

Betterment of Life Insurance Service

PROCEEDINGS

OF THE

TWELFTH ANNUAL MEETING

OF

The Association of Life Insurance
Presidents

HELD IN THE
HOTEL ASTOR

NEW YORK, N. Y.
December 5 and 6, 1918

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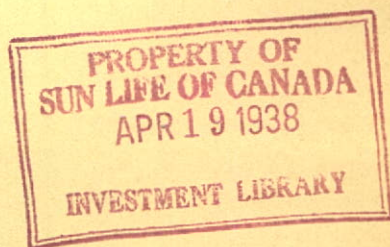
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BERKSHIRE LIFE INSURANCE COMPANY.....Pittsfield, Mass.
CANADA LIFE ASSURANCE COMPANY.....Toronto, Canada
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THE PENN MUTUAL LIFE INSURANCE CO.....Philadelphia, Pa.
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THE PROVIDENT LIFE AND TRUST CO.....Philadelphia, Pa.
THE PRUDENTIAL INSURANCE CO. OF AMERICA...Newark, N. J.
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STATE MUTUAL LIFE ASSURANCE COMPANY.....Worcester, Mass.
THE TRAVELERS INSURANCE COMPANY.....Hartford, Conn.
THE UNION CENTRAL LIFE INSURANCE CO.....Cincinnati, O.
THE UNITED STATES LIFE INSURANCE CO.....New York, N. Y.
THE VOLUNTEER STATE LIFE INSURANCE CO..Chattanooga, Tenn.

TWELFTH ANNUAL MEETING OF THE
ASSOCIATION OF LIFE INSURANCE
PRESIDENTS, HOTEL ASTOR
NEW YORK

FIRST DAY

MORNING SESSION

Thursday, December 5, 1918

The Meeting was called to order at 10.45 o'clock by Hon. Job E. Hedges, General Counsel of the Association of Life Insurance Presidents.

MR. HEDGES: In the brief function ascribed to me, duty and pleasure commingle. My duty is to declare the Twelfth Annual Meeting of the Association of Life Insurance Presidents to be in session. My pleasure, speaking for the Association as a host, is to extend a greeting to you all and to express the hope that you will enjoy yourselves here as much as we enjoy having you here.

I am sure that no one can more gracefully and consistently preside over a discussion such as is set for this Convention than Mr. George B. Stadden, of Springfield, Illinois, whom I now name to you as your presiding officer. (Applause.)

THRIFT AND FREEDOM IN NATION AND WORLD

Mr. Stadden took the chair and spoke as follows:

GENTLEMEN OF THE CONVENTION:

I consider it an honor to have been asked to perform the duties of Chairman for this august assembly of representatives of one of the greatest economic factors of the world.

The life insurance business long since passed the experimental stage and has successfully demonstrated by its unequalled service to mankind its right not only to exist, but to a respectful recognition and consideration in matters affecting the body politic.

Events succeed themselves with lightning-like rapidity, changing in the twinkling of an eye the destinies of individuals and nations. The cataclysm which for four long years has swept the world, but whose malignant violence is now subsiding, has made unusual demands of every enterprise,—both public and private.

The responses have been marvelous, but none more so than the prompt and substantial assistance rendered by the life insurance companies.

Yet why should their activities in the present crisis be regarded as out of the ordinary, when they are but "carrying on" the beneficent purpose of their creation?

The processes of the life insurance business are gigantic, not only in meeting the exigencies of a world-war, but in the faithful discharge during times of peace of its regular obligations,—all of which are made possible through the agencies of thrift. The very foundation of the institution of life insurance is embedded in, its entire structure is supported by, and its whole scheme of operation is based upon the principles of thrift.

The spectacular discovery and settlement of this continent reveal the underlying motive of exploration to have been the acquirement of the inconceivable treasure which rumor declared was to be had for the taking. The majority of those early adventurers could not or would not work, and when dreams of gathering precious stones like pebbles from the shore had vanished, they were forced to the humiliation of returning empty-handed to their native lands or of facing starvation in the wilderness.

Fortunately, there were some among them able to rise above disappointment and to conquer hardship, and, under the leadership of the intrepid John Smith, the Colony of Jamestown was preserved. Realizing the need of workers instead of idle adventurers, Captain Smith in a communication to the mother country in 1609, while deploring his inability to forward unlimited gold to her, said:

"When you send again, better send but thirty carpenters, husbandmen, gardeners, fishermen, blacksmiths, masons and diggers of tree roots, well provided, than one thousand of such as we have."

Little guessed those first settlers of the hidden wealth their new home held. Buried in its soil, concealed in its waters, inhabiting its forests,—riches past estimate awaited man's labor to set them free.

Later there developed in the forward march of colonization the sturdy pioneers whose prowess in wresting from the wilderness an abiding place for civilization, laid the foundation of this great

commonwealth, and who by their unremitting toil and economy made possible its substantial advancement through the centuries.

The forefathers of the nation did indeed set an example of thrift that, continuously practised by their descendants, would have made unnecessary in this day the reclamation and prevention of waste throughout America's vast realm.

But, as is too often the case, a seemingly inexhaustible supply creates a feeling of intense security, and a desire for lavish expenditure.

Laxity in frugality and the growth of extravagance gradually superseded the economical practices of our forefathers and the sage advice of the founders of our republic until finally we were confronted with the natural consequences of excessive and oftentimes reckless use of public and private possession.

And it was only when active curtailment became imperative in order to forestall physical and industrial want that we were impressed with the necessity for the conservation of all forces, and that we were made to realize the importance of increased production, wise supervision and equitable distribution.

This generation has been rudely, but let us hope effectually, awakened to its responsibility in preserving and promoting the welfare of the country by re-establishing among all the people genuine permanent habits of thrift so that the comfort and enjoyment of the present may be greater, and that the heritage of the future may be augmented.

True as this may be regarding material things, it becomes even more emphatic with respect to the inherent rights of a people,—foremost among which is the inalienable rights of personal liberty.

