases of early childhood and infancy. Formerly, they were largely the cause of the excessive death rate among children of less than five years of age.

Typhoid fever is primarily a disease of young adult life. In former days when its control was not understood it was the scourge of armies. In some campaigns, more soldiers died from it than from the wounds received in battle. In the Spanish-American War, of approximately 108,000 men in our national encampments, over 20,000 contracted typhoid fever, with over 1,500 deaths. In the South African War there were over 50,000 cases among somewhat more than a half million of men; of whom over 8,000 died—more than those who died from wounds. In contrast, in the World War typhoid fever was but little prevalent in the western armies. It is prone to become rampant whenever the sanitary systems of communities are disrupted by catastrophe, such as fire, flood, or earthquake; or by accidental contamination. This is well illustrated by the experience of the city of Chicago. Two major epidemics have occurred there. The first followed the historic fire of 1872, the death rate for typhoid increasing to 143 deaths per 100,000 population. The second outbreak occurred in 1891, the rate climbing to 174 deaths per 100,000, apparently due chiefly to contamination of municipal water by sewage resulting from temporary impairment of the pumping system. Typhoid has become practically non-existent as a factor of death rate, as suggested by the rate in our current survey for 1938—0.8 deaths per 100,000 insured lives. For example, in the town in which I reside, with a population of 15,000, there have been but three cases of typhoid in the last ten years; none in the last seven.

These diseases, typhoid fever and diarrhea and enteritis, have two characteristics in common; that they are produced by the introduction of the causative bacteria into the gastro-intestinal system, and that these bacteria in turn are expelled from diseased bodies in the excreta of bowels and urinary bladder. The method of controlling them, therefore, may be stated tersely as the prevention of contamination of our food and drink by the excreta of the diseased. On the basis of this simple formula, there has developed in our country a far-flung system of sanitation, which is perhaps the outstanding triumph of modern medicine, contributing more than any other factor to the health of our people. So vast is its organization, so intricate its details, that it transcends our powers of imagination. Yet it functions daily among us, so smoothly, quietly, and efficiently as to escape our attention, to become a matter of course. It assures us of pure water, of a wide variety of fresh and uncontaminated foods, of milk which is wholesome and safe, of adequate disposal of garbage and sewage, of freedom from public nuisances. This is the outstanding reason for our present relative freedom from typhoid fever, from diarrhea and enteritis.

I cannot leave the discussion of these favorable features of mortality without calling attention to another factor, which is not directly reflected in our survey of mortality; which nevertheless represents an immense, incalculable contribution to human welfare. I refer to the development of modern surgery.

For contrast, let us fancy ourselves as living ninety-two years ago and standing in the gallery of a small, old-fashioned amphitheater in the Bulfinch Building of the Massachusetts General Hospital in Boston. The date is October 16, 1846—memorable in the annals of medicine. With spell-bound interest, we are gazing down upon an unusual scene. In a wooden operating chair sits a man with head turned to the right and resting upon a pillow. He breathes deeply, with the stertor of profound slumber. He is unconscious and feels no pain. He is the subject of the first public demonstration of anesthesia by means of ether. At his left stands a gentleman dressed in Prince Albert coat, high collar, and flowing black cravat, the hall-marks of the surgeon. His hands are bare. His sleeves are not turned up. Deftly he wields the knife, removing a tumor from the neck of the unconscious man. Occasionally he reaches across to a bowl of bloody water. In it is a sponge. He lifts the sponge, squeezes it and with it wipes away the blood which obscures the wound. He returns the sponge to the bowl for future use. Behind the chair stands the anesthetist, in his right hand the crude glass receptacle with which he administers the ether. Ten other frock-coated gentlemen stand about, deeply absorbed in this epochal procedure.

It is difficult for us to conceive of the crudeness of the surgical technique of those days. Formation of pus, known as suppuration, was the inevitable sequel to a wound. In fact, the greater the suppuration, the more satisfactory was considered the state of healing. From the dressings, the surgeon's bare hands were daily soiled by pus. With the same bare hands—perhaps washed, perhaps not—he proceeded to his operations. To avoid staining his Prince Albert coat, he frequently used an old coat which was rarely washed, which might be stiff with the dried blood of previous operations. He might thread his needles with silk and stick them for convenience in the lapel of his coat. His teeth might prove a convenient holder for his operating knife when not in use. If the knife were not keen enough to suit his taste, he might lean down and strop it upon the leather of his boot. Naturally, the operative scope was sharply limited. Invasion of the skull, chest, abdomen, or larger joints was almost bound to result in fatal infection. Amputations were the usual procedure for wounds of the joints, lacerations of the extremities, and compound fractures, which are now considered relatively minor and readily amenable to treatment.

Not until the year 1867 did the light of knowledge begin to dispel the ignorance and gloom of surgery. In that year, Joseph Lister, appreciating the significance of Pasteur's work and the fact that infection was due to bacteria, proclaimed his principle of the use of antiseptics in the practice of surgery. He utilized carbolic acid, not only as a dressing for wounds and infections, but in the form of solution and spray to prevent infection while operating.

From his day, the technique of surgery has steadily improved, gradually tending away from his antiseptic methods to that standard of complete cleanliness of everything which comes in contact with the operative field, of an absence of living bacteria as absolute as is humanly possible, which characterizes our modern operating rooms. Infection in a clean operative wound is now a cause for reproach. The surgeon confidently exposes the delicate tissues of the brain. He fearlessly explores the abdomen and chest; nay, even the cavities of the heart. No part of the body is beyond his reach. Anesthesia has developed from the simple administration of ether to an important specialty, with the adoption of numerous agents and methods. One cannot comprehend the tremendous saving of life and the incalculable relief from pain and ill-health which have resulted from this revolution of surgical technique.

We now shift our discussion from these favorable changes of mortality, understanding somewhat better why, in our country, the mean duration of life has increased from approximately forty years in the year 1850 to about sixty years at this time. We must face the fact that this gain of about twenty years is due mainly to improved mortality at ages under 60; that beyond age 60, the expectation of life has increased but little, if any.

There are certain types of disease referred to by physicians as the degenerative diseases. They chiefly include heart disease not caused by acute infections, apoplexy, hardening of the arteries, chronic inflammation of the kidneys, cancer, and "sugar" diabetes. They are primarily an attribute of advancing age. They are characterized by a premature or senile deterioration of the heart, arteries, kidneys, pancreas; or, in the case of cancer, by a sudden rapid localized growth of certain types of tissue cells, which defies the automatic biological balance of normal growth, infiltrates surrounding tissues and spreads through the blood-stream to other parts of the body. For these reasons the term *degenerative* is applied to these diseases. They are the chief cause of the increased mortality of older ages; for the failure of the expectation of life to have shown much increase beyond the age of 60.

Three of them—heart disease, cancer, and diabetes—seem to be definitely on the increase. The reasons for this are not clear. A contributory factor is undoubtedly the increasing average age of our population, due to a declining birth rate and the improvement of mortality at the younger ages. As compared with the year 1850, the proportion of our present population which is twenty years of age and older appears to be about 29% greater; and at 50 years and over, practically 100% greater. Other reasons are doubtless the increasing accuracy of diagnosis and more uniform classification of diseases, coincident with the development of modern medicine. In addition, there may be an increased human susceptibility to these diseases.

The cause of "sugar" diabetes is as yet uncertain. Its predilection for fat people is acknowledged. It appears to have a hereditary tendency. In the sixteen years since the introduction of treatment by insulin, the management of the disease has been revolutionized, with a resulting marked increase in the longevity of diabetics to an extent which cannot yet be clearly specified.

Cancer has become the second most common cause of death, exceeded only by heart disease. Its origin is still veiled in mystery. The mass of human brains and energy which is now being intensively devoted to the search for its cause has no parallel in history. We cannot doubt that its cause will eventually be discovered, and lead to the method of control of the most distressing and dreaded disease to which mankind is now subject.

It is only natural and proper that disease of the heart should be the outstanding cause of death of our race. The amount of work which this small organ performs is incredible, as indicated by the following rough estimate. Presupposing a heart of average size, expelling from its left ventricle 100 c.c. of blood, or about 3⅓ ounces, at each contraction, and beating sixty times to the minute, the amount of blood pumped by the left ventricle, one of the four compartments of the heart, into the main arteries of the body, in one day only, will be approximately 2,280 gallons; in more homely terms, seventy-two barrels or thirty-six hogsheads. If we reasonably assume that the mean pressure of the blood in the aorta, which the left ventricle must overcome before it can discharge its own load of blood, is 100 millimeters of mercury, the daily work which the left ventricle alone performs will equal the energy required to lift a weight of twelve short tons a distance of thirty-nine inches; in other words, practically thirty-six foot-tons of work. When we consider that this daily labor continues unceasingly, month after month, year in and year out, we marvel at this miraculous capacity for work and that the heart can endure as long as it does.

The problem which faces us, therefore, is not the elimination of heart disease, which can never occur, but rather its postponement to even older ages, and particularly beyond the prime of life, to the end that the longevity of man may be increased. It must be confessed that at present there is no clue as to how this problem may be solved.

There is one type of heart disease, from the viewpoint of age-incidence, which is becoming increasingly important, not only to us as individuals, but also to the institution of life insurance. It afflicts man, not necessarily in old age, but frequently in the prime of life. It seems to be definitely on the increase. It is due to a deterioration of the coronary arteries, the small vessels which carry the blood supply to the muscle of the heart. You have heard it spoken of as coronary artery disease, coronary thrombosis or occlusion, angina pectoris, and acute indigestion. It occurs naturally at older ages.

On the other hand, all too frequently it strikes down men in their forties and fifties who are at the height of their mental and physical powers, of their usefulness to their families and to mankind. It seems to have a predilection for individuals holding large amounts of life insurance.

Granting that its cause is obscure, I nevertheless feel that it largely represents the price we are paying for the pace of our modern life; particularly urban life. In spite of the fact that living conditions have so materially improved, many men are today living in a manner which I believe incompatible with continued good health. They rush from pillar to post, continually on the move. They are under business pressure, with long hours of work and undue mental strain. They eat irregularly and hastily, consuming too much food and food that is too rich. For recreation, they rely upon the excitement of night life with its late hours, convivial habits, and encroachment upon healthful sleep. To them, the automobile is a curse, for because of it they have forgotten how to use their legs. They shun the quietude of armchair and book, of the out-of-doors. They have lost the faculty of relaxation, of meditation, of communion with themselves. They are not blessed with a healthful hobby, the salvation of the indoors man. They are unable to appreciate the physical and mental strain to which they are subject until the break in health arrives. All too often, unfortunately, it is then too late to prevent or to repair the damage.

On the whole, it is clear that during the last fifty years the health of our people has improved remarkably. Of this we may be justly proud. However, we cannot afford to overlook the necessity for still greater improvement. We must not relax in our efforts to achieve the maximum development of public health which may be humanly attainable. One of the greatest barriers to this is the natural apathy of human beings, when in good health, toward any future prospect of ill-health, personal or public. A sensational catastrophe, such as that recently experienced in the New England States, elicits a surge of popular sympathy and assistance. Yet it is insignificant as compared with the vastness of the unadvertised privation, suffering and preventable death which are a daily component of modern life. When, through the intelligence and common sense of our nation, we shall have banished privation and want in the midst of plenty; shall have made available to all of our people the benefits of medical science and sanitation, then as a nation we shall have more nearly attained the ultimate goal of public health and shall be more justified in resting upon our laurels. The predominant role which the institution of life insurance has played in the development of human health, comfort, and happiness, and which it will play in future endeavors to attain a more perfect goal, should inspire a lasting pride in every one of us who is fortunate enough to be associated with it; in you, its executives; in us, its medical directors; in every member of its home office and field forces.

(Prolonged applause.)

THE CHAIRMAN: Dr. Frost, I need say nothing; the applause was certainly complimentary and we certainly appreciated your talk. It was not only interesting but encouraging, especially when we think that the younger men may have still longer lives.

(The afternoon session then adjourned at 4:10 o'clock.)

SECOND DAY

Morning Session

Friday, December 2, 1938

Mr. Julian Price in the Chair

The Convention reassembled at 10:15 A. M.

The Chairman: We are now to have the pleasure of an address by one of the best known life insurance men of the Midwest, Mr. T. A. Phillips, President of The Minnesota Mutual Life Insurance Company, of St. Paul. A Canadian by birth, Mr. Phillips obtained his early experience with the New York Life Insurance Company and then, almost thirty years ago, joined the company over which he now presides. Throughout his long career, he has been prominently associated with various actuarial societies and is a past president, and a member of the Board of Governors, of the American Institute of Actuaries.

Mr. Phillips is no stranger to this gathering. Two years ago, as President of the American Life Convention, he appeared on this platform to bring us the greetings of that organization. That sample talk was so well received that we have had designs on him ever since. We are very happy to welcome him back at this time as one of our principal speakers.

His topic is one which, especially at the present time, calls for a man who not only has made a thorough study of life insurance investment problems, but also is capable of evaluating his studies in the light of experience. We are, therefore, exceedingly fortunate in having the opportunity of hearing Mr. Phillips, who possesses both these attributes in a high degree. He will address us on "Investment Tendencies in Changing Times." Mr. Phillips! (Applause.)

INVESTMENT TENDENCIES IN CHANGING TIMES

Mr. T. A. Phillips then presented the following address:

Mr. Chairman, Members of the Association, and Guests:

The legal reserve life insurance companies of the United States have undertaken to pay approximately 110 billions of dollars on their policies of insurance. This huge sum, as paid over future years, will benefit well over three-fourths of the United States population, including policyholders and their families. Part of this sum is already accumulated from premiums heretofore paid. It is these accumulated funds which are the subject of our study today. Contractually, they are a liability of our Companies, and will be paid out in meeting contract obligations. Actuarially, they represent accumulations which, if safely and soundly invested, will, together with the interest earned and future premiums to be received, provide the means wherewith to pay this huge undertaking.

The fact that this presently accumulated portion is some 27½ billions of dollars, or one-fourth of the face of outstanding policies, is unimportant. The amount is an incident in the operation of those scientific formulae and principles through which the 110 billions will ultimately be paid. The level premium legal reserve system, itself, determines and fixes the amount. It is an incident also that the United States companies, in addition to making these accumulations, have made payments under their policies since their respective dates of organization aggregating nearly 47 billion dollars; or that since 1929 our contributions to national welfare through such payments have approximated 24 billion dollars. The important thing is that the funds presently accumulated and those to be received in future years are in fact soundly and safely invested and that they will do what our scientific formulae expect them to do. Hence, this annual study of what has been done; hence, our constant and critical examination of our investment practices, and hence, our zealous belief in certain conservative investment policies into which we have been guided by long experience and which have become traditional in our business.

Complete data has again been assembled, and reference will be made thereto in the nature of a public accounting for the better information of those millions of policyholders whose thrift and continuing confidence has again been fully justified.

It is not insisted that the bigness of our business, in itself, is final proof of merit or solvency. If this were so, it would only be necessary to mention and parade before the insuring public this 27½ billions of dollars of assets now held by these companies.

It is submitted, however, that the record of these companies in the management of such enormous sums, during the several unpredictable years last past, is proof of the basic soundness of their plan of doing business, the sagacity of their management, and their honesty in stewardship.

In its unrelenting clamor for things bigger and better, the American way has seemed at times saturated with superlatives. Too frequently, I feel our smug and casual references to "billions" have needlessly led to misinterpretation and erroneous conclusions. In determining the place and purpose of a business such as ours in our social structure, we find that about 95% of the assets held by our companies are actual necessities to meet promises made in our policies—the other 5% being held as a safety factor. In measuring the "net worth" of any individual or business, the matter of liabilities is of immediate significance. If the assets are sizeable, and if they have grown, it can only mean, in our plan of mutually exchanged promises, that the liabilities are large and that they have increased in proportion, since the two are inexorably intertwined.

If the parallel growth of liabilities, and the performance that is to be required of the assets, are publicized and remembered, there will be less of unwarranted reliance upon the assets by the tax gatherer merely because such sums are large or are becoming larger. There will, as well, be real comfort to the policyholder in the fuller realization that the premium exacted from him is needed and that the dividend he receives is fair, in the light of the aggregate of the promises beholden to him and to all of his fellow policyholders.

Inquiry is constantly made of those handling the investments of life companies as to the alchemy of their operations. I am satisfied that many more policyholders would be found in the role of inquirers were it not for their natural timidity and their unfamiliarity with such subjects. Depending somewhat upon the latest turn in the business of the country, these inquiries touch by turns upon each component part of the portfolio. At one time emphasis is placed in pointed questions concerning the character and percentage of public utility holdings, at another on railroad holdings, at still another on mortgages or policy loans, and again on governmental promises. Sometimes, there seems to be a modicum of disbelief and frequently an astonishment that the fortunes of today's stock and bond markets are not more closely reflected in the balance sheets of the life insurance companies.

In the belief that there are unanswered questions in the public mind and confusion due to a tendency to regard the investment policy of life companies and other financial institutions as identical, I think it desirable to again publish information concerning the investment policies of life companies.

While there is no magical quality in the investment management of life companies, and while occasional losses are sustained, it might be profitable for us to look at some average experiences outside the field of life insurance. I think we may find an explanation for many of the limitations and safeguards, voluntarily adopted and followed by life companies, which distinguish their methods from those of other investors.

A study* made by Dr. Harold George Fraine, formerly of the University of Minnesota, now at Indiana University, offers some information on the subject. While intended primarily to seek any differences in performance between bonds purchased at various yields, some interesting results in defaults were disclosed. Over a period of 10 years, the list he selected, 280 in all, showed defaults numbering 42, being 15% in the aggregate or an average annual default ratio of 1½%.

An interesting article** by Mr. Robert A. Lovett dealt with corporate mortality and the experience of the average investor. In this the twenty interest-paying corporation bonds and the twenty dividend-paying stocks most actively traded on the New York Stock Exchange in four representative years—1901, 1910, 1919, and 1926—were traced through to the end of 1936. Obviously, the different lists showed a variation in the number or ratio of defaults occurring in the period of observation. In the case of the four lists of bonds, the proportion of issues which had ceased paying contractual rate of interest—as well as the proportion bankrupt, in default, or in reorganization—by the end of 1936, varied from 20% to as high as 40%. A rough calculation of my own on all issues comprised in all four bond lists would indicate an average default ratio of over 1.4% per annum through the average period of observation which is fairly close to that noted in the study by Dr. Fraine.

It should be recognized that such ratios will depend on many factors and should not be accepted as absolute nor should they be taken as a measure of the investors' final loss. An examination of the data, however, is persuasive that the results are reasonably indicative of average buying of a non-speculative nature.

---

* Appearing in "The Annalist" of October 1, 1937.

** Appearing in "The Saturday Evening Post," April 3, 1937; underlying statistics prepared by Brown Bros. Harriman and Company.

Nor does the average buyer find a solution to his difficulties in the investment ratings by statistical organizations. Too many examples are known of bonds once given a triple or double A rating which are now in the worthless or defaulted list. Of over $400 million of rated public utility issues, of one million dollars or more, which defaulted in the years 1921 to 1928, inclusive, 23.6% were given a rating of Baa or better within the year of default.* Similar figures in the case of railroads and industrials are likewise disappointing, though to a lesser degree.

Parenthetically, it should be said that the investment rating of a given security is but one element in selection, just as the medical examiner's expressed opinion is but one of the factors considered in the selection of a risk for insurance. I am not sure that the analogy ends there. It has frequently occurred to me that there is a great similarity between the corporate probability of default and the human probability of death, in that each shows an increasing risk with increase in age or duration of risk. Sometime, I am hopeful, our statisticians may give us some measure of the probabilities of trouble in the various classes of investment in somewhat similar manner as our actuaries now give us data on expected mortality.

We know, of course, that corporations have their life and death just as do human beings. They die of varying causes—of old age—through taking reckless chances—of inertia—of the withering effect of taxation, or because of changing conditions in the economic or political sphere. They are eliminated by competitors and by new inventions or perish through incompetent or dishonest management. In each of the years 1930-35, inclusive, an average of one in every five active commercial or industrial enterprises in the United States failed—a business mortality rate of 20.8% per annum with an average lifetime in business of less than six years.**

Nor does the average buyer find safety by taking refuge in the securities of Governments. It is true that national governments rarely default on bonds payable in their own currency. Such default can be avoided by a change in money standards or by printing paper money. It has been done in most countries, including the United States. In common with other national governments, our own government repudiated its promises to pay in gold, thereby gaining a profit of nearly 3 billion dollars which its own citizens must pay ulti-

* Melchior Palyi in "The Journal of Business" of the University of Chicago, January, 1938.
** "Behind the Scenes of Business" by Roy A. Foulke. Revised edition 1936. Dun & Bradstreet, Inc.

mately in hidden or disguised ways. In the year 1935, 11.4% of all counties bore the mark of default in principal or interest, 5.2% of municipalities, and 14.7% of reclamation, irrigation, and drainage districts.* Undoubtedly these ratios were higher in the years 1933 to 1934.

It will be apparent that the investment policies of our life insurance companies and those of the average buyer must have some inherent differences. We freely admit our errors in judgment and acknowledge that no process of continuing investment can be carried on without loss putting in its disagreeable appearance. It is manifest, however, that losses approaching those indicated above would prove embarrassing to life insurance companies, or at least would seriously interfere with normal operations within a relatively short term of years. The simple fact that life insurance in this country is approaching its 100th year of operation and that during that period our companies have succeeded in conducting their business on a relatively small surplus margin, varying from 5% to 10% of their assets, must be accepted as proof that they have avoided a very large part of the trouble which the average buyer has suffered.

Yet, as stated above, there is no magic formula to be found in the investment departments of our companies. In the way of investment information, we have only what is available to others who want to seek it. In the matter of brains, we find our men in the broad marts of labor, and presumably are no more able to make better selection than others seeking similar services. At the risk of repetition, however, I think it is worthwhile here to point to some things which are peculiarly those of the life insurance companies.

The foundation of all life insurance investment policy is the desire for safety of principal. This is paramount and has been the controlling force dictating all particulars of company policy and management. Long experience has taught that we can deceive ourselves by thinking we "have made an investment" or "have purchased such a security." Instead, we have come to think of these as carrying certain degrees of insecurity. We realize that despite the greatest of care, we have bought risks—not securities. It is traditional in the life insurance business that money is invested so as to seek the highest degree of safety of principal, the company then arranging its affairs so that it can operate and meet its obligations on whatever rate of interest may be returned from such an investment policy.

* "Municipal Bonds"—p. 21, by A. M. Hillhouse.

Out of this tradition certain practices have emerged, most of them self-imposed, many of them enacted into law. Some of these may be enumerated as follows:

(1) A prescribed field is adopted eliminating those types which experience has invariably shown carry higher risk of loss. Thus, we find the predominant bulk of life insurance investments in certain types of real estate mortgages, in the corporation bonds of public utilities and rails, and in bonds of municipalities or other governmental units, and we note a minimum of stock holdings. New fields are not entered until they have proven themselves.

(2) All possible strength is given to security by requiring priority in lien supported by ample earnings and ample equities. Thus, we find companies making only first mortgages on real estate, and seeking priority of mortgage liens in corporate bonds, and in the case of Governments, a pledge of the full and unlimited taxing power of the issuing government.

(3) The age-old advice not to put all eggs in one basket is nowhere better followed than in life insurance. Broad diversification is found in the investments of our companies. There is a gratifying diversification in geographical location, in character of the securities, or in the industries on which they are based, as well as in numbers, amounts, and maturity dates.

(4) It is a principle of sound investment that no investment is free from risk. As suggested above, the risk may be an increasing one; hence, we find our companies constantly reappraising their holdings by frequent and regular inspection, analysis, and criticism. All are subject to changing conditions and are affected by varying human impulses, so that we must be constantly alert to the effect of these influences. In the process of reappraising, we must be critically frank and believe in the principle of honest charge-offs, and the assaying, at all times, of our assets at reasonable figures.

In the past nine years, life insurance assets have met a searching test. In the aggregate, the capital losses which have been experienced have been relatively minor—thus demonstrating the efficacy of the highly conservative investment principles followed by the companies generally. In recent years, the price of adherence to these high standards has been markedly lower yields on the investments. This challenge has been met splendidly by the institution as a whole. While lower investment yields must necessarily be reflected in some change in premium cost, we can be sure that life insurance assets today are on the same plane of high quality that they have traditionally occupied.

Coming now to an examination of the results of the current year, it is both enlightening and reassuring to find that solid progress has been registered in the face of a complex and further depressed economy. It should be understood that all figures following refer to the 49 companies—member and non-member—which generously contribute their figures for these annual investment reviews. In the text, rounded figures are used. For exact figures, reference should be made to the detailed tables appended.

CORPORATE SECURITIES

The corporate securities held by the life insurance companies are almost entirely in bonds. Stocks, chiefly preferred and guaranteed, represent only 2% of assets.

Railroads.—Railroad securities, at one time the largest investment of life insurance companies, have been steadily declining in relative importance for more than thirty years. While holdings in this field accounted for one-third of total assets in 1911, this ratio is now only one-eighth. During the first few years of the present century, railroad bonds were the most highly regarded of corporate investments. Contrasting this with the situation today, we find that almost one-third of all the railway mileage in the country is being operated in bankruptcy or receivership and that railroad bonds have fallen into popular disfavor.

The seriousness of the railroads' predicament cannot be overemphasized but, at the same time, there seem to be certain definite misconceptions in the public mind which should be corrected. The large volume of traffic which has been diverted from the railways to highways, waterways, pipelines, and airways, has led many to the erroneous conclusion that our railroads are being used less and less. The fact, however, is that even in the depression years 1930-37 the volume of combined freight and passenger revenue traffic* was 50% greater than during the period 1900-07, at which time railroad prosperity was at its peak. Carrying the comparison further, we find that the growth in traffic has nearly kept pace with population growth, as the railroads handled almost as many units of revenue traffic for every man, woman, and child in the United States during the latter period. In other words, the volume of all freight and passenger traf-

* Using "Equivalent Ton Mile" as a unit of revenue traffic.

fic has been increasing at such a rate that, despite the inroads of competition, the long-term trend in the amount of business handled by our railroads has been steadily upward. Furthermore, the records show a tremendous advance in the efficiency and dispatch with which traffic is handled.

It may be noted that the present funded debt of the Class I railroads is a smaller proportion of plant and property value than at the beginning of the century, when railroad credit was at its highest. It may be recorded also that fixed charges in the eight years beginning with 1930 absorbed only 17.4% of gross revenues, as compared with 24.2% in the years 1900 to 1907.

It seems worthwhile to emphasize these facts here in order that those who are sincerely interested in the welfare of the railroads will look beyond such matters as competition, or efficiency, or capital structure before attempting to make their diagnosis of railroad ills.

However, it is not our purpose here to diagnose nor to prescribe. We must take a realistic view of the situation as it exists and the plain facts are that the industry today is a marginal one, with rigidly fixed costs, and does not offer an attractive field for the investment of funds where safety of principal is of prime importance. It is to be hoped that the railroad industry, an essential one and still one of the country's largest, can be restored to such a position that its securities will again be attractive to the conservative investor. Unless fundamental changes are made, however, the flow of insurance capital into the industry is likely to terminate and the ratio of railroad holdings to total assets will continue to decline.

The effect of the present unhappy railroad situation on life insurance companies, although not to be minimized, has probably been greatly exaggerated. As mentioned above, railroad holdings today account for only 12.1% of total life insurance assets. It must be remembered that the percentage of mileage in receivership is not a measure of the losses taken by investors. There is hardly a road in bankruptcy today that is not paying all or a part of the interest on some of its senior liens, and most of the receivership roads are paying both principal and interest on equipment trust certificates. Another major consideration is the fact that the present railroad difficulties are not a sudden development but have accumulated over a period of years, and, since insurance companies follow the practice of writing defaulted bonds down to market prices, losses have been taken gradually as they occurred. Such losses as have occurred have been minor in relation to total assets and have been taken in stride. It should be remembered that each progressive step toward recovery in general business will operate to make the railroad problem less acute. For the benefit of those who feel impelled to take a pessimistic view of the future trend of general business, I think we may say that any future losses on railroad securities that the life insurance business may find it necessary to take can be absorbed from operations for the years in which they occur.

Public Utilities.—In this class are included the telephone and telegraph, power and light, water, and gas industries. Here, we find a contrast to railroading in that these industries are young, dynamic, and expanding. The tremendous expansion that has taken place during the last 25 years is too well known to need comment here. Today, we have one telephone for every 7th person in the United States and an average of approximately four calls per day originating from each telephone. Electricity is now used so extensively that it has become an indispensable part in the production, manufacture, and distribution of nearly every commodity we use. Within the past ten years, its use on the farm has almost tripled and in the home has more than doubled. Vast strides have been made also by the water and gas industries. The need thus created for long-term credit is illustrated by a virtual three-fold increase, between 1912 and 1934, in the aggregate long-term debt of the public utility companies. In figures, the increase was from 5¼ billions to approximately 14¾ billions.

As stated elsewhere in this report, life insurance companies are prone to enter new fields slowly allowing time to determine their suitability. Thus we find that in 1921 we had but 3% of our assets in these securities. As the fundamental importance and enduring usefulness of these industries become apparent, we find an increasing use of life insurance capital in financing their credit needs. The year 1938 increased our holdings in this class by 431 millions to a total of 3 billion 254 millions, which is 12.8% of assets.

Other Corporations.—Securities of corporations other than those of railroads and public utilities have been among the lesser parts of the holdings of life insurance companies. Generally, they are limited to basic and essential industries producing such commodities as steel, rubber, oil, and manufactured foodstuffs. As our material progress has advanced, the need for such products has grown greatly and has created corresponding capital demand. There has been a slowly increasing flow of life insurance funds into this field. Such securities currently held total one billion 453 millions, or 5.7% of assets.

GOVERNMENT BONDS

We come now to government bonds, a type essentially different from those we have been discussing as they are secured not by liens against property but by the taxing power of governments.

United States Bonds.—Since 1929, there has been a substantial reduction in private long-term indebtedness due both to liquidations and to a marked curtailment in credit demand. On the other hand, there has been a heavy volume of United States Government financing to provide for greatly expanded governmental activities fostered by reason of depression circumstances. A considerable flow of life insurance funds into the bonds of the United States Government has therefore been unavoidable. In the five years ending with 1937, the increase in these holdings amounted to approximately 4/5 of the total increase in assets during that time. It is pleasing to note that in 1938 the outstanding holdings of United States bonds show the smallest increase since 1932 and actually show a small decrease in relation to total assets. The total now amounts to 4 billion 551 million. This represents a decline in percentage of total assets to 17.9% from the peak of 18.1% last year. This is doubly gratifying. First, it means that a larger portion of new funds is being invested on a more favorable interest basis, and second, it reflects improvement in the mortgage and corporate bond markets sufficient to permit larger commitments in those categories than in 1937, larger indeed than in any year since 1928.

State, County, and Municipal Bonds.—While of less importance in total than the bonds of the United States Government, the issues of states, counties, and municipalities occupy a growing part of our investment program. They now account for 5.8% of assets and amount to one billion 475 millions.

The bonds of foreign governments are almost entirely those issued by the Dominion of Canada and its political sub-divisions. They amount to 2.0% of total assets, a percentage which has varied little for many years past.

MORTGAGES

Farm.—In life insurance investment history, farm mortgage loans properly selected have long occupied an important place and filled it in a highly satisfactory manner. As a means of diversifying investments, they offer a special advantage. In the early part of this century, they represented about 12% of the companies' assets, expanding to nearly 20% after the War period when there was great demand for capital in farming areas. Even during the post-War deflation period, the companies increased these investments moderately up to about 1928. A very rapid decline has occurred since 1930, the amount now outstanding being about 800 millions—roughly 3% of assets, or about 40% of the total at the end of 1929. Repayments of loans and transfers to real estate, through acquisition of properties, have accounted for part of this reduction. A major factor, undoubtedly, is the extension of government credit at rates lower than those which are advantageous for private capital. Farm loans are made in comparatively small amounts. The expense of making and servicing them is relatively high and, unless they offer yields sufficient to meet such expenses, life insurance funds seek other fields. Perhaps the most significant thing appearing in this year's data is a slackening in the rate of decline in amounts of these holdings. It is noted that loans by the Federal Farm Credit agencies have decreased during the same period. Perhaps, we may hope that a reversal of our downward trend may soon appear.

Non-Farm.—The tremendous increase in construction activities between 1921 and 1928 resulted in an expansion of urban mortgages to a high point of 30% of assets at the end of 1929. The volume increased somewhat to the end of 1931 after which it began to decline. In the main, this decline may be attributed to repayments of loans, foreclosures, and a lessened demand for credit because of curtailed construction activities. While an element of governmental competition has been present through the activities of the Home Owners' Loan Corporation, it affected only one portion of the urban field, namely, home mortgages on one- to four-family dwellings. These comprise not more than ⅓ of the total urban mortgage holdings of the life insurance companies, according to a survey made by the Federal Home Loan Bank Board.

It is encouraging to note the improvement in this part of our field. There is a continued downward trend in real estate acquisitions, a marked recovery in the building industry, and an upward trend in life insurance holdings of urban mortgages. Urban loans outstanding aggregate 4 billion 142 million dollars, or 16.3% of assets.

OTHER ASSET ITEMS

Finally we come to two items in the asset account which are distinctive in that they are not acquired voluntarily by the companies, namely, policy loans and real estate. Both types reflect directly the prevailing economic conditions in the country, increasing always when conditions are adverse. It is encouraging to note a lessened percentage of each in relation to assets.

Policy Loans.—The demand for policy loans increased in the early months of the year, following the business recession, but slackened later. They are outstanding now at 3 billion 89 millions, which represent 12.1% of assets, the latter figure being a decrease for the year and contrasting with 18% at the bottom of the depression in 1932-33.

Real Estate.—Real estate, while showing a nominal increase in amount during the current year, has dropped below 8% of the assets for the first time since 1934. Such holdings amount to one billion 982 millions.

SUMMARY

It is pleasant to be able to close with a summary of current aspects which we may regard as highly favorable.

(1) Progressively smaller decreases each year since 1934 in volume of farm mortgage holdings, with some hope that the downward trend may be nearing its end.

(2) Annual increases in the amount of urban mortgages in each of the last two years.

(3) The smallest increase in amount of Federal bond holdings since 1932.