Having by their thrift paved the way for the further development of this vast region, and by means of that same thrift having firmly established here that which "in one form or another is the great object of life"—the *homes* of a people—those dauntless pioneers unhesitatingly shouldered their trusty muskets and stood defiantly for the protection of that which they had builded and which, through countless generations, should be their children's forever "to have and to hold."

We gratefully acknowledge our debt to those forefathers and foremothers who labored with their hands to provide the patrimony of their children, and who fought zealously for the liberty that is ours today.

Important as has been the part played in both primitive and re-

cent times by the implements of toil, yet weapons of warfare have had an equally significant place in shaping the destinies of this country, and our history is inextricably interwoven with deeds of valor and of thrift.

Subjugation of the savage, severance of the yoke of tyranny, prevention of invasion, defence of boundaries, preservation of the Union—all these in their turn have called for the exploits of war.

It has been said that even from the beginning America has been the melting pot of nations. Possibly so—yet the idea has assumed special meaning in, say, the last century and a half, when improved transportation facilities have made easy the way to our shores.

With an ever-increasing population and its multitudinous affairs, including expansion of commercial interests throughout the world, there was long ago emphasized the necessity for the establishment of public institutions to safeguard the thrift and the freedom—synonymous terms, perhaps—of this growing people.

There has been the evolution of numerous valuable agencies, having for their object greater advancement and security of the products of thrift, and a consequently firmer basis for national and international transactions.

The most prominent financial and beneficent factors in this regard are the two great institutions of banking and life insurance—the history of the former in America beginning during the struggle of the Colonies for independence—and that of the latter preceding it by some sixteen years, when relief was created for the widows and children of Presbyterian ministers, although the first company doing a general life business was not organized until 1796. The history of these two gigantic systems in this country and the world is unique.

Today, humanity continues to watch the unrolling of the vast panorama of the Tragedy of Nations. It beholds the shaking of dynasties and the crushing of empires. It sees the unspeakable atrocities and carnage of warring factions.

But through the bloodshed and the agony can be seen the light of freedom growing ever brighter, as little by little all that impedes its progress is being swept away, and, eventually, from out the confusion there will appear peoples freed, homes reclaimed, countries prospered.

The triumphant exertion of America's abilities in the catastrophe rests upon the economic management of her affairs and her unswerving loyalty in promulgating the principles of liberty through-

out the world. She valiantly gives her *best*—her man power, her woman power, her resources—that there may be abiding peace for all nations.

There are here today great thinkers who, with unerring insight, have sensed the interdependence of freedom and thrift, and they will speak to us now of their vital relationship to our nation and to the world.

The program arranged for this occasion contains the names of distinguished men who need no formal introduction, and who are pre-eminently qualified to instruct this convention upon the theme assigned to it: thrift and freedom in nation and world. In the presence of these talented speakers, any attempted discussion of the topic by me would be presumptuous.

(Applause.)

THE CHAIRMAN: The Committee on Finance of the Upper House of Congress has done some wonderful work in piloting the financial support of America in the World's War. We have with us today one of its most prominent members. To go back about four years, when some of the members of this organization became acquainted with this gentleman, he was engaged in important duties in the framing of legislation on taxes, and we found him to be not only able, but just, and willing to learn; more than that; a man who made it his duty to learn. Today, we feel that the interests of the institution of life insurance are safe when a man of this kind is in such close touch with matters vital to our Nation's well-being. He, indeed, is well fitted to deal with "Some Present and Post-war Problems." Gentlemen, it is my pleasure to present to you the Honorable Charles S. Thomas, United States Senator from Colorado. (Applause.)

SOME PRESENT AND POST-WAR PROBLEMS

Senator Thomas thereupon spoke as follows:

MR. CHAIRMAN AND GENTLEMEN:

I am extremely appreciative of the kindly compliments so gracefully paid to my feeble efforts as a member of the Senate Committee on Finance, and wish I felt that they were entirely deserved. The labors of that Committee have been very important since my entry into public life, but their results have not always commanded public

approbation. Whether we will be able to present a cleaner slate next week depends very largely upon circumstances.

I am very glad to be able to say something upon one or two matters of ordinary importance under auspices like this, because this is a period in which the thoughts of men and of women, perhaps I should say of all earnest, patriotic and conscientious men and women, are turning with much concern to our immediate future, and I have reference to our economic and social future quite as much as to our political future. The latter depends very largely upon the former. One sentiment which indicates the political thought of this Association and which I trust will be embodied in the political power of our future is well typified, to my mind, by the intertwining of the two flags which we see here (applause), and which I trust illustrates the close union and association into which this terrible war has brought the two great English-speaking peoples of the world. We may or may not have a league of nations, but a league between England and the United States means the preservation of all the benefits of liberty and of civilization, and very largely insures the peace of the world. (Applause.)

Events at present are kaleidoscopic; they succeed each other with a rapidity that is almost bewildering, and what was new and important yesterday becomes largely secondary tomorrow. Some of the matters, therefore, which I endeavored to discuss with my pen are in a way secondary to some others, which, although they then existed, did not assume the form they have since acquired.*

Yesterday the Secretary of the Treasury came before our Committee for the purpose of giving us, as near as could be, an estimate of the necessary expenditures of the Government for the fiscal year beginning on the first of next July and officially known as the fiscal year of 1920. His best estimate is that the actual expenses of the Government will be not less than nine billions, of which he recommends the raising of four billions by taxation. This sum of money, representing in part a legacy of the war, brings to my mind the vast importance of a rigid, economical administration of all governmental affairs, and such an administration is possible only if an educated, organized and determined public sentiment stands behind it. If there be no such sentiment the expenses of the Government for the year I mentioned will be far in excess of nine billions. We have that sentiment unquestionably, but it is not and it never has

*The prepared discussion by Senator Thomas will be found beginning at page 17.

been organized, while the appetite for expenditures is not only organized but determined. Now, my experiences in public life have taught me some lessons, one of which is that the biggest coward in the world is a politician, with one exception, and that is a politician holding an office (laughter). Due to the dependence of the elective officials upon the electorate, that, perhaps, is not surprising. At any rate, it is a melancholy fact. And the chief timidity which he exhibits in public life is the fear that something may be done or omitted which will affect the sentiment of his constituency toward him, and that timidity shapes and colors all his political action.