(4) Progressively larger increases in aggregate corporate bond holdings each year since 1933.

(5) A downward trend in the ratio of real estate holdings and of policy loans to total assets.

To be able to report these results at the end of a year which began with a general economic recession is particularly encouraging. These favorable trends should be a source of keen satisfaction to every person having an interest in Life Insurance.

(Applause.)

INVESTMENTS AND RESERVES OF 49 LEGAL RESERVE LIFE INSURANCE COMPANIES

(These Companies Held, in Different Years, from 91.6% to 98.4% of the Admitted Assets of all United States Legal Reserve Companies)

TABLE I—INVESTMENTS—BY CLASSES

Dec. 31	Farm Mortgages	Other Mortgages	Total Mortgages	U. S. Government Bonds
1906	$ 268,658,000 (9.3%)	$ 551,864,000 (19.2%)	$ 820,522,000 (28.5%)	$ 2,900,000 (.1%)
1911	487,156,000 (12.0)	820,962,000 (20.3)	1,308,118,000 (32.3)	986,000 (.0)
1916	795,545,000 (14.9)	992,333,000 (18.5)	1,787,878,000 (33.4)	1,533,000 (.0)
1921	1,330,589,000 (17.7)	1,252,581,000 (16.7)	2,583,170,000 (34.4)	801,268,000 (10.7)
1924	1,814,133,000 (18.7)	2,019,972,000 (20.9)	3,834,105,000 (39.6)	688,198,000 (7.1)
1925	1,892,657,000 (17.7)	2,507,401,000 (23.4)	4,400,058,000 (41.1)	631,646,000 (5.9)
1926	1,957,223,000 (16.5)	3,152,978,000 (26.5)	5,110,201,000 (43.0)	489,221,000 (4.1)
1927	1,982,548,000 (15.0)	3,701,634,000 (28.1)	5,684,182,000 (43.1)	440,629,000 (3.3)
1928	1,960,113,000 (13.3)	4,290,583,000 (29.2)	6,250,696,000 (42.5)	391,904,000 (2.7)
1929	1,930,434,000 (12.0)	4,816,134,000 (30.0)	6,746,568,000 (42.0)	316,381,000 (2.0)
1930	1,886,389,000 (10.9)	5,127,646,000 (29.6)	7,014,035,000 (40.5)	303,431,000 (1.8)
1931	1,835,525,000 (9.9)	5,253,453,000 (28.5)	7,088,978,000 (38.4)	355,563,000 (1.9)
1932	1,701,149,000 (8.9)	5,095,166,000 (26.8)	6,796,315,000 (35.7)	421,210,000 (2.2)
1933	1,500,673,000 (7.8)	4,741,064,000 (24.6)	6,241,737,000 (32.4)	804,867,000 (4.2)
1934	1,188,167,000 (5.9)	4,308,108,000 (21.4)	5,496,275,000 (27.3)	1,737,222,000 (8.6)
1935	986,458,000 (4.6)	3,962,738,000 (18.6)	4,949,196,000 (23.2)	2,721,341,000 (12.7)
1936	866,309,000 (3.8)	3,836,760,000 (16.7)	4,703,069,000 (20.5)	3,691,455,000 (16.1)
1937	813,801,000 (3.4)	3,944,082,000 (16.3)	4,757,883,000 (19.7)	4,363,292,000 (18.1)
1938– 9/30	800,988,000 (3.2)	4,081,374,000 (16.2)	4,882,362,000 (19.4)	4,492,205,000 (17.9)
†1938–12/31	800,000,000 (3.1)	4,142,000,000 (16.3)	4,942,000,000 (19.4)	4,551,000,000 (17.9)

Dec. 31	State, County, and Municipal Bonds	††Canadian Government Bonds	††Other Foreign Government Bonds	Total Government Bonds
1906	$ 103,789,000 (3.6%)	$ 22,214,000 (.8%)	$ 64,997,000 (2.3%)	$ 193,900,000 (6.8%)
1911	169,907,000 (4.2)	22,440,000 (.6)	81,110,000 (2.0)	274,443,000 (6.8)
1916	241,696,000 (4.5)	69,711,000 (1.3)	138,953,000 (2.6)	451,893,000 (8.4)
1921	347,611,000 (4.6)	157,419,000 (2.1)	110,648,000 (1.5)	1,416,946,000 (18.9)
1924	343,783,000 (3.6)	225,115,000 (2.3)	43,124,000 (.4)	1,300,220,000 (13.4)
1925	355,116,000 (3.3)	246,616,000 (2.3)	37,195,000 (.4)	1,270,573,000 (11.9)
1926	343,984,000 (2.9)	264,906,000 (2.2)	30,224,000 (.3)	1,128,335,000 (9.5)
1927	356,390,000 (2.7)	304,478,000 (2.3)	32,624,000 (.3)	1,134,121,000 (8.6)
1928	413,742,000 (2.8)	337,103,000 (2.3)	35,498,000 (.2)	1,178,247,000 (8.0)
1929	541,253,000 (3.4)	372,761,000 (2.3)	36,397,000 (.2)	1,266,792,000 (7.9)
1930	587,205,000 (3.4)	404,002,000 (2.3)	32,830,000 (.2)	1,327,468,000 (7.7)
1931	695,387,000 (3.8)	441,274,000 (2.4)	31,519,000 (.2)	1,523,743,000 (8.3)
1932	739,785,000 (3.9)	448,403,000 (2.4)	24,712,000 (.1)	1,634,110,000 (8.6)
1933	808,586,000 (4.2)	439,897,000 (2.3)	17,029,000 (.1)	2,070,379,000 (10.8)
1934	1,015,228,000 (5.0)	439,870,000 (2.2)	14,980,000 (.1)	3,207,300,000 (15.9)
1935	1,169,710,000 (5.5)	469,164,000 (2.2)	13,392,000 (.1)	4,373,607,000 (20.5)
1936	1,300,129,000 (5.7)	476,874,000 (2.1)	10,628,000 (.1)	5,479,086,000 (24.0)
1937	1,403,176,000 (5.8)	483,550,000 (2.0)	6,379,000 (.0)	6,256,397,000 (25.9)
1938– 9/30	1,452,894,000 (5.8)	500,761,000 (2.0)	5,916,000 (.0)	6,451,776,000 (25.7)
†1938–12/31	1,475,000,000 (5.8)	508,000,000 (2.0)	6,000,000 (.0)	6,540,000,000 (25.7)

Dec. 31	*Railroad Bonds and Stocks	*Public Utility Bonds and Stocks	*Other Bonds and Stocks	*Total Bonds and Stocks
1906	$1,001,728,000 (34.8%)	$ 134,056,000 (4.7%)	$ 107,777,000 (3.7%)	$ 1,437,461,000 (50.0%)
1911	1,351,330,000 (33.4)	166,513,000 (4.1)	81,778,000 (2.0)	1,874,064,000 (46.3)
1916	1,670,486,000 (31.3)	217,070,000 (4.1)	81,814,000 (1.5)	2,421,263,000 (45.3)
1921	1,718,823,000 (22.9)	223,605,000 (3.0)	104,105,000 (1.4)	3,463,479,000 (46.2)
1924	2,097,843,000 (21.7)	460,076,000 (4.8)	139,770,000 (1.4)	3,997,909,000 (41.3)
1925	2,232,288,000 (20.8)	632,319,000 (5.9)	164,314,000 (1.5)	4,299,494,000 (40.1)
1926	2,401,141,000 (20.2)	826,360,000 (6.9)	174,499,000 (1.5)	4,530,335,000 (38.1)
1927	2,561,396,000 (19.4)	1,076,411,000 (8.2)	215,175,000 (1.6)	4,987,103,000 (37.8)
1928	2,738,330,000 (18.7)	1,325,226,000 (9.0)	314,435,000 (2.1)	5,556,238,000 (37.8)
1929	2,848,610,000 (17.7)	1,450,390,000 (9.0)	415,691,000 (2.6)	5,981,483,000 (37.2)
1930	2,947,027,000 (17.0)	1,675,187,000 (9.7)	546,906,000 (3.1)	6,496,588,000 (37.5)
1931	2,996,675,000 (16.2)	1,814,268,000 (9.8)	597,044,000 (3.2)	6,931,730,000 (37.5)
1932	2,940,334,000 (15.5)	1,808,088,000 (9.5)	593,733,000 (3.1)	6,976,265,000 (36.7)
1933	2,888,510,000 (15.0)	1,828,100,000 (9.5)	580,600,000 (3.0)	7,367,589,000 (38.3)
1934	2,912,743,000 (14.5)	1,926,922,000 (9.6)	659,729,000 (3.3)	8,706,694,000 (43.3)
1935	2,875,739,000 (13.4)	2,170,601,000 (10.1)	787,165,000 (3.7)	10,207,112,000 (47.7)
1936	2,933,365,000 (12.8)	2,562,554,000 (11.2)	919,906,000 (4.0)	11,894,911,000 (52.0)
1937	3,030,369,000 (12.6)	2,822,923,000 (11.7)	1,218,569,000 (5.0)	13,328,258,000 (55.2)
1938– 9/30	3,061,192,000 (12.2)	3,137,621,000 (12.5)	1,390,234,000 (5.5)	14,040,823,000 (55.9)
†1938–12/31	3,082,000,000 (12.1)	3,254,000,000 (12.8)	1,453,000,000 (5.7)	14,329,000,000 (56.3)

TABLE I—INVESTMENTS—BY CLASSES (*Continued*)

Dec. 31	Policy Loans and Premium Notes	Real Estate	Collateral Loans	Cash
1906	$ 254,815,000 (8.9%)	$ 156,442,000 (5.4%)	$51,678,000 (1.8%)	$ 65,040,000 (2.3%)
1911	523,457,000 (13.0)	157,814,000 (3.9)	13,633,000 (.3)	64,931,000 (1.6)
1916	750,051,000 (14.0)	143,520,000 (2.7)	14,215,000 (.3)	96,068,000 (1.8)
1921	977,306,000 (13.0)	147,675,000 (2.0)	26,415,000 (.4)	88,721,000 (1.2)
1924	1,190,822,000 (12.3)	175,748,000 (1.8)	11,975,000 (.1)	100,838,000 (1.1)
1925	1,296,136,000 (12.1)	190,184,000 (1.8)	12,187,000 (.1)	100,762,000 (.9)
1926	1,428,388,000 (12.0)	216,375,000 (1.8)	16,905,000 (.2)	91,489,000 (.8)
1927	1,590,449,000 (12.1)	254,608,000 (1.9)	18,885,000 (.2)	108,915,000 (.8)
1928	1,790,836,000 (12.2)	301,419,000 (2.1)	23,798,000 (.2)	112,957,000 (.8)
1929	2,139,669,000 (13.3)	345,490,000 (2.2)	21,073,000 (.1)	117,657,000 (.8)
1930	2,515,709,000 (14.6)	411,082,000 (2.4)	19,606,000 (.1)	126,158,000 (.7)
1931	3,015,921,000 (16.4)	521,118,000 (2.8)	18,719,000 (.1)	149,316,000 (.8)
1932	3,415,310,000 (17.9)	753,339,000 (4.0)	11,760,000 (.1)	291,038,000 (1.5)
1933	3,419,498,000 (17.8)	1,102,026,000 (5.7)	10,891,000 (.1)	416,337,000 (2.1)
1934	3,300,488,000 (16.4)	1,485,367,000 (7.4)	8,789,000 (.1)	557,608,000 (2.8)
1935	3,187,136,000 (14.9)	1,749,030,000 (8.2)	7,861,000 (.0)	761,737,000 (3.6)
1936	3,056,613,000 (13.4)	1,889,202,000 (8.3)	4,585,000 (.0)	785,608,000 (3.4)
1937	3,044,462,000 (12.6)	1,930,868,000 (8.0)	3,964,000 (.0)	667,316,000 (2.8)
1938– 9/30	3,070,122,000 (12.2)	1,964,392,000 (7.8)	3,483,000 (.0)	793,537,000 (3.2)
†1938–12/31	3,089,000,000 (12.1)	1,982,000,000 (7.8)	3,000,000 (.0)	750,000,000 (3.0)

Dec. 31	Other Admitted Assets	Total Admitted Assets: Of the 49 United States Companies	Total Admitted Assets: **Of All United States Companies	Ratio of 49 Companies to All Companies
1906	$ 90,529,000 (3.1%)	$ 2,876,487,000	$ 2,924,254,000	98.4%
1911	105,980,000 (2.6)	4,047,997,000	4,164,492,000	97.2
1916	133,611,000 (2.5)	5,346,606,000	5,536,607,000	96.6
1921	211,473,000 (2.8)	7,498,239,000	7,936,497,000	94.5
1924	369,081,000 (3.8)	9,680,478,000	10,394,034,000	93.1
1925	418,286,000 (3.9)	10,717,107,000	11,537,615,000	92.9
1926	487,702,000 (4.1)	11,881,395,000	12,939,807,000	91.8
1927	541,027,000 (4.1)	13,185,169,000	14,391,851,000	91.6
1928	653,554,000 (4.4)	14,689,498,000	15,961,094,000	92.0
1929	708,657,000 (4.4)	16,060,597,000	17,482,309,000	91.9
1930	721,108,000 (4.2)	17,304,286,000	18,879,611,000	91.7
1931	741,382,000 (4.0)	18,467,164,000	20,159,940,000	91.6
1932	776,008,000 (4.1)	19,020,035,000	20,754,112,000	91.6
1933	688,704,000 (3.6)	19,246,782,000	20,895,726,000	92.1
1934	544,426,000 (2.7)	20,099,647,000	21,843,794,000	92.0
1935	512,546,000 (2.4)	21,374,618,000	23,216,496,000	92.1
1936	554,494,000 (2.4)	22,888,482,000	24,874,316,000	92.0
1937	409,240,000 (1.7)	24,141,991,000	26,249,049,000	92.0
1938– 9/30	367,786,000 (1.5)	25,122,505,000	†27,300,000,000	92.0
†1938–12/31	355,000,000 (1.4)	25,450,000,000	27,650,000,000	92.0

( ) Ratio of investments in class to total investments.

† Estimated by the Association of Life Insurance Presidents.

†† Including securities of all political subdivisions.

* See table IA for amounts of stocks included.

** Data, except for 1938, from Life Insurance Year Books of The Spectator Company.

TABLE IA—STOCKS—BY CLASSES

PREFERRED AND GUARANTEED

Dec. 31	Railroad	Public Utility	Other	Total
1906	$13,563,000	$ 1,678,000	$ 2,196,000	$ 17,437,000
1911	8,396,000	912,000	1,942,000	11,250,000
1916	9,365,000	953,000	1,236,000	11,554,000
1921	11,372,000	1,176,000	1,119,000	13,667,000
1924	9,630,000	2,145,000	1,623,000	13,398,000
1925	9,801,000	2,248,000	2,000,000	14,049,000
1926	9,901,000	3,022,000	1,543,000	14,466,000
1927	11,969,000	6,695,000	2,649,000	21,313,000
1928	25,547,000	41,598,000	52,331,000	119,476,000
1929	40,110,000	82,264,000	110,344,000	232,718,000
1930	59,762,000	117,664,000	173,959,000	351,385,000
1931	67,500,000	152,386,000	195,228,000	415,114,000
1932	66,996,000	153,764,000	194,636,000	415,396,000
1933	66,150,000	155,481,000	185,853,000	407,484,000
1934	66,301,000	157,198,000	188,482,000	411,981,000
1935	65,693,000	164,232,000	201,634,000	431,559,000
1936	66,538,000	163,077,000	187,950,000	417,565,000
1937	63,087,000	158,198,000	209,458,000	430,743,000
1938– 9/30	63,037,000	164,061,000	210,856,000	437,954,000
†1938–12/31	63,000,000	173,000,000	214,000,000	450,000,000

COMMON

Dec. 31	Railroad	Public Utility	Other	Total
1906	$29,532,000	$14,894,000	$70,921,000	$115,347,000
1911	29,221,000	15,826,000	30,334,000	75,381,000
1916	23,948,000	13,147,000	32,684,000	69,779,000
1921	17,405,000	10,493,000	30,418,000	58,316,000
1924	17,522,000	5,743,000	39,096,000	62,361,000
1925	17,249,000	6,366,000	52,484,000	76,099,000
1926	17,792,000	6,335,000	54,799,000	78,926,000
1927	13,164,000	5,050,000	49,961,000	68,175,000
1928	18,669,000	5,251,000	31,303,000	55,223,000
1929	24,853,000	8,134,000	58,466,000	91,453,000
1930	24,919,000	10,970,000	63,124,000	99,013,000
1931	26,405,000	12,779,000	63,054,000	102,238,000
1932	24,081,000	12,229,000	65,533,000	101,843,000
1933	23,726,000	12,334,000	62,725,000	98,785,000
1934	22,481,000	12,238,000	62,646,000	97,365,000
1935	22,553,000	14,623,000	63,204,000	100,380,000
1936	20,182,000	19,257,000	64,637,000	104,076,000
1937	19,353,000	21,016,000	61,547,000	101,916,000
1938– 9/30	15,037,000	21,940,000	70,096,000	107,073,000
†1938–12/31	10,000,000	23,000,000	82,000,000	115,000,000

TOTAL

Dec. 31	Railroad	Public Utility	Other	Total
1906	$43,095,000	$16,572,000	$ 73,117,000	$132,784,000
1911	37,617,000	16,738,000	32,276,000	86,631,000
1916	33,313,000	14,100,000	33,920,000	81,333,000
1921	28,777,000	11,669,000	31,537,000	71,983,000
1924	27,152,000	7,888,000	40,719,000	75,759,000
1925	27,050,000	8,614,000	54,484,000	90,148,000
1926	27,693,000	9,357,000	56,342,000	93,392,000
1927	25,133,000	11,745,000	52,610,000	89,488,000
1928	44,216,000	46,849,000	83,634,000	174,699,000
1929	64,963,000	90,398,000	168,810,000	324,171,000
1930	84,681,000	128,634,000	237,083,000	450,398,000
1931	93,905,000	165,165,000	258,282,000	517,352,000
1932	91,077,000	165,993,000	260,169,000	517,239,000
1933	89,876,000	167,815,000	248,578,000	506,269,000
1934	88,782,000	169,436,000	251,128,000	509,346,000
1935	88,246,000	178,855,000	264,838,000	531,939,000
1936	86,720,000	182,334,000	252,587,000	521,641,000
1937	82,440,000	179,214,000	271,005,000	532,659,000
1938– 9/30	78,074,000	186,001,000	280,952,000	545,027,000
†1938–12/31	73,000,000	196,000,000	296,000,000	565,000,000

† Estimated by The Association of Life Insurance Presidents.

TABLE II—INVESTMENTS—BY DIVISIONS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 1,127,675,000	$ 1,195,724,000	$ 68,049,000	6.0%
Middle Atlantic	6,358,343,000	6,678,676,000	320,333,000	5.0
East North Central	4,509,198,000	4,744,437,000	235,239,000	5.2
West North Central	2,641,559,000	2,710,821,000	69,262,000	2.6
South Atlantic	1,947,768,000	2,129,683,000	181,915,000	9.3
East South Central	1,112,464,000	1,203,212,000	90,748,000	8.2
West South Central	1,323,123,000	1,429,505,000	106,382,000	8.0
Mountain	561,160,000	586,301,000	25,141,000	4.5
Pacific	1,485,176,000	1,562,649,000	77,473,000	5.2
Territories and Possessions	7,312,000	7,466,000	154,000	2.1
United States	21,073,778,000	22,248,474,000	1,174,696,000	5.6
Canada	775,528,000	789,180,000	13,652,000	1.8
Other Foreign	43,797,000	65,531,000	21,734,000	49.6
Misc.—Allocated by Classes	471,734,000	661,144,000	189,410,000	40.2
Misc.—Not Allocated by Classes	523,645,000	377,662,000	—145,983,000	—27.9
Total	22,888,482,000	24,141,991,000	1,253,509,000	5.5

TABLE III—FARM MORTGAGES

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 17,000	$ 11,000	$ —6,000	—35.3%
Middle Atlantic	242,000	273,000	31,000	12.8
East North Central	179,856,000	174,885,000	—4,971,000	—2.8
West North Central	474,868,000	433,359,000	—41,509,000	—8.7
South Atlantic	23,633,000	24,936,000	1,303,000	5.5
East South Central	40,478,000	41,650,000	1,172,000	2.9
West South Central	98,332,000	94,585,000	—3,747,000	—3.8
Mountain	12,839,000	11,891,000	—948,000	—7.4
Pacific	28,677,000	26,425,000	—2,252,000	—7.9
Territories and Possessions	22,000	20,000	—2,000	—9.1
United States	858,964,000	808,035,000	—50,929,000	—5.9
Canada	5,761,000	5,766,000	5,000	.1
Miscellaneous	1,584,000	....	—1,584,000	....
Total	866,309,000	813,801,000	—52,508,000	—6.1

TABLE IV—OTHER MORTGAGES

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 129,041,000	$ 148,169,000	$ 19,128,000	14.8%
Middle Atlantic	1,634,405,000	1,704,072,000	69,667,000	4.3
East North Central	845,822,000	858,676,000	12,854,000	1.5
West North Central	218,483,000	218,145,000	—338,000	—.2
South Atlantic	336,091,000	349,980,000	13,889,000	4.1
East South Central	121,002,000	121,062,000	60,000	.0
West South Central	142,128,000	145,838,000	3,710,000	2.6
Mountain	33,884,000	33,156,000	—728,000	—2.1
Pacific	309,722,000	304,042,000	—5,680,000	—1.8
Territories and Possessions	776,000	861,000	85,000	11.0
United States	3,771,354,000	3,884,001,000	112,647,000	3.0
Canada	65,406,000	60,081,000	—5,325,000	—8.1
Total	3,836,760,000	3,944,082,000	107,322,000	2.8

The geographic divisions used throughout this paper correspond with those used by the U. S. Bureau of the Census and are as follows:

New England:—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut.
Middle Atlantic:—New York, New Jersey, Pennsylvania.
East North Central:—Ohio, Indiana, Illinois, Michigan, Wisconsin.
West North Central:—Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas.
South Atlantic:—Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida.
East South Central:—Kentucky, Tennessee, Alabama, Mississippi.
West South Central:—Arkansas, Louisiana, Oklahoma, Texas.
Mountain:—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada.
Pacific:—Washington, Oregon, California.
Territories and Possessions:—Alaska, Hawaii, Philippine Islands, Puerto Rico.

TABLE V—TOTAL MORTGAGES

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 129,058,000	$ 148,180,000	$ 19,122,000	14.8%
Middle Atlantic	1,634,647,000	1,704,345,000	69,698,000	4.3
East North Central	1,025,678,000	1,033,561,000	7,883,000	.8
West North Central	693,351,000	651,504,000	—41,847,000	—6.0
South Atlantic	359,724,000	374,916,000	15,192,000	4.2
East South Central	161,480,000	162,712,000	1,232,000	.8
West South Central	240,460,000	240,423,000	—37,000	—.0
Mountain	46,723,000	45,047,000	—1,676,000	—3.6
Pacific	338,399,000	330,467,000	—7,932,000	—2.3
Territories and Possessions	798,000	881,000	83,000	10.4
United States	4,630,318,000	4,692,036,000	61,718,000	1.3
Canada	71,167,000	65,847,000	—5,320,000	—7.5
Miscellaneous	1,584,000	....	—1,584,000	....
Total	4,703,069,000	4,757,883,000	54,814,000	1.2

TABLE VI—*U. S. GOVERNMENT BONDS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 246,958,000	$ 290,159,000	$ 43,201,000	17.5%
Middle Atlantic	787,387,000	927,636,000	140,249,000	17.8
East North Central	739,029,000	872,222,000	133,193,000	18.0
West North Central	396,093,000	466,872,000	70,779,000	17.9
South Atlantic	490,595,000	582,500,000	91,905,000	18.7
East South Central	305,283,000	362,590,000	57,307,000	18.8
West South Central	367,300,000	435,020,000	67,720,000	18.4
Mountain	108,160,000	128,280,000	20,120,000	18.6
Pacific	250,650,000	298,013,000	47,363,000	18.9
Total	3,691,455,000	4,363,292,000	671,837,000	18.2

TABLE VII—STATE, COUNTY, MUNICIPAL, AND FOREIGN GOVERNMENT BONDS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 66,191,000	$ 65,888,000	$ —303,000	—.5%
Middle Atlantic	407,498,000	460,185,000	52,687,000	12.9
East North Central	237,530,000	246,750,000	9,220,000	3.9
West North Central	77,797,000	77,458,000	—339,000	—.4
South Atlantic	151,295,000	161,475,000	10,180,000	6.7
East South Central	99,261,000	102,565,000	3,304,000	3.3
West South Central	125,934,000	127,793,000	1,859,000	1.5
Mountain	19,792,000	23,180,000	3,388,000	17.1
Pacific	113,535,000	136,590,000	23,055,000	20.3
Territories and Possessions	1,296,000	1,292,000	—4,000	—.3
United States	1,300,129,000	1,403,176,000	103,047,000	7.9
Canada	476,873,000	483,550,000	6,677,000	1.4
Other Foreign	10,629,000	6,379,000	—4,250,000	—40.0
Total	1,787,631,000	1,893,105,000	105,474,000	5.9

TABLE VIII—**RAILROAD BONDS AND STOCKS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 77,563,000	$ 72,031,000	$ —5,532,000	—7.1%
Middle Atlantic	457,849,000	463,982,000	6,133,000	1.3
East North Central	740,572,000	755,230,000	14,658,000	2.0
West North Central	411,036,000	420,008,000	8,972,000	2.2
South Atlantic	315,776,000	324,861,000	9,085,000	2.9
East South Central	222,470,000	238,697,000	16,227,000	7.3
West South Central	200,316,000	201,775,000	1,459,000	.7
Mountain	227,689,000	244,609,000	16,920,000	7.4
Pacific	189,375,000	207,404,000	18,029,000	9.5
United States	2,842,646,000	2,928,597,000	85,951,000	3.0
Canada	79,984,000	87,851,000	7,867,000	9.8
Other Foreign	818,000	811,000	—7,000	—.9
Miscellaneous	9,917,000	13,110,000	3,193,000	32.2
Total	2,933,365,000	3,030,369,000	97,004,000	3.3

* Allocated among divisions in accordance with the distribution of the population of the United States.

** Each bond and stock is allocated among divisions in accordance with the geographical distribution of the mileage securing the investment.

TABLE IX—*PUBLIC UTILITY BONDS AND STOCKS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 174,692,000	$ 195,102,000	$ 20,410,000	11.7%
Middle Atlantic	838,774,000	951,529,000	112,755,000	13.4
East North Central	571,287,000	603,261,000	31,974,000	5.6
West North Central	206,737,000	216,859,000	10,122,000	4.9
South Atlantic	177,735,000	191,245,000	13,510,000	7.6
East South Central	90,784,000	98,077,000	7,293,000	8.0
West South Central	122,738,000	142,340,000	19,602,000	16.0
Mountain	58,557,000	47,064,000	—11,493,000	—19.6
Pacific	204,752,000	208,531,000	3,779,000	1.8
Territories and Possessions	229,000	392,000	163,000	71.2
United States	2,446,285,000	2,654,400,000	208,115,000	8.5
Canada	44,585,000	50,106,000	5,521,000	12.4
Other Foreign	7,909,000	8,178,000	269,000	3.4
Miscellaneous	63,775,000	110,239,000	46,464,000	72.9
Total	2,562,554,000	2,822,923,000	260,369,000	10.2

TABLE X—*OTHER BONDS AND STOCKS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 42,924,000	$ 33,698,000	$ —9,226,000	—21.5%
Middle Atlantic	177,438,000	196,619,000	19,181,000	10.8
East North Central	133,273,000	177,030,000	43,757,000	32.8
West North Central	31,336,000	30,316,000	—1,020,000	—3.3
South Atlantic	39,091,000	87,427,000	48,336,000	123.6
East South Central	12,315,000	22,128,000	9,813,000	79.7
West South Central	45,581,000	61,469,000	15,888,000	34.9
Mountain	10,452,000	9,272,000	—1,180,000	—11.3
Pacific	22,684,000	27,658,000	4,974,000	21.9
Territories and Possessions	15,000	38,000	23,000	153.3
United States	515,109,000	645,655,000	130,546,000	25.3
Canada	20,949,000	18,690,000	—2,259,000	—10.8
Other Foreign	8,915,000	35,284,000	26,369,000	295.8
Miscellaneous	374,933,000	518,940,000	144,007,000	38.4
Total	919,906,000	1,218,569,000	298,663,000	32.5

TABLE XI—TOTAL BONDS AND STOCKS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 608,328,000	$ 656,878,000	$ 48,550,000	8.0%
Middle Atlantic	2,668,946,000	2,999,951,000	331,005,000	12.4
East North Central	2,421,691,000	2,654,493,000	232,802,000	9.6
West North Central	1,122,999,000	1,211,513,000	88,514,000	7.9
South Atlantic	1,174,492,000	1,347,508,000	173,016,000	14.7
East South Central	730,113,000	824,057,000	93,944,000	12.9
West South Central	861,869,000	968,397,000	106,528,000	12.4
Mountain	424,650,000	452,405,000	27,755,000	6.5
Pacific	780,996,000	878,196,000	97,200,000	12.4
Territories and Possessions	1,540,000	1,722,000	182,000	11.8
United States	10,795,624,000	11,995,120,000	1,199,496,000	11.1
Canada	622,391,000	640,197,000	17,806,000	2.9
Other Foreign	28,271,000	50,652,000	22,381,000	79.2
Miscellaneous	448,625,000	642,289,000	193,664,000	43.2
Total	11,894,911,000	13,328,258,000	1,433,347,000	12.1

TABLE XII—POLICY LOANS AND PREMIUM NOTES

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 238,672,000	$ 235,853,000	$ —2,819,000	—1.2%
Middle Atlantic	956,634,000	958,263,000	1,629,000	.2
East North Central	628,359,000	620,232,000	—8,127,000	—1.3
West North Central	289,878,000	282,212,000	—7,666,000	—2.6
South Atlantic	294,564,000	293,826,000	—738,000	—.3
East South Central	137,968,000	138,992,000	1,024,000	.7
West South Central	136,278,000	137,448,000	1,170,000	.9
Mountain	71,129,000	71,349,000	220,000	.3
Pacific	229,171,000	231,009,000	1,838,000	.8
Territories and Possessions	4,809,000	4,724,000	—85,000	—1.8
United States	2,987,462,000	2,973,908,000	—13,554,000	—.5
Canada	60,522,000	60,641,000	119,000	.2
Other Foreign	5,889,000	6,001,000	112,000	1.9
Miscellaneous	2,740,000	3,912,000	1,172,000	42.8
Total	3,056,613,000	3,044,462,000	—12,151,000	—.4

* Each bond and stock is allocated among divisions in accordance with the geographical distribution of the property securing the investment.