During the war a great many crimes were committed in the name of patriotism—financial crimes. Of the thirty thousand bills introduced in Congress it is safe to say 90 per cent. of them expressed, in unmistakable language, that the purpose of the bill was to duly and efficiently prosecute the war. More recently, bills which have been introduced for appropriations are devoted to the cause of reconstruction, and there are many reading "for the purpose of aiding in the great work of reconstruction there is hereby appropriated," etc. Now, these bills are multiplying, and, as I say, they have organized forces behind them—some of them formidable, others will doubtless become so, and all of them designed to obtain money from the public treasury.

I recall a bill introduced on Monday providing for the payment, on discharge, of three months' pay to every soldier. This, of course, is flattering to the soldier and may, perhaps, influence his ballot, but if it becomes a law, it will impose \$365,000,000 additional burden upon the taxpayers of the country. I have not time to enumerate all or even any more of these various measures. Suffice it to say that there is a danger that many, perhaps most, of them may be enacted into law, unless a healthy sentiment of economy and of retrenchment finds organized expression from the taxpayers of the United States.

That is one of the great necessities of the day, not only from an economic, but also from a social standpoint. A great National debt, hanging like an eternal pall over the future of the Nation, whose energies are devoted to earning sufficient money to pay its annual interest requirement, is one of the most fruitful sources of discontent and of rebellion—one of the most secure bases for the demagogue that can well be devised, and when we consider that England is still paying interest upon the debt which she contracted in the war of the American Revolution, and that our debt incurred in the Civil

War is yet far from being paid, and that the debt of the country will exceed thirty billions of dollars, requiring an annual interest charge equal, if not exceeding, our annual expenditures immediately before the war, the extreme importance of retrenchment, of economy, of reducing our expenditures to the lowest possible notch, not only as a matter of sound policy, but as a matter of social necessity, should press itself very strongly upon the thoughtful reflections of the thinking people of this country.

I am, therefore, emphasizing the great truth that National politics, to say nothing of local politics, is a part of your business just as much as insurance knowledge, and that from the failure to recognize that fact or the failure to remember it or both, a great many of the evils heretofore confronting us are sure in the immediate future to again rise up before us.

Yesterday, Mr. Charles M. Schwab addressed the National Chamber of Commerce convention at Atlantic City, and among other things he referred to the necessity of educating instead of patronizing labor. Like all his addresses, his speech bristled with epigrams of value, and with counsel of greater value. I had hoped that the so-called labor question, through the sobering influences of this great war struggle, participated in and baptized by the blood of all classes and conditions of men, would make the task of adjusting the differences between labor and capital comparatively easy; but I have noticed during the last few days, and particularly in an address by Mr. Samuel Gompers, the exhibition of a policy which I am afraid will result in acute conditions very soon, and which may present not only the first, but the most important of all the problems immediately ensuing from this war.

Mr. Gompers has a right to speak for the great organization which he represents, and doubtless expresses his sentiment when he declares first, that labor will yield none of the rights which it acquired in this war; and, second, that there will be no reduction of wages as now prevailing. I do not know, gentlemen, of any right which any particular class has derived from this war which is not common to all classes. (Applause.)

The war was not waged for class, but for all mankind, and for the establishment of the great principle of democracy as opposed to autocracy, and if one class over another has profited, it is because the needs of that class were greatest.

To contend that present wage conditions shall continue, is to assert that the law of gravitation will, after this war, cease to be operative.

Canute, once, according to history or fable, caused his courtiers to erect his throne upon the seashore, and from that eminence he bade the waves recede, but there was no recession and that furnishes an historical illustration of the utter impossibility, either by mandate or otherwise, of continuing conditions at their present high-water mark. If it was so, then good-bye to all hopes of trade expansion, to all hopes of domestic trade expansion. A man may become intoxicated and be hilarious for a few hours, but to continue so for a lifetime would mean, to say the least, a very short period of existence. (Applause.) It cannot be done. And, consequently, the sober second thought which should come to the wage-earner, and which can come by education, instead of patronage, is to recognize the existence of an immutable, commercial, natural law, as strong as any other natural law, and to oppose which, of course, necessarily hastens its swift and injurious operation. This is one of the tasks which fall upon the earnest, the sincere, and the thoughtful citizen, acting not in his individual capacity so much as in his intellectual capacity.

This is a day of organization; everything is organized except the taxpayer, and unless he organizes very soon for purposes not so much his own as for the public protection, the counter-organizing may drive him across the border and effect some kind of a surrender which might perhaps be more deplorable for the victor than for the vanquished.

I think, gentlemen, we have been too largely tolerant of things that were undemocratic; too indifferent to matters heretofore that were hurtful. The danger from fanaticism lies in its earnestness, and in the sincerity of those whom we call fanatics. If they were not sincere, they would be harmless; and if it were not a fact that at the bottom of every fanaticism there is some fundamental truth, it would be of temporary duration; but all of the social conditions which are discussed by soap-box orators, by others less well informed, perhaps, but reaching different audiences, have, as their basis of fact, certain elements of truths which society must recognize, and which, recognizing, can reach up to prevent much of the danger now threatening society. Even anarchy has some usefulness. The display of anarchy upon a great National scale in Russia must teach every thinking man that, without law and order, society cannot endure, and that with the divorce of liberty from law, justice must disappear from the thoughts and the actions of men.

I believe the time has come when the man of education and capacity must recognize these things and meet them from a different standpoint. Substitute argument and discussion for denunciation; reason instead of threats of punishment; the latter, nevertheless, are essential in many cases, but at first go to the root of things.

I have a homely notion that every man, however unreasoning and fanatical he may appear, can be reached, if you can only find the right way to reach him, and in a free country like ours—where the thoughts of men may find expression at their will and where, as Mr. Jefferson said, "Error ought to cease to be dangerous if truth is left free to combat it,"—society can meet and rectify these dangers, even though it may and should perhaps largely modify its own views and accept needed changes.

One thing is certain, that the old-fashioned fight, controversy and distrust between capital and labor must be settled in some fashion, or by force of numbers it will be settled, perhaps to the undoing of society, for the disrupting of existing conditions anywhere and the substitution of purely socialistic conditions for them, do not lead to collectivism, as socialists contend, but to chaos, as experience shows, and chaos means destruction of all, ourselves included.

In other words, gentlemen, the time has come for the recognition by business of all kinds of the fact that social and economic and political situations are a part of your business, that your neglect of them in the past—and we have all been a neglectful people—is largely the cause of the evils which now confront us, and that by a proper appreciation of these things and the devotion of such of our time as may be necessary for correction, democracy will be made safe for the world as we hope the world is now made safe for democracy.

Our experiences with the socialistic earthquake teach us that convulsions of that character are nearly always followed by conflagration. The convulsion—the earthquake—which Germany precipitated the world into has ended. Bolshevism is as contagious as the influenza and in the heart of this mighty city and of Chicago and of Philadelphia there exist the seeds of that same evil which grows with rank abundance in certain societies and communities of this country.

The I. W. W. is America's expression of Bolshevik destruction. That society has become again active, introducing its representatives wherever possible and spreading the doctrine of social and economic

destruction. It cannot be stopped by force so much as it can by the building of a spirit of common unselfishness, of an enlightened character of sympathy and of a desire to serve. I wish all men could realize the fact that until there was some ordered security for property and for ownership there was no human society. The law of property underlies all civilization, and without security to property there can be no security whatever to life. Therefore the simple but eloquent fact should be made the common property that, however much we may rail against accumulated wealth, which has many things to answer for, however much we may deplore the excesses of the men of property, fundamentally its protection is as essential to the protection of life and consequently to ordered government as the air we breathe is to our continued animal existence. It is a simple fact—but simple facts often escape our attention, notwithstanding that the progress of the human race is based upon them.

To my mind, therefore, at this time of all times, the motto of every thoughtful American citizen should be how best he can inculcate the sterling virtues of courage, patriotism and public service.

(Applause.)

(The following is the prepared discussion presented by Senator Thomas:)

The swift and dramatic close of the great war is justly celebrated as the mightiest military achievement of the centuries. Peace has come to the afflicted nations with a suddenness they never dreamed of. We rejoice that the great conflict has ended with victory and that our appalling sacrifice of blood and treasure was not made in vain.

Our triumph is over imperial Germany and all that she arrogantly typified. Her conquest makes the world safe for Democracy. A greater task now confronts us. We must make Democracy safe for the world. This task has long been obvious but it was visioned upon the horizon of a remote future. The mighty force of recent events has thrust it in our very faces. We shall have prevailed with the struggle for self government only when we shall have thoroughly performed this added duty.

We expected that ample time would be given to prepare for the larger task. But the unexpected happened. Germany broke with her first great disaster. What seemed a mighty engine of military

power, strong beyond imagination, lacked the cohesive force of a lofty national morale, and crumbled into dust before the battle shock of a unified alliance.

We were not prepared for war with Germany but we overcame her. We are not prepared for the new contest but we shall conquer again. Democracy's last external peril disappeared with the despotism of the Kaiser. Her remaining ones are internal. They inhere in her theories of government and thrive by her toleration. They ran riot in her dominions before the war. They raised their sinister heads during its prosecution. They are now before us and around us, America, the greatest of Democracies, must safeguard its fundamental principles. Her statue of Liberty Enlightening the World is more than symbolic. It is actual. It typifies the America of the Twentieth Century.

What is Democracy? The term cannot be defined with exactness. It can best be comprehended by the process of elimination; by asserting what it is not. Democracy is not militarism, nor anarchy. It is not socialism nor lawlessness. It does not confer absolute freedom, for that is inconsistent with equality of right. It does not require a Republic, for the development of its principles are strangers to many of them while the blessings are enjoyed by the subjects of many Monarchies.

Democracy is synonymous with ordered liberty which respects and safeguards the rights of all. Its congenial structure is Republicanism, and Elihu Root has finely said that Republican government is organized self control. Henry Ward Beecher declared the real democratic idea to be not that every man should be on a level with every other, but that everyone shall have liberty without hindrance to be what God made him. Any condition interfering with this conception is an unhealthy one. It may be deemed essential to class interest but it is not Democratic.

I cannot in the limited time at my disposal present more than a bare outline of some of the actual and potential problems surrounding and confronting the United States, upon whose solution its welfare and integrity largely depend. Some of these are of pre-war birth, some forged in the red furnace of war.

Democracy finds its natural expansion in social, economic and political development. From the friction thus engendered come the ills which threaten its integrity. These lines of development must now pass through a period of readjustment before they again become normal. It is in this interval that we should ascertain our condition

and set our National house in order, that other nations may guide their future by the lamp of our experience.

Perhaps the most insidious danger to Republican institutions is the indifference of the citizen to his public duties. The beneficiaries of free government become indulgent and comfortable; their responsibilities grow irksome and annoying. Their vigilance relaxes in their struggle for material things. Their time is absorbed in the pursuit of gain. The diversion of their energies from the needs of government is the opportunity of privilege, and privilege undermines Democracy. The ills of the body politic will continue until the people awake to a full sense of civic obligation and realize that theirs is the business of government. To bring about this condition is a fundamental factor in the public equation.