TABLE XIII—REAL ESTATE

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 79,236,000	$ 77,942,000	$ —1,294,000	—1.7%
Middle Atlantic	538,810,000	562,069,000	23,259,000	4.3
East North Central	376,330,000	381,863,000	5,533,000	1.5
West North Central	505,684,000	536,417,000	30,733,000	6.1
South Atlantic	103,347,000	97,136,000	—6,211,000	—6.0
East South Central	77,563,000	71,685,000	—5,878,000	—7.6
West South Central	78,886,000	77,869,000	—1,017,000	—1.3
Mountain	16,924,000	16,633,000	—291,000	—1.7
Pacific	97,757,000	93,543,000	—4,214,000	—4.3
Territories and Possessions	21,000	17,000	—4,000	—19.0
United States	1,874,558,000	1,915,174,000	40,616,000	2.2
Canada	10,783,000	11,873,000	1,090,000	10.1
Other Foreign	3,861,000	3,821,000	—40,000	—1.0
Total	1,889,202,000	1,930,868,000	41,666,000	2.2

TABLE XIV—COLLATERAL LOANS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 76,000	$ 25,000	$ —51,000	—67.1%
Middle Atlantic	391,000	437,000	46,000	11.8
East North Central	601,000	434,000	—167,000	—27.8
West North Central	15,000	15,000	0	.0
South Atlantic	181,000	143,000	—38,000	—21.0
East South Central	119,000	116,000	—3,000	—2.5
West South Central	907,000	822,000	—85,000	—9.4
Pacific	2,295,000	1,972,000	—323,000	—14.1
Total	4,585,000	3,964,000	—621,000	—13.5

TABLE XV—CASH

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 72,220,000	$ 76,602,000	$ 4,382,000	6.1%
Middle Atlantic	556,177,000	451,146,000	—105,031,000	—18.9
East North Central	54,997,000	50,823,000	—4,174,000	—7.6
West North Central	23,933,000	22,179,000	—1,754,000	—7.3
South Atlantic	14,526,000	13,435,000	—1,091,000	—7.5
East South Central	4,861,000	5,177,000	316,000	6.5
West South Central	4,384,000	4,203,000	—181,000	—4.1
Mountain	1,621,000	695,000	—926,000	—57.1
Pacific	36,245,000	27,173,000	—9,072,000	—25.0
Territories and Possessions	139,000	121,000	—18,000	—12.9
United States	769,103,000	651,554,000	—117,549,000	—15.3
Canada	10,665,000	10,622,000	—43,000	—.4
Other Foreign	5,775,000	5,049,000	—726,000	—12.6
Miscellaneous	65,000	91,000	26,000	40.0
Total	785,608,000	667,316,000	—118,292,000	—15.1

TABLE XVI—OTHER LEDGER ASSETS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 85,000	$ 244,000	$ 159,000	187.1%
Middle Atlantic	2,738,000	2,465,000	—273,000	—10.0
East North Central	1,542,000	3,031,000	1,489,000	96.6
West North Central	5,699,000	6,981,000	1,282,000	22.5
South Atlantic	934,000	2,719,000	1,785,000	191.1
East South Central	360,000	473,000	113,000	31.4
West South Central	339,000	343,000	4,000	1.2
Mountain	113,000	172,000	59,000	52.2
Pacific	313,000	289,000	—24,000	—7.7
Territories and Possessions	5,000	1,000	—4,000	—80.0
United States	12,128,000	16,718,000	4,590,000	37.8
Other Foreign	1,000	8,000	7,000	700.0
Miscellaneous	18,720,000	14,852,000	—3,868,000	—20.7
Total	30,849,000	31,578,000	729,000	2.4

TABLE XVII—INCREASE IN INVESTMENTS DURING 1937

By Classes

Class	Amount		Ratio to Total Increase	
Mortgage Loans:				
Farm	$—52,508,000		—4.2%	
Other	107,322,000	$ 54,814,000	8.6	4.4%
Bonds and Stocks:				
United States Government	671,837,000		53.6	
State, County and Municipal	103,047,000		8.2	
Canadian Government	6,677,000		.5	
Other Foreign Government	—4,250,000		—.3	
Railroad	97,004,000		7.7	
Public Utility	260,369,000		20.8	
Other	298,663,000	1,433,347,000	23.8	114.3
Policy Loans and Premium Notes		—12,151,000		—1.0
Real Estate		41,666,000		3.3
Collateral Loans		—621,000		—.0
Cash		—118,292,000		—9.4
Miscellaneous		—145,254,000		—11.6
Total		1,253,509,000		100.0

By Divisions

Division	Amount	Ratio to Total Increase
New England	$ 68,049,000	5.4%
Middle Atlantic	320,333,000	25.6
East North Central	235,239,000	18.8
West North Central	69,262,000	5.5
South Atlantic	181,915,000	14.5
East South Central	90,748,000	7.2
West South Central	106,382,000	8.5
Mountain	25,141,000	2.0
Pacific	77,473,000	6.2
Territories and Possessions	154,000	.0
United States	1,174,696,000	93.7
Canada	13,652,000	1.1
Other Foreign	21,734,000	1.8
Miscellaneous	43,427,000	.4
Total	1,253,509,000	100.0

TABLE XVIII—RESERVES—BY DIVISIONS

Division	Dec. 31, 1936	Dec. 31, 1937	Increase During 1937	
New England	$ 1,868,924,000	$ 1,975,348,000	$ 106,424,000	5.7%
Middle Atlantic	7,215,894,000	7,639,009,000	423,115,000	5.9
East North Central	4,299,696,000	4,617,318,000	317,622,000	7.4
West North Central	1,754,135,000	1,853,673,000	99,538,000	5.7
South Atlantic	1,580,070,000	1,683,098,000	103,028,000	6.5
East South Central	650,797,000	687,558,000	36,761,000	5.6
West South Central	623,245,000	668,597,000	45,352,000	7.3
Mountain	385,566,000	411,076,000	25,510,000	6.6
Pacific	1,341,776,000	1,448,874,000	107,098,000	8.0
Territories and Possessions	26,683,000	29,323,000	2,640,000	9.9
United States	19,746,786,000	21,013,874,000	1,267,088,000	6.4
Canada	413,426,000	427,147,000	13,721,000	3.3
Other Foreign	42,907,000	42,456,000	—451,000	—1.1
Miscellaneous	38,963,000	65,524,000	26,611,000	68.3
Total	20,242,082,000	21,549,051,000	1,306,969,000	6.5

TABLE XIX—RATIO OF INVESTMENTS TO RESERVES

(United States Divisions in Order of 1937 Rank)

Division	1936	1937
West South Central	212.3%	213.8%
East South Central	170.9	175.0
West North Central	150.6	146.2
Mountain	145.5	142.6
South Atlantic	123.3	126.5
Pacific	110.7	107.9
East North Central	104.9	102.8
Middle Atlantic	88.1	87.4
New England	60.3	60.5
Territories and Possessions	27.4	25.5
United States	106.7	105.9
Canada	187.6	184.8
Other Foreign	102.1	154.4
Total	110.5	110.3

TABLE XX—RATIO OF EACH CLASS OF INVESTMENTS IN DIVISION TO TOTAL INVESTMENTS IN DIVISION

Division	Farm Mortgages		Other Mortgages		Total Mortgages		U. S. Government Bonds		State, County, Municipal and Foreign Government Bonds	
	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937
N. E.	.0%	.0%	11.4%	12.4%	11.4%	12.4%	21.9%	24.3%	5.9%	5.5%
M. A.	.0	.0	25.7	25.5	25.7	25.5	12.4	13.9	6.4	6.9
E. N. C.	4.0	3.7	18.8	18.1	22.8	21.8	16.4	18.4	5.3	5.2
W. N. C.	18.0	16.0	8.3	8.0	26.3	24.0	15.0	17.2	2.9	2.9
S. A.	1.2	1.2	17.3	16.4	18.5	17.6	25.2	27.3	7.8	7.6
E. S. C.	3.6	3.5	10.9	10.0	14.5	13.5	27.4	30.1	8.9	8.5
W. S. C.	7.4	6.6	10.8	10.2	18.2	16.8	27.8	30.4	9.5	8.9
M't'n	2.3	2.0	6.0	5.7	8.3	7.7	19.3	21.9	3.5	4.0
Pac.	1.9	1.7	20.9	19.4	22.8	21.1	16.9	19.1	7.6	8.7
Ter. & Pos....	.3	.3	10.6	11.5	10.9	11.8	...	...	17.7	17.3
U. S.	4.1	3.6	17.9	17.5	22.0	21.1	17.5	19.6	6.2	6.3
Can.	.8	.7	8.4	7.6	9.2	8.3	...	...	61.5	61.3
O. For.	...	...	...	...	...	...	...	...	24.3	9.7
Total	3.9	3.4	17.1	16.6	21.0	20.0	16.5	18.4	8.0	8.0

Division	Railroad Bonds and Stocks		Public Utility Bonds and Stocks		Other Bonds and Stocks		Total Bonds and Stocks		Policy Loans and Premium Notes	
	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937
N. E.	6.9%	6.1%	15.5%	16.3%	3.8%	2.8%	54.0%	55.0%	21.2%	19.7%
M. A.	7.2	6.9	13.2	14.3	2.8	2.9	42.0	44.9	15.0	14.4
E. N. C......	16.4	15.9	12.7	12.7	2.9	3.7	53.7	55.9	13.9	13.1
W. N. C......	15.6	15.5	7.8	8.0	1.2	1.1	42.5	44.7	11.0	10.4
S. A.	16.2	15.3	9.1	9.0	2.0	4.1	60.3	63.3	15.1	13.8
E. S. C.......	20.0	19.8	8.2	8.2	1.1	1.9	65.6	68.5	12.4	11.6
W. S. C......	15.1	14.1	9.3	10.0	3.4	4.3	65.1	67.7	10.3	9.6
M't'n	40.6	41.7	10.4	8.0	1.9	1.6	75.7	77.2	12.7	12.2
Pac.	12.8	13.3	13.8	13.3	1.5	1.8	52.6	56.2	15.4	14.8
Ter. & Pos....	...	...	3.1	5.3	.2	.5	21.0	23.1	65.8	63.3
U. S.	13.5	13.2	11.6	11.9	2.4	2.9	51.2	53.9	14.2	13.4
Can.	10.3	11.1	5.7	6.3	2.7	2.4	80.2	81.1	7.8	7.7
O. For.	1.9	1.2	18.1	12.5	20.3	53.9	64.6	77.3	13.4	9.2
Total	13.1	12.7	11.5	11.9	4.1	5.1	53.2	56.1	13.7	12.8

Division	Real Estate		Collateral Loans		Cash		Other Ledger Assets		Total Investments	
	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937
N. E.	7.0%	6.5%	.0%	.0%	6.4%	6.4%	.0%	.0%	100.0%	100.0%
M. A.	8.5	8.4	.0	.0	8.8	6.8	.0	.0	100.0	100.0
E. N. C.......	8.4	8.0	.0	.0	1.2	1.1	.0	.1	100.0	100.0
W. N. C......	19.1	19.8	.0	.0	.9	.8	.2	.3	100.0	100.0
S. A.	5.3	4.6	.0	.0	.7	.6	.1	.1	100.0	100.0
E. S. C.......	7.0	6.0	.0	.0	.5	.4	.0	.0	100.0	100.0
W. S. C......	6.0	5.5	.1	.1	.3	.3	.0	.0	100.0	100.0
M't'n	3.0	2.8	...	...	.3	.1	.0	.0	100.0	100.0
Pac.	6.6	6.0	.2	.1	2.4	1.8	.0	.0	100.0	100.0
Ter. & Pos....	.3	.2	...	...	1.9	1.6	.1	.0	100.0	100.0
U. S.	8.9	8.6	.0	.0	3.6	2.9	.1	.1	100.0	100.0
Can.	1.4	1.5	...	...	1.4	1.4	...	...	100.0	100.0
O. For.	8.8	5.8	...	...	13.2	7.7	.0	.0	100.0	100.0
Total	8.5	8.1	.0	.0	3.5	2.8	.1	.2	100.0	100.0

TABLE XXI—RATIO OF EACH CLASS OF INVESTMENTS IN DIVISION TO TOTAL INVESTMENTS IN CLASS

Division	Farm Mortgages 1936	Farm Mortgages 1937	Other Mortgages 1936	Other Mortgages 1937	Total Mortgages 1936	Total Mortgages 1937	U. S. Government Bonds 1936	U. S. Government Bonds 1937	State, County, Municipal and Foreign Government Bonds 1936	State, County, Municipal and Foreign Government Bonds 1937
N. E.	.0%	.0%	3.4%	3.8%	2.7%	3.1%	6.7%	6.7%	3.7%	3.5%
M. A.	.0	.0	42.6	43.2	34.8	35.8	21.3	21.3	22.8	24.3
E. N. C......	20.8	21.5	22.0	21.8	21.8	21.7	20.0	20.0	13.3	13.0
W. N. C......	54.8	53.3	5.7	5.5	14.7	13.7	10.7	10.7	4.3	4.1
S. A.	2.7	3.1	8.8	8.9	7.7	7.9	13.3	13.3	8.5	8.5
E. S. C.......	4.7	5.1	3.1	3.1	3.4	3.4	8.3	8.3	5.6	5.4
W. S. C......	11.3	11.6	3.7	3.7	5.1	5.1	10.0	10.0	7.0	6.8
M't'n	1.5	1.5	.9	.8	1.0	1.0	2.9	2.9	1.1	1.2
Pac.	3.3	3.2	8.1	7.7	7.2	6.9	6.8	6.8	6.3	7.2
Ter. & Pos....	.0	.0	.0	.0	.1	.0	...	...	.1	.1
U. S.	99.1	99.3	98.3	98.5	98.5	98.6	100.0	100.0	72.7	74.1
Can.	.7	.7	1.7	1.5	1.5	1.4	...	...	26.7	25.6
O. For.	...	...	...	...	...	...	...	...	.6	.3
Misc.	.2	...	...	...	.0	...	...	...	...	...
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Division	Railroad Bonds and Stocks 1936	Railroad Bonds and Stocks 1937	Public Utility Bonds and Stocks 1936	Public Utility Bonds and Stocks 1937	Other Bonds and Stocks 1936	Other Bonds and Stocks 1937	Total Bonds and Stocks 1936	Total Bonds and Stocks 1937	Policy Loans and Premium Notes 1936	Policy Loans and Premium Notes 1937
N. E.	2.6%	2.4%	6.8%	6.9%	4.7%	2.8%	5.1%	4.9%	7.8%	7.7%
M. A.	15.6	15.3	32.7	33.7	19.3	16.1	22.4	22.5	31.3	31.5
E. N. C......	25.2	24.9	22.3	21.4	14.5	14.5	20.4	19.9	20.6	20.4
W. N. C......	14.0	13.9	8.1	7.7	3.4	2.5	9.4	9.1	9.5	9.3
S. A.	10.8	10.7	6.9	6.8	4.2	7.2	9.9	10.1	9.6	9.6
E. S. C.......	7.6	7.9	3.6	3.5	1.3	1.8	6.1	6.2	4.5	4.6
W. S. C......	6.8	6.6	4.8	5.0	5.0	5.0	7.3	7.3	4.5	4.5
M't'n	7.8	8.1	2.3	1.6	1.1	.8	3.6	3.4	2.3	2.3
Pac.	6.5	6.8	8.0	7.4	2.5	2.3	6.6	6.6	7.5	7.6
Ter. & Pos....	...	...	.0	.0	.0	.0	.0	.0	.1	.2
U. S.	96.9	96.6	95.5	94.0	56.0	53.0	90.8	90.0	97.7	97.7
Can.	2.7	2.9	1.7	1.8	2.3	1.5	5.2	4.8	2.0	2.0
O. For.	.0	.0	.3	.3	1.0	2.9	.2	.4	.2	.2
Misc.	.4	.5	2.5	3.9	40.7	42.6	3.8	4.8	.1	.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Division	Real Estate 1936	Real Estate 1937	Collateral Loans 1936	Collateral Loans 1937	Cash 1936	Cash 1937	Other Ledger Assets 1936	Other Ledger Assets 1937	Total Investments 1936	Total Investments 1937
N. E.	4.2%	4.0%	1.7%	.6%	9.2%	11.5%	.3%	.8%	5.1%	5.0%
M. A.	28.5	29.1	8.5	11.0	70.8	67.6	8.9	7.8	28.4	28.1
E. N. C......	19.9	19.8	13.1	11.0	7.0	7.6	5.0	9.6	20.2	20.0
W. N. C......	26.7	27.8	.3	.4	3.0	3.3	18.5	22.1	11.8	11.4
S. A.	5.5	5.0	3.9	3.6	1.9	2.0	3.0	8.6	8.7	9.0
E. S. C.......	4.1	3.7	2.6	2.9	.6	.8	1.1	1.5	5.0	5.0
W. S. C......	4.2	4.0	19.8	20.7	.6	.6	1.1	1.1	5.9	6.0
M't'n	.9	.9	...	...	.2	.1	.4	.5	2.5	2.5
Pac.	5.2	4.9	50.1	49.8	4.6	4.1	1.0	.9	6.6	6.6
Ter. & Pos....	.0	.0	...	...	.0	.0	.0	.0	.0	.0
U. S.	99.2	99.2	100.0	100.0	97.9	97.6	39.3	52.9	94.2	93.6
Can.	.6	.6	...	...	1.4	1.6	...	...	3.5	3.3
O. For.	.2	.2	...	...	.7	.8	.0	.0	.2	.3
Misc.	...	...	...	...	.0	.0	60.7	47.1	2.1	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

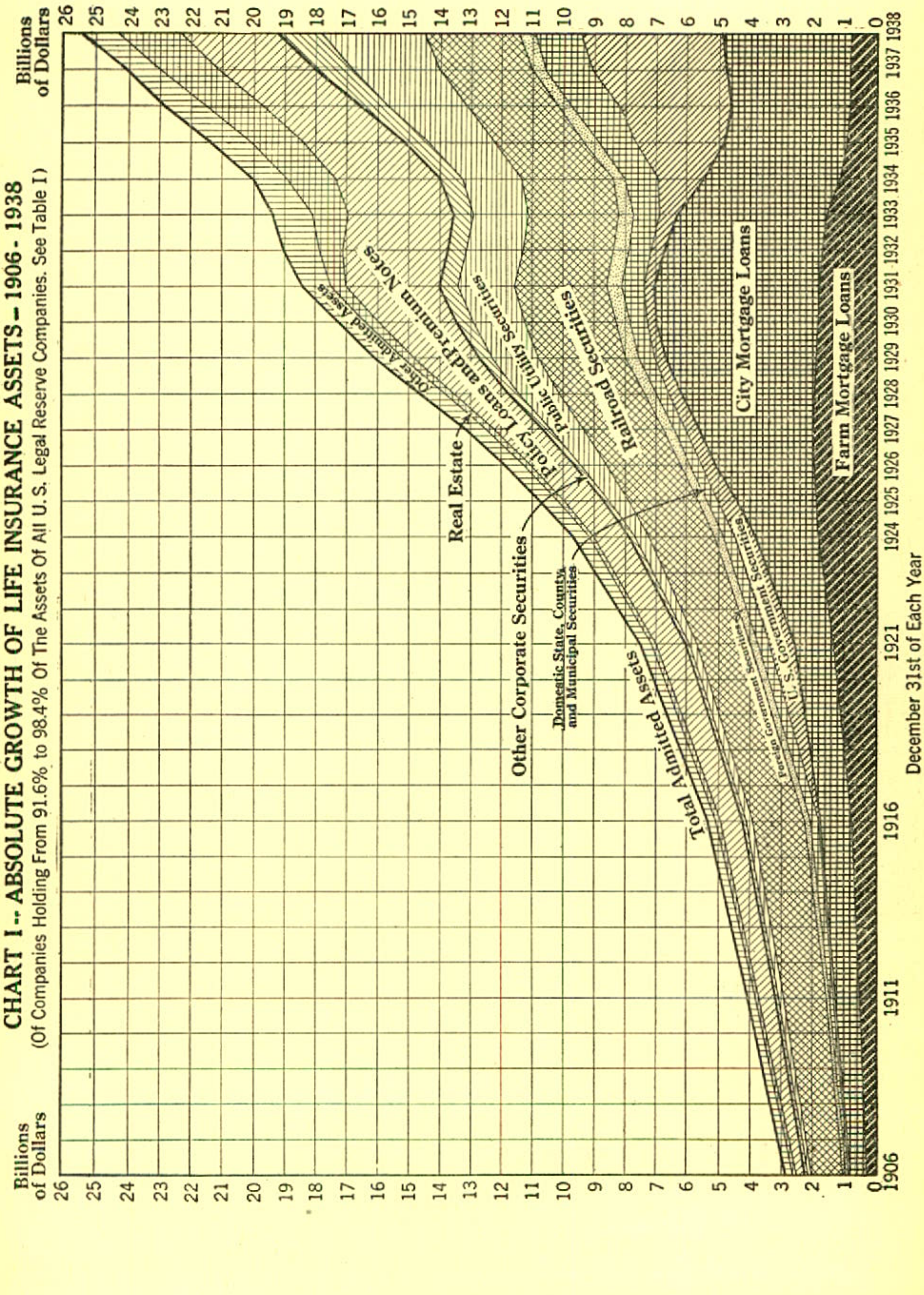


CHART I -- ABSOLUTE GROWTH OF LIFE INSURANCE ASSETS – 1906 - 1938
(Of Companies Holding From 91.6% to 98.4% Of The Assets Of All U.S. Legal Reserve Companies. See Table I)

CHART II – RELATIVE GROWTH OF LIFE INSURANCE ASSETS – 1906 - 1938

(Of Companies Holding From 91.6% to 98.4% Of The Assets Of All U. S. Legal Reserve Companies. See Table I)

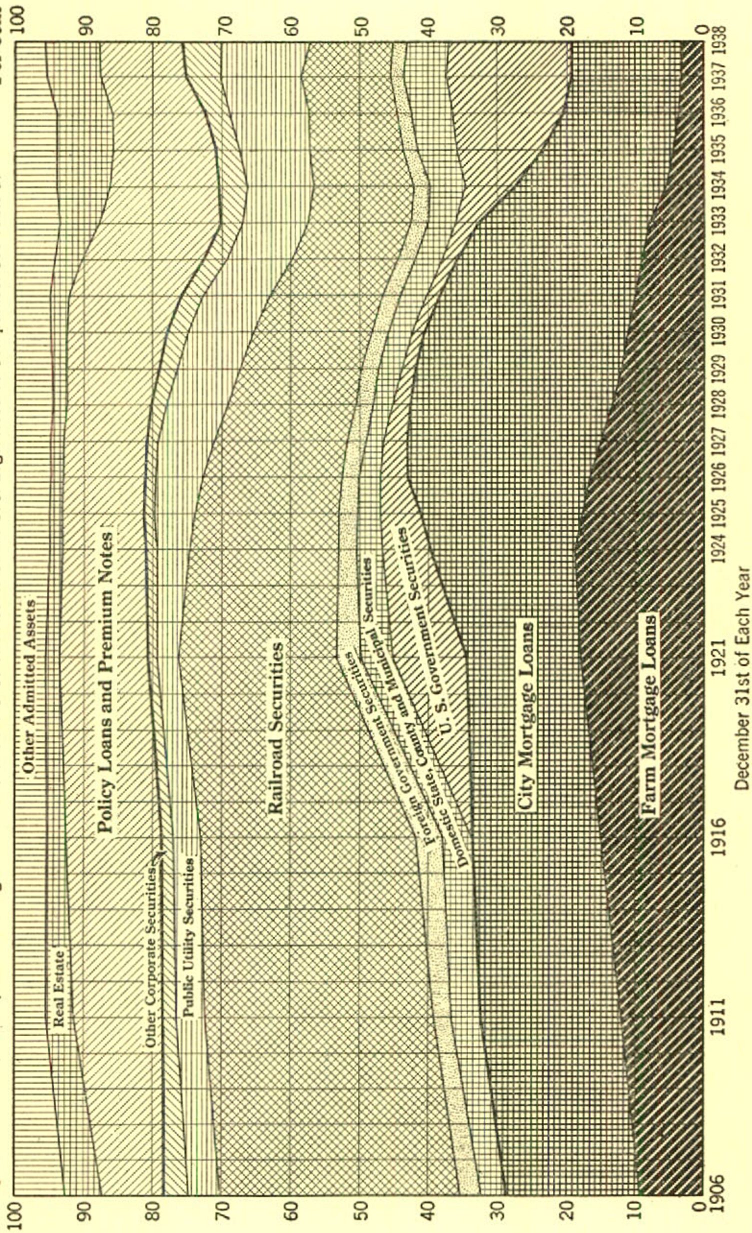
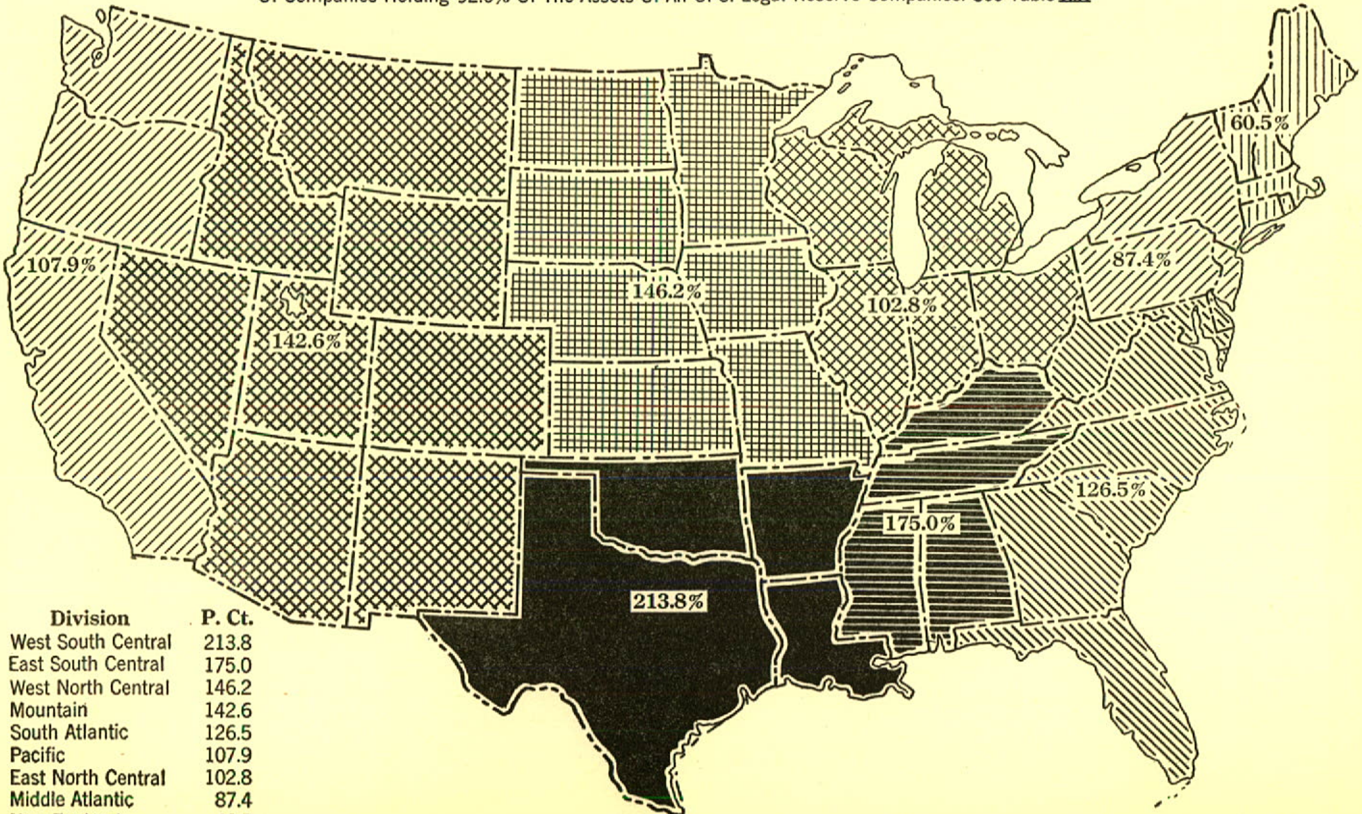


CHART III—RATIO OF INVESTMENTS TO RESERVES—DECEMBER 31, 1937

Of Companies Holding 92.0% Of The Assets Of All U. S. Legal Reserve Companies. See Table XIX



Division	P. Ct.
West South Central	213.8
East South Central	175.0
West North Central	146.2
Mountain	142.6
South Atlantic	126.5
Pacific	107.9
East North Central	102.8
Middle Atlantic	87.4
New England	60.5

THE CHAIRMAN: That was a most refreshing address. Thank you so much!

For many years, it has been our privilege to welcome to this platform the President of the National Association of Insurance Commissioners. This year, the holder of that responsible office is a man whose name has long been outstanding in the field of insurance supervision. A well-known figure at the state capitol of Alabama, he is now serving his third term as the insurance supervisory official of that state. During his first term in that capacity, he was also Secretary of State. A number of Alabama's important insurance laws have emanated from his authorship, including the measure passed in 1915, which created a separate department of insurance for the state. The Alabama Code requirement, that the Superintendent of Insurance shall be "a person of practical knowledge and experience and executive ability in the business of general insurance," is amply fulfilled in Mr. Julian, whose varied career has included newspaper work; insurance selling, and executive experience in life, casualty, fire, and marine insurance.

It is a privilege to present Hon. Frank N. Julian, President of the National Association of Insurance Commissioners and Superintendent of Insurance of Alabama, who will address us on the subject "Is Supervision at the Crossroads?" Mr. Julian! (Applause.)

IS SUPERVISION AT THE CROSSROADS?

Hon. Frank N. Julian then spoke as follows:

MR. CHAIRMAN, AND GENTLEMEN OF THE CONVENTION:

I appreciate the gracious invitation which has afforded me the pleasure of joining you in your Thirty-second Annual Convention, and I extend to you the greetings and the hearty good wishes of the members of our Association. I also wish to express to you our appreciation for the cooperation—sometimes none to easy of accomplishment—which you have given your Insurance Commissioners.

Being an Insurance Commissioner, and an expert (?) in every department of all kinds and types of insurance, you have every right to expect me to give you an illuminating analysis of your several businesses. I shall not yield to that almost irresistable temptation. However, a few matters of much more general nature do concern me. My pleasure at receiving your invitation was increased by a keen interest in the central theme of your meeting and a sense of deep satisfaction in knowing that this outstanding body of executives is devoting its energy in pursuit of the study of the fundamentals of our American life. The theme "Underwriting America's Human Values" is of deep concern to all of us at this time.

In these times, when organized and responsible government is on trial in the world at large, significant and perhaps prophetic repercussions manifest themselves in our own country. In times past, disturbances of the older world affected us less strongly for we were relatively undeveloped and our resources and opportunities were sufficiently elastic. Since the turn of the century, however, we have seen the growth of many of the problems of a frontierless democracy, and the past few years have brought them forth in bold relief. Our democracy now squarely faces the many and grave economic and governmental difficulties thrust upon it by the closing of the frontier which has traditionally acted at once as the buffer for unemployment, crime, and poverty, and as the beckoning door of hope for the dissatisfied and oppressed. In this clash of historic methods with novel problems, new concepts of government and economy must be forged. It may be that this transition may be one of metamorphosis or one of adolescence of democracy into a maturity of effective advancement of human welfare and opportunity. The determination of this issue may depend upon the fidelity with which we devote ourselves to the principles essential in the democratic process.

I am now too young to answer these questions. Fifty years hence, when you will have encompassed, or have been encompassed by, many of these problems I may be able then to indicate some of the answers.

While we may not now visualize the solution of our fundamental problems, the winds of the times indicate some directions in which we may exert our effort that we may influence their solutions.

It is at once apparent that conditions have already brought to our people new conceptions of what are proper restraints of liberty and personal freedom and the conviction that the ownership and use of property should be attended by correlative obligations to society. More than ever before, our people are disturbed by a fear of insecurity—insecurity of investment, insecurity of employment, insecurity of support in old age. The Social Security Laws and the ever-increasing ground swell for pension plans and many other kinds of social legislation spring from this uneasiness and concern. These things bespeak an increasing demand that life, health and opportunity be made more directly the concern of government. They also indicate, *whether we like it or not,* a growing dissatisfaction with the manner in which we have heretofore conducted our businesses and our government with regard to human welfare. The tendency of such a sentiment, unless properly led by perhaps new conceptions of individual responsibility, leads not only toward regulation, but toward operation, of the vital elements of business by the government.

We are reminded of a statement by former President Coolidge, that "When government enters the field of business, with its great resources, it has a tendency to extravagance and inefficiency, but, having the power to crush all competitors, it likewise closes the door of opportunity, which results in monopoly." Whether this be sound or not, this issue is the subject of litigation in many of our courts today and its various implications are constantly before the legislatures of the nation and each of the States.

The institution of life insurance as a whole is vitally concerned in the advancement not only of these essential human values of life, health and opportunity, but in the advancement of the cause of sound government. Life insurance is a democratic institution primarily and, but for the guarantees of individual freedom and opportunity inherent in democracy, it could not have become the bedrock of hope which it now is to the American people. Its opportunities and its obligations not only to continue, but to increase, its contributions to human welfare and the advancement of orderly government are now greater than ever.

Unless you consider me rightly to be a rambling preacher, let me, as an outsider, suggest one or two of the opportunities which we "outsiders" would like you to consider:

1st—The companies have already recognized, through their efforts to eliminate part-time agents and to raise agency standards, that an agency force of higher caliber and more permanent nature is an asset to life insurance. Similarly, there is an opportunity to afford to hundreds of thousands of agents and employees a sense of real security and continuity of employment by the use of a sound and forward looking agency policy which will put a definite premium on sustained employment and which will avoid as far as possible the high average of agency turnover we have seen in the past. With this are the opportunities for education of the agency force, not only in the necessity of earning a living and adequately advancing the interests of the policyholders, but in the obligations of responsible citizenship.

2nd—The opportunities of making available to the person of low income the social and personal benefits of life insurance and making available to him a proper guide for the intelligent application of his own energies toward the sound enrichment of his life, health, and opportunities. In this connection the able report and recommendations made to the joint legislative committee on the subject of industrial life insurance by the Hon. Louis H. Pink, Superintendent of Insurance for the State of New York, is prolific of the many constructive suggestions and recognizes the progress which has been made by the management of the business in effecting improvements in industrial life insurance. I may also remind you of the provocative thoughts expressed by the Hon. Ernest Palmer, Director of Insurance of Illinois and former President of our Association for this convention in 1936, generally that policy provisions for premium loans and extended and paid up insurance be greatly liberalized, and that surrender for cash be penalized almost to extinction—all to the end that the beneficiaries, the dependent families of the insured, be afforded more nearly "sure" insurance and that the non-forfeiture provisions be made to operate almost as the name implies.

3rd—The opportunities of sound investment not only for present returns but with an eye to the effect of these investments on the general welfare and the national economy. Nearly all life insurance companies of any substantial size do business in many states—some in every state of the Union. The preceding speaker has shown that in practically all sections of the country more money goes from the life insurance companies by way of investments than the reserves on their policies outstanding in those sections. Considering, further, the enormous amounts paid to beneficiaries and living policyholders, we observe a continuous heavy flow of funds from the companies to all parts of the country. These investments have greatly aided the home owner, the farmer, provided capital for utilities and governmental functions, and aided constructive local enterprise in practically every jurisdiction. I ask for a continuance of that policy because it gives an added opportunity to life insurance management to enrich the human values of our entire population. It constitutes a proper policy which, as does the farmer, plows back into those communities of policyholders proper proportions of the "take," that the source of supply may be nurtured and that the funds thus held by the temporary owners be invested in encouragement of constructive local enterprise.

4th—We suggest a vigorous department charged with the responsibility of carrying education to the public as to the necessity for, and the advantage of, life insurance—a plain story, understandable by the ordinary citizen, with an advertising campaign that would reach not only the holders of your policies but that would reach the readers of the county weekly.

Carry the message on the R. F. D. route. Folks on the R. F. D. read the county weekly. They also vote, and they serve on the juries. It is well enough to continue your national magazines campaign, but don't overlook the fact that a vast number of people know nothing of the real true work of life insurance until it is told to them.

Print the name of your agent in every advertisement. Quoting from a paragraph in one of your insurance trade journals, it is told that the following remark was made to the Hon. Roger B. Hull, Managing Director and General Counsel of The National Association of Life Underwriters: "An important policy owner after hearing an address on life insurance said to the speaker 'I have been sold lots of policies but I have not been told the underlying story of your business'." The surest way to arouse favorable public sentiment is to tell your story and to tell it so the ordinary individual may understand it.

Taxes? Tell your policyholders why you complain of taxes and tell the policyholders that they pay the tax and the remedy for lowering these burdensome taxes is in their hands. So, without further telling you how to run your business, let me say in conclusion: Shall the sound decisions of our highest courts be set aside, that new powers may be taken over and lodged in centralized Federal Bureaus? Shall the rights of the state be ruthlessly cast aside? Shall the supervision through State Departments—a plan that for seventy years has proven its worth and aided in building the greatest insurance system in the world—be relegated to the long list of powers usurped by Federal Agencies?

Shall the great institution of insurance be placed beside those business enterprises that can not develop because of red tape; do you think that a set-up for insurance similar to the I. C. C. would benefit the business and protect the policyholders?

Insurance supervision may be at the crossroads. Shall it be a continuation of conservative state supervision as upheld by the highest courts in the land, or shall it be Federal supervision with all of its multiplicities of rules, regulations, civil service employees and interference where least expected?

In my opinion, our present system, which has so strikingly proved its value, should continue. It is our responsibility, and yours, to see that insurance supervision remains on its present high level of effectiveness and that it maintains its present intimate contact with the problems that arise.