The war leaves us the legacy of a stupendous debt. It will reach, if it does not exceed \$35,000,000,000, or twice as much as the combined debt of the allied nations, including Russia, when the war began. The annual interest upon this stupendous sum will be \$1,400,000,000; nearly twice the net total of the nation's annual pre-war expenditure. This means a vastly increased rate and radius of taxation. The people must bear the burden; for Germany cannot make indemnity. They will bear it willingly, if economy in public administration and the application of every dollar to the public needs shall become the policy of the Government. They will not and should not be content if the gross extravagances of the past continue. In 1910, Senator Aldrich declared that ordinary efficiency in public administration would annually save the people \$300,000,000. It would now save twice that sum. If the taxpayers of America will unite in demanding a radical revision of our public service, a consolidation of duplicating bureaus, and the institution of the budget system in appropriations, it will be done. If they will also rigidly supervise public expenditures, taxation can be largely reduced. If they fail to do this, our appropriations will keep increasing, for every demand made upon the Treasury is complied with when political or organized force is behind it, and everything in these days is organized except the man who pays the taxes. Moreover, the huge debts of the nations, however well their revenues are managed and applied, will always be a fruitful source of disaffection. To those possessing none of it, yet paying taxes to meet its fixed requirements, the impulse toward repudiation may ripen into an insistent clamor. Once begun, it may spread like the virus of influenza, from nation to nation, and from public to private obli-

tions. Nothing could be more disastrous to a people than the success of such a movement, which will inevitably arise, whatever our policy. It is certain to materialize if in our financial administration we do not at all times apply sound principles to taxation and exercise a wise and frugal economy in expenditures. Nothing is more difficult in a Republic than this, if public interest is lax or non-existent.

Readjustments toward normal conditions must inevitably react on war prices and wages. The first will not be disturbing, the last may prove alarmingly so. Lowering of salaries and wages, though absolutely essential to a falling market, is always opposed by the wage earner and frequently to the extremes of violence. The higher these have risen, the more bitter the opposition to their diminution becomes. This inevitable situation should be promptly recognized and every effort made to prepare against it. Labor should be urged to acquaint itself with the economic laws which compel the change, and with its compensation in lowered cost of living. And the change should come as gradually and as universally as possible. These precautions may be taken without difficulty, with little trouble and with less expense. Their importance is self-evident. The most prejudiced and sometimes the most ignorant of men will listen to the persuasive influence of sympathetic discussion if interposed before their resentment becomes inflamed by a sense of injustice.

Our immigration laws have been largely moulded by political and economic considerations. The same is true of those relating to naturalization. Much of our immigration has represented the best of Europe. These have been of inestimable value to the country. They have cast their lot in America for all time, sharing our burdens and responsibilities, and aiding in the great task of building a new nation upon a virgin continent.

But the demand for labor and the need for ballots have flooded our shores with a mass of humanity apparently unassimilable. Politics bars only the Asiatic from our ports. Others are herded by trans-Atlantic steamship lines and delivered to our clamoring industries, which exploit their labor and neglect their souls. Their moral, material and educational welfare receives scant consideration. They find no companionship behind their own ranks, form themselves into racial groups, adhere to their national customs and language, learn nothing of American life or policies. They are as strangers within our gates, despised of employers and the public, doomed to the exactions of toil without lot or part in the land of their adoption.

They measure our institutions, if they think of them at all, by the limited range of their unhappy experiences. Their conceptions of freedom and of citizenship cannot be higher than their contact with the boss and the paymaster. They may at times inspire our curiosity or excite our distrust, but our sympathy and comradeship not at all. They attract the notice of political machines which encourage their naturalization to obtain their votes. This stamps the right to cast them as an asset of money value. They supply a rich and inviting soil for every social and economic fungus growth which hatred or ignorance may seek to propagate. Their colonies have become national plague spots, breeding places for all the ugly disorders of the century. They are dupes of the designing and the criminal, enemies of the established order ripening for revolt or revolution. They perceive all too easily the inequalities of society, the chasm between the very rich and the very poor, the power of combined wealth, and the helplessness of the laws. Envy, hatred, neglect, the disdain of the community, and a blind sense of injustice, combine to inflame their animosities and expose their passions to suggestions of the torch and the sword as the sole arbiters of social and economic injustice.

The disruption of the Central powers, followed by the establishment of popular government for their liberated peoples, will doubtless remove all restrictions upon their continued emigration. The burden of debt, coupled with unsettled economic conditions, will encourage the western movement of their population. The added stimulus of the great steamship companies, eager for their old steerage traffic, may rapidly re-establish the high tide of ante-war immigration. If it is to be checked, the dam must be erected on this side of the Atlantic, and no time should be lost in its construction.

What are the dimensions of this evil? We are informed by the last census that our foreign-born population numbered 13,000,000 in 1910, or nearly one-eighth of the whole. Of these, 6,000,000 were males of the voting age. The number attending English schools was very small. Most of them are packed in the crowded centers of our population. In this mighty city of prodigious contrasts are vast numbers of them. Every nationality is represented and their illiteracy is appalling. It has Italian colonies, Yiddish colonies, Russian colonies, Austrian colonies, Greek colonies. Your East Side is a vast mosaic of races, clannish, clinging to their native speech, strangers to our language, jealous of their own customs

and disdaining ours. From 23rd Street south and First Avenue east, there is nothing American. In that densely peopled region, the English language is as lonely as the late Kaiser in Holland. Similar conditions may be found in Chicago, in Philadelphia, in Pittsburgh, in San Francisco, in nearly all the great cities. Save the struggle for existence, these people have nothing in common with the native American.

Your city typifies the general situation. It contains the germs of every social and political disorder. Part of its press are constant and competent sowers of sedition. Among these people class distinctions are magnified, and discontent and lawlessness encouraged. From such congenial soil was bred the Black Hand, and the I. W. W., consecrated by their founders to pillage and murder. The red flag of anarchy is their symbol and war against the social order their shibboleth. A powder magazine unguarded, exposed to perils of accident or design, is not more dangerous to the community.