(Applause.)

THE CHAIRMAN: Thank you for delivering a most interesting paper.

The next subject for discussion here, "Totaling the Life Underwriter's Contribution" is one which we should probably not find on the agenda of any meeting of similar interests held outside of America. The agency system, as we know it, is a peculiarly American contribution to the business of life insurance.

Mr. John A. Stevenson, Executive Vice-President of The Penn Mutual Life Insurance Company, who will discuss this subject, has devoted many years to furthering the effectiveness of the American agency system and may justly be called a pioneer in agents' training. He started his life insurance work as professor of education and director of the first school of life insurance salesmanship to be established in a higher institution of learning—the Carnegie Institute of Technology. A staunch supporter of the American College of Life Underwriters, he is at present its Secretary and a member of its Board and Executive Committee. He has written a number of widely used books on education and life insurance, and is the co-editor of the life insurance library of Harper and Brothers.

In addition, Mr. Stevenson has found time in the ten years of his residence in Philadelphia to take an active interest in a multitude of community matters. Confidentially, there is one circumstance of his life of which I feel his audience should be warned before he takes the platform. If perchance you do not agree with all that Mr. Stevenson says, let me beg you to be very careful of your comments for among the many positions which he holds is that of trustee of a school of lip-reading.

With this word of caution, I now present Mr. John A. Stevenson. Mr. Stevenson! (Applause.)

TOTALING THE LIFE UNDERWRITER'S CONTRIBUTION

Mr. John A. Stevenson then addressed the Convention as follows:

MR. CHAIRMAN, LADIES, AND GENTLEMEN:

It seems to be customary, in discussing the life insurance representative's contribution toward underwriting America's human values, to point, first, to the growth in American life insurance as tangible evidence of what our representatives have accomplished, and, then, to compare our present-day total with that of other nations as illustrating the effectiveness of the American Agency System.

There are sound and logical reasons for this traditional procedure. Fifteen years ago, the total life insurance in force in the United States was $56,803,534,307, or not much more than half of the $110,300,000,000 which it is estimated will be in force by the end of this year. Twenty-five years ago, the total was only $20,584,469,945, while fifty years ago American life insurance amounted to only $3,134,003,708. When we plot the curve of the growth of life insurance in force in this country, we get the real picture of the contribution our representatives have made toward underwriting America's human values.

The comparison of the total amount of life insurance in force in our country with the totals of other nations forms an equally impressive tribute both to the contribution of our underwriters and to the American Agency System. As some of you doubtless know, a recent survey has been made by The Association of Life Insurance Presidents on the amount of life insurance in force throughout the world. The Association is deeply indebted to the United States Department of Commerce for its valuable assistance in assembling special reports on life insurance from foreign countries, making possible the continuance of our published compilations on world life insurance. The latest complete figures obtainable were those for the year 1936, but this current survey makes possible a publication of complete data for each year since the previous survey giving 1930 figures was made. A compilation of these figures will be included in the printed copy of this paper and I might add that it reveals some intensely interesting facts.

The bulk of the world's life insurance, as in former years, is concentrated in the North American continent, but the people in other sections of the world are making rapid strides in the development of this type of protection. At the end of 1936, the total volume of life insurance outstanding in the entire world was $164,000,000,000. This is almost twice as great as the $86,000,000,000 in force at the end of 1924, the earliest date for which the world total is available. European countries account for 22% of this total with $36,279,644,000 in force, nearly half of which is represented by the $16,290,297,000 outstanding in the United Kingdom.

Of the world volume at the end of 1936, 68%, or $111,839,650,000, was outstanding in companies of the United States and Canada—countries which together had 7% of the world's population. You will remember that the United States' total insurance in force at the end of 1936 was $104,667,206,000, which represents 64% of the world's total, while that of Canada was $7,172,444,000, or 4% of the world's total.

The manner in which the amount of insurance in force in the various countries has increased is also of interest. In the United States, insurance in force at the end of 1936 was twelve times as great as in 1900. In Canada, during the same period, the amount of insurance in force became twenty-four times as great. In the United Kingdom and in Sweden, during the same period, it has become four times and ten times as great, respectively. From 1905 to 1936, German insurance trebled. The greatest increase over this period, however, is to be found in Japan, where the insurance in force at the end of 1936, $4,971,289,000, is over 40 times greater than the $115,180,000 in force in 1905. In a sense, this increase may be said to represent a compliment to American insurance methods, for much of the Japanese life insurance system is patterned after that which is followed by our companies.

Since the value of life insurance lies in the extent to which it is of practical use to the public and since, as the comparative totals show, it has been ot greatest practical use in countries where the Agency System prevails, we are entitled to feel that the astronomical totals for this country and Canada are a reflection of the magnificent job our underwriters have done.

You and I both know, of course, that the life insurance companies share in the general criticism which is being leveled at distribution costs at the present time. It is not hard to find statements which attempt to show how much life insurance costs could be reduced if we eliminated the life insurance salesman. On the other hand, it is not hard to find statements from well-informed business men like

LIFE INSURANCE IN FORCE THROUGHOUT THE WORLD

(Monetary Units of Foreign Countries Converted to Equivalents of United States Currency)

COMPANIES OF	Dec. 31, 1931	Dec. 31, 1932	Dec. 31, 1933	Dec. 31, 1934	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937
[1]United States	$108,885,563,000	$103,154,370,000	$ 97,985,044,000	$ 98,542,411,000	$100,730,415,000	$104,667,206,000	$109,572,451,000
Canada	7,559,397,000	7,224,722,000	6,919,843,000	6,927,338,000	6,991,634,000	7,172,444,000	7,349,276,000
[2]Mexico	78,610,000	70,836,000	66,394,000	78,505,000	92,244,000	102,966,000	
[2]Brazil	[3]110,000,000	113,493,000	128,872,000	139,487,000	153,694,000	179,186,000	
Chile	82,640,000	53,395,000	56,228,000	82,446,000	45,809,000	51,850,000	67,227,000
[2]Peru	33,093,000	20,772,000	16,962,000	20,231,000	21,936,000	24,368,000	
Colombia	[3]10,000,000	10,449,000	10,244,000	10,481,000	13,303,000	16,757,000	
British Guiana	[3]8,000,000	7,303,000	6,745,000	6,264,000	5,987,000	5,894,000	6,565,000
United Kingdom	12,258,530,000	13,170,482,000	12,010,216,000	14,775,992,000	15,258,237,000	16,290,297,000	16,789,824,000
Germany	4,327,671,000	3,296,500,000	4,163,727,000	6,265,358,000	6,860,304,000	7,334,600,000	7,919,400,000
France	1,450,728,000	1,588,580,000	2,169,537,000	2,930,745,000	2,970,826,000	2,891,422,000	2,096,253,000
Netherlands	1,202,072,000	1,240,496,000	1,598,982,000	2,125,223,000	2,132,662,000	2,004,470,000	
[4]Italy	1,145,575,000	1,121,880,000	1,368,623,000	1,846,759,000	1,911,525,000	1,953,109,000	1,580,480,000
Switzerland	895,310,000	925,951,000	1,216,826,000	1,666,129,000	1,712,940,000	1,741,351,000	1,366,257,000
Sweden	1,290,311,000	960,872,000	1,177,037,000	1,464,869,000	1,467,986,000	1,556,556,000	1,601,903,000
Denmark	475,719,000	[3]373,000,000	392,053,000	498,900,000	516,586,000	544,081,000	
Norway	387,170,000	296,126,000	357,793,000	435,519,000	439,258,000	468,604,000	
Austria	520,861,000	574,855,000	707,922,000	839,026,000	850,714,000	405,758,000	
Czechoslovakia	275,902,000	281,437,000	367,992,000	408,142,000	398,653,000	385,201,000	351,513,000
Finland	224,588,000	140,280,000	168,803,000	214,063,000	230,190,000	245,839,000	
[2]Poland	119,920,000	103,728,000	101,527,000	133,665,000	141,071,000	136,389,000	
Hungary	163,489,000	145,791,000	145,244,000	200,766,000	151,512,000	[3]102,000,000	
[2]Rumania	61,362,000	52,596,000	62,891,000	83,553,000	86,926,000	71,658,000	78,625,000
[2]Bulgaria	30,190,000	29,272,000	39,221,000	51,177,000	55,090,000	57,222,000	61,681,000
Yugoslavia	[3]30,000,000	28,152,000	28,281,000	36,119,000	38,224,000	41,398,000	
[2]Greece	15,080,000	10,441,000	14,600,000	23,500,000	24,440,000	26,040,000	
Portugal	15,831,000	11,774,000	15,533,000	20,273,000	20,655,000	23,649,000	
[4]Japan	3,757,683,000	3,007,418,000	2,975,509,000	3,905,099,000	4,016,555,000	4,971,289,000	5,584,355,000
India	330,162,000	321,470,000	430,848,000	583,341,000	628,320,000	726,012,000	
[2]Java	147,323,000	96,093,000	123,985,000	155,329,000	157,829,000	154,258,000	138,641,000
[2]Union of South Africa	731,127,000	704,753,000	650,351,000	841,199,000	895,445,000	981,928,000	
[2]Australia[4]	1,250,870,000	1,000,294,000	1,223,620,000	1,530,840,000	1,591,739,000	1,393,807,000	
[2]New Zealand	472,159,000	361,985,000	382,028,000	469,094,000	484,785,000	542,583,000	
[5]Other Countries	6,653,064,000	6,500,434,000	6,916,519,000	6,688,157,000	6,902,506,000	6,729,808,000	
TOTAL	$155,000,000,000	$147,000,000,000	$144,000,000,000	$154,000,000,000	$158,000,000,000	$164,000,000,000	

[1] Not including government war risk insurance.
[2] Amounts cover insurance in force on lives of residents of country in both domestic and foreign companies. For all other countries, amounts cover insurance in force in domestic companies including their foreign business.
[3] Estimated on basis of amounts of other years.
[4] Including government insurance.
[5] Estimated at from 4% to 5% of the world's total.

SOURCES: Special reports received through the courtesy of the U. S. Department of Commerce, official publications of foreign countries and foreign and domestic trade publications.

that recently published by J. C. Aspley, President of the National Federation of Sales Executives, in which he makes clear the point that these sales commissions which so excite our critics make possible millions of policyowners instead of the relatively small numbers there would be if life insurance had to be bought over the counter. Moreover, as he goes on to say: "This spreading out of the risk over millions of people adds to the security that is behind the policy. To be sure it is intangible. But it is nevertheless real. * * * Whatever it costs under our present system to take the life insurance idea *out* to the public and *sell* it to them is more than justified by the service rendered to society."

There is nobody here, I am very sure, who thinks our present system of distributing life insurance is perfect. But, in my opinion, much of the present criticism raised against life insurance distribution methods is merely an attempt to capitalize on public interest in the outstanding job our underwriters have done. If you recall the famous advertisement on "The Penalty of Leadership", written some time ago by Theodore F. McManus for the Cadillac Company, you will remember this expression of the idea:

> In every field of human endeavor, he that is first must perpetually live in the white light of publicity. Whether the leadership be vested in a man or in a manufactured product, emulation and envy are ever at work. In art, in literature, in music, in industry, the reward and the punishment are always the same. The reward is widespread recognition; the punishment, fierce denial and detraction. * * * If the leader truly leads, he remains —the leader. Master-poet, master-painter, master-workman, each in his turn is assailed, and each holds his laurels through the ages. That which is good or great makes itself known, no matter how loud the clamor of denial. That which deserves to live —lives.

The Agency System has lived in America because it deserves to live, for, whether we view it in the light of the outstanding volume of life insurance it has produced in this country and in Canada, or compare this volume with that of other nations, or consider the amounts which the life insurance companies are able to invest in American enterprise because of the inflow of life insurance premiums, we must realize the tremendous contribution made by the American underwriter toward social welfare and economic security.

RESULTS OF THE AMERICAN DEPARTMENT OF LABOR SURVEY

You doubtless know that the U. S. Department of Labor has just completed the most exhaustive study of family incomes and family expenditures ever attempted. The Commercial Research Division of The Curtis Publishing Company, with government aid, has projected from these figures some extremely interesting data covering the incomes and expenditures of all families in the eight largest cities studied in the government survey; namely, New York, Chicago, Providence, Columbus (Ohio), Atlanta, Omaha, Denver, and Portland (Ore.). While the government report is not yet completed and, therefore, these figures have never before been published, those in charge of the government work have, through the cooperation of The Curtis Publishing Company, generously furnished us with the statistics on the average annual amount invested in life insurance by the families in these cities and you will agree that the figures have considerable significance. The totals include annuity deposits but the proportion, as compared with life insurance premiums, is extremely small, being practically negligible in the lower income groups.

While it is not possible to comment in detail on the Department of Labor's survey, we can get a picture of the confidence placed in our business by the American public from the fact that, when the average income of New York families is reported to be $1,700, the average amount which each New York family places in insurance and annuities annually is $99; and while the average family income of the six smaller cities, Providence, Columbus, Atlanta, Omaha, Denver, and Portland is $1,558, the average amount devoted to insurance and annuities by each family in these six cities is $95 a year.

Nor do these figures merely mean that people in the higher income brackets realize the advantages which insurance offers. While fam-

UNITED STATES DEPARTMENT OF LABOR SURVEY
BASED ON TOTAL NUMBER OF FAMILIES

Cities	Average Total Family Income	Average Annual Amount Expended for Life Insurance and/or Annuities						
		All Families	Upper Income Half	Lower Income Half	First Income Quarter	Second Income Quarter	Third Income Quarter	Fourth Income Quarter
New York	$1,700	$99	$161	$38	$230	$92	$51	$24
Chicago	1,660	94	146	42	203	90	58	26
Providence	1,518	86	134	37	185	83	51	23
Columbus (Ohio)	1,739	98	153	43	210	96	57	29
Atlanta	1,493	82	135	28	202	69	38	19
Omaha	1,581	97	156	37	221	91	46	28
Denver	1,550	121	207	34	303	111	51	17
Portland (Ore.)	1,472	84	138	30	202	75	42	17
Six-City Average (excluding New York and Chicago)	1,558	95	155	34	223	88	47	21

ilies in the highest quarter of the income groups in the six cities, whose incomes averaged $3,129 a year, placed $223 annually in insurance and annuities, those in the lowest quarter, with average incomes of $493, paid $21 a year for life insurance or annuities.

The large number of families in each income group paying premiums during the year for life insurance or annuities is equally significant.

In New York City, 82.9% of the total number of families paid life insurance or annuity premiums during the year. In the highest quarter of the New York income group, the percentage was 92.6, while in the lowest income quarter it was 70.2. The average number of families paying premiums annually in the six smaller cities, excluding New York and Chicago, was 81.3%, while the percentages for the highest and lowest income quarters in these six cities were 93.2 and 64.1, respectively.

BUILDING PUBLIC OPINION

We would not be human if we were not proud of the confidence shown in our product by the large proportion of family income which the Department of Labor survey shows is used for insurance or annuities among both high and low income groups, and the large percentage of the total number of families in all groups which are putting their money into insurance protection or annuities for old age. These figures are highly significant of the appreciation of life insurance on the part of the American public. But, as the editor of "Fortune" recently pointed out, many industries have failed to recog-

PER CENT OF FAMILIES IN EACH PORTION OF THE MARKET WHO DURING THE YEAR PAID LIFE INSURANCE PREMIUMS AND/OR MADE ANNUITY DEPOSITS

	All Families	Upper Half	Lower Half	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Total Families—							
New York..........	82.9%	91.2%	74.6%	92.6%	89.8%	79.1%	70.2%
Chicago	87.2	93.9	80.5	96.1	91.8	86.9	74.1
Providence	85.3	92.7	77.9	93.1	92.3	81.9	73.9
Columbus (Ohio)....	85.9	93.4	78.5	95.1	91.6	84.3	72.7
Atlanta	90.1	93.3	86.8	94.6	92.0	89.2	84.4
Omaha	83.9	93.1	74.7	93.5	92.6	79.1	70.4
Denver	76.9	92.3	61.4	93.5	91.1	79.3	43.5
Portland (Ore.).....	70.2	82.8	57.6	89.5	76.1	68.2	47.0
Six-City Average.... (excluding New York and Chicago)	81.3	90.9	71.8	93.2	88.5	79.4	64.1

nize that there can be a complete acceptance of their products while, as in the case of the chain stores, the public may remain ignorant of, or hostile to, their motives, their management, or their methods. Minor practices, too, may be as influential in building public opinion as major policies.

Each one of us here has probably made the statement that the best means of building favorable public opinion is through our representatives in the field. If, therefore, *they* must assume the responsibility for giving the public a thorough understanding of our principles and practices, as well as the responsibility for distributing our product, can there be any question as to *our* responsibilities in the way of giving them both adequate opportunities and adequate equipment for the work they are to do?

We are raising no new question, of course, in talking about our responsibility if we expect our representatives to do not merely a good production but a good public relations job. As a matter of fact, the introductory page of a "Life Agent's Instruction Book", published by the "Insurance Monitor" sixty-five years ago, starts with this statement: "This manual is prepared for the purpose of educating life insurance agents to a higher appreciation of their duties and to give them some practical information which will enable them not only to be more successful in obtaining new business but also in winning the respect and confidence of the public." We find, too, if we look through old life insurance documents, that the President of The National Association of Life Underwriters was talking thirty years ago about the benefits to be derived from "the elimination of the irresponsible agent who sells schemes instead of life insurance, and the part-time agent in our cities." But does not the very fact that these questions have been raised countless times before, bring up the additional question of whether we have paid as much attention to the selection and safeguarding of the assets which produce our premium income as to the selection and safeguarding of the assets which produce our investment income?

DISTRIBUTION METHODS

The General Chairman of the Boston Conference on Distribution made the statement, in his opening remarks last year, that "production is solving its problems at a rate which would soon bring an almost Utopian condition of living if it would be matched by an equal advance in the efficiency of distribution." In the life insurance business, of course, there can be no separation of the production and the distribution process, but we are not alone in being confronted by the problem of how to improve our distribution methods. Since the leaders in so many other industries are devoting concentrated effort toward the solution of this problem as it affects their individual organizations, and since those of us here today are charged with the leadership of the companies in which such a large proportion of American life insurance is outstanding, are we not in duty bound to give our serious attention to the distribution problems which concern our business at the present time?

This question by no means implies that the life insurance companies are not directing their efforts to the solution of these problems or that definite progress has not been made. The Agency Practices Agreement, for example, was a forward step in the way of eliminating the "lame ducks" from our field forces; the Life Insurance Sales Research Bureau has developed invaluable material from the pooling of information and experiences relating to the selection, training, supervision, and compensation of salesmen; there are over 1,500 underwriters today who have received the Chartered Life Underwriter designation, and it is estimated that 3,000 more are enrolled this year in the study groups throughout the country which have been formed to give to underwriters the comprehensive educational background they need for life insurance selling.

We can point to a good many similar examples of progress and to tangible results from progressive methods adopted in companies under your leadership. It is not hard to find companies, for instance, which have increased production over a period of years in which they have concentrated efforts on eliminating unfit and part-time agents from their field forces. It is not difficult to find in the insurance periodicals the reports of successful results among companies which have used the Prospective Agents Rating Plan, developed by the Life Insurance Research Bureau, as a basis for improving the caliber of their new organization. We can find, also, evidence among individual company records of the value of real life insurance education as contrasted with training plans which do little other than enable the agent to sell a few cases right away.

It goes without saying that we can not always judge the value of specific plans for improving distribution methods by the experiences of a few individual companies, any more than we can judge the value of the C. L. U. course of study by the records of, and impression made on the public by, a few underwriters who have completed the requirements. There are plans, too, which might be valuable to one company and not to another—just as C. L. U. work might be extremely helpful to one underwriter but not to another who was doing another type of selling. But most of us know perfectly well whether our individual companies are making a real effort to offer contracts only to men and women who are qualified to represent the company, or whether we let down the bars when there is a chance for extra business. Most of us know, too, whether our training courses are planned to give our representatives the educational background they need in order to give sound advice to policyholders on life insurance questions or whether they are planned primarily to enable representatives to get into production quickly by selling certain types of policies. If, as individual companies, we are not "doing as good a job as we know how", is not the effect the same on other companies and on the business as a whole as the effect which the poorly-equipped salesman produces on his fellow underwriters and on the business of life insurance selling?

The path our efforts should take in approaching the question of compensation methods is somewhat more obscure. You will remember that this question was discussed at last year's meeting and, during the past year, the Life Insurance Sales Research Bureau has made a study of the experiences of several sales organizations in other lines of business which provide a basic salary for salesmen, apparently with decidedly successful results both in the way of attracting and retaining capable men and in the way of being able to organize the salesman's activities on an efficient basis. We can not base conclusions on results in other industries but, in this connection, it is interesting to note that in Japan, where the increase in life insurance in force has been greatest during the last thirty years, the compensation plan for life insurance representatives provides for salary plus commission.

There are, as you well know, difficulties to be ironed out before we could go very far in the way of a salary plus commission plan in our business and it is doubtful whether it would be feasible for one company working alone to experiment with a plan of this kind. But, since other types of organizations report excellent results following a departure from the strict commission plan of compensating salesmen, should we not make a real effort to provide ways and means of experimenting with its use? The life insurance business has surmounted far greater difficulties than those which would be involved in trying this experiment, in order to determine whether this basis of compensation would enable us to produce a greater volume of quality business at lower cost, and since the question has been raised so many times, should we not be willing actually to do something about it?

I make no apologies for applying the success standard to the question of whether we are justified in making changes in our method of compensating life insurance representatives or, for that matter, to the question of improvements in our methods of selecting, training, or supervising salesmen. In the long pull, certainly, a rising volume of business must come from proper distribution methods intelligently applied. If, in actual practice, we will insist that the selection process in our companies shall weed out those prospective agents who are not qualified for insurance selling or who give little promise of success, and will make sure that those who remain have adequate training and a real opportunity to earn a respectable living, is it not just common sense to assume that we will not only be serving the best interests of our policyholders but will be increasing the volume of life insurance distributed in this country?

If you happen to have received a copy of a recent address on "Economic Trends in Manufacturing and Sales" by William M. Vermilye, Vice-President of The National City Bank of New York, you will remember his telling about his examination of a very old business which the present chief executive was operating on the most modern lines, every device available for the successful conduct of the business having been applied with the utmost intelligence. "How is it," Mr. Vermilye asked this executive, "that this business succeeded for so many years with none of these methods which you have successfully installed and which are so evidently responsible for your present success?" The executive's reply was that when the business succeeded on the old methods, no competitor knew anything about the new ones, and where no one's methods were any more efficient, it was able to compete at a profit.

We are entitled to take enormous pride in the fact that the amount of life insurance in force in this country is greater than in all the rest of the world combined. But we must also remember, as a recent engineering organization's advertisement stated, that the total number of electric refrigerators, the total number of radios, the total number of electric ranges in this country, all of which are relatively new products, is about as great as the total in all other nations combined. We are justified in boasting a little about the fact that since 1900 the amount of life insurance in force in this country has increased from \$8,561,000,000 to the present estimated total of \$110,300,000,000. But we must remember, as Lewis H. Brown, President of Johns-Manville Corporation, pointed out in his memorable address at the Seventh International Management Congress held recently in Washington, that "Today the automobile industry produces, in less than 15 hours, cars which equal the total output for the entire year 1900. In the chemical industry, production has grown from a few million dollars then, to 3 billion dollars now. Similarly, the manufacture of electrical appliances and machinery has increased from 92 million dollars per year to 960 million dollars."

The yardstick by which the American Agency System must be measured is, of course, service to the American public and if we express this service in terms of the way our representatives have underwritten America's human values, we can take considerable satisfaction in this system. This does not mean, however, that we can rest on our oars in the face of changing conditions. As Mr. Brown expressed the idea in speaking of modern business management, "Let no one assume that we seek to preserve the status quo, ignore mistakes and shortcomings of the past, or proclaim perfection or blind ourselves to rapidly changing social and economic conditions. The social responsibility of industry is no empty phrase—it is an obligation to which modern management is determined to bring far more than mere lip service."

Many of you have doubtless received copies of the creed enunciated by Mr. Brown which, at the International Management Congress, was hailed by business, labor, government, and agriculture alike as a clarion call to a new philosophy of management in industry. Even though most of you are familiar with this creed, however, it will do no harm to repeat what Mr. Brown stated he would like to see the men who are managing American business today adopt as an expression of their intent:

> THAT we should constantly seek to provide better values at lower costs so that more of our people can enjoy more of the world's goods.
>
> THAT we should strive to develop the efficiency of industry so as to earn a fair return for the investing public and provide the highest possible reward for the productivity of labor.

THAT we should stimulate the genius of science and utilize the methods of research to improve old products and create new ones so as to continuously provide new fields of employment for the present and the coming generations.

THAT management should encourage fair trade practices in business which, whether effected by competition or cooperation, will be so shaped as to be for the best interest of our customers and of society as a whole.

THAT it is management's duty to be alert to its own shortcomings, to the need for improvement, and to new requirements of society, while always recognizing the responsibility of its trusteeship.

THAT business in this country has never been what it could be and never what it yet will be.

THAT Business, Labor, Government and Agriculture working hand in hand can provide jobs and the opportunity for all to work for security without loss of our liberty and rights as free men.

It is not necessary for me to translate this creed into life insurance distribution terms, for all of us here agree that we should constantly seek to provide life insurance to the American public at the lowest cost consistent with safety so that as many people as possible may enjoy its benefits. We are all striving toward more efficient methods so that decreases in the operating costs of our business may be reflected in the cost of insurance to policyholders. We realize the part that science and research can play in enabling us to further the future welfare of our business. We are all intensely interested in encouraging fair selling practices in the interests of our policyholders and society as a whole. We are alert to the shortcomings of our distribution practices and recognize the responsibility of trusteeship in the case of employees—whether in the home office or the field. We believe that a larger number of people should have had life insurance protection in the past and that a much larger number will have life insurance protection in the future. We believe, too, that our particular business, working with other industries, labor, government, and agriculture, can provide jobs and the opportunity for all to work for security without loss of our liberty and rights as free men.

All of us here realize the fundamental responsibilities implied in this creed and recognize what real leadership demands if we take the trustee attitude toward the representatives of our companies. If, therefore, we will concern ourselves with the problems involved in selecting and safeguarding the assets which are represented by our agency record cards, as we concern ourselves with assets represented by the securities in our vaults, we will be making fully as important a contribution toward the future of our business.

One of the real advantages of an Association of this kind is that it provides a common meeting ground where we can discuss our problems with a view to working out practical solutions. The problem of working out the methods of distributing our product which are in the best interests of our policyholders and the public and which will, at the same time, enable us to maintain our organizations in the healthy condition necessary for efficient service, is not merely an agency department problem. It is not merely a Research Bureau problem. It is a problem of vital importance to our business as a whole. As such, it concerns the head of every life insurance company—and, in working toward its solution, we should, in my judgment, make maximum use of the facilities afforded by this great Association.

(Applause.)

THE CHAIRMAN: Mr. Stevenson, I know that it took a long time, patience, and hard work to prepare that address, and we are, therefore, much indebted to you for your very fine and instructive paper.

(The morning session then adjourned at 12:00 o'clock.)

SECOND DAY

Afternoon Session

Friday, December 2, 1938

Mr. Julian Price in the Chair

The Convention reassembled at 2:40 P. M.

The Chairman: In the trial of a legal action, facts which are presumed to be within the common knowledge of man, such as the rising and the setting of the sun, outstanding facts of history and science, etc., require no proof. The court merely takes judicial notice of them. By the same reasoning, I feel there is no need to recount the deeds and accomplishments of that famous statesman and diplomat who is to be our first speaker this afternoon.

While the name of Norman H. Davis is renowned for his outstanding services as a veteran member of the many historic conferences for world peace, as the trusted counselor of three Presidents, and, more recently, as Special Ambassador and adviser to the State Department on European affairs, it is in none of these familiar roles that he appears before us today. Instead, he comes to our platform as the leader of a great humanitarian organization—the American Red Cross. Mr. Davis himself has described the organization he heads as "a great force for generating a spirit of mercy, human kindness and understanding" and, in view of the central theme of our meeting, it is indeed fitting that the voice of the Red Cross should be heard on this program.

The American Red Cross is perhaps best known to most of us for its work in times of war or other catastrophe. In addition, however, through its public health nursing and home hygiene services, and through its work in life saving and accident prevention, it also contributes importantly to the advancement of human values.

It is with great pleasure that I present Hon. Norman H. Davis, who will address us on "Safeguarding Human Values Through the American Red Cross." Mr. Davis! (Applause.)

SAFEGUARDING HUMAN VALUES THROUGH THE AMERICAN RED CROSS

Hon. Norman H. Davis then made the following address:

MR. CHAIRMAN, LADIES, AND GENTLEMEN:

I welcome this opportunity to meet with so many distinguished and influential Americans.

This opportunity to meet with you today is a very pleasant one. I know of no business that has a more intimate contact with the life of the average citizen than an insurance company. Its representatives in every community have, indeed, become trusted counselors.

The aims of the American Red Cross and those of the insurance companies are in some respects quite similar. Your businesses were founded to provide protection against inevitable crises that arise in the private lives of individuals and families. The Red Cross has, for fifty-seven years in America, constituted a barrier between those subjected to unpredictable natural catastrophes, the aftermath of wars, and other threats against their security and well-being.

Insurance over the years has contributed much to preserve the morale in American homes. It has stood as a bulwark of safety—a guarantee of security—for widows with children, for those whose earning days have passed, for those incapacitated by injuries or illness. The Red Cross has performed a similar function for victims of wars, sudden epidemics, natural catastrophes. Red Cross workers have followed in the wake of wars, earthquakes, hurricanes, tornadoes, mine explosions, shipwrecks; or labored with sufferers from more prosaic types of disasters such as droughts or the dust storms continually harassing families in our middle-west and southwest states.

As insurance in all its branches has grown to meet increasing needs, so has the growth of the Red Cross, both in our country and abroad, been given impetus by increasing calls for its services. Just as the companies you here represent assumed increasing responsibilities and entered into contracts to cover insufficiencies that arose as times and conditions changed, so have we ventured into new fields of need and charted new courses in serving humanity.

Thus, your plans of growth, and the increasing work and influence of the Red Cross, have not been carried out for the glorification or profit of individuals, but to meet demands actually made for service by a growing population. Neither your program, nor the program of the Red Cross, is nebulous or theoretical. Both of them are intensely practical. Both of them have stood the test of time.

I am speaking to you this afternoon fully cognizant of the fact that you and I are interested, in a very practical way, in the welfare of the individual American. We are both interested in taking from science its life-giving knowledge and passing it on to people in language they can understand. Therefore, we can counsel together as partners in a great undertaking designed to bring about a happier and healthier life, for the millions who look to us for help and leadership.

In discussing the work of the Red Cross, and the pressing needs which confront it in our country today, it should be understood that there is much for all of us to do. If we are to achieve any measure of lasting success, any action must be a concerted one. Business and individuals must recognize the necessity for facing common problems with the desire to accomplish most for the common good.

Man has fought through the ages to master nature, to bend its will to his. Today, to a great extent, we *have* mastered nature. We have not, however, mastered human nature. We have a civilization in the process of evolution. And this civilization, if it is to capitalize on hard-earned gains, must begin using the mastery and knowledge that we have achieved for the happiness and benefit of society, and with a larger humanity than ever before.

In this thought I am reminded of the scientist who remarked to a friend: "To the astronomer, man is merely a small dot in an infinite universe." And that friend's answer: "Ah, but man is still the astronomer."

Science has progressed with seven-league strides during the past decade. And the advance of science—every new truth that science has uncovered—has placed additional tools in the hands of humanitarian agencies. Tuberculosis death rates have declined amazingly over the past twenty-five years; diphtheria, which formerly exacted an enormous toll of young lives annually, has almost disappeared; typhoid fever, as a recent insurance publication commented, is now a very negligible item in mortality; and so on down the list of diseases. They are fast being conquered. Science is winning in this great battle.

But many enemies of individual welfare remain. And chief among them I would cite the shameful annual toll of deaths and permanent injuries from automobile accidents; the number of deaths and permanent cripples that result from accidents in the home, in factories, and on farms. Far off beaten tracks, as well as in crowded urban communities, mothers in this country are still seeing their children die because they have not been taught the basic principles of sanitation and infant care. Water accidents, too, are taking their share of the toll in human lives, while the list of casualties resulting from seemingly insignificant accidents because proper first aid is not administered in time is both alarming and deplorable.

And so the Red Cross, in its efforts to safeguard human values, has been concentrating on these problems over the past few years. The results of work accomplished have been substantial and encouraging, but we realize that much yet remains to be done. We have, in a sense, been experimenting in many methods and techniques, until today we believe we have developed procedures that are making appreciable inroads against accidents, against disease, against ignorance.

In motoring about the country, I am sure most of you have noticed those small enameled signs designating highway first aid stations that are now scattered from coast to coast. The Red Cross has established twenty-six hundred of these fixed stations at strategic spots along the nation's busiest thoroughfares. They are there to protect the motorist. Personnel manning the stations have been given thorough training in administering first aid. Our files are full of reports showing many lives saved by the prompt application of this skill, and many lasting injuries that have been prevented by the appliance of knowledge in caring for accidental wounds in time. It is our intention to increase the number of these stations as rapidly as our funds permit.

Further, we are training men who constantly travel these highways —highway patrolmen, maintenance crews, the drivers of interstate trucks, operators of commercial vehicles; more than *two thousand* such mobile first-aid units are now administering to the traveling public.

Another of our undertakings which we know to be reaching mothers and young girls with beneficial results in cities, towns, and rural communities, is the widespread teaching of home hygiene and the instructions in the care of sick persons. For twenty-six years our chapters have been sponsoring home hygiene classes in their communities. Up to the present, almost a million women and girls have been led to higher standards of home care for their loved ones; they have been taught efficient methods of caring for the ill in their homes, of giving their children proper treatment and correct foods.

We must add to these accomplishments the work we have been doing in spreading knowledge of first-aid practices and life-saving methods around the water. Trained instructors, the larger part of them individuals serving in a voluntary capacity, have passed on the technique we have taught them to boys and girls in summer camps, in schools, in CCC camps, in rural villages, and in city clubs. The message of these volunteers has been one emphasizing the need for safety, the necessity for common-sense precautions against hazards that result in deaths and injuries. And we are sure that results have amply justified our efforts in training these millions of Americans, both adults and school children, in the application of tried, scientific methods. Here, in truth, we have been translating the discoveries of science into languages and practices the layman can understand and from which he can profit.

This afternoon, as I speak, Red Cross public-health nurses are at work in far-scattered sections of this country. We would find them in crowded slum sections, on storm-swept islands off the coast, out on the prairies, visiting the cabins and small settlements in our mountainous sections. They are carrying messages of health to be administered in small, almost imperceptible doses to their patients. Snow storms and washouts never stop them. Their very devotion to duty is a great factor in winning the confidence of their charges, thus persuading them, by example, to adopt better ways of living. Their work is resulting, in a very tangible way, in the general raising of health standards for the country as a whole.

Without a major calamity to complicate our work, the last fiscal Red Cross year might be considered an average one. Yet, during that time, our organization and its workers were called upon to give food, shelter, clothing, medical aid, and, finally, to rehabilitate victims of 171 disasters of various types in 41 states and two insular possessions. Some of these disasters were small and did not command newspaper headlines on a national scale. Nevertheless, the assistance we gave constituted the difference between despair and discouragement and the ability to face the future with confidence and bolstered morale.

We have tried, and are constantly trying, to adjust our teaching methods and all our working procedure to varied situations; at times these methods and procedures have, by necessity, been very elastic indeed. It has been said, and truly, that disasters such as floods, hurricanes, and tornadoes rip the veneer off civilization. There is no way of knowing how many children of share-croppers in the south or river dwellers in the north have been introduced to tooth-brushes and soap in our refugee camps; or how many mothers have been given new ideas about the upbringing of infants by Red Cross nurses working among the debris of wrecked communities. It has been under such emergency situations as these that thousands of mothers have been given their first knowledge of food values and their relation to the health of their children and families.

The fight the Red Cross has successfully waged against pellagra in the south was the direct result of workers' surveys carried out in the Mississippi Valley following the great flood of 1927. Today, that dread and unnecessary disease stands a good chance of being eradicated as a result of those high waters.

As leaders in your field, you will, I am sure, agree with me that the mortality rate of the country is greatly influenced by the intelligence of its citizens. Our work is being planned with the education of men and women, parents and young children, in better living standards as one of our primary objectives. Our work is, in every sense of the word, a reinforcement of efforts you, too, are making to move the general mortality rate in this country downward as rapidly as possible. Findings which you have published from time to time are encouraging, for they do show what can be accomplished by determined and coordinated action.

When the Congress granted a charter to the American Red Cross back in 1905, there was in it a clause placing on the organization this wide responsibility:

"To continue and carry on a system of national and international relief in time of peace and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other great national calamities, and to devise and carry on measures for preventing the same."

The discharge of this duty has led our workers into practically every community in the United States at some time during the past few years. The work has touched millions of lives. But we have learned from experience that such efforts are inadequate unless the efforts of other organizations and individuals are joined with ours.

The Red Cross has been a pioneering organization. When we first undertook relief following disasters, there were no precedents for us to follow. We had to feel our way. The same has been true of our other continuing services. The same is true now. We are gaining confidence as we progress. More important, we are making gains in proportion to the amount of public interest and cooperation we are able to inspire.

Actually, the Red Cross is an organization charged by the people themselves with the perpetuation of the generous spirit motivating the very foundation of the country. That, in itself, is an important trust. There is nothing we desire, or could desire, more than a continuation of the generous spirit that led Thomas Jefferson and his compatriots to risk their necks in signing the Declaration of Independence.

The expressions of confidence in the Red Cross that have been given me during the past few months have been most inspiring. A citizen of New Bedford, assisting the Red Cross in carrying relief to hurricane victims, expressed the spirit of the organization very fittingly in a letter to one of our workers:

"There seems no better way," the volunteer worker wrote, "to define the effort of the Red Cross than to say that it is trying to take the place of that well-worn path which ran from back door to back door before we lost the time to be good neighbors.

"The help that passed over those back door paths in times of trouble was not 'charity.' Such help was given as a matter of course, for everyone knew that such paths were not one-way.

"New England is now a family in trouble. The Red Cross is the path from all the back doors of America to our back door. Over that path the neighboring families, many of whom we have helped in the past, are now offering their help. Those of us who need that help should not hesitate to accept it in the spirit in which it is offered—as from one neighbor to another."

If we are to preserve human value, if we are to insure a continuation of the spirit of freedom and human kindness in this country and throughout the world, we must cherish and guard this spirit in our individual lives and our collective undertakings.

We are, deservedly, proud of the accomplishments of the past; of gains we have made in prolonging life and giving youth a better chance to develop; of the inroads we have made against accidents, disease, and suffering. But we cannot let ourselves become content. There are still frontiers to be explored. Social and health conditions of the world are far from a state of perfection.

To cement the gains we have made, and to insure advances in the future, private initiative must be led to still greater accomplishments; this is certainly not the time to sit back and depend on the government, for instance, to do the work that we as neighbors should be carrying on voluntarily, and without coercion. Private endeavor has a peculiar genius for scouting ahead and blazing the trail of social advance. The obligation of voluntary giving and voluntary efforts, and the usefulness of private philanthropy, are not ended. There are too many crying needs in our communities, there are too many things to be done that only neighbors can do effectively, to allow the generous spirit of America to die away.

It seems necessary, at times, to issue a friendly warning to those possessed with an abundance of this world's goods. It has often been said—and it remains an irrefutable truth—that persons fortunately situated must have a feeling of responsibility for those who are *not.*

Such concern must be voluntarily assumed. There must be no compulsion about it. We are not, and never have been, faced by compulsion on every side in this democracy. But if we are to preserve this rich heritage, we must continue to guard and preserve this essential American characteristic of generosity and neighborliness against all suggestions of change.

The free will and the right of the individual are the essence of democracy. In our own country, the equality of rights and the ability to progress individually as we so determine have been our heritage. We cannot too often tell ourselves that the real wealth of a nation—the only enduring, worth-while wealth—is in the spiritual, mental, and physical health of its citizens. We must not forget, too, that in a democracy we are all trustees of this national heritage. I firmly believe that, remembering this, we must so govern our dealings with those about us as to keep that consciousness vividly and actively alive. On the part of both private endeavor and large-scale business, this must be a practice rather than a theory to be brought out and dusted off from time to time.

Unthinking persons are prone to say that high standards of living in this country are possible because we are blessed with so many natural resources. That is not true. The resources have always been here, yet they did not produce high standards of living for the Indians. Russia has a tremendous amount of natural resources—

probably more than we have—yet the Russians have not now, and never have had, a high standard of living.

Our natural resources, or those of any country, are like the talents of the Biblical servant. Whether they produce much or little for human comfort depends upon the way in which we use them. The idea that it is possible to have enough of the necessities of life to go around is very recent in the history of human affairs. The achievement of the goal of well-being for everyone will necessarily continue to be a gradual process. No one has found a plan or program to bring this about that will succeed over-night. But we will never achieve such an idealistic state unless we preserve this spirit I have been emphasizing, the one spirit that has contributed most to America's upbuilding.

Pioneering humanitarians, I know, had their periods of discouragement. That was natural. Problems they were attempting to solve were overwhelming at times. But today we can look back on their accomplishments and honor their memories. The fruits of their sowing are obvious. The public has looked upon their achievements and been convinced that they were vital parts of our nation's development.

Because of the groundwork laid by pioneers in humanitarian projects, the public is willing, today as never before, to support efforts designed for the betterment of mankind. The Victorian habit of hiding disagreeable facts behind a screen of pretty words is past. Present generations want plain, unvarnished truth. And there is no reason why we should not publicize the faults and the needs of present-day social conditions.

Distressing events have occurred on the world scene during the past few months. The ruthless slaying of innocent men, women, and children continues unabated in both the East and the West. The sanctity of treaties seems considered, by some nations, to be an outmoded convention. But how long can such practices prevail if we are to profit, both from a national and individual standpoint, from the strides that science has made; by the miracles that have been performed in the field of communication and transportation?

It may be that more attention should be paid to safeguarding human values on an international scale. We should be able to capitalize on the inventions that have, to a great extent, overcome international boundaries. With these modern devices lessening distances and making it far less difficult to understand the views of neighboring countries, I am inclined to sympathize with the Hungarian soldier, in the classic story, who went to his general during a struggle with Turkey, and asked this seemingly absurd question:

"Sir, can you tell me what particular Turkish soldier I am fighting?" And when the surprised general asked him what he meant, there was much common-sense in the soldier's answer: "Well, if you will let me know, I am sure he and I can settle things amicably. I'm tired of all this business, and I want to go home and get to work."

That might sound like a child's logic, but inwardly we all know that international understanding and tolerance are based on good will, not on complicated phrases, and that an era of world-wide peace, an era in which the individual's welfare is considered as important as national glory, will never be achieved until the simple logic of honest and fair dealing is allowed to guide our international policies.

Bringing the situation much closer home, how can our country, or any country, be a good neighbor among nations if our citizens are not, first, good neighbors to those around them. It remains a truth, as it has down through the ages, that charity—and good work—begins at home.

Some great English writer, speaking recently, said: "The old notion that people can keep themselves to themselves and not be touched by what is happening to their neighbors, or even to people who live hundreds of miles off, is a most dangerous mistake. The saying that we are members one of another is not a mere pious formula to be repeated in church without any meaning; it is a literal truth; for though the rich end of the town can avoid living with the poor end, it cannot avoid dying with it when the plague comes."

I am sure that no representatives of any company here today will want to rest easy, or to relax efforts to improve existing conditions, in the face of the obvious needs in this country. It is not in the make-up of Americans to be indifferent to those in need about them. Indeed, we give thanks for this inner urge, this social consciousness, each time we think of outstanding humanitarians whose contributions to America were motivated by sympathy for those in need.

In closing, let me make this fact clear: The Red Cross as an organization is powerless unless it has the backing of men and women representing all classes, all creeds, all political faiths. In the work which we are attempting to carry out in our own country, cooperation and collaboration are essential parts of our effort. We cannot forget that democracy and freedom have come down to us from the past, bought for us at a high price. If we wish to keep them we must pay the interest on that price in each succeeding generation. Our price, in this case, must be a willingness to exert ourselves, to experiment, and to cooperate.

With such a spirit, we may hope for continued prosperity, and for even greater freedom than before for solving the spiritual and moral problems of mankind. This is a job for every citizen, every business —not just the social worker, the minister, or the teacher.

The strength of the American Red Cross lies in the strength and the determination of the individuals and organizations backing us in our work. Without your help, without assistance from business, industry, and all other phases of American life, our efforts will be as nothing in the face of such large needs. We must collaborate in all our work if the values of the individual are to be conserved.

The Red Cross is the greatest agency for mercy and international relief in the world today. Its prestige and widespread popularity have been built on neutral objectives that transcend frontiers and political creeds. In every part of the civilized world the Red Cross name and emblem symbolize the forces of mercy. And since the Red Cross constitutes such a neutral meeting ground, it offers us a wonderful opportunity under its banner to continue facing the problems of mankind with a determination to overcome them.

But we must not, in any of our efforts, assume that the world will better itself without directed effort, even as material wealth increases. Remember the remark of the old gardener when a neighbor leaned over the wall and said: "This is a wonderful garden that you and God have made." And the old gardener's reply: "Yes, so it is; but you should have seen it when only God was takin' care of it."

We have the talents, we have the resources, and we have a generous and social-minded people behind us. By coordinating our efforts, by cooperating always, we should accomplish even greater things in the future.

(Applause.)

THE CHAIRMAN: We are much indebted to you, Mr. Davis!

As schoolboys, all of us were taught the names of certain individuals whose inventions advanced social and economic welfare. In this connection, we learned that such men as Eli Whitney invented the cotton gin, Robert Fulton the steamboat, and Thomas Edison the incandescent lamp. Some years ago, however, there was originated the idea of cooperation in scientific research, on the principle that many outstanding scientists working together could accomplish far more than all working individually.

Among the leaders in developing this type of cooperative research is the telephone industry and in the forefront of its ranks is our next speaker, Dr. Frank B. Jewett, Vice-President of the American Telephone and Telegraph Company and President of the Bell Telephone Laboratories, Inc. As head of the world's largest research laboratories, he has had a part in its many scientific developments such as the trans-Atlantic telephone system, the dial telephone, talking pictures, telephotography, and television.

As an indication of the esteem in which Dr. Jewett is held by his colleagues, I need only mention that he is the most recent recipient of the John Fritz Gold Medal, highest of American engineering honors and one which has previously been awarded to Thomas Edison and to Marconi. At present, our government is utilizing his scientific knowledge as a member of its Government Relations and Science Advisory Board.

It gives me much pleasure to present Dr. Frank B. Jewett, who will speak to us on "The Laboratory—A Potent Source of Progress in Industry." Dr. Jewett! (Applause.)

THE LABORATORY—A POTENT SOURCE OF PROGRESS IN INDUSTRY

Dr. Frank B. Jewett then presented the following address:

Mr. Chairman, and Gentlemen:

Of course, it is quite impossible in fifteen or twenty minutes to give any adequate presentation of the influence of the industrial laboratory on business progress. It would take a far longer time to do that in a way which would be satisfying.

It would be, of course, quite easy to spend fifteen or twenty minutes in the recitation of some of the achievements of the modern industrial laboratory, in any one of numerous fields. It would be a pleasant after-dinner or after-luncheon recreation. It might amuse you. But when you were through, you would have very little of anything of value to take away with you.

As I understand it, you are met for a somewhat serious purpose. It seems to me best, in the light of the very limited time, to touch upon one or two elements of the influence of the laboratory on modern applied science industry, which appear to have possibly some value to you in the conduct of your own business. Consequently, I have straggled a bit and attempted, in the first part of what I am going to present to you, to give those simple elements and then wind up with one or two illustrative examples which I hope will be concrete evidences of what I have been talking about.

The industrial research laboratory as we have it today is relatively a very new addition to the machinery of applied science industry. Although superficially it may appear to be the modern edition of the experimental departments or laboratories of the 1880's and 1890's, it is basically quite different and infinitely more potent in influencing the progress of industry.

The first embryonic industrial research laboratories appeared shortly after 1900 in the fields of applied electricity and chemistry—both products of fundamental science research and both relatively new areas of industrial exploitation. This was absolutely true as to applied electricity in which the major part of all commercial development had taken place subsequent to 1875. Applied chemistry, although a much more ancient art, had been vastly stimulated by the fundamental science discoveries of the latter decades of the nineteenth century.

In both these fields, it was apparent by 1900 that fundamental science knowledge had outstripped industry's ability to utilize it by application of the methods then in use. It was clear, also, that the gap was widening. A few men sensed that, if the situation was to be rectified, and industry insured of full and prompt application of new knowledge, three things were necessary—(1) trained research men, (2) the introduction into industry of the philosophy and techniques of the scientific method which had proven its power in fundamental science, and (3) organization of the new group and its methods as a team and as an integral part of industry.

At first progress was slow. There were few trained men who were interested in and available for industry; proper experimental tools suitable for industrial problems were few and in many cases non-existent; management was skeptical of the value of the new "expense" department as it was frequently termed, and the older "practical" men were in many cases frankly antagonistic. In addition, there were no guides as to how best to coordinate the new activity with the existing organization.

Gradually, however, and with ever-increasing acceleration progress was made. Problems, which were clearly beyond the capacity of the existing organization, were solved and confidence and respect developed; tools were created; universities began to attract and train men for a life in industrial rather than fundamental science; the team was organized and began to pour out on industry applications of new knowledge, the utility—in many cases even the existence—of which was unsuspected by management, and the value of organized industrial research as an instrument of progress was certified to by the spread of the idea into more and more fields.

The period of the World War and the two decades since have witnessed an astounding growth both in the number, size, and functionalization of industrial research laboratories. There is now little or no question raised as to their value. Through it all the fields of their origin are still largely the fields in which they have attained their largest size, their most complete functionalization, and their greatest efficiency. As one surveys the fields of industry based on applied science, he can not but be struck by the fact that those which have made the most progress and are in the strongest position are those in which the research laboratory is well developed, and its function and value well understood and supported. Nor can he fail to be struck by the fact that many industries, once healthy and powerful, but now in a distressed condition, are those in which the research laboratory is either poorly developed or non-existent and the management lacking in a real understanding of its functions and possibilities.

Volumes have been written about the achievements of the industrial laboratory. Most of it is true, in the main, although some of it has been dressed up in gaudy clothes by the publicity man much to the annoyance of his research associate. Whatever the basis, there are probably few who do not admit that the laboratory does produce astounding results—many go further and credit it with ability to do the impossible.

While all of this is now taken more or less for granted, there is one aspect of industrial research which, it seems to me, has thus far failed to receive the attention it deserves. I refer to appraisal of the research laboratory and to the attitude of the management toward this function of their business by those called upon to examine and advise concerning the stability of an undertaking prior to the investment of funds. Were I called upon to form such a judgment of an applied science undertaking, these points would be the first I would inquire about. If I found the attitude of management indifferent or essentially uninformed and the research function poorly organized, I would consider the business unstable no matter what the current financial statement might show.

To me such a condition would evidence danger both from competitors in the same field of activity and more danger from entirely unsuspected competition of new alternative goods or services from outside. If, on the contrary, the research function was well organized and supported and the attitude of management was based on really informed understanding, I would consider that the business was insuring against future contingencies and was in a strong position to maintain leadership and to survive.

Possibly a life spent mainly on the research and development side of a highly technical applied science industry has caused me to accord an undue weight to these factors among the many that must be considered by those contemplating the safe investment of funds. Whether this is so or not, clear understanding of what organized industrial research is capable of doing for the business of which it is a part cannot but convince one that it is a very potent factor in determining the success of the undertaking.

Primarily and principally, the research laboratory produces new and improved things in a specialized field. It takes the established facts of fundamental science research and, using exactly the same powerful tools by which these facts were obtained, it manipulates them to produce old things better and cheaper or entirely new things of interest to the industry. These alone would justify the maintenance of the laboratory, since they are the things which guarantee leadership.

But the research laboratory does much more than this. In so far as its achievements are subject matter for patent protection it provides management with a currency which is more potent than gold in insuring complete freedom of action and in some cases even the right to live. Modern applied science industry is so complex, involves so many things of science, and is developing rapidly in so many directions, that no single unit, however large and however well equipped its research department, can hope to produce *all* the new ideas which are essential to its well-being. When one of these necessary ideas is developed and patented on the outside, a license to use must be purchased. If the idea is in the hands of a competitor, money alone may be of no avail with an unwilling seller. Where, however, the prospective purchaser is possessed of an adequate research department, it can, more frequently than not, provide a currency in kind which can be used in a bartering operation of cross-licenses. In many cases this barter currency or wampum is already at hand, produced in the primary operation of the laboratory and so the new thing is purchased without addition to the capital or operating accounts.

With the growth in number, size, and efficiency of industrial research laboratories, their potentialities for producing new things embarrassing to competitors has become increasingly evident. The result is a growing tendency in cross-licensing to provide automatically and in advance for an interchange of rights throughout the duration of the contract.

A principal reason for this necessity is because the power of organized research is primarily the power of trained minds employing a powerful method and manipulating a vast store of established facts. Thus the organization can turn its weapons of creation in any one of many directions and overnight almost become as skillful as a similar group long established in the field.

In another direction also the research laboratory is a powerful aid to management, particularly when a large part of its activities are directed toward a somewhat distant future. Such activities mark out accurately the future path of industrial progress and so enable management to make plans with a much higher degree of certainty than would be possible otherwise. Likewise, they place it in position to judge quickly and accurately the value of a new idea or trend injected from the outside and for which substantial values are claimed by its proponents.

The larger the proportion of the laboratory's work that is devoted to the problems which deal with the fundamental, rather than the current, interests of the industry the more valuable in general are the results. This is true both as to the new things it produces and in its aid to management in meeting competition and in planning for the future.

The great modern applied science industry is a complex affair in which the cooperative functioning of many departments frequently masks the fundamental factors on which the success or failure of the business ultimately depends. In the last analysis, these are physical things and it is safe to say that no amount of ability in the financial or commercial departments can more than temporarily offset inherent deficiencies in the physical things in which the business is grounded. When these are allowed to become obsolete, the operating departments and the business begin to decline. It is the function of the research laboratory to prevent this obsolescence.

The power of the industrial research laboratory resides in the philosophy of controlled experimentation and in organized coordinated attack by trained specialists on each element of a problem. It differs from the fundamental science research laboratory only in that the work of the latter is but loosely coordinated and that it has a definite utilitarian objective for its work rather than a mere seeking after new knowledge for its own sake. In it every problem to be attacked is first analyzed and dissected into its component parts, each one of which becomes the problem of a specialist or group of specialists. When their work is completed, the parts are synthesized into a complete solution.

The process is one which, when properly carried out, practically precludes the possibility of a major technical failure in the act of commercialization. The reason for this is that the final solution is one arrived at by the discovery and correction of a large number of minor defects or errors of assumption. As a result the chance of a major defect remaining in the final answer is practically nonexistent.

Many of the great applied science industries which are of major importance to us at present had their origins in the laboratory and owe their present state and their future prospects to industrial research. To name but a few, this is true of applied electricity whether in the fields of light and power or of communication; of organic and inorganic chemistry; of sound and light as they appear in talking motion pictures; in many forms of metallurgy; of everything pertaining to aeronautics; to the internal combustion engine; and to a host of other things. In every field each step forward is making us more dependent on the laboratory and is taking the laboratory deeper into the realm of fundamental science.

While innumerable illustrative examples to show all this can be selected from any field of applied science, it may be interesting in conclusion to cite a few from the field of electrical communication, which is the one with which I am most intimately familiar. Mainly, they are the work of the Bell Telephone Laboratories, the research department of the Bell System.

Possibly the most striking thing about telephone service in the United States and the one most commented on and inquired about is the completing of an asked-for connection to a distant telephone anywhere on the continent in a few seconds, while the calling subscriber remains at the telephone. It is a thing which could not have been done a few years ago and which practically cannot be done now anywhere else in the world.

That it is possible is because the research men have solved the problems of creating adequate transmission circuits from every central office to every other central office at such low cost that they can be provided in sufficient profusion to guarantee against "circuit busy" conditions in the vast majority of cases even at times of peak demand. They have done this by applying much new knowledge in many new ways. They have developed powerful energy-amplifying devices which have made it possible to give better transmission over fine copper wires than could be given a few years ago over wire many times larger and so many times more costly. Even this, however, was not sufficient to permit vaulting the economic hurdle on many of the routes. Since mechanical stability and integrity places a limit to reduction in wire size long before the electrical limit is reached, this hurdle could only be jumped by making each circuit carry many conversations at the same time.

Present success in this direction may be judged by the fact that for certain classes of long-distance circuits, systems are now standard in which sixteen separate telephone conversations are transmitted simultaneously over the same facilities which a few years ago were capable of handling but a single conversation. Experimentally, we also have in operation systems which will transmit many hundred messages over a single channel.

While these statements are not to be construed as meaning that the added facilities are obtained without cost, they are obtained at a fraction of the cost that would be entailed in providing them otherwise—a cost so high as to be economically prohibitive.

Still having in mind the problem of "no delay" service and its dependence on a profusion of circuits on every route of a vast network, let us turn now to an entirely different area in which the laboratory has had to operate in order to make the service possible.

Between the big cities, with their large volume of social and business intercourse involving telephony, the problem is relatively simple once the transmission problem is solved. Here the amount of traffic is sufficient to justify groups of direct trunk circuits used exclusively for terminating business, and inter-city business over them is handled somewhat like business between two central offices in the same city. It would, however, be most unsatisfactory to the public to have one grade of expeditious service between big cities and an entirely different and inferior service everywhere else. Just what is involved in assuring to a subscriber in Eastport, Maine, wishing to talk to San Juan Capistrano, California, or to one in Red Wing, Minnesota, wishing to talk to Biloxi, that each will receive substantially the same kind of service he would obtain on a call from New York to San Francisco?

Obviously, no matter how cheap the transmission channels might be—even if they cost nothing—it would be impossible to provide direct circuits between every pair of central offices. One call in a lifetime, if any, would be the measure of usage over most of the circuits and yet the telephone company must be prepared to give that call instantaneously on demand, if it is made.

What the telephone company can and does provide are sufficient circuits from all offices, however small, to their nearest toll centers, and of proper transmission characteristics to handle all the local and long-distance service that may be offered. What the research laboratory has to cope with, therefore, is the problem of creating mechanism for connecting circuits together instantaneously on demand and, in addition, to make it so cheap and reliable and so adequate from a supervisory standpoint that it too can be installed in profusion without killing cost or without unnecessary drag on the use of circuits. On many of the odd connections that are asked for, a half dozen or more switches are required and yet the connections are established while the calling party remains at the telephone and the resulting circuit between the distant telephones is a good speech channel.

This problem is so vast and intricate that it could not possibly be solved except through the mechanism of thoroughly organized industrial research. Its ramifications have led us into practically every nook and cranny of fundamental physical science and to the development of inanimate devices which have truly human intelligence.

The story of transoceanic radio telephony by which the great wire networks of separated continents are connected together; of radio broadcasting; of communication to ships and aeroplanes; of modern message telegraphy and phototelegraphy and their operation simultaneously with telephony, and a host of other adventures in electrical communication all present much the same picture of a powerful method in operation.

Nor is the end of the road in sight, since each step forward makes possible many other steps in the same direction if we have but the desire, will, and intelligence to take them. In this field what men of imagination fifty years ago envisioned largely as an act of faith, viz., a world-wide telephone system so complete, adequate, and cheap as to offer no substantial bar to full and free intercourse, now seems positively and certainly attainable.

As mentioned earlier, similar stories can be told of every field where organized industrial research has been introduced into applied science. In conclusion, all I would say is that the research laboratory, if not the most potent source of progress in industry, is certainly one of the most potent. If proof of this is still wanting, just picture to yourselves what would happen to applied science industries if the contributions of the laboratory during the past two decades were to be suddenly withdrawn. Many of them would vanish and all would shrivel to crude affairs measured by present-day standards. Untold thousands of those now gainfully employed would be added to those without work and the public would be deprived of goods and services which we have come to consider necessities rather than novelties or luxuries.

(Applause.)

The Chairman: All of us are acutely conscious these days of international problems. We feel a need for information on, and an interpretation of, the facts and forces which may be expected to influence the future. I know that the next topic, as well as the speaker, has so keenly aroused your interest that you will brook no delay on my part in introducing Mr. James G. McDonald, President of The Brooklyn Institute of Arts and Sciences, Honorary Chairman of the Foreign Policy Association, and former member of the editorial staff of The New York Times. I shall, therefore, content myself with mentioning the distinguished services rendered by Mr. McDonald in the cause of international peace and good will when he held the post of League of Nations High Commissioner for German Refugees, from 1933 to 1935. For his work in the evacuation of political refugees from Germany, Mr. McDonald has been honored by the Queen of the Netherlands and has been awarded the Albert Einstein Medal for Humanitarian Service.

It is with great pleasure that I present Mr. McDonald, who will speak on "After Hitler's Triumph—What?" Mr. McDonald! (Applause.)

AFTER HITLER'S TRIUMPH—WHAT?

Mr. James G. McDonald then spoke as follows:

Mr. Chairman, Ladies, and Gentlemen:

After Mr. Jewett's scientific presentation, it might seem almost as though we were degenerating into the realm of prophecy, judging from this title of mine.

I had a special interest in Mr. Jewett's talk, because one of my oldest and best friends is one of the research men in his laboratory. He was studying physics at Harvard while I was trying to learn something about international relations and politics. I am sorry to have to admit that in the twenty years since then his field has gone forward and learned many things, and has accomplished much, while my field seemingly has learned nothing, and what it has accomplished can be more than counterbalanced by what it has failed to accomplish.

My title, "After Hitler's Triumph—What?", is misleading because I am not going to tell you "what," after Mr. Hitler's triumph. I am going merely to suggest to you what seem to me to be some of the elements in that problem and then ask you to continue to watch the headlines for the answer.

Any estimate of today's international situation or the probabilities of tomorrow's developments must now begin with Munich. In the first place, one must admit, whether he likes it or not, the essential elements in that Munich settlement. They are very simple and perfectly clear.

Hitler won, at Munich, as complete a victory as he could have imposed upon a defeated foe at the end of a long and victorious war. That is the plain truth. I know there have been very skillful writers who have sought to show that Hitler was somehow defeated at Munich, but there is nothing in it. Hitler won completely, without firing a shot, the kind of a victory which we have seen in modern times only at the end of a costly struggle. It was a victory over Czechoslovakia, which remains dismembered; it was a victory over Great Britain, whose Prime Minister was forced to do the errands of the German dictator; it was a victory over France because Daladier, the President of the French Council, was forced to join Chamberlain in the humiliating task of requiring that an ally should accept dismemberment; it was a victory over Soviet Russia.

Some of you may say that is wholly good, and yet I remind you that one of the most intelligent European statesmen recently said in private at a small luncheon when I was still in that position of great honor, on the editorial staff of The New York Times, "So long as the Franco-Russian Alliance holds, there is no danger of war in Europe. Once that Alliance between democratic France and Soviet Russia is destroyed, Germany is free to do what it will in Eastern Europe." Hitler destroyed that Alliance at Munich for good or ill.

The principle of collective security, the chances for disarmament, security of small states, were all defeated at Munich. The League of Nations in session, the Assembly meeting at Geneva, was proved again impotent, able merely to stand by and watch the destruction of the foundation on which the League rests. And finally, world public opinion, too, was defeated. Almost universally the world sympathized with Czechoslovakia and it didn't mean a thing. Hitler won. Those are the facts. Now, why? How did it happen that Hitler did it?

His methods were two-fold. The first has been so much in the headlines that one need merely refer to it: The threat of war. There is no doubt that he made very clear to Chamberlain and to Daladier that if Czechoslovakia did not yield, or was not forced to yield by the pressure of its friends, there would be war. But there was a second method, a second threat, which I, myself, think was more influential in forcing Chamberlain and Daladier to yield than the mere threat of war. I wasn't at Berchtesgaden or Godesberg or Munich, but I suspect that Hitler talked to Chamberlain somewhat like this, after having presented the threat of war. I can imagine him saying to the British Prime Minister, "If war comes, there can be only two results; either Germany wins, which would be bad for Britain and France, or Germany loses, which will be worse for Britain and France."

That may seem like a *non sequitur* but its argument was telling. What Hitler meant was this, that if Germany were defeated by a combination of Britain, France, and Soviet Russia, the sole victor might be Communism and Stalin the residuary legatee of a Europe in chaos.

Personally, I don't accept that as sound, but I am almost certain that Daladier and Chamberlain thought the probabilities were such that they preferred not to take the risk.

This was no new threat. Germany, in private, not merely through its politicians but through its economic leaders, has been saying to the conservatives in Great Britain and France, and in this country, that should Germany again be surrounded by a group of powers and defeated in war, the Germans would tear down the pillars of the temple of European civilization. But beyond these threats, the threat of war and the threat of a Communism dominant in Europe, were, of course, certain fundamental factors which made Hitler's success possible. The first was the fact that the Czechoslovakian settlement was the product of war, the product of a peace treaty imposed by force, maintained over a period of two decades by statesmen who never did anything in time. You could sum up the whole history of the post-war period in a single phrase: "Nothing ever done adequately in time." That is the whole story.

Following the war, the victors could have done one of two things: Either they could have said to themselves, "Germany will be kept in its place by force," or they could have said, "We must live at peace with Germany and, therefore, we shall follow consistently and intelligently a policy of conciliation," and have had a chance, at any rate, of bringing Germany back into an integrated and peaceful Europe. They did neither. And, of course, the United States is not without blame because we took our toys and came on home, and left a peace settlement, which was premised upon our active co-operation, to go to ruins.

Czechoslovakia, then, was a product of war, and as soon as Germany was strong enough it used force to destroy that product which was a creation of force, and the Czechs, being human, were acting like human beings and did not make the concessions in time to the German minority to reconcile them finally to Czech rule.

Moreover, in France and Britain during recent years, there has been a growing feeling among the conservatives that Germany must be permitted to expand somewhere. Therefore, better permit her to expand eastward, better risk a defeat of Russia at the hands of Germany than a Germany enraged to the point where, as I suggested earlier, it might bring the whole of Europe to ruins.

Hitler knew, then, that there was this strong body of conservative opinion in France and Britain fully prepared to sacrifice Czechoslovakia up to a limit, not as far as actually happened perhaps, but up to a limit in order to maintain peace. And, besides, there was in all the European countries—Germany as well as Britain and France—the overwhelming desire for peace.

But there was this difference between the situation in Germany and the allied countries—in Germany the peace sentiment could not be voiced. It was without effect upon shaping the policy of Hitler. But in France and Britain, the peace sentiment was voiced everywhere. It profoundly influenced Chamberlain and Daladier. They could not avoid feeling it. And we in America are in no position to jibe at the British and the French for that peace sentiment. After all, as Andre Siegfried said in the very midst of the crisis in a private conversation, France cannot bear another war in one generation. And the British had suffered so in the last war that they could not bear it either.

The measure of their suffering was brought home to me some years ago by an Englishman of my own generation who said, "There is not alive today a single one of my friends of my generation, not one."

Britain and France were desperately anxious to avoid the slaughter, within this generation, involved in a new war. The Germans were just as anxious, but Hitler didn't have to take any account of that desire.

Quite aside from these considerations, one cannot understand Hitler's victory without having a better appraisal of the man than is common in the minds of most of us. At the risk of being misunderstood, I want, for a few minutes, to give you some of the elements of strength which I think inhere in that terrible personality.

I first saw Hitler at work in the fall of 1923, when I happened to live in the same hotel with him for a couple of weeks. I saw him at work again in the spring of 1933, at the time I interviewed him. I saw him repeatedly at work in subsequent trips to Germany. And, for two years and a quarter, I spent my time doing what little I could to bind up the wounds of the victims of an unspeakable tyranny and oppression.

So in what I say about the elements of strength in this man there is nothing of admiration for him, but there is no use thinking of a man as weak merely because you don't like him. That is a very dangerous attitude in international politics, and I imagine it would be even in the competitive field of insurance.