Into the face of this sinister menace, wealth flaunts the orgies of the great white way. It thus supplies the East Side with text and justification. A population, sullen with the discontent of poverty, confronted with the vulgar and ostentatious display of lavish extravagance, will not always remain quiescent. When the extremes of the nation's social life jostle each other too harshly, an explosion is inevitable. Such conditions cannot endure. No government can be secure when the lives and tendencies of its people are essentially wrong.

Bolshevism has given the world a hideous illustration of the fundamental truth that when liberty is divorced from law, justice disappears. The freedom of unrestrained license is the only freedom of the mob. Under the sway of that many headed despot, crime holds high carnival. Robbery, rape and murder are daily pastimes. The only authority is that of the strongest, and community life is transformed from a protection to a menace. It is to this chaos that International Socialism would lead the world. Russian anarchy is popularly ascribed to the oppressions of the Romanoff dynasty, whose downfall shattered the foundation of the Empire. That is largely true. Yet it is a sinister fact that excepting Lenine, nearly all the leaders of Russian Bolshevism graduated from the swarming centers of New York, Chicago and Philadelphia. Trotsky, Volodarsky, Kritzky, Martoff, are some of them. Their bloody program was formulated here, and here they proposed to test it, when

opportunity beckoned, and Russia became their victim. From that Continental slaughter house they salute their accessories in America and urge them to the commission of similar atrocities.

The assimilation of races, so essential to a national unity, cannot be effected under conditions now prevailing. While they continue, our citizenship must be heterogeneous and discordant. A polyglot people, without geographical separation, with conflicting aims and ideals; united, yet socially, morally and economically antagonistic, cannot endure in a Republic. Racial classification is the precursor of racial animosities, and racial animosities imperil the national safety.

But our trend toward class distinctions is not wholly ethnological. It proceeds as well along other lines, and finds expression in trades, in agriculture, in legislation. Our Federal laws bristle with clauses recognizing and favoring them. In matters of penalty, revenue, trusts, transportation and appropriation, we frequently exclude foreigners, workmen, government employees, fraternal organizations and some others from punitive and burdensome enactments. We also extend them privileges not conferred upon others less potential in numbers or influence. The equal protection of the laws will, if this practice be not abandoned soon, be honored more in the breach than the observance.

The laws are potent for the protection and welfare of the citizen only as they are uniform in their application, just in their mandates, and respected by the people. Laxity in their enforcement and indifference to their requirements have long been a conspicuous and sinister feature of our national life. This is particularly true of the criminal law. The disparity between homicides and convictions will serve to illustrate the assertion. Their proportions are as thirty to one, and those due to labor controversies seldom reach the stage of a formal indictment. The expense of modern litigation, crowded dockets and the law's delays may be largely responsible for the low level of public respect for statutes and constitutions, but whatever the cause, the evil is a serious one. The public safety depends upon the public order; the public order rests upon the sanction and the mandate of the law, and the law is made contemptible whenever its protection is denied to the meanest citizen.

To this condition we must plead guilty, for it is a melancholy fact that the citizen frequently is denied the equal protection of the laws, either by exposure without redress to acts of violence or through the tedious and expensive processes of legal machinery.

Both mean a denial of justice, and Burke said that a government not founded on justice labored under the imputation of being no government at all.

During the past four years Germany has met our protest against her many successive barbarities with the retort that lynching and burnings in the South, and promiscuous murder in our labor disputes were quite as shocking exhibitions of American methods in time of peace as her own atrocities in time of war. And we must concede in deep humiliation that in such things the two peoples occupy the same low level. This condition justified the President's protest to his fellow countrymen of last August: "That every American who takes part in the action of a mob or gives it any sort of countenance is no true son of this great Democracy but its betrayer, and does more to discredit her by that single disloyalty to her standards of law and of right than the words of her statesmen or the sacrifices of her heroic boys in the trenches can do to make suffering peoples believe her to be their savior. * * * I can never accept any man as a champion of liberty either for ourselves or for the world who does not reverence and obey the laws of our own beloved land, whose laws we have ourselves made. He has adopted the standards of the enemies of his country whom he affects to despise."

Recent events show that the President's lofty rebuke has not been wholly effective, for in some communities mob murders have not ceased. Did they accomplish the end which is said to justify them, they would still be horrible. But the only effect is to prompt their repetition. And they are a hideous reproach upon Anglo-Saxon civilization.

If our organic act means anything, every citizen is free to work according to his own desire. He should be subject only to the limitations of the law. To interfere with this right or permit others to do so with impunity is to undermine the foundations of our political structure. A law which does not throw the shield of its protection around him is worse than useless. It is a wanton delusion. On the other hand, ample punishment for the commission of crimes is provided and safeguards as well for the shielding of the innocent. All that is needed is their vigorous enforcement. If they are not applied, the fault is with the community much more than with the criminal. Let no man therefore justify his contempt for the law by pleading its non-enforcement. For that he is in part responsible.

With all due allowance for considerations peculiarly applicable to the negro, he is entitled to the guardianship of the white man. His career has been a bitter one. He has been sinned against far more than sinning. He did not intrude himself upon us. He was brought here as a prisoner and slave. He earned his freedom fifty years ago by his devotion to his master's family in the dark period of our Civil War. He has since struggled upward against fearful odds. The great war gave him the opportunity to prove his devotion to his country, and well has he improved it. He has proven his loyalty to the flag under whose folds he has not always found protection. His blood with ours has consecrated the vast French battle ground from Chateau Thierry to Sedan, and the armistice found him in the very vanguard of the Western front. Surely such a record inspires our admiration, as it should command our gratitude. Who will deny that the negro has earned his right to the equal protection of his country's laws?