Hitler is a fanatic, and he has all the elements of strength of fanaticism. But he is a fanatic who has always managed to stop just short of disaster. Therefore, he is much more than a fanatic. He is a mystic; that is, he doesn't reason things out; he has no part or parcel of the sort of laboratory method to which Mr. Jewett was referring. He gets his hunches; he dreams; he communes with forces outside himself. And yet he never rides those hunches to the point of disaster. His fanaticism and his mysticism give him a great internal strength, a sense of complete assurance in time of crisis.

He is also a great organizer—I think one of the greatest organizers in the world today. How else could he have done what he has done in fifteen years? Who was he in 1923? He was one of millions of forgotten, insignificant, utterly powerless German ex-soldiers—that is all, one. A corporal, gassed, forgotten.

In ten years, he built up an organization which took over the government of Germany. In the five years and more since he became Chancellor, he has won victory after victory over the greatest powers in the world and over the combination of those powers. Organizing capacity he has, both from the point of view of the mass of Germans and from the point of view of keeping peace, if not harmony, among the Nazi leaders.

He has, too, that extraordinary capacity of knowing just how far he can go—the perfect gambler, willing to take the utmost chance, but always stopping just short of disaster. And with all of those qualities, he has the thing that makes everything else possible, an uncanny sense of timing, of knowing when to take this last desperate chance. And the measure of the man lies in the fact that repeatedly—when he entered the Rhineland, when he conquered Austria, when he forced the issue on Czechoslovakia—he went counter to the advice of his technical supporters, counter to the advice of the Foreign Office, and against the judgment of his own general staff. That is the kind of man he is, and don't let anybody tell you that he is a sort of a dummy pulled about by forces back of the screen. It isn't true.

He was the real answer to the victory at Munich, and when Chamberlain went to Berchtesgaden assuming that he could reason with this man, he made a fundamental mistake. Hitler did no reasoning. He *told* Chamberlain, and Chamberlain did Hitler's bidding.

Well now, what next? I don't know. Many things have happened since Munich. For one thing, Czechoslovakia has done the only thing which it could do. It has scrapped its democracy. Benes is in exile. His friends are out of office. Czechoslovakia is to all intents and purposes a part of the Reich economically. As it is, Germany is even stronger than if it had overrun and incorporated Czechoslovakia in the Reich itself. Great Britain has learned that Chamberlain's gift to Hitler has been answered by new attacks upon Great Britain's position in all parts of the world.

This afternoon's paper carries a streaming headline, "Italy Ready to March on France." Well, it doesn't mean war tomorrow. It simply means that Italy now feels strong enough to indicate to France that sooner or later France must make fundamental concessions to Italy in North Africa, or else there will be the danger of war.

And Germany turns to Britain and says, "Sooner or later, perhaps sooner, we must have our colonies back." In other words, there is not the slightest indication that Germany has been satisfied by its gains at Munich, not the slightest proof that the appetite has been appeased. On the contrary, there is excellent proof that the appetite has merely been whetted by what it has fed upon. If one needed any better indication, he could cite the unspeakable and indescribable attitude of the Reich following the murder of a Third Secretary in the Paris German Embassy by a half-crazed boy of 16 or 18, whose parents had been expelled from Germany under conditions which risked their lives—penalizing a whole people, who had no responsibility, by a fine of $400,000,000, penalizing them by depriving them of the last basis of their economic subsistence, and announcing unofficially, but nonetheless clearly, that if a so-called Jewish gun, or one purchased with Jewish money, should attack a single high Nazi official, death will be the penalty paid by all the 450 or 500 thousand Jews in Germany. That attitude of the Reich has taken off the mask, has enabled all the world to see the kind of standards and ethics and principles which these men intend to practice.

No wonder, then, that when Chamberlain came back from Munich he was a much wiser man than when he went. You remember that when Chamberlain came back he made a speech in the House of Commons in which, in effect, he said, "I have brought back peace with honor." But when you are reading the public addresses of statesmen, it is important to read between the lines. The significant matter in Chamberlain's speech was not that about peace with honor. It was the closing paragraphs in which he said, "Britain must rearm more rapidly and more effectively than ever before. We must strengthen those weak spots in our defenses which were disclosed by the crisis of recent weeks."

Chamberlain's real estimate of the peace which he made at Munich is the speed with which Britain is seeking to overcome the armament handicaps under which it then suffered. In short, the prospect after Munich is a prospect grim and terrible.

Last night, on the Town Hall program on the air, I heard Mr. Van Zeeland speak about his plan for economic appeasement and the discussion that followed. But the crux of the matter Van Zeeland, himself, admitted, when he said that the eleven months which had passed since his plan was proposed had immeasurably worsened the situation, and he, in effect, admitted that it had weakened the prospect of any success of any program of international economic conciliation, for the world today has seen that force in the last analysis is all that matters in Europe, all that matters in the Far East—and therefore, every great country, including our own, is straining its resources to the utmost to be ready.

My former colleague, Mr. Arthur Krock, who writes so brilliantly on the editorial page of The New York Times, has been speaking about President Roosevelt's rearmament program as the Fourth New Deal. He implies a little that the President is glad of this opportunity to find a new way to spend large amounts of money. Well, I take sides neither with Mr. Krock nor with the President, but this is certain: the responsible people in the United States, charged with the defense of this country, are convinced that we must do more than we have ever done before, more than was ever seriously contemplated, if the United States and South and Central America are to be free from attack. In short, the aftermath of Munich has not been peace; it has been ever more feverish preparations for a gigantic and indescribable destruction.

And where does it leave us in the United States? Our policy is fairly clear: First, rearmament to the point where we can defend ourselves, our interests, and South and Central America. That is a huge problem, involving billions of expenditure, and yet one can't be sure that it is enough. In the second place, there is the "good neighbor" policy which Mr. Cordell Hull has so brillantly, so tenaciously, and with such character been able to advance. Good as far as it goes, it will be moved a step forward at Lima within the next few weeks.

Then, too, there is Mr. Hull's free trade policy—I'm sorry, I will be speaking like the Tribune, if I call it "free trade policy" (laughter)—not free trade, but his reciprocal trade arrangements, a sane move in an almost insane world, and yet of only limited application, only a small dent against an overwhelming tendency of each nation to live unto itself in its worship of the principle of autarchy and economic self-sufficiency.

Now that, as I see it, is as far as our government sees ahead—rearmament, "good neighbor" policy, the Hull trade treaties, and, of course, the maintenance, as far as we can, of certain American rights in the Far East. But one wonders whether this is sufficient. One may reasonably ask whether this is all that the United States can do or shall do to carry its full weight in this attempt to stave off new war.

I don't know the answer, but I have a sort of hunch that these things are not in themselves sufficient; that unless the United States, cooperating with other great powers, manages to rebuild the institutions of peace, to strengthen them beyond what they were even at the most hopeful moments after the War, unless we can erect new and firmer dikes against the forces leading to war, then my children and your children will again be faced with the kind of challenge which faced us in 1915 to 1917.

I know there are some people who say that it doesn't matter, because we have learned a lot and we will not again be drawn into a European struggle. We know that it only means failure, loss of money, lives, and the rest. And yet I wonder if we can be quite sure about it. I wonder whether if the new conflict came, if the division of forces were somewhat akin to what it was in 1914 to 1917, and if at the end of two or three years, or sooner, it seemed as if France and Great Britain were desperately threatened, if we would stay out? Perhaps, but it is by no means sure.

So I think—though I don't speak with authority and I put it forward with diffidence—that the United States will not have made its full contribution towards increasing those slender chances of avoiding the unspeakable tragedy of a new world war, with all of the scientific advantages which Mr. Jewett and his colleagues in the scientific laboratories are creating for the possibilities of destruction, the United States will not have played its full role, unless we contribute intelligently and cooperatively and courageously toward rebuilding some system of sane and peaceful relations among the nations.

(Applause.)

THE CHAIRMAN: Mr. McDonald, we thoroughly enjoyed your very, very interesting talk, and are indebted to you for coming to us. (Applause.)

I shall now ask for the report of the Resolutions Committee by its Chairman, Mr. E. E. Rhodes.

MR. E. E. RHODES: The Committee on Resolutions presents three resolutions, as follows:

I

RESOLVED, That this Convention is grateful to the several speakers for their contributions to the success of the meeting. Representing widely varied fields of human endeavor, their messages have portrayed a common interest in America's human values. The Manager is directed to cause the several addresses to be reproduced in the Proceedings of this Convention.

II

RESOLVED, That the grateful thanks of this Convention be extended to our Chairman, who, by his inspiring leadership, has importantly contributed to the success of this Convention.

III

RESOLVED, That the gratitude of the Convention be expressed to the Manager and his associates for arranging the distinctive program of this Annual Meeting and for their successful administration of the Association's activities during the year.

(Mr. Rhodes moved the adoption of the resolutions. The motion was duly seconded and unanimously carried.)

THE CHAIRMAN: I wish to say to all of you that I have thoroughly enjoyed serving as your Chairman. The meeting is adjourned.

(The Thirty-second Annual Convention thereupon adjourned at 4:10 o'clock, *sine die.*)

ATTENDANCE OF MEMBERS AND GUESTS AS SHOWN BY THE REGISTRATION LIST

REPRESENTATIVES OF LIFE INSURANCE COMPANIES

Acacia Mutual Life Insurance Company, Washington, D. C.:
William Montgomery, President.
Howard W. Kacy, Vice-President and General Counsel.

Ætna Life Insurance Company, Hartford, Conn.:
Morgan B. Brainard, President.
Seaborn T. Whatley, Vice-President.
R. H. Keffer, General Agent, New York.
Albert E. Mielenz, General Agent, Milwaukee, Wis.

American United Life Insurance Company, Indianapolis, Ind.:
Herbert M. Woollen, President.
Harry R. Wilson, Vice-President in Charge of Reinsurance.
Harry V. Wade, Vice-President in Charge of Operations.
Wendell P. Coler, Actuary.

Bankers Life Company, Des Moines, Iowa.:
Gerard S. Nollen, President.
William W. Jaeger, Vice-President.
Edmund M. McConney, Vice-President and Actuary.
J. S. Corley, Assistant Treasurer.

Bankers Life Insurance Company of Nebraska, Lincoln, Nebr.:
Hon. C. Petrus Peterson, General Counsel.
George B. Cook, Manager, Bond Department.

Berkshire Life Insurance Company, Pittsfield, Mass.:
Frederic H. Rhodes, President.
John Barker, Vice-President and General Counsel.
Harrison L. Amber, Vice-President.
Walter A. Paxton, Treasurer.

Boston Mutual Life Insurance Company, Boston, Mass.:
Jay R. Benton, President.

Business Men's Assurance Company, Kansas City, Mo.:
William T. Grant, President.

California-Western States Life Insurance Company, Sacramento, Calif.:
O. J. Lacy, President.

The Canada Life Assurance Company, Toronto, Ont., Canada:
Hon. Leighton McCarthy, K.C., Chairman of the Board.
A. N. Mitchell, President.
William Hastie, General Manager.
W. J. Beattie, Assistant to the President.

Central States Life Insurance Company, St. Louis, Mo.:
Alfred Fairbank, President.

The Colonial Life Insurance Company of America, Jersey City, N. J.:
Hon. Ernest J. Heppenheimer, President.
Charles F. Nettleship, First Vice-President.
John Yarrick, Secretary and Assistant Actuary.
Eliphalet C. Wise, Treasurer.
Albert S. Irving, M.D., Medical Director.
Eustace B. Griffith, Assistant Secretary.
Charles F. Nettleship, Jr., Assistant Secretary.
Richard B. Evans, Assistant Secretary.
Gilbert E. Ault, Assistant Actuary.
Donald K. Mackenzie, Assistant Manager, Bond Department.
James J. Raidy, Assistant Manager, Claim Department.

The Columbia Life Insurance Company, Cincinnati, Ohio:
Frank B. Cross, Jr., President.
John R. Schindel, General Counsel.

The Columbian National Life Insurance Company, Boston, Mass.:
Francis P. Sears, President.

Columbus Mutual Life Insurance Company, Columbus, Ohio:
Carl Mitcheltree, Vice-President and Secretary.

Confederation Life Association, Toronto, Ont., Canada:
Charles S. Macdonald, President.
V. R. Smith, A.A.S., A.I.A., General Manager.
Charles D. Devlin, General Superintendent of Agencies.

Connecticut General Life Insurance Company, Hartford, Conn.:
Frazar B. Wilde, President.
John M. Laird, Vice-President and Secretary.
F. Hobert Haviland, Vice-President.

The Connecticut Mutual Life Insurance Company, Hartford, Conn.:
James Lee Loomis, President.
Peter M. Fraser, Vice-President.
Harold F. Larkin, Vice-President.
Henry I. B. Rice, Vice-President and Actuary.
Harold N. Chandler, Second Vice-President.
William P. Barber, Jr., Secretary.
Albert M. Hills, Assistant Secretary.
Frederick J. Eberle, Assistant Secretary.
H. Martin Tenney, Supervisor of City Loans.
W. L. Boyce, General Agent, New York.
Walter S. Buck, General Agent, Scranton, Pa.
Harry F. Gray, General Agent, New York.

Conservative Life Insurance Company of America, South Bend, Ind.:
A. S. Burkart, Vice-President and General Manager.
Carlton H. Menge, Actuary.

Continental American Life Insurance Company, Wilmington, Del.:
Adolph A. Rydgren, President.
Daniel E. Jones, Vice-President and Secretary.
W. M. Rothaermel, Vice-President.

Continental Life Insurance Company, Inc., Washington, D. C.:
J. Rozier Biggs, M.D., Vice-President and Medical Director.

CONTINENTAL ASSURANCE COMPANY, Chicago, Ill.:

Herman A. Behrens, President.
Roy E. Lounsbury, Assistant Superintendent of Agencies, New York.

EMPIRE LIFE INSURANCE COMPANY, Kingston, Ont., Canada:

Charles P. Fell, President.

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES, New York:

Thomas I. Parkinson, President.
William J. Graham, Vice-President.
Ray D. Murphy, Vice-President and Actuary.
Frank L. Jones, Vice-President.
Andrew E. Tuck, Vice-President.
William B. Parsons, Vice-President.
Glenn McHugh, Second Vice-President.
Albert G. Borden, Second Vice-President.
Charles J. Martin, Second Vice-President.
Robert M. Daley, M.D., Medical Director.
Alexander McNeill, Secretary.
Moncure March, Attorney.
W. C. Mansfield, Manager, New York City Real Estate.
H. A. Yoars, Manager, Mortgage Loan Department.
B. W. Antell, Personnel Director.
Robert J. Sterrett, Public Relations.
Lew R. Palmer, Conservation Engineer.
J. J. Halleran, Assistant to C. J. Martin, Second Vice-President.
William M. Duff, President and Manager, The Edward A. Woods Company, Pittsburgh, Pa.
M. J. Donnelly, Director, The Edward A. Woods Company, Pittsburgh, Pa.
Philip B. Hobbs, Agency Manager, Chicago, Ill.
Theodore M. Riehle, C.L.U., Agency Manager, New York.

EQUITABLE LIFE INSURANCE COMPANY OF IOWA, Des Moines, Iowa:

Henry S. Nollen, President.
S. A. Swisher, Jr., Agency Vice-President.

EUREKA-MARYLAND ASSURANCE CORPORATION, Baltimore, Md.:

Jacob S. New, Vice-President and General Counsel.

FARMERS AND BANKERS LIFE INSURANCE COMPANY, Wichita, Kans.:

Hon. Herbert K. Lindsley, President.

FARMERS AND TRADERS LIFE INSURANCE COMPANY, Syracuse, N. Y.:

James Hall, Agency Supervisor.

FEDERAL LIFE INSURANCE COMPANY, Chicago, Ill.:

Hon. Isaac Miller Hamilton, President.
L. D. Cavanaugh, Executive Vice-President and Actuary.

THE FIDELITY MUTUAL LIFE INSURANCE COMPANY, Philadelphia, Pa.:

Walter LeMar Talbot, President.
George H. Wilson, Vice-President and General Counsel.

THE FRANKLIN LIFE INSURANCE COMPANY, Springfield, Ill.:

Alvin O. Merriam, Vice-President.

GENERAL AMERICAN LIFE INSURANCE COMPANY, St. Louis, Mo.:

Allen May, General Solicitor.

George Washington Life Insurance Company, Charleston, W. Va.:
L. W. James, President.
Thomas W. James, Vice-President.

Girard Life Insurance Company, Philadelphia, Pa.:
George A. Adsit, Vice-President.

Great Northern Life Insurance Company, Milwaukee, Wis.:
C. O. Pauley, Secretary.

The Great-West Life Assurance Company, Winnipeg, Man., Canada:
A. J. D. Morgan, Assistant General Manager.

The Guardian Life Insurance Company of America, New York:
Carl Heye, President.
James A McLain, Vice-President.
Rudolph C. Neuendorffer, Secretary.
Frank F. Weidenborner, Jr., Superintendent of Agencies.
George L. Mendes, Assistant Superintendent of Agencies.
James Elton Bragg, Manager, New York.

Home Friendly Insurance Company of Maryland, Baltimore, Md.:
Charles H. Taylor, President.

Home Life Insurance Company, New York:
Ethelbert Ide Low, Chairman of the Board.
James A. Fulton, President.
William J. Cameron, Vice-President and Actuary.
William S. Gaylord, Vice-President and Secretary.
Leigh S. Cruess, Underwriting Vice-President.
Cecil C. Fulton, Jr., Agency Vice-President.
George E. Woodford, M.D., Medical Director.
Chester F. S. Whitney, Consulting Medical Director.
Benjamin R. C. Low, General Counsel.
William P. Worthington, Superintendent of Agencies.
Graham R. Holly, Superintendent of Mortgage Department.
George N. Emory, Financial Secretary.
J. Finlay Allen, Assistant Secretary.
John B. Neil, Assistant Financial Secretary.
Owen C. Lincoln, Assistant Actuary.
James H. Humphries, M.D., Assistant Medical Director.
Alan B. Doran, Assistant Superintendent of Agencies.
Eugene C. Kelly, Jr., Assistant Superintendent of Agencies.
John H. Evans, Assistant Superintendent of Agencies.
Frederick W. Kensing, Cashier.
Herbert N. Sheppard, Consultant.
Joseph E. Lockwood, General Agent, Philadelphia, Pa.

Home Security Life Insurance Company, Durham, N. C.:
Bascom Baynes, Executive Vice-President.

The Imperial Life Assurance Company of Canada, Toronto, Ont., Canada:
G. Cecil Moore, A.I.A., General Manager.
John G. Parker, B.A., F.I.A., F.A.S., General Manager and Actuary.
G. Graham Morrow, Solicitor.

Imperial Life Insurance Company, Asheville, N. C.:
Gay Green, President.
O. E. Starnes, Vice-President.
J. Warlick, Treasurer.

THE INDEPENDENT LIFE INSURANCE COMPANY, Baltimore, Md.:
Charles M. Balder, President.

INDIANAPOLIS LIFE INSURANCE COMPANY, Indianapolis, Ind.:
Edward B. Raub, President and General Counsel.

INDUSTRIAL LIFE INSURANCE COMPANY, Philadelphia, Pa.:
George J. Edwards, Jr., President.

JEFFERSON STANDARD LIFE INSURANCE COMPANY, Greensboro, N. C.:
Julian Price, President.
C. Elmer Leak, Vice-President.
Joseph M. Bryan, Vice-President.
Ralph C. Price, Vice-President.
Ralph B. Coit, Actuary.
William A. Blair, Director, Winston-Salem, N. C.
W. H. Andrews, Jr., Manager, Home Office Agency.

JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY, Boston, Mass.:
Hon. Guy W. Cox, President.
Charles J. Diman, Vice-President and Secretary.
Hon. Byron K. Elliott, Vice-President and General Counsel.
Paul F. Clark, Vice-President.
J. Harry Wood, Manager of General Agencies.
Maurice H. Stearns, General Agent, Providence, R. I.
John A. Witherspoon, General Agent, Nashville, Tenn.

KANSAS CITY LIFE INSURANCE COMPANY, Kansas City, Mo.:
W. E. Bixby, Executive Vice-President.

THE KNIGHTS LIFE INSURANCE COMPANY OF AMERICA, Pittsburgh, Pa.:
Joseph H. Reiman, President.

THE LAMAR LIFE INSURANCE COMPANY, Jackson, Miss.:
W. Calvin Wells, Vice-President and General Counsel.

LIBERTY NATIONAL LIFE INSURANCE COMPANY, Birmingham, Ala.:
Ralph W. Beeson, Secretary.

LIFE AND CASUALTY INSURANCE COMPANY, Nashville, Tenn.:
P. M. Estes, General Counsel.

THE LIFE INSURANCE COMPANY OF VIRGINIA, Richmond, Va.:
Bradford H. Walker, President.
A. Carlton McKenney, First Vice-President.
Robert E. Henley, Vice-President and General Counsel.
I. T. Townsend, Vice-President.
E. A. Crawford, Assistant Vice-President.
Charles T. Rogerson, Assistant Secretary.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY, Fort Wayne, Ind.:
Arthur F. Hall, President.
Alva J. McAndless, Executive Vice-President.
L. J. Kalmbach, Second Vice-President.

LOYAL PROTECTIVE LIFE INSURANCE COMPANY, Boston, Mass.:
John M. Powell, President and Actuary.

THE MANHATTAN LIFE INSURANCE COMPANY, New York:
Frank D. Kirven, Vice-President.
J. P. Fordyce, Vice-President and Director of Agencies.
Thomas E. Lovejoy, Jr., Treasurer.
Vincent W. Edmondson, Superintendent of Field Service.

MARYLAND LIFE INSURANCE COMPANY, Baltimore, Md.:
Douglas H. Rose, President.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, Springfield, Mass.:
Bertrand J. Perry, President.
Alexander T. Maclean, Vice-President.
Joseph C. Behan, Vice-President.
William A. Rawlings, Vice-President.
Chester O. Fischer, Vice-President.
Hon. Wesley E. Monk, General Counsel.
Ralph A. Armstrong, Attorney.
John F. Handy, Associate Counsel.
Lawrence E. Simon, Manager, New York.
Donald Keene, General Agent, New York.
George E. Lackey, General Agent, Detroit, Mich.

METROPOLITAN LIFE INSURANCE COMPANY, New York:
Frederick H. Ecker, Chairman of the Board.
Leroy A. Lincoln, President.
Frederick W. Ecker, Vice-President.
James D. Craig, Vice-President.
James E. Kavanagh, Vice-President.
James P. Bradley, Secretary.
Charles G. Taylor, Jr., Second Vice-President.
Samuel Milligan, Second Vice-President.
Horace R. Bassford, Actuary.
Frederic G. Dunham, General Counsel.
Harry Cole Bates, General Counsel.
James L. Madden, Third Vice-President.
Louis I. Dublin, Ph.D., Third Vice-President and Statistician.
Prof. William A. Berridge, Economist.
T. B. Graham, Assistant Secretary.
Edward M. Keys, Assistant Secretary.
Earl O. Dunlap, Assistant Actuary.
George P. Robb, M.D., Assistant Medical Director.
Joseph C. Horan, M.D., Assistant Medical Director.

THE MIDLAND MUTUAL LIFE INSURANCE COMPANY, Columbus, Ohio:
George W. Steinman, President.

THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY, St. Paul, Minn.:
T. A. Phillips, President.

MONUMENTAL LIFE INSURANCE COMPANY, Baltimore, Md.:
Charles Ruzicka, Lawyer.

THE MUTUAL BENEFIT LIFE INSURANCE COMPANY, Newark, N. J.:
John R. Hardin, President.
Edward E. Rhodes, Vice-President.
John S. Thompson, Vice-President and Mathematician.
Oliver Thurman, Vice-President.
William R. Ward, M.D., Medical Director.
Floyd Zukswert, Comptroller.
Charles E. Brewer, Assistant Secretary.
James F. Sisserson, Assistant Secretary.
Ira S. Hoddinott, Assistant Treasurer.
Homer J. Diefendorf, Assistant Treasurer.
Alfred J. Riley, Underwriting Executive.
J. Lawrence Boggs, Supervisor of Claims.
Rowland Fisher Mellor, Agent, New York.

THE MUTUAL INSURANCE COMPANY OF RICHMOND, VIRGINIA, Richmond, Va.:
Bolling H. Handy, President.

THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA, Waterloo, Ont., Canada:
W. H. Somerville, A.I.A., General Manager.

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, New York:
Hon. David F. Houston, President.
William A. Hutcheson, Vice-President and Actuary.
George A. Patton, Vice-President and Manager of Agencies.
Louis W. Dawson, Vice-President and General Counsel.
Wendell M. Strong, Associate Actuary.
Dr. Eugene F. Russell, Medical Director.
Herbert S. Smith, Legislation and Tax Attorney.
C. L. Griffin, Assistant General Counsel.
R. L. Willis, M.D., Assistant Medical Director.
G. A. Sattem, Superintendent of Agencies.
Roger J. Hull, Assistant Superintendent of Agencies.
F. F. Brandt, Law Department.
H. P. Gallaher, Superintendent, Bureau of Investigation.
J. K. Powell, Real Estate Appraiser.
Julian S. Myrick, Manager, New York.
Harold Lawrence Taylor, Manager, New York.
LeRoy Bowers, Manager, New York.

MUTUAL TRUST LIFE INSURANCE COMPANY, Chicago, Ill.:
L. R. Lunoe, Superintendent of Agencies.

NATIONAL EQUITY LIFE INSURANCE COMPANY, Little Rock, Ark.:
C. E. Lowry, President.

NATIONAL GUARDIAN LIFE INSURANCE COMPANY, Madison, Wis.:
Richard Boissard, Vice-President and Actuary.

THE NATIONAL LIFE AND ACCIDENT INSURANCE COMPANY, Nashville, Tenn.:
C. Runcie Clements, President.
E. B. Stevenson, Jr., Executive Vice-President.
W. H. McBride, Actuary.
Douglas Henry, Associate General Counsel.

NATIONAL LIFE INSURANCE COMPANY, Montpelier, Vt.:
Fred A. Howland, Chairman of the Board.
Elbert S. Brigham, President.
George B. Young, Vice-President and General Counsel.
Henry H. Jackson, Actuary.
W. H. Bender, Jr., General Agent, New York.

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY, Boston, Mass.:
George Willard Smith, President.
Walter Tebbetts, Vice-President.
George L. Hunt, Vice-President.
Harold M. Frost, M.D., Medical Director.
Edward W. Allen, General Agent, New York.
William H. Beers, General Agent, Beers and Dawson, New York.
A. G. Correll, General Agent, Brooklyn, N. Y.
Isadore Freid, General Agent, New York.
Isadore Samuels, General Agent, Denver, Colo.
H. Arthur Schmidt, General Agent, New York.
Wilson Williams, General Agent, New Orleans, La.
Benjamin Ashe, M.D., Chief Examiner, Freid Agency, New York.

New York Life Insurance Company, New York:

Thomas A. Buckner, Chairman of the Board.
Alfred L. Aiken, President.
Walker Buckner, Executive Vice-President.
Wilbur H. Pierson, Vice-President.
William Macfarlane, Vice-President and Actuary.
Hon. George S. Van Schaick, Vice-President.
Robert A. Fraser, M.D., Chief Medical Director.
George A. Kederich, Supervisor of Agencies, Brooklyn, N. Y.

New World Life Insurance Company, Seattle, Wash.:

John J. Cadigan, President.

North American Reassurance Company, New York:

Lawrence M. Cathles, President.
J. Howard Oden, Vice-President.
John W. Thomson, Vice-President and Actuary.

The Northwestern Mutual Life Insurance Company, Milwaukee, Wis.:

Hon. Michael J. Cleary, President.
Edmund Fitzgerald, Vice-President.
Sam T. Swansen, General Counsel.
Shepard E. Barry, Comptroller.
L. J. Evans, Assistant Director of Agencies.
Clifford L. McMillan, General Agent, New York.

Northwestern National Life Insurance Company, Minneapolis, Minn.:

Henry W. Cook, M.D., Vice-President and Medical Director.

Occidental Life Insurance Company, Los Angeles, Calif.:

Lee J. Dougherty, Vice-President and Director, Davenport, Iowa.

Occidental Life Insurance Company, Raleigh, N. C.:

Laurence F. Lee, President.
W. H. Trentman, Vice-President.
C. E. Hyre, Secretary-Treasurer.

The Ohio National Life Insurance Company, Cincinnati, Ohio:

John H. Evans, Vice-President.
Robert B. Sturtevant, Vice-President.
George A. Dieterle, Treasurer.

The Ohio State Life Insurance Company, Columbus, Ohio:

Claris Adams, President.

The Old Line Life Insurance Co. of America, Milwaukee, Wis.:

James H. Daggett, Executive Vice-President.

Pan-American Life Insurance Company, New Orleans, La.:

Eugene J. McGivney, Vice-President and General Counsel.

The Penn Mutual Life Insurance Company, Philadelphia, Pa.:

William H. Kingsley, President.
John A. Stevenson, Executive Vice-President.
Alexander E. Patterson, Vice-President.
Malcolm Adam, Vice-President.
Wallis Boileau, Jr., Second Vice-President.
George R. White, Actuary.
Sidney A. Smith, Secretary.

L. L. Stevens, Assistant Actuary.
Ben Hyde, General Agent, New York.
Holgar J. Johnson, General Agent, Pittsburgh, Pa.
Eric G. Johnson, Associate General Agent, Pittsburgh, Pa.
Charles B. Stumes, General Agent, Chicago, Ill.
Arthur E. Finley, General Agent, Louisville, Ky.
John William Clegg, Agent, Philadelphia, Pa.
Mary F. Barber.

PEOPLES LIFE INSURANCE COMPANY, Washington, D. C.:
J. Rozier Biggs, M.D., Medical Director.

PHILADELPHIA LIFE INSURANCE COMPANY, Philadelphia, Pa.:
Clifton Maloney, President.

PHOENIX MUTUAL LIFE INSURANCE COMPANY, Hartford, Conn.:
Arthur M. Collens, President.
M. Clark Terrill, Vice-President.
Albert H. Yost, Vice-President and Counsel.
D. Gordon Hunter, Vice-President and Agency Manager.

POSTAL LIFE INSURANCE COMPANY, New York:
John E. Diefendorf, Director, Mt. Vernon, N. Y.

PRESBYTERIAN MINISTERS' FUND, Philadelphia, Pa.:
Rev. Alexander Mackie, D.D., President.

PROGRESSIVE LIFE INSURANCE COMPANY, Philadelphia, Pa.:
Elmer R. Deaver, President.

PROTECTIVE LIFE INSURANCE COMPANY, Birmingham, Ala.:
Samuel F. Clabaugh, Chairman of the Board.

PROVIDENT LIFE INSURANCE COMPANY, Bismarck, N. Dak.:
Clarence B. Little, President.

PROVIDENT MUTUAL LIFE INSURANCE COMPANY, Philadelphia, Pa.:
M. Albert Linton, President.
Andrew J. Davis, Vice-President.
Leonard C. Ashton, Vice-President and Secretary.
Edward W. Marshall, Vice-President and Actuary.
F. Phelps Todd, Vice-President and Insurance Supervisor.
Willard K. Wise, Vice-President in Charge of Agencies.
Frank H. Weed, Manager, Mortgage Loan Department.
Sigourney Mellor, Special Representative.
Clinton L. Mellor, Agent.
Edward Mellor, Agent.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, Newark, N. J.:
Franklin D'Olier, President.
Robert H. Bradley, Vice-President.
John P. Mackin, Second Vice-President.
Robert M. Green, Second Vice-President.
George E. Potter, Second Vice-President.
William W. Van Nalts, Secretary.
Clifford W. Brown, Treasurer.
William Sillbereysen, Comptroller.
James H. Guest, Assistant Secretary.
Leslie D. Tasney, Assistant Secretary.

Frank D. Kineke, Assistant Actuary.
Richard L. Riker, Assistant Treasurer.
George E. Merigold, General Attorney.
John A. Amerman, Associate General Solicitor.
Sylvester C. Smith, Jr., Associate General Solicitor.
Bryon D. Ehlers, Assistant Solicitor.
Alexander Query, Attorney.
Arthur E. Schmauder, Attorney.
Harry A. Mitscher, Assistant Comptroller.
Edward L. Whigam, Supervisor, Legal Department.
William A. Smith, Law Librarian.
Ralph K. Lindop, Assistant Manager, Claim Inspection Department.
Conrad V. Dykeman, Oldest (retired) General Agent, Brooklyn, N. Y.

Puritan Life Insurance Company, Providence, R. I.:
Clinton C. White, Secretary and Treasurer.

Reliance Life Insurance Co. of Pittsburgh, Pittsburgh, Pa.:
J. N. Jamison, Executive Vice-President.
L. P. Gregory, Vice-President.
H. T. Burnett, Vice-President.

Scranton Life Insurance Company, Scranton, Pa.:
Walter P. Stevens, President.
Robert Merriman, Vice-President and Actuary.

Security Mutual Life Insurance Company, Binghamton, N. Y.:
Frederick D. Russell, President.

Service Life Insurance Company, Omaha, Nebr.:
John A. Farber, President.

Shenandoah Life Insurance Company, Roanoke, Va.:
Hon. E. Lee Trimble, President.

Southland Life Insurance Company, Dallas, Tex.:
Harry L. Seay, Sr., Chairman of Executive Committee.
A. Morgan Duke, President.

State Farm Life Insurance Company, Bloomington, Ill.:
Adlai H. Rust, President.
Morris G. Fuller, Vice-President.
A. W. Tompkins, Agency Vice-President.

State Mutual Life Assurance Company, Worcester, Mass.:
Chandler Bullock, President.
Stephen Ireland, Vice-President and Superintendent of Agencies.
Irving T. F. Ring, General Counsel.
Elmer L. Beesley, General Agent, Syracuse, N. Y.
Robert L. Jones, General Agent, New York.

Sun Life Assurance Company of Canada, Montreal, Que., Canada:
Arthur B. Wood, F.I.A., F.A.S., President and Managing Director.
E. A. Macnutt, Vice-President and Treasurer.
C. S. V. Branch, Second Vice-President.
George W. Bourke, Actuary.
J. A. Ewing, K.C., Legal Adviser.
J. E. Chandler, Publicity Officer.
James W. Simpson, Superintendent at Large.

Sun Life Insurance Company of America, Baltimore, Md.:
Charles F. Diehl, Chairman, Board of Directors.

THE TRAVELERS INSURANCE COMPANY, Hartford, Conn.:

L. Edmund Zacher, President.
Horatio H. Armstrong, Vice-President.
Benedict D. Flynn, Vice-President and Actuary.
Francis W. Cole, General Counsel.
W. Nelson Bagley, Assistant Actuary.
Lewis M. Robotham, Secretary, Life Department.
Frank L. Grosvenor, M.D., Medical Director.
C. W. Van Beynum, Manager, Publicity Department.
Ralph L. Smith, Assistant Superintendent of Agencies.
R. H. Arthur, Publicity Assistant.
Frank S. Groh, Manager, New York.

THE UNION CENTRAL LIFE INSURANCE COMPANY, Cincinnati, Ohio:

John W. Pattison, Chairman of the Board.
W. Howard Cox, President.

UNION COOPERATIVE INSURANCE ASSOCIATION, Washington, D. C.:

J. Rozier Biggs, M.D., Vice-President and Medical Director.

UNION LABOR LIFE INSURANCE COMPANY, New York:

Edmund P. Tobin, Vice-President and Agency Manager.
Morris Pike, Vice-President and Actuary.
William J. Hope, Assistant to the President.
John B. Lathrop, Assistant Treasurer.
Rudolph Ellis, Assistant Secretary.
Vincent A. Griffin, Accountant.

UNION LIFE INSURANCE COMPANY, INC., Richmond, Va.:

Mrs. Florence H. Lawler, President and Treasurer.

UNION MUTUAL LIFE INSURANCE COMPANY, Portland, Me.:

Sylvan B. Phillips, President.
R. E. Irish, Second Vice-President.

UNITED BENEFIT LIFE INSURANCE COMPANY, Omaha, Nebr.:

C. C. Criss, M.D., President.
Hon. Miles Scheaffer, Secretary.

UNITED LIFE & ACCIDENT INSURANCE COMPANY, Concord, N. H.:

John V. Hanna, President.

THE UNITED STATES LIFE INSURANCE COMPANY, New York:

George M. Selser, Vice-President.
J. Albert Avrack, M.D., Medical Director.
Graham C. Wells, Director and Consultant.
James F. MacGrath, Jr., Field Supervisor.

THE VOLUNTEER STATE LIFE INSURANCE COMPANY, Chattanooga, Tenn.:

Richard H. Kimball, President.

WEST COAST LIFE INSURANCE COMPANY, San Francisco, Calif.:

Francis V. Keesling, President.

WESTERN LIFE INSURANCE COMPANY, Helena, Mont.:

R. B. Richardson, President.

THE WESTERN AND SOUTHERN LIFE INSURANCE COMPANY, Cincinnati, Ohio:

Charles F. Williams, President.
Charles M. Williams, Executive Vice-President.
Hon. William C. Safford, Vice-President.
Joseph O'Meara, Jr., General Counsel.

REPRESENTATIVES OF ORGANIZATIONS

The Actuarial Society of America:
Ray D. Murphy, President, New York.

American Institute of Actuaries:
V. R. Smith, President, Toronto, Ont., Canada.

American Life Convention, Chicago, Ill.:
William T. Grant, President, Kansas City, Mo.
Charles B. Robbins, Manager and General Counsel
Ralph H. Kastner, Associate Counsel.
F. Edward Huston, Secretary and Actuary.

American Service Bureau, Chicago, Ill.:
Lee N. Parker, President.

Association of Casualty and Surety Executives, New York:
F. Robertson Jones, Secretary.

Association of Life Insurance Medical Directors:
Henry W. Cook, M.D., President, Minneapolis, Minn.
Harold M. Frost, M.D., Vice-President, Boston, Mass.

The Canadian Life Insurance Officers Association, Toronto, Ont., Canada:
A. N. Mitchell, President.
R. Leighton Foster, K.C., General Counsel.

Chamber of Commerce of the U. S. of A., Washington, D. C.:
George H. Davis, President.
Terence F. Cunneen, Manager, Insurance Department.
Arthur von Thaden, Assistant Manager, Insurance Department.

Health and Accident Underwriters Conference, Chicago, Ill.:
L. D. Cavanaugh, President.

Home Office Life Underwriters Association:
John M. Laird, President, Hartford, Conn.

The Insurance Federation of Pennsylvania, Inc., Philadelphia, Pa.:
Homer W. Teamer, Secretary-Manager.

Insurance Institute of America, Inc., New York:
E. R. Hardy, Secretary-Treasurer.

Life Extension Institute, Inc., New York:
Harold A. Ley, President.
Hon. James V. Barry, Vice-President and Director of Research.
Harold A. Ley, Jr., Director.
Harry J. Johnson, M.D., Medical Director.

Life Insurance Sales Research Bureau, Hartford, Conn.:
John Marshall Holcombe, Jr., Manager.
Lawrence J. Doolin, Consultant.
Lewis W. S. Chapman, Consultant.

Life Office Management Association, New York:

Harold E. St. Clair, Associate Secretary.
L. R. Woodard, Associate Secretary.
Norman C. Davis, Assistant Secretary.
F. R. Gale.

The Life Underwriters' Association of the City of New York, Inc.:

John M. Hughes, Managing Secretary.

National Association of Insurance Commissioners:

Hon. Frank N. Julian, President, Montgomery, Ala.

The National Association of Life Underwriters:

Holgar J. Johnson, President, Pittsburgh, Pa.
Robert L. Jones, Treasurer, New York.
Roger B. Hull, Managing Director and General Counsel, New York.
Maxwell L. Hoffman, Assistant Managing Director, New York.
William M. Duff, Trustee, Pittsburgh, Pa.
Julian S. Myrick, Trustee, New York.
Isadore Samuels, Trustee, Denver, Colo.
John A. Witherspoon, Trustee, Nashville, Tenn.

The National Board of Fire Underwriters, New York:

Harry K. Schauffler, Assistant Manager.

National Council on Compensation Insurance, New York:

Hon. Clarence W. Hobbs, Special Representative of National Association of Insurance Commissioners.

OFFICIALS OF FEDERAL, STATE, AND FOREIGN GOVERNMENTS

United States—Hon. Wesley E. Disney, Member of the House of Representatives from Oklahoma, Tulsa.

Harry J. Daniels, Chief, Insurance Section, Division of Commercial Laws, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C.
C. R. Matheson, Commercial Agent, Bureau of Foreign and Domestic Commerce, Department of Commerce, Federal Office Bldg., New York.
Peter R. Nehemkis, Jr., Assistant to the Director, Monopoly Study, Securities and Exchange Commission, Washington, D. C.
Ernest Howe, Financial Adviser to the Insurance Study, Securities and Exchange Commission, Washington, D. C.
W. R. Williamson, Actuarial Consultant, Social Security Board, Washington, D. C.

Canada—Hon. James L. Ilsley, K.C., Minister of National Revenue, Dominion of Canada, Ottawa, Ont.

George D. Finlayson, Superintendent of Insurance, Dominion of Canada, Ottawa, Ont.
Douglas S. Cole, Canadian Trade Commissioner, New York.
Georges Lafrance, Superintendent of Insurance, Province of Quebec, Quebec.

Alabama—Hon. Frank N. Julian, Superintendent of Insurance, Montgomery.

Connecticut—Hon. John C. Blackall, Insurance Commissioner; Frederick A. Norton, Chief Examiner, Insurance Department, Hartford.

MAINE—Hon. C. W. Lovejoy, Insurance Commissioner; H. E. Rodgers, Deputy Insurance Commissioner, Augusta.

G. Cony Weston, Executive Council, Augusta.

MASSACHUSETTS—Hon. Charles F. J. Harrington, Commissioner of Insurance; Arthur E. Cleary, Actuary, Insurance Department, Boston.

NEW JERSEY—Alfred N. Guertin, Actuary; Daniel J. Lyons, Chief Assistant Actuary, Department of Banking and Insurance, Trenton.

NEW YORK—Hon. Louis H. Pink, Superintendent of Insurance; J. Donald Whelehan, Deputy Superintendent of Insurance; Dillon F. Broderick, Chief of the Life Bureau; Charles Hughes, Chief of Audit Bureau, Insurance Department, New York; Raymond Harris, Deputy Superintendent of Insurance, Albany.

NORTH CAROLINA—Hon. Dan C. Boney, Insurance Commissioner, Releigh.

PENNSYLVANIA—Hon. Owen B. Hunt, Insurance Commissioner, Harrisburg.

UTAH—Hon. C. Clarence Neslen, Commissioner of Insurance, Salt Lake City.

WASHINGTON—Hon. William A. Sullivan, Insurance Commissioner, Olympia.

NEWSPAPER AND MAGAZINE REPRESENTATIVES

THE ASSOCIATED PRESS, New York:
Charles Harner, Financial Department.

BROOKLYN DAILY EAGLE, Brooklyn, New York:
Albert Leiner, News Department.

CHICAGO JOURNAL OF COMMERCE, Chicago, Ill.:
Edward Beckman, New York Correspondent.

CURTIS PUBLISHING COMPANY, Philadelphia, Pa.:
Fred A. Healy, Vice-President and Advertising Director.
Fred Bremier.

THE HARTFORD TIMES, Hartford, Conn.:
John V. Wightman, Financial Editor.

JEWISH EXAMINER, New York:
Emil Held, Insurance Editor.

THE JOURNAL OF COMMERCE AND COMMERCIAL, New York:
William S. Crawford, Insurance Editor.

NEWSWEEK, New York:
John T. McAllister, Financial Writer.

NEW YORK CITY NEWS ASSOCIATION, New York:
Edmond S. Fish, Reporter.

NEW YORK HERALD TRIBUNE, New York:
Carl V. Cefola, Insurance Reporter.
Paul J. Morgan, Insurance Advertising Department.

THE NEW YORK TIMES, New York:
A. J. Gordon, Reporter.

NEW YORK WORLD-TELEGRAM, New York:
Charles Donnelly, Financial Writer.

REAL ESTATE RECORD, New York:
Thomas Bradley, Associate Editor.

TIME, INC., Chicago, Ill.:
William J. McDonald, New England Manager, Boston, Mass.
Ellis Gladwyn, Representative, New York.

TOPEKA STATE JOURNAL, Topeka, Kans.:
A. L. Shultz, Political Reporter.

UNITED STATES INVESTOR, Boston, Mass.:
D. Roger Kenney, Insurance Editor.

WALL STREET JOURNAL, New York:
Joseph Guilfoyle, Insurance Editor.

REPRESENTATIVES OF INSURANCE TRADE PAPERS

THE ANNALIST, New York—D. W. Ellsworth, Editor.

ALFRED M. BEST COMPANY, INC., New York—Raymond T. Smith, Vice-President.

THE EASTERN UNDERWRITER, New York—Clarence Axman, President and Editor; W. L. Hadley, Vice-President and General Manager; Jerome Philp, Managing Editor; Edwin M. Eager, Associate Editor; Mrs. Annamarie V. Miller, Associate Editor; Paul H. Troth, Jr., Assistant Editor; Miss Gladys P. Read, Secretary; Miss Mildred E. Kenney, Secretary to Managing Editor; Miss Catherine G. Bruen; Miss Adelaide Hastings; Miss Elizabeth McGinty.

FLITCRAFT, INC., Oak Park, Ill.—Stanley G. Flitcraft, President.

INSURANCE ADVOCATE, New York—E. Weston Roberts, Managing Editor.

THE INSURANCE FIELD, New York—William Stedler, Resident Vice-President; E. M. Ackerman, Associate Editor.

THE INSURANCE INDEX, Louisville, Ky.—Barney Pearson, Educational Director.

THE INSURANCE PRESS, New York—Henry D. Chaplin, Vice-President.

THE NATIONAL UNDERWRITER, Chicago, Ill.—Robert B. Mitchell, Associate Editor, New York.

THE SPECTATOR COMPANY, Philadelphia, Pa.—Thomas L. Kane, President; H. W. Barnard, Vice-President, Thomas J. V. Cullen, Editor, Frank Ellington, Assistant Editor, New York.

UNITED STATES REVIEW, Philadelphia, Pa.—R. Rowland Dearden, 3rd, President.

THE WEEKLY UNDERWRITER, New York—L. Alexander Mack, President; Charles F. Howell, Vice-President and Editor; Percy W. Basinger, Secretary; Russell Rhodes, Editor, Fire Insurance Department.

OTHER GUESTS

Albert W. Atwood, Magazine Writer, Washington, D. C.
Frank E. Atwood, Jefferson City, Mo.
Hon. James A. Beha, Attorney, New York.
Alexander O. Benz, President, Aid Association for Lutherans, Appleton, Wis.
William Beye, Vice-President, United States Steel Corporation, Pittsburgh, Pa.
C. L. Biggs, The Maccabees, Detroit, Mich.
Henry V. Bruchholz, Secretary, First National Bank & Trust Company, Minneapolis, Minn.
William Marshall Bullitt, Bruce & Bullitt, Louisville, Ky.
Joseph Button, Secretary-Manager, Stock Company Association, Washington, D. C.
Samuel Castleman, Louisville, Ky.
Dana C. Clarke, Broker, New York.
Hon. Albert Conway, Justice of the Supreme Court of the State of New York, Brooklyn, N. Y.
William M. Corcoran, Consulting Actuary, New York.
William F. Crocker, The John Price Jones Corporation, New York.
Arthur C. Daniels, Fackler & Company, New York.
Hon. Norman H. Davis, American Red Cross, Washington, D. C.
Hon. Francis J. DeCelles, Boston, Mass.
Stanley G. Dickinson, Sales Consultant, Hartford, Conn.
F. E. Downing, M.E., L. J. Wing Manufacturing Company, New York.
Howard P. Dunham, Vice-President, American Surety Company, New York.
Edward B. Fackler, Consulting Actuary, Fackler & Company, New York.
R. E. Fletcher, Chairman of the Board, Recording and Statistical Corporation, New York.
A. R. Fullerton, Insurance Consultant, Brooklyn, N. Y.
Robert S. Garey, Treasurer, United Friends Beneficial Society, Philadelphia, Pa.
Thomas S. Gates, President, University of Pennsylvania, Philadelphia, Pa.
Edward Gray, East Orange, N. J.
V. Evan Gray, K.C., Insurance Counsel, Toronto, Ont., Canada.
Merle R. Griffeth, Dixfield, Me.
Hon. Nelson B. Hadley, New York.
Rupert I. Hall, President, Hall Investment Company, Tulsa, Okla.
Paul Hammond, Paul Hammond Company, New York.
Jack Roberts Hann, President, The Otis Hann Company, Chicago, Ill.
E. J. Hardin, Vice-President, Retail Credit Company, New York.
Hon. Felix Hebert, Providence, R. I.
Dr. Hans Heymann, New York.
Walter C. Hill, President, Retail Credit Company, Atlanta, Ga.
Charles A. Hines, Director, Woodmen of the World Life Insurance Society, Greensboro, N. C.
Robert D. Holran, Fackler & Company, New York.
Ralph K. Hubbard, Yorktown Heights, N. Y.
C. W. Jackson, Consulting Actuary, Woodward & Fondiller, New York.
W. J. Bryan Janisch, Vice-President, James S. Kemper & Company, Chicago, Ill.
Dr. Frank B. Jewett, Vice-President, American Telephone and Telegraph Company; President, Bell Telephone Laboratories, Inc., New York.
James C. Jones, Jones, Hocker, Gladney & Grand, St. Louis, Mo.
James C. Jones, Jr., Jones, Hocker, Gladney & Grand, St. Louis, Mo.
A. L. LaFrentz, President, American Surety Company, New York.
Hugo Lehman, United States Casualty Company, New York.
John E. Little, Actuary and Field Director, The Maccabees, Detroit, Mich.
Malcolm R. Lovell, Director of Sales, Title Guarantee & Trust Company, New York.

H. A. Lyon, President, Lyon, Sturges & Company, Inc., New York.
David McCahan, Dean, American College of Life Underwriters, Philadelphia, Pa.
James G. McDonald, President, The Brooklyn Institute of Arts and Sciences, Brooklyn, N. Y.; Honorary Chairman, Foreign Policy Association, New York.
W. E. McKell, President, New York Casualty Company, New York.
R. C. McManus, Magazine Writer, New York.
James C. Malone, Vice-President, Retail Credit Company, Atlanta, Ga.
Harold L. Martin, New York.
Charles E. Mather, Stagg, Mather & Hough, New York.
C. Ronald Mather, Stagg, Mather & Hough, New York.
P. Mathews, Vice-President, Cleal and Mathews, Inc., Cleveland, Ohio.
John E. Merriam, Vice-President, Central Trust Company, Topeka, Kans.
William Mulheron, New York.
Farrar Newberry, Secretary, Woodmen of the World Life Insurance Society, Omaha, Nebr.
Henry E. Niles, Consultant in Management, Baltimore, Md.
Lawrence Priddy, Jr., The John Price Jones Corporation, New York.
Junius B. Powell, Manager, Bond Department, F. I. DuPont & Company, New York.
Albert Rees, Secretary-Treasurer, Philadelphia Mutual Aid Society of United States, Philadelphia, Pa.
Ralph H. Rice, Kansas City, Mo.
C. A. Roach, Division Sales Manager, Retail Credit Company, New York.
Henry L. Rosenfeld, Paris, France.
Dean Sage, Jr., Sage, Gray, Todd & Sims, New York.
Mrs. A. J. Scott, Richmond, Va.
Orrin G. Sherman, Office Manager, Recording and Statistical Corporation, New York.
Allen Spencer, Vice-President, Retail Credit Co., New York.
Edward B. Sturges, 2d, Vice-President, Lyon, Sturges & Company, Inc., New York.
Raymond A. Tolbert, Embry, Johnson, Crowe & Tolbert, Oklahoma City, Okla.
W. M. Tomlins, Jr., First Vice-President, American Surety Company, New York.
H. H. Vincent, New York.
Hon. John M. Vorys, Vorys, Sater, Seymour & Pease, Columbus, Ohio.
Webb I. Vorys, Vorys, Sater, Seymour & Pease, Columbus, Ohio.
F. D. Warren, Vice-President, Recording and Statistical Corporation, New York.
B. F. Weadock, Jr., New York.
George P. Williams, Atlantic Highlands, N. J.
Lee J. Wolfe, Consulting Actuary, New York.
L. T. Wolford, Louisville, Ky.
Dr. George M. Wunderlich, New York.
Birchard E. Wyatt, Educational Counselor, American College of Life Underwriters, Philadelphia, Pa.

Publications of The Association of Life Insurance Presidents

165 Broadway, New York, N. Y.

(*Asterisks indicate matter not original with the Association, but reprinted or procured for free distribution.*)

A copy of any publication listed mailed free on request

General Pamphlets

Address of Hon. Grover Cleveland, Chairman and Counsel, at First Annual Meeting of The Association of Life Insurance Presidents. December, 1907.

Advancing Social and Economic Standards Through Business Vision. By John R. Hardin, President, The Mutual Benefit Life Insurance Company. December, 1929.

*The Association of Life Insurance Presidents—Its Objects, Its Field and Its Work. By Charles A. Peabody, President, The Mutual Life Insurance Company of New York. Address delivered at the World's Insurance Congress. October, 1915.

The First $100,000,000,000 of American Life Insurance. By George T. Wight, Secretary and Manager, The Association of Life Insurance Presidents. August, 1929.

"Grover Cleveland." By Hon. Hoke Smith, United States Senator from Georgia. December, 1916.

The Life Insurance Enterprise from the Standpoint of the Public. By Hon. Charles Evans Hughes. December, 1926.

Patriotism of the Life Insurance Business. By Hon. William A. Day, President, The Equitable Life Assurance Society of the United States. December, 1916.

Progress Through Self-Reliance—The American Plan. By Frederick H. Ecker, President, Metropolitan Life Insurance Company. December, 1931.

Removing Mystery from Life Insurance. By George T. Wight, Secretary and Manager, The Association of Life Insurance Presidents. July, 1924.

A Retrospect of Fifty Years. By Thomas A. Buckner, President, New York Life Insurance Company. December, 1931.

Secretary's Report at First Annual Meeting. By Hon. Robert Lynn Cox, Attorney and Secretary, The Association of Life Insurance Presidents. December, 1907.

Government—Federal and State

Adjusting Government to New Demands. By Hon. Walter F. George, United States Senator from Georgia. December, 1927.

Broadening Life Values Through Security in Our Governmental Structure. By Hon. Felix Hebert, United States Senator from Rhode Island. December, 1932.

Budget Making and Taxation in Tennessee. By Hon. Hill McAlister, Governor of Tennessee. December, 1935.

Cooperation of Government and Private Institutions in Solving the Home Mortgage Problem. By John H. Fahey, Chairman, Federal Home Loan Bank Board; Chairman, Home Owners' Loan Corporation. December, 1934.

Departmental Attitude Towards Readjustment Problems. By Hon. Joseph G. Brown, President, National Convention of Insurance Commissioners; Insurance Commissioner of Vermont. December, 1919.

Extent to Which State Health Insurance Would Multiply State Jobs and Tax Burdens. By William G. Curtis, President, National Casualty Company. December, 1916.

Government by Default. By Hon. Job E. Hedges, General Counsel, The Association of Life Insurance Presidents. May, 1920.

A Government Experiment Versus Life Insurance Principles. By Hon. J. A. O. Preus, Governor of Minnesota. December, 1921.

Governmental Budget Balancing. By Hon. Sennett Conner, Governor of Mississippi. December, 1932.

Insurance and the Modern Political State. By Walton L. Crocker, President, John Hancock Mutual Life Insurance Company. December, 1921.

Relation of State Governments to Business Security. By Hon. Wilbur L. Cross, Governor of Connecticut. December, 1932.

Relationship of Life Insurance to the Development of Our Nation. By Hon. Claude W. Fairchild, President, National Convention of Insurance Commissioners; Commissioner of Insurance of Colorado. December, 1918.

The Responsibility of the State. By Hon. Paul V. McNutt, Governor of Indiana. December, 1933.

Science or Sentiment in Social Insurance—Which? By Frank H. Bethell, Vice-President, New York Telephone Company. December, 1916.

State Government at the Crossroads, or Normal Functioning in Abnormal Times. By Hon. John C. B. Ehringhaus, Governor of North Carolina. December, 1934.

The Strength of a State Measures the Ultimate Strength of the Nation. By Hon. Thomas G. McLeod, Governor of South Carolina. December, 1924.

Strikes and Government. By Hon. Atlee Pomerene, United States Senator from Ohio. December, 1919.

What Next in the State's Relation to Business Enterprise? By Hon. Jesse S. Phillips, President, National Convention of Insurance Commissioners; Superintendent of Insurance, State of New York. December, 1916.

Group Insurance

Advancing Social Welfare Through Group Insurance. By James E. Kavanagh, Second Vice-President, Metropolitan Life Insurance Company. December, 1928.

Employee Security and Social Standards in Industry. By Edward R. Stettinius, Jr., Chairman of the Board of Directors, United States Steel Corporation. December, 1938.

*Group Insurance. By Hon Burton Mansfield, Insurance Commissioner of Connecticut. May, 1914.

Group Insurance as an Influence in Promoting Stability in Labor Groups. By Eugenius H. Outerbridge, Vice-President, Pantasote Leather Company; former President of the Chamber of Commerce of New York. December, 1918.

Health and Vital Statistics

Birth and Death Bookkeeping. Business methods applied to the health problem. The Association of Life Insurance Presidents. June, 1926.

Can Insurance Experience be Applied to Lengthen Life? (Effect of Alcoholic Beverages, Overeating, Undereating, Social Diseases and Occupation Upon Length of Life, as Disclosed by a Scientific Investigation of 2,000,000 Insured Lives.) By Arthur Hunter, Chairman, Central Bureau, Medico-Actuarial Mortality Investigation; Actuary, New York Life Insurance Company. December, 1914.

Is Cancer Either Contagious or Hereditary? By Arthur Hunter, President, Actuarial Society of America; Actuary, New York Life Insurance Company. December, 1916.

*Conservation of Human Life—An Outline of the Movement Among Life Insurance Companies to Prolong Lives of Policyholders. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before the XV International Congress on Hygiene and Demography. September, 1912.

Current Opportunities for Health Conservation. By Thomas Parran, M.D., Surgeon General, United States Public Health Service. December, 1937.

An Effective Agency for Promoting Periodic Health Examinations. By Franklin H. Martin, M.D., Chairman, Board of Directors, Gorgas Memorial Institute of Tropical and Preventive Medicine. December, 1924.

Epidemic Waste of Human Life. By Henry Moir, President, Actuarial Society of America; Actuary, Home Life Insurance Company. December, 1918.

The Health Account on the National Ledger. By Gerard S. Nollen, President, Bankers Life Company. December, 1928.

Health the Guidepost to Material and Moral National Strength. By Livingston Farrand, M.D., LL.D., President, Cornell University. December, 1921.

The Human Significance of Changing Mortality. By Harold M. Frost, M.D., Medical Director, New England Mutual Life Insurance Company. December, 1938.

Improving Human Values Through Health. By Augustus S. Knight, M.D., Medical Director, Metropolitan Life Insurance Company. December, 1932.

The Increasing Automobile Hazard. By Lee K. Frankel, Ph.D., Third Vice-President, Metropolitan Life Insurance Company. December, 1917.

Influence of the Medical Examination on Life Underwriting. By Arthur B. Wood, President, The Actuarial Society of America. December, 1925.

The Influence of Vital Statistics on Longevity. By Watson S. Rankin, M. D., Secretary, North Carolina Board of Health. December, 1912.

Insulin in Its Relation to Life Insurance. By George H. A. Clowes, M.D., Indianapolis, Ind. December, 1923.

Insurance of Impaired Lives and Its Economic Aspects. By Arthur Hunter, LL.D., Second Vice-President and Chief Actuary, New York Life Insurance Company. December, 1930.

Lengthening Life Through Legislation. A Report by the Health Committee of The Association of Life Insurance Presidents. December, 1913.

Life and Death in 1930—National Health Reserves, Actual and Potential. By Harry W. Dingman, M.D., Vice-President and Medical Director, Continental Assurance Company. December, 1930.

Life Insurance in the Service of America's Health. By Robert A. Fraser, M.D., Chief Medical Director, New York Life Insurance Company. December, 1934.

Life Saving Results—Economic and Social. By Henry S. Nollen, President, Equitable Life Insurance Company of Iowa. December, 1926.

Life Waste in 1922—Its Warning and Its Lesson. By Augustus S. Knight, M.D., Medical Director, Metropolitan Life Insurance Company. December, 1922.

Medical Resources and Mortality Trends. By William Muhlberg, M.D., Vice-President and Medical Director, The Union Central Life Insurance Company. December, 1933.

1937 Mortality Trends—A Review of Ten Months' Experience. By Charles L. Christiernin, M.D., Medical Director, Metropolitan Life Insurance Company. December, 1937.

Mortality Trends and Health Triumphs. By Chester T. Brown, M.D., Medical Director, The Prudential Insurance Company of America. December, 1935.

National Health Improvement in 1927. By George T. Wight, Secretary and Manager, The Association of Life Insurance Presidents. January, 1928.

National Health in the Life Insurance Mirror. By Hon. Robert Lynn Cox, Third Vice-President, Metropolitan Life Insurance Company. December, 1921.

The Next Job in Preventive Medicine. By Edwin W. Dwight, M.D., Medical Director, New England Mutual Life Insurance Company, December, 1925.

The Problem of the Disabled Policyholder. By Arthur Hunter, Chief Actuary, New York Life Insurance Company. December, 1925.

The Problem of the Prolongation of Life. By Alexis Carrel, M.D., Member, Rockefeller Institute. December, 1937.

Progress of the Warfare Against Disease. By Oscar H. Rogers, M.D., Chief Medical Director, New York Life Insurance Company. December, 1924.

Protect the Individual in the Middle Span of Life. By Charles H. Mayo, M.D., Head of Mayo Clinic, Rochester, Minn. December, 1924.

Pushing Back the Death Line. By Henry W. Cook, M.D., Vice-President and Medical Director, Northwestern National Life Insurance Company. December, 1929.

Reclamation of Men Rejected by the Draft and Its Relation to Life Insurance. By John H. Quayle, M.D., Cleveland, Ohio. December, 1917.

The Relation of Sanitary Engineering to Public Health. By Rudolph Hering, D.Sc., Consulting Engineer, New York. December, 1914.

Relationship of Dentistry to Health Conservation. By Harvey J. Burkhart, D.D.S., Director, Rochester Dental Dispensary; former President of International Dental Congress. December, 1918.

The Relationship of Life Insurance to National Physical Preparedness. By Hon. Elmer E. Rittenhouse, Commissioner, Public Service and Conservation, The Equitable Life Assurance Society of the United States. December, 1916.

The Reporting of Disease—The Next Step in Life Conservation. By Louis I. Dublin, Ph.D., Statistician, Metropolitan Life Insurance Company. June, 1914.

Security and Equity Through Sound Selection. By Ray D. Murphy, Vice-President, The Equitable Life Assurance Society of the United States. December, 1932.

Some Medical Problems of Today and Tomorrow from a Life Insurance Viewpoint. By Eugene F. Russell, M.D., Medical Director, The Mutual Life Insurance Company of New York. December, 1936.

The Story of Life and Death in 1923. By Harry Toulmin, M.D., Vice-President and Medical Director, The Penn Mutual Life Insurance Company. December, 1923.

*A Suggestion Concerning the Increased Longevity of Life Insurance Policyholders. By Burnside Foster, M.D., St. Paul, Minn. April, 1909.

Thrift in Health—Application of Lessons of Military Sanitation to Peace Times. By Major-General William C. Gorgas, former Surgeon-General of the United States Army. December, 1918.

A World's War Against Disease. By John K. Gore, Vice-President and Actuary, The Prudential Insurance Company of America. December, 1927.

Insurance Supervision

The Attitude of Present-day Insurance Supervision. By Hon. William T. Emmet, Superintendent of Insurance of the State of New York. December, 1912.

Cooperation in State Insurance Supervision. By Hon. Wesley E. Monk, Commissioner of Insurance of Massachusetts. December, 1926.

A Departmental View of Uniformity. By Hon. John A. Hartigan, President, National Convention of Insurance Commissioners; Insurance Commissioner of Minnesota. January, 1910.

Essentials and Non-essentials in Insurance Supervision. By Hon. Thomas B. Donaldson, President, National Convention of Insurance Commissioners; Insurance Commissioner of Pennsylvania. December, 1921.

Exploring the Frontier of State Comity. By Hon. Albert S. Caldwell, President, National Convention of Insurance Commissioners; Commissioner of Insurance and Banking of Tennessee. December, 1927.

How Adequate Supervision May Promote Insurance Progress. By Hon. Herbert O. Fishback, President, National Convention of Insurance Commissioners; Insurance Commissioner of State of Washington. December, 1923.

Human Problems of Insurance Supervision. By Hon. William A. Tarver, President, National Convention of Insurance Commissioners; Chairman, Board of Insurance Commissioners of Texas. December, 1932.

Insurance Supervision—Its Responsibilities and Its Responses. By Hon. George A. Bowles, President, National Association of Insurance Commissioners; Superintendent of Insurance of Virginia. December, 1937.

Insurance Supervision and National Unity. By Hon. Charles R. Detrick, President, National Convention of Insurance Commissioners; Commissioner of Insurance and Banking of California. December, 1928.

Is Supervision at the Crossroads? By Hon. Frank N. Julian, President, National Association of Insurance Commissioners; Superintendent of Insurance of Alabama. December, 1938.

Life Insurance from the Viewpoint of a Supervising Official. By Hon. William R. C. Kendrick, President, National Convention of Insurance Commissioners; Commissioner of Insurance of Iowa. December, 1925.

*Modern Cooperative Methods to Meet Modern Tendencies of Government Control. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before The Board of Casualty and Surety Underwriters. October, 1910.

Modern Standards of Supervision. By Col. Howard P. Dunham, President, National Convention of Insurance Commissioners; Insurance Commissioner of Connecticut. December, 1929.

Progress Towards Uniformity in Insurance Supervision. By Hon. Garfield W. Brown, President, National Convention of Insurance Commissioners; Commissioner of Insurance of Minnesota. December, 1933.

Protecting American Foresight Through Sane Insurance Legislation. By Hon. Ernest Palmer, President, National Association of Insurance Commissioners, Director of Insurance of Illinois. December, 1936.

The Public Service of Insurance Supervision. By Hon. Dan C. Boney, President, National Convention of Insurance Commissioners; Insurance Commissioner of North Carolina. December, 1934.

Reserves Built Through Supervision. By Hon. Clarence C. Wysong, President, National Convention of Insurance Commissioners; Commissioner of Insurance of Indiana. December, 1930.

Simplicity in Insurance Regulation—A Protection Against Waste. By Hon. Platt Whitman, President, National Convention of Insurance Commissioners; Commissioner of Insurance of Wisconsin. December, 1922.

Some Observations on Supervision. By Hon. Frank Hasbrouck, Superintendent of Insurance, State of New York. December, 1914.

The Stewardship of Insurance Supervision. By Hon. William A. Sullivan, President, National Association of Insurance Commissioners; Insurance Commissioner, State of Washington. December, 1935.

Supervision and Self-Supervision. By Hon. Charles D. Livingston, President, National Convention of Insurance Commissioners; Commissioner of Insurance of Michigan. December, 1931.

Investments

Are Street Railways a Real Public Utility? By General Guy Eastman Tripp, Chairman, Board of Directors, Westinghouse Electric and Manufacturing Company. December, 1919.

Compulsory Investment Legislation. By Hon. Grover Cleveland, Chairman and Counsel, The Association of Life Insurance Presidents. March, 1907.

*Compulsory Local Investments. By Hon. Thomas M. Henry, Commissioner of Insurance of Mississippi. September, 1914.

Conquering New Transportation Frontiers. By Fred W. Sargent, President, Chicago & North Western Railway Company. December, 1927.

An Efficient Transportation Machine a National Necessity. By Howard Elliott, President, Northern Pacific Railway Company. December, 1919.

Farm Mortgages—Not a Lien But a Support. By Lee A. Phillips, Vice-President and Treasurer, The Pacific Mutual Life Insurance Company. December, 1923.

Financing Economic Progress. By Thomas I. Parkinson, President, The Equitable Life Assurance Society of the United States. December, 1928.

Getting Closer to the Farmer. By Charles G. Taylor, Jr., Vice-President and Actuary, Atlantic Life Insurance Company. December, 1915.