Ours is a land of waste, and waste is the enemy of thrift. Some one has said that with our resources the French would have saved enough since the century began to pay her own and Britain's war expenses. The war has brought us the wisdom and the simplicity of thrift. We should make it a national virtue. It is the best cure for discontent, and grows with its practice. A thrifty man need make no search for something to relieve his needs. He has it. It is a fact of the highest significance that modern socialism discourages thrift. It is the foe of disorder, a virtue that becomes hostage to fortune. Hunger is stranger to it, and hunger never breeds reforms. Hunger breeds riot and bloodshed. The supernal wisdom of Jesus is clearly revealed to man in the Lord's prayer, whose first supplication is "Give us this day our daily bread."

In America hunger is a social crime. Out of our abundance we can feed other continents. The fault lies in distribution. Food decays for lack of consumption in one section while people starve for want of it in another. If private control of transportation cannot solve the vital problem of its distribution, public control must. If our railroads are inadequate, we must construct more. If rates are prohibitive, they must be lowered. Democracy requires food and part of her mission is to secure it.

Corporate mismanagement and consolidations, huge issues of fictitious capital, corners in foodstuffs, manipulation of stock

markets, fortunes realized over night through financial jugglery, preponderant control of money and credits disfigured the commercial history of the two decades preceding our declaration of war. They constitute a sordid and humiliating chapter of greed and financial profligacy and simply justify the wave of public disapproval culminating in political revolt and codes of primitive legislation. Congressional and Bureau investigations have disclosed sorry spectacles of mismanagement and of trusts betrayed by men of great wealth and commanding influence for their personal and financial aggrandizement. Public confidence in the integrity and patriotism of their class has been seriously impaired.

These practices cannot be too seriously criticized. They have inspired as they have justified every extreme of agitation. They have been condemned alike by radical and conservative. It is not too much to say that they have done more to inflame public sentiment, breed anarchy and stir up socialist propaganda than any single influence of the century. It is the anarchy of capital. It is Bolshevism in high life. Such operations cannot be resumed if we hope to preserve free government in America. Otherwise than in the fortunate development of mines, great wealth may be suddenly acquired only through sinuous and criminal manipulation. Its frequent occurrence demoralizes the people. It begets discontent and compels imitation. The effort to get rich quick becomes infectious. Men look with disdain upon the slow but legitimate processes of accumulation, and drift from plodding industry to the stockticker and the exchanges. And as the vast majority of the seekers for sudden wealth are predoomed to failure, they will sooner or later join the ever-increasing army of the discontented and reproach the social order for their misfortunes.

The well-to-do element of the country is its most influential class. It occupies the great domain of leadership and constructive development. It can ill afford to weaken the social and economic structure. It cannot commit or countenance methods which breed discontent and unsettle confidence. It is the exponent, the guardian and the director of material and financial integrity. Its position in the whole domain of the national activities is commanding. What it does or abstains from doing, is therefore of great concern to the public and of prime importance to itself. When confidence in its honesty or public spirit

is impaired or overthrown, the hour of upheaval will come. I therefore affirm that the suppression of the financial malversations so prevalent during the past quarter century is an insistent and overshadowing duty. Bolshevism and its kindred evils are their legitimate offspring. They supply the soapbox orator with his best ammunition and silence the protests of those who would eliminate him. You have purged life insurance of its financial sins. The bankers, merchants, manufacturers and masters of traffic must profit by your example if indeed they have not already done so.

Finally, the chasm between labor and capital must be spanned. This cannot be done by force, by class resentments, nor by recrimination. It is a most serious problem as it was before the war. Each of these great forces must understand the other's viewpoint. Both must realize that they are complements and co-workers of progress. Without the one the other is moribund. Neither can be discarded from the economies of trade and industry. Co-operation between them is indispensable to the public and private well being. They must become partners in the largest sense, each exercising its legitimate functions for a common purpose. To assert this is a simple performance; to bring it about is a task for Titans. But it must be done.

I have sketched in outline some of the difficulties with which the return of peace confronts us. The perspective is sombre but not at all discouraging. Every generation has its tasks, and if ours is unduly burdensome, its performance will place posterity under a larger obligation. Let us, therefore, one and all, clear the situation and strive to make our beloved country all that its ideals require. We must institute and enforce a rigid economy in public administration. We must unify our citizenship. We must have a common language with which all men and women must be made familiar. We must bring our institutions and traditions home to the understanding of everyone. We must extend the hand of sympathy and encouragement to every alien in the land, give him a share in the country's affairs, and imbue him with the spirit of America. We must discourage the community life of the foreigner by teaching him the need for assimilation. We must require him to become naturalized within a fixed time after his arrival or return whence he came. We must make him learn the English tongue and become reasonably familiar with the requirements of citizenship as a candidate of nat-

uralization. We must suppress all associations devoted to the commission of crime and the advocacy of disorder. We must radically change our immigration laws. We must have no ensign but the stars and stripes. We can have no companionship with the red flag of anarchy and revolution. We must assert and enforce the equal protection of the laws, do away with the mob and gibbet the lyncher. We must teach the great truth that organized and ordered society is essential to man's existence and that protection of life and property is the basis of all government worthy of the name. We must demonstrate that the strict observance of law is necessary alike to the happiness of nations and the security of communities. We must make treason odious. We must harmonize the discordant factions of industry and commerce. We must, if need be, forget party ties in the stress of tremendous obligation. We may each and all, faithful to our traditions, and reverencing our ideals, struggle as Democrats and Republicans for the supremacy of our convictions, but we must remember that we are above all, Americans, whose first and final duty is to perpetuate the welfare and shape the destiny of the great Republic. The ark of Democracy's covenant was committed to Anglo-Saxon keeping long ago. Our fathers have proven worthy of the trust; we, too, must keep the faith. Henceforth the United States shall be a great training ground for the growth and development of a stalwart and genuine Democracy. (Applause.)

(At this point an intermission of ten minutes was taken, during which a list of those present was secured upon cards distributed by the ushers for that purpose.)

MR. WILLIAM A. HUTCHESON, second vice-president and actuary, Mutual Life Insurance Company, New York: I beg to propose, Mr. Chairman, that the Chair be authorized to appoint a committee on resolutions to consider any resolutions that may be offered here, and to bring in such other resolutions as it may think proper.

The motion was duly seconded and unanimously carried.

THE CHAIRMAN: It is conceded that new or unusual ventures in the commercial world demand breadth of vision and practical application of business-like methods to insure their success. We have with us one of the leaders of the American Bankers' Association and a pioneer in the justly famed Banker-Farmer Movement, whose value as an aid to national thrift-building is unquestioned. This

financier of repute, Mr. Joseph Chapman, Vice-President of the Northwestern National Bank, Minneapolis, will address the assembly on "New Capital Through Thrift." (Applause.)

NEW CAPITAL THROUGH THRIFT

Mr. Chapman spoke as follows:

MR. CHAIRMAN, LADIES AND GENTLEMEN:

A banker is not supposed to make a speech. Life insurance men certainly have to be masters of the vocabulary in which they are to talk to the nationalities whom they are to insure, but a banker only has to have two motions of his head; [indicating "yes" and "no"] that is all. (Laughter.) We are good listeners, but we are not good speechmakers; yet we are interested in the very same line of business.

Statistics form a considerable part of my remarks. Well, bankers revel in statistics the same as life insurance men do. It is not so many years ago that a friend of mine came in from North Dakota to say good-bye to me. He said, "I am going over to Jerusalem to see where the man lived who invented interest." (Laughter.) That was his idea of taking a trip to the old country. A banker, as well as an insurance man, must be a judge of human nature. They tell the story of a very religious banker out in South Dakota. An honest lawyer—there are such men in the world, who have never accomplished anything—came in and asked this question:

"I want to know what it is necessary to do in this bank in order to be able to borrow fifty dollars." The old gentleman looked over his glasses at him and said "My friend, in the language of the Bible, you must be born again." (Laughter.) You have had a great deal of experience with bankers and you found them to be that kind of people, I have no doubt.

The surprise of my young life is to come to New York and find an Association of Life Insurance Presidents in convention assembled in the month of December. After some 30 years' experience with life insurance men, my observation is that they loaf from January to the 30th of November, and do all their work in the month of December. At least, it seems so to me. We have a continuous procession of life insurance agents in the bank from the 1st day of December to the last. All the insurance is written in that month, I believe.

America was known, up to the year 1914, as a spendthrift nation;

"Easy come, easy go" was the real motto on the American silver dollar. The Surrogates' courts show that only three men of every hundred who die leave an estate of \$10,000 and over, and only fifteen others leave an estate of \$2,000 to \$10,000. Eighty-two of every hundred who die leave no income-producing estate, no tangible assets, with the result that out of every one hundred widows, only eighteen are in good and comfortable circumstances; forty-seven others are obliged to go to work and often lack the ordinary comforts of life, and thirty-five are left in absolute want and must depend on charity to live. Yet in the year 1914, we spent \$520,000,000 for tobacco and \$1,720,000,000 for alcoholic beverages, besides other billions for non-essentials. The measure of what we bought was not our need but what we thought our neighbors would be envious of did we possess it. "Keeping up with Lizzie," regardless of the fact that Lizzie was an auto-riding, moving-picture-going, dinner-giving, worldly-minded individual, whose husband could not pay for the luxuries and frivolities she demanded, was a national disease in this country. The old-fashioned thrift way of paying cash to meet our needs was discouraged, and we paid next month for what we ate last month. Buying of necessities and luxuries was made easy by the extension of easy credit, entirely unwarranted and with demoralizing effect upon the people, causing them to live beyond their means. As a nation, we had developed luxury-loving habits, and thrift received but scant attention.

The waste due to inefficiency, in our national as well as our individual life, is enormous. From fifty to sixty percent of all fruits and vegetables raised in this country is wasted, due to inability to preserve same in fit shape for market. \$500,000,000 is wasted in soil erosion, \$600,000,000 in damage done to crops, fruit trees, grain, etc., in storage, by noxious insects, rodents, etc., whose multiplication is due to shiftless methods of agriculture, and \$250,000,000 is lost in live stock through the attacks of flies, ticks and other insects of animal life, which might have been prevented. These figures could be amplified and many other instances given, carrying the total of waste into billions, but these few examples will serve all the purposes of the matter under discussion. The prodigal son could not have been more wasteful nor more criminally prodigal with his patrimony than have been the American people. Instead of being a nation of dollar-worshippers, as the Germans said, we were a nation of dollar-wasters. Many tried to be thrifty, only to be swindled out of their hard-earned money by get-rich-quick pro-

moters, who sold worthless mining stock, worthless irrigation bonds, bogus manufacturing stocks and other similar projects conjured up by scheming men, who took the widow's mite as eagerly as they absorbed the professional man's income. No doubt many of our people, having been thus swindled, lost all desire to save and felt they might as well enjoy their money as they went along, taking no thought of the morrow.

Prior to July, 1914, \$4,000,000,000 of our securities were held abroad and \$1,000,000,000 of our property was owned by non-resident foreigners. Then came the war, as a bolt of lightning from a clear sky. Our people were aroused and their attention turned from the frivolous things of life to things more elemental and essential. As the war progressed, our people found they could do without many things they considered formerly to be absolutely essential to their comfort. Lizzie, that improvident woman, was removed from her throne and her place taken by patriotic, self-sacrificing women throughout the nation, and by patriotic self-sacrificing men who gave of their time, their ability and their money, and the entire standards of our people were changed. Service and Thrift became our watchwords.

In January of 1914, 200,000 of our people owned \$1,000,000,000 of our Government bonds; altogether, it was estimated some 300,000 were investors in all classes of bonds. At the close of the last Liberty Loan campaign, 22,000,000 of our people had invested \$17,852,000,000 in Liberty Loan bonds and War Savings stamps. The interesting feature is this, that each succeeding Liberty Loan found more of our people paying cash for their bonds.

In the district in which I live, out of an allotment of \$210,000,000, one hundred and ten million dollars was paid in cash on the first call and the banks held