Highways of Power. By Russell H. Ballard, President, Southern California Edison Company. December, 1928.

How Life Insurance Funds Help to Feed the Nation. By Hon. C. Petrus Peterson, General Counsel, Bankers Life Insurance Company. December, 1924.

Interests in Common of Savings Institutions and Life Insurance Companies. By George E. Edwards, President, Savings Bank Section, American Bankers' Association; President, Dollar Savings Bank. December, 1916.

Investing for Security—A Life Insurance Service. By O. J. Arnold, President, Northwestern National Life Insurance Company. December, 1934.

The Investment Side of Life Insurance Stewardship. By Arthur M. Collens, President, Phoenix Mutual Life Insurance Company. December, 1935.

Investment Tendencies in Changing Times. By T. A. Phillips, President, The Minnesota Mutual Life Insurance Company. December, 1938.

Investment Trends and Traditions. By William A. Law, President, The Penn Mutual Life Insurance Company. December, 1931.

A Letter to Hon. James E. Ferguson, Governor of Texas, on Effect of the Robertson Law. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. January, 1915.

*Life Insurance and Valuations. Editorial from The Journal of Accountancy.

Life Insurance Companies' Investments of the Decade 1904-1914 Analyzed. By Orlow H. Boies, Statistician, The Association of Life Insurance Presidents. December, 1916.

Life Insurance Farm Loan Investments in War Time. A report. By George T. Wight, Secretary and Manager, The Association of Life Insurance Presidents. August, 1918.

Life Insurance Investments—A Material Resource of American Foresight. By Hon. Guy W. Cox, President, John Hancock Mutual Life Insurance Company. December, 1936.

Life Insurance Investments—What, Where and Why? By Haley Fiske, President, Metropolitan Life Insurance Company. December, 1920.

Life Insurance Investments as a National Resource. By Bradford H. Walker, President, The Life Insurance Company of Virginia. December, 1933.

Life Insurance Investments, with Special Reference to Farm Mortgages. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. December, 1915.

In the Matter of Proposed Legislation to Compel Life Insurance Companies to Invest Funds in Certain States. A Brief in opposition thereto. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. March, 1907.

The New Economic Era as Reflected in Corporate Growth. By Leroy A. Lincoln, General Counsel, Metropolitan Life Insurance Company. December, 1927.

Our Common Carriers and National Expansion. By Charles H. Markham, President, Illinois Central Railroad Company. December, 1924.

Policy Reserve Investments in Relation to Economic Progress. By William D. Wyman, President, Berkshire Life Insurance Company. December, 1915.

Policyholders' Contribution to Agricultural Readjustment. By Louis Breiling, Treasurer, The Union Central Life Insurance Company. December, 1919.

On the Proper Method of Valuation of Fixed Term Securities Owned by Life Insurance Companies. By Hon. Reau E. Folk, President, National Convention of Insurance Commissioners; Insurance Comissioner of Tennessee. December, 1907.

On the Proper Method of Valuation of Fixed Term Securities Owned by Life Insurance Companies. By John Tatlock, President, Washington Life Insurance Company. December, 1907.

1920—The Record Railroad Year. By Daniel Willard, President, Baltimore and Ohio Railroad Company. December, 1920.

The Relation of Life Insurance Investments to City Development. By William Frederick Dix, Secretary, The Mutual Life Insurance Company of New York. December, 1915.

Relation of the Railroad and Its Securities to Land Values. By Fairfax Harrison, President, Southern Railway Company. December, 1915.

Relation of the State to the Investments of Insurance Companies. By Hon. Burton Mansfield, President, National Convention of Insurance Commissioners; Insurance Commissioner of Connecticut. December, 1915.

The Response of the Life Insurance Companies to the Nation's Demand for Funds. By Robert W. Huntington, President, Connecticut General Life Insurance Company. December, 1925.

The Response of Life Insurance Funds to American Needs. By Hon. Michael J. Cleary, President, The Northwestern Mutual Life Insurance Company. December, 1937.

The Sacredness of Trusteeship in the Investment of Life Insurance Funds. By George E. Ide, President, Home Life Insurance Company. December, 1912.

Safeguarding Human Needs Through Life Insurance Investments. By Walton L. Crocker, President, John Hancock Mutual Life Insurance Company. December, 1930.

Some Objections to Compulsory Investment Laws. Remarks of Hon. Grover Cleveland, Chairman and Counsel, The Association of Life Insurance Presidents. March, 1907.

Stabilizing Life Through Life Insurance. By Frederick H. Ecker, President, Metropolitan Life Insurance Company. December, 1929.

Statutory Direction of Life Insurance Investments, with Special Reference to the Robertson Law of Texas. By Hon. Robert Lynn Cox, Second Vice-President, Metropolitan Life Insurance Company. December, 1924.

Synchronizing Life Insurance Investments with Changing National Needs. By James Lee Loomis, President, The Connecticut Mutual Life Insurance Company. December, 1927.

Three Years of Performance. By John R. Hardin, President, The Mutual Benefit Life Insurance Company. December, 1932.

*A Trial Test of Compulsory Investment Legislation. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before The Texas Welfare Commission. May, 1912.

*In re Valuation of Fixed Term Securities. By Hon. Otto Kelsey, Superintendent of Insurance of the State of New York. August, 1908.

*Why? A Texan's Questions About Texas. By Hon. J. O. Terrell. June, 1908.

Law and Legislation

Improved Methods in State Administration. By Hon. Angus W. McLean, Governor of North Carolina. December, 1925.

The Influence of Competitive Concessions on Legislation in Life Insurance. By John B. Lunger, Vice-President, The Equitable Life Assurance Society of the United States. December, 1914.

The Law, The Courts, and our Material Progress. By Hon. Alva M. Lumpkin, Attorney, South Carolina. December, 1936.

Law, The Guardian of Security. By George B. Young, General Counsel, National Life Insurance Company. December, 1932.

Law—The Ultimate National Reserve. By Hon. C. Petrus Peterson, General Counsel, Bankers Life Insurance Company. December, 1930.

Legislative Contribution to Progress. By Thomas I. Parkinson, Vice-President, The Equitable Life Assurance Society of the United States. December, 1925.

Moratory Legislation in the United States. By Frederic G. Dunham, Attorney, The Association of Life Insurance Presidents. December, 1917.

Obedience to Law a Fundamental of Life Insurance. By Edward E. Rhodes, Vice-President, The Mutual Benefit Life Insurance Company. December, 1923.

The Philosophy of Law and Life Insurance. By Hon. James A. Beha, Superintendent of Insurance of the State of New York. December, 1927.

Self-Reliance—The Underwriter of Democracy. By Alfred Hurrell, Vice-President and General Counsel, The Prudential Insurance Company of America. December, 1931.

*Uniform Law and Legislation on Life Insurance. By Hon. John F. Dryden, President, The Prudential Insurance Company of America. 1910.

Life Insurance

Advancing Social and Economic Standards Through Business Vision. By John R. Hardin, President, The Mutual Benefit Life Insurance Company. December, 1929.

Agency Resourcefulness—A Company Resource. By William W. Jaeger, Vice-President and Director of Agencies, Bankers Life Company. December, 1933.

America First in Life Insurance. By Alfred Hurrell, Associate General Solicitor, The Prudential Insurance Company of America. December, 1916.

America Preeminent in Life Insurance. By Fred A. Howland, President, National Life Insurance Company. December, 1926.

America's New Economic Frontiers—A Challenge to Business, Education and Government. By Archibald A. Welch, President, Phoenix Mutual Life Insurance Company. December, 1927.

An American Example in Self-Reliance. By Henry S. Nollen, President, Equitable Life Insurance Company of Iowa. December, 1931.

American Ideals in Agency Service. By E. B. Stevenson, Jr., Vice-President, The National Life and Accident Insurance Company. December, 1934.

Are You Borrowing from Your Widow? Reprint from the Proceedings of the Seventh Annual Convention, The Association of Life Insurance Presidents. 1913.

Banking and Life Insurance Face the Future Together. By Tom K. Smith, President, American Bankers Association; President, Boatmen's National Bank, St. Louis. December, 1936.

Bequeathing Our Debts. Editorial Views and Suggestions of Representative Newspapers in re Policy Loans. Reprinted by The Association of Life Insurance Presidents. March, 1914.

Betterment of Life Insurance Service. By William W. McClench, President, Massachusetts Mutual Life Insurance Company. December, 1919.

Broadcasting Economic Freedom. By Frank H. Davis, Vice-President, The Equitable Life Assurance Society of the United States. December, 1927.

Broadening Insurance Coverage to Meet Life's New Problems. By Harry L. Seay, President, Southland Life Insurance Company. December, 1928.

Broadening Life Values Through Security. By Thomas A. Buckner, President, New York Life Insurance Company. December, 1932.

Building an American Character Reserve. By Frank L. Jones, Vice-President, The Equitable Life Assurance Society of the United States. December, 1930.

Building National Reserve for Human Needs. By James Lee Loomis, President, The Connecticut Mutual Life Insurance Company. December, 1930.

Building a Reserve for Old Age. By Leroy A. Lincoln, Vice-President and General Counsel, Metropolitan Life Insurance Company. December, 1930.

Business Men. By George I. Cochran, President, The Pacific Mutual Life Insurance Company. December, 1929.

Canadian Life Assurance. By Thomas B. Macaulay, F.I.A., F.A.S., President and Managing Director, Sun Life Assurance Company of Canada. December, 1920.

The Century's New Life Companies—Their Achievements and Future. By Julian Price, President, Jefferson Standard Life Insurance Company. December, 1926.

*The Challenge of Salesmanship. By Charles G. Taylor, Jr., Assistant Manager and Actuary, The Association of Life Insurance Presidents. Address delivered before The New York Life Underwriters' Association. November, 1926.

A Colloquy on Life Insurance. By Leroy A. Lincoln, Vice-President and General Counsel, Metropolitan Life Insurance Company. December, 1933.

*Communion of Interest. By Hon. James V. Barry, Fourth Vice-President, Metropolitan Life Insurance Company. October, 1927.

The Contribution of Life Insurance to American Foresight. By Arthur F. Hall, President, The Lincoln National Life Insurance Company. December, 1936.

A Decade of Business Progress in Canada. By Herbert C. Cox, President, The Canada Life Assurance Company. December, 1916.

Disability Benefits—Insuring Insurance. By Henry Moir, Actuary, Home Life Insurance Company. December, 1913.

Education and Life Insurance. By Dr. Armistead M. Dobie, Professor of Law, University of Virginia. December, 1928.

*The Evolution of Life Insurance. By William A. Hutcheson, Second Vice-President and Actuary, The Mutual Life Insurance Company of New York. October, 1920.

Fifty Years of Life Insurance. By Haley Fiske, President, Metropolitan Life Insurance Company. December, 1925.

The First $100,000,000 of American Life Insurance. By George T. Wight, Secretary and Manager, The Association of Life Insurance Presidents. August, 1929.

Fostering the Ideal of Economic Independence. By George W. Smith, Vice-President, New England Mutual Life Insurance Company, December, 1928.

The Humanity of Life Insurance. By Herman A. Behrens, President, Continental Assurance Company. December, 1934.

An Insured World a Secured World. By Hon. Edward D. Duffield, President, The Prudential Insurance Company of America. December, 1923.

Insuring Life Insurance Proceeds. By Henry Abels, Vice-President, The Franklin Life Insurance Company. December, 1927.

*Keeping Up With the Times. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before The National Association of Life Underwriters. October, 1912.

Life Insurance in 1950. By Frank H. Davis, Agency Vice-President, The Equitable Life Assurance Society of the United States. December, 1924.

Life Insurance—Art or Science? By William Brosmith, General Counsel, The Travelers Insurance Company. December, 1920.

Life Insurance—The Business Partner of Democracy. By Alfred Hurrell, Vice-President and General Counsel, The Prudential Insurance Company of America. December, 1928.

Life Insurance in Economic Crises. By John S. Thompson, Vice-President and Mathematician, The Mutual Benefit Life Insurance Company. December, 1934.

The Life Insurance Enterprise from the Standpoint of the Public. By Hon. Charles Evans Hughes. December, 1926.

Life Insurance an Essential Feature of the Stability of the State's Citizenship. By Hon. John C. Luning, President, National Convention of Insurance Commissioners; State Treasurer and Insurance Commissioner of Florida. December, 1924.

Life Insurance the Great Pioneer. By Hon. Darwin P. Kingsley, President, New York Life Insurance Company. December, 1927.

Life Insurance and the Growing Conquest of Dependency in America. By M. Albert Linton, Vice-President, Provident Mutual Life Insurance Company. December, 1926.

Life Insurance Habits of Americans. By Hon. Edward D. Duffield, President, The Prudential Insurance Company of America. December, 1929.

Life Insurance and the Security of American Institutions. By James A. Fulton, President, Home Life Insurance Company. December, 1932.

Life Insurance Stewardship. By Ethelbert Ide Low, Chairman of the Board, Home Life Insurance Company. December, 1938.

Life Insurance Stewardship for the Beneficiary. By Douglas E. C. Moore, Vice-President and Assistant to the President, The Pacific Mutual Life Insurance Company. December, 1935.

Life Insurance—A Stewardship for One Hundred Million Americans. By Henry S. Nollen, President, Equitable Life Insurance Company of Iowa. December, 1935.

Life Insurance Thrift as a Constructive Force. By Hon. Robert Lynn Cox, Third Vice-President, Metropolitan Life Insurance Company. December, 1918.

Life Insurance Today and Half a Century Ago. By William Alexander, Secretary, The Equitable Life Assurance Society of the United States. December, 1933.

Life Insurance as an Underwriter of Americanism. By Hon. Edward D. Duffield, Vice-President and Associate General Counsel, The Prudential Insurance Company of America. December, 1919.

Life Insurance a World Safety Zone. By Herbert C. Cox, President and General Manager, The Canada Life Assurance Company. December, 1921.

Making America Thrifty Through Cooperation. By John D. Sage, President, The Union Central Life Insurance Company. December, 1926.

Materializing American Foresight Through Life Insurance. By William H. Kingsley, President, The Penn Mutual Life Insurance Company. December, 1936.

New Life Insurance Business of 1921; What It Means. By John M. Holcombe, President, Phoenix Mutual Life Insurance Company. December, 1921.

A New Vision in Salesmanship. By Professor Solomon S. Huebner, Dean, American College of Life Underwriters. December, 1929.

Our Agency System—An Example of American Foresight. By Seaborn T. Whatley, Vice-President, Aetna Life Insurance Company. December, 1936.

Our Agency System—The Response to a Need. By M. Albert Linton, President, Provident Mutual Life Insurance Company. December, 1937.

Patriotism of the Life Insurance Business. By Hon. William A. Day, President, The Equitable Life Assurance Society of the United States. December, 1916.

Power of the Policyholder. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before American Life Convention. September, 1911.

Preparation Versus Luck. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before Insurance Institute of Hartford. May, 1911.

Primary Purpose of Life Insurance—Its Stabilizing Influence Upon the Nation. By George I. Cochran, President, The Pacific Mutual Life Insurance Company. December, 1920.

Progress Through Self-Reliance—The American Plan. By Frederick H. Ecker, President, Metropolitan Life Insurance Company. December, 1931.

Recent Developments in the Life Insurance Field. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. December, 1916.

Recent Fluctuations in Policy Loans. By Henry S. Nollen, President, Equitable Life Insurance Company of Iowa. December, 1921.

Relation of the Agent to Life Insurance Investments. By Edward A. Woods, President, The National Association of Life Underwriters. December, 1915.

Relation of the Agent to Some Executive Problems. By John V. E. Westfall, Vice-President, The Equitable Life Assurance Society of the United States. December, 1920.

Resources and Resourcefulness—America's Great Reserves. By Fred A. Howland, President, National Life Insurance Company. December, 1933.

The Response of Life Insurance to American Needs. By Gerard S. Nollen, President, Bankers Life Company. December, 1937.

*Response of Life Insurance to Economic Changes. By Charles G. Taylor, Jr., Assistant Manager and Actuary, The Association of Life Insurance Presidents. Remarks before The National Association of Life Underwriters. September, 1925.

A Retrospect of Fifty Years. By Thomas A. Buckner, President, New York Life Insurance Company. December, 1931.

A Review and Preview by an Actuary-Executive. By Archibald A. Welch, President, Phoenix Mutual Life Insurance Company. December, 1931.

*Savings Bank Life Insurance. By Hon. Burton Mansfield, Insurance Commissioner of Connecticut. 1916.

Security Plus for the American Family. By M. Albert Linton, President, Provident Mutual Life Insurance Company. December, 1932.

Selling Self-Reliance. By Thomas I. Parkinson, President, The Equitable Life Assurance Society of the United States. December, 1931.

The Service of Life Insurance as Seen by the Policyholder. By Hon. John Wanamaker, Philadelphia, Pa. December, 1918.

Serving America Through Life Insurance. By Thomas I. Parkinson, President, The Equitable Life Assurance Society of the United States. December, 1934.

Serving the Nation Through Efficient Life Insurance Distribution. By Hugh D. Hart, Vice-President, The Penn Mutual Life Insurance Company. December, 1928.

Seven Years of Performance—A Life Insurance Response. By John R. Hardin, President, The Mutual Benefit Life Insurance Company. December, 1937.

The Significance of the Increasing Volume of Life Insurance. By Hon. William A. Day, President, The Equitable Life Assurance Society of the United States. December, 1919.

The Significance of the Recent Growth in Life Insurance. By Henry S. Nollen, President, Equitable Life Insurance Company of Iowa. December, 1923.

Some Aspects of Canadian Life Insurance. By Leighton McCarthy, K.C., President, The Canada Life Assurance Company. December, 1930.

Some Facts in the Development of Life Insurance in the United States. By William A. Hutcheson, President, Actuarial Society of America; Second Vice-President and Actuary, The Mutual Life Insurance Company of New York. December, 1920.

Sound Public Opinion the Nation's Great Reserve. By Walton L. Crocker, President, John Hancock Mutual Life Insurance Company. December, 1924.

Stewardship—and the American Agency System. By James A McLain, Vice-President, The Guardian Life Insurance Company of America. December, 1935.

Strengthening National Unity Through Business. By Chandler Bullock, President, State Mutual Life Assurance Company. December, 1928.

Totaling the Life Underwriter's Contribution. By John A. Stevenson, Executive Vice-President, The Penn Mutual Life Insurance Company. December, 1938.

Translating Vision Into Service. By George L. Williams, Chairman of the Board and Vice-President, The Union Central Life Insurance Company. December, 1929.

The Ultimate Effect of an Unrestricted Right to Borrow on Life Insurance Policies. By Arthur E. Childs, President, The Columbian National Life Insurance Company. December, 1913.

Underwriting America's Human Values. By Julian Price, President, Jefferson Standard Life Insurance Company. December, 1938.

The Underwriting of a New Era of American Progress. By William A. Law, President, The Penn Mutual Life Insurance Company. December, 1925.

Taxation

*Appeals from Settlements of Tax on Gross Premiums. Opinion of the Court in the case of Pennsylvania vs. The Penn Mutual Life Insurance Company. March, 1916.

*Deposits in Banks and Agents' Balances Due Foreign Insurance Companies Not Taxable. Opinion by Hon. Edward C. Turner, Attorney-General of Ohio. December, 1916.

Federal Taxation of Life Insurance. By Edward E. Rhodes, Vice-President, The Mutual Benefit Life Insurance Company. December, 1920.

*The Impropriety of Taxing Returns to Life Insurance Policyholders. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before Boston Life Underwriters' Association. February, 1909.

Increase of Public Expenditures and Taxes. By Thomas Sewall Adams, Ph.D., Professor of Political Economy, Sheffield Scientific School of Yale University. December, 1916.

*Interest Deductions under Federal Income Tax Law. By Bruce E. Shepherd, Actuary, The Association of Life Insurance Presidents. Reprint from The Record, American Institute of Actuaries. October, 1935.

*Life Insurance Taxation and Legislation. By Haley Fiske, Vice-President, Metropolitan Life Insurance Company. February, 1909.

The Menace of Taxation to Life Insurance. By William H. Davis, Vice-President and General Counsel, The Pacific Mutual Life Insurance Company. December, 1925.

*Must the Policyholder Pay Taxes on the Cash Surrender Value of His Life Insurance? By Alfred Hurrell, Attorney, The Association of Life Insurance Presidents. Address delivered before The Association of Life Insurance Counsel. December, 1914.

Social Injustice in Taxation of Life Insurance Protection. By Chandler Bullock, President, State Mutual Life Assurance Company. December, 1927.

Some Economic Aspects of State Taxation of Life Insurance. By George B. Young, General Counsel, National Life Insurance Company. December, 1923.

Tax Problems of Life Insurance Stewardship. By George Willard Smith, President, New England Mutual Life Insurance Company. December, 1935.

*Taxation of Insurance Premiums. By Hon. Elmer E. Rittenhouse, Commissioner of Insurance of Colorado. July, 1908.

*Taxation of Level Premium Life Insurance. By Joseph Arend De Boer, President, National Life Insurance Company. September, 1909.

*Taxation of Life Insurance in the United States. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before International Conference on State and Local Taxation. October, 1908.

*The Taxation of Life Insurance Policyholders. By Edward A. Woods, Vice-President, The National Association of Life Underwriters. 1914.

*Taxation of Life Insurance Under State Laws. By Robert L. Hogg, Assistant General Counsel, The Association of Life Insurance Presidents. Address delivered before Life Insurance Group of Insurance Section of The American Bar Association. July, 1938.

Ten Years' Tax Harvest from Policyholders' Funds. By Charles F. Coffin, President, American Life Convention; Vice-President and General Counsel, State Life Insurance Company of Indiana. December, 1916.

What Tax Reform Is Practicable? By Hon. David A. Reed, United States Senator from Pennsylvania. December, 1925.

War

Agency and Allied Problems After the War. By Henry L. Rosenfeld, Fourth Vice-President, The Equitable Life Assurance Society of the United States. December, 1917.

A Great National Service—How Life Insurance Has Discharged Its Duty to the Nation. By John B. Lunger, Vice-President, The Equitable Life Assurance Society of the United States. December, 1918.

Some Present and Post-War Problems. By Hon. Charles S. Thomas, United States Senator from Colorado. December, 1918.

Thrift—The War Need. By Frank A. Vanderlip, President, National City Bank of New York. December, 1917.

Miscellaneous

Adventuring in Canada. By Hon. Vincent Massey, Envoy Extraordinary and Minister Plenipotentiary from Canada to the United States. December, 1928.

After Hitler's Triumph—What? By James G. McDonald, President, The Brooklyn Institute of Arts and Sciences; Honorary Chairman, Foreign Policy Association. December, 1938.

American Business Initiative in Relation to National Progress. By John N. Willys, President, Willys-Overland Company. December, 1916.

Between Two Worlds. By William Henry Moore, Member of Dominion Parliament, Pickering, Ontario. December, 1935.

Bridging the Chasm Between Theoretical and Practical Citizenship. By Hon. George Wharton Pepper, United States Senator from Pennsylvania. December, 1922.

Broadening America's Banking Policy to Meet New Economic Responsibilities. By Chellis A. Austin, President, The Equitable Trust Company of New York; Member of the Board of Directors, The Prudential Insurance Company of America. December, 1929.

Business Defeatism and Economic Recovery. By Glenn Frank, LL.D., President, The University of Wisconsin. December, 1930.

The Business of Living. By John Grier Hibben, LL.D., L.H.D., President, Princeton University. December, 1929.

Canada and Its National Reserves. By Hon. Ernest Lapointe, P.C. (Can.), K.C., M.P., Former Minister of Justice of the Dominion of Canada. December, 1930.

Canada and the United States—Our International Financial Relations. By Rt. Hon. Sir Thomas White, K.C.M.G., P.C., Ex-M.P., Vice-President, The Canadian Bank of Commerce, Toronto; Member of the Board of Directors, The Canada Life Assurance Company. December, 1929.

Canada's Progress and Stability. By The Hon. James L. Ilsley, K.C., Minister of National Revenue, Dominion of Canada. December, 1938.

The Canadian Outlook. By Hon. Thomas A. Crerar, Minister of Mines, Resources, and Colonization, Dominion of Canada. December, 1936.

The Challenge of Canada's New Frontiers. By Hon. Louis A. Taschereau, LL.D., L.L.L., Prime Minister, Province of Quebec. December, 1927.

Citizenship Insurance. By Dr. John H. Finley, LL.D., L.H.D., J.U.D., Litt.D., Associate Editor, New York Times. December, 1932.

Confidence. By The Hon. Charles A. Dunning, Minister of Finance, Dominion of Canada. December, 1937.

Developing the National Viewpoint in Business. By Alfred J. Brosseau, Vice-President, Chamber of Commerce of the United States of America; President, Mack Trucks, Inc. December, 1928.

Educating for Self-Reliant Citizenship. By Robert Gordon Sproul, LL.D., President, University of California. December, 1931.

Educating Twentieth Century Pioneers. By William H. P. Faunce, D.D., LL.D., President, Brown University. December, 1927.

Education—A Great National Resource. By Harry Woodburn Chase, Ph.D., LL.D., Chancellor, New York University. December, 1933.

Education, Insurance, and Research. By Thomas S. Gates, President, University of Pennsylvania. December, 1938.

Education a World Underwriter. By Ernest H. Lindley, Ph.D., Chancellor, The University of Kansas. December, 1923.

Education and Public Service. By Lotus D. Coffman, Ph.D., LL.D., L.H.D., D.S., President, University of Minnesota. December, 1936.

Formation of Public Opinion. By Hon. Channing H. Cox, Governor of Massachusetts. December, 1924.

The Future of the American Railroads. By Hon. Samuel T. Bledsoe, President, Atchison, Topeka & Santa Fe Railway, Chicago. December, 1936.

*The Greater New York; Insured and Otherwise. By Hon. Job E. Hedges, General Counsel, The Association of Life Insurance Presidents. Address delivered before The Life Underwriters' Association of New York. February, 1920.

Guiding Employee Thrift Plans. By Charles Proctor Cooper, Vice-President, American Telephone and Telegraph Company. December, 1929.

An Informed Nation a Secured Nation. By Frank B. Noyes, President, The Associated Press; President, The Evening Star Newspaper Company, Washington, D. C.; Member of the Board of Directors, Metropolitan Life Insurance Company. December, 1930.

Insuring Commercial Thrift Through Cooperation. By John W. O'Leary, President, Chamber of Commerce of the United States of America. December, 1926.

Insuring Our Nation. By Andrew F. West, LL.D., Dean, Graduate College of Princeton. December, 1921.

The Interest of the Investor in Sound Education. By John Stewart Bryan, Litt. D., LL.D., Publisher, Richmond News Leader, Richmond, Va.; President, College of William and Mary. December, 1934.

Interpreting the Nation to Itself. By Jay N. Darling ("Ding"), Cartoonist, Des Moines, Iowa. December, 1928.

The Laboratory—A Potent Source of Progress in Industry. By Dr. Frank B. Jewett, Vice-President, American Telephone and Telegraph Company; President, Bell Telephone Laboratories, Inc. December, 1938.

Liberty—Its Rights, Its Obligations. By John Grier Hibben, LL.D., L.H.D., President, Princeton University. December, 1918.

Methods and Limitations of Foresight in Modern Affairs. By Chester I. Barnard, President, New Jersey Bell Telephone Company. December, 1936.

Mid-Western Resources and Resourcefulness. By Roy A. Roberts, Managing Editor, The Kansas City Star. December, 1933.

The National Economic Value of University Education. By Marion LeRoy Burton, Ph.D., President, University of Michigan. December, 1922.

Nationalism, Internationalism and Supernationalism. By Rev. Canon Cody, D.D., LL.D., Rector of St. Paul's Church, Toronto; Former Minister of Education for the Province of Ontario. December, 1921.

Natural Resources As a National Reserve. By Gurney E. Newlin, Attorney, Los Angeles, Calif.; Member of the Board of Directors, Security-First National Bank of Los Angeles, United Aircraft and Transport Corporation, and United States Fidelity and Guaranty Company. December, 1933.

New Capital Through Thrift. By Joseph Chapman, Vice-President, Northwestern National Bank, Minneapolis, Minn. December, 1918.

*The New Rivalry in Business. By Hon. Robert Lynn Cox, General Counsel and Manager, The Association of Life Insurance Presidents. Address delivered before The Life Underwriters' Association of Canada. July, 1914.

A Plea for National Unity. By Hon. Arthur Capper, United States Senator from Kansas. December, 1931.

The Present Position of Canada. By Hon. William Renwick Riddell, Justice of the Supreme Court of Ontario. December, 1922.

Progress Through Research. By Bancroft Gherardi, Vice-President, American Telephone and Telegraph Company. December, 1931.

Protecting the Progress of a Self-Reliant People. By Thomas J. Tyne, Vice-President and General Counsel, The National Life and Accident Insurance Company. December, 1931.

Public Duty in Law Enforcement. By John Edgar Hoover, Director of the Federal Bureau of Investigation, United States Department of Justice. December, 1937.

The Public's Interest in Public Utility Management. By Clyde O. Ruggles, Ph.D., Professor of Public Utility Management, Harvard Graduate School of Business Administration. December, 1937.

Quebec and the French-Canadians. By Hon. Louis Athanase David, K.C., M.P.P., Secretary of the Province of Quebec. December, 1923.

Railroad Health a National Asset. By Carl R. Gray, President, Union Pacific System. December, 1925.

Railways and Other Ways. By John J. Pelley, President, New York, New Haven and Hartford Railroad Company. December, 1930.

Resources and Resourcefulness—A Canadian Viewpoint. By Hon. Edgar N. Rhodes, K.C., P.C., Minister of Finance, Dominion of Canada. December, 1933.

The Rise of Canada. By Sir John Willison, K.B., LL.D., President, Municipal Bankers' Corporation, Toronto, Ont. December, 1925.

A Romance in Cooperation. By Kent Cooper, General Manager, The Associated Press. December, 1926.

Safeguarding Human Values Through the American Red Cross. By Hon. Norman H. Davis, Chairman, American Red Cross. December, 1938.

Science—The Nation's Inexhaustible Reserve. By Robert A. Millikan, Ph.D., LL.D., Director of the Norman Bridge Laboratory of Physics and Chairman of the Executive Council, California Institute of Technology. December, 1930.

Science, Your Obedient Servant. By Karl T. Compton, Ph.D., D.Sc., LL.D., D.Eng., President, Massachusetts Institute of Technology. December, 1934.

Self-Reliance as a Factor in National Up-Building. By Maj. William Duncan Herridge, K.C., D.S.O., M.C., Envoy Extraordinary and Minister Plenipotentiary from Canada to the United States. December, 1931.

Self-Reliant Agriculture. By Charles F. Collisson, Farm Editor, The Minneapolis Tribune. December, 1931.

Signals of Railroad Progress. By Gen. William W. Atterbury, President, The Pennsylvania Railroad Company. December, 1926.

Some Canadian Reconstruction Problems. By Sir Henry Drayton, Minister of Finance, Dominion of Canada. December, 1919.

Some Influences of the Countryside. By Francis David Farrell, B.S., Agr.D., President, Kansas State Agricultural College. December, 1929.

Some Obstacles to Recovery. By Col. Hon. James Layton Ralston, P.C., K.C., C.M.G., D.S.O. (with bar), D.C.L., Member of Parliament and Former Minister of National Defence for Canada, Montreal, Que. December, 1934.

Sound Business Policies Essential to Security. By Henry I. Harriman, President, Chamber of Commerce of the United States of America. December, 1932.

Sound Thinking By the People and For the People. By Hon. John W. Weeks, Secretary of War. December, 1921.

The Stability of Agriculture. By Hon. James W. Wadsworth, Jr., United States Senator from New York. December, 1915.

The Stewardship of Savings Banks. By Philip A. Benson, President, Savings Division, American Bankers Association; President, The Dime Savings Bank of Brooklyn. December, 1935.

Successful Business—The Proof of Clear Thinking. By Richard F. Grant, President, Chamber of Commerce of the United States of America. December, 1924.

Today's Laboratory is Tomorrow's Industry. By Rufus B. von KleinSmid, Ph.D., LL.D., President, University of Southern California. December, 1927.

Transforming Power into Happiness. By Matthew S. Sloan, President, Brooklyn Edison Company. December, 1927.

The Trend to Centralization. By Hon. Gardner Cowles, Publisher, Des Moines Register and Tribune; Member of Board of Directors, Reconstruction Finance Corporation. December, 1932.

The Trinity That Makes Democracy—Responsibility, Efficiency, Integrity. By Darwin P. Kingsley, President, New York Life Insurance Company. December, 1922.

Twentieth Century Banking Frontiers. By Edward W. Decker, President, The Northwestern National Bank; Member of the Board of Directors, Northwestern National Life Insurance Company. December, 1927.

Utilization of Agricultural Products. By Orland Russell Sweeney, Ph.D., Head of Chemical Engineering Department, Iowa State College. December, 1937.

Vision in Industry and Business. By Irénée du Pont, Vice-Chairman of the Board of Directors, E. I. du Pont de Nemours & Co.; Member of the Board of Directors, The Equitable Life Assurance Society of the United States. December, 1929.

Waste—The Drag Upon National Progress. By Lewis E. Pierson, President, The Merchants' Association of New York. December, 1922.

What Is Distinctive in American Civilization? By Sir Robert A. Falconer, President, University of Toronto. December, 1926.

Which Way? By Alfred P. Sloan, Jr., Chairman of the Board, General Motors Corporation. December, 1937.

Why There Is No Visible Dividing Line Between Canada and the United States. By Hon. George Perry Graham, Minister of Railways and Canals for the Dominion of Canada. December, 1924.

World Cooperation. By Hon. Hugh Guthrie, K.C., M.P., Minister of Justice and Attorney General, Dominion of Canada. December, 1932.

The World From Above. By Major General Mason M. Patrick, Chief of Air Service, U. S. Army. December, 1924.

THIRTY-TWO YEAR CUMULATIVE INDEX

To Proceedings of

THE ASSOCIATION OF LIFE INSURANCE PRESIDENTS

1907—1938, inclusive

*Deceased.
†Member of original Executive Committee.

* Printed incorrectly as Harvey in Vol. XIV.

Membership of Association:

* Charter member.

* Charter member.

Rural Credit:

Tuberculosis:

Typhoid Fever:

Uniformity of State Laws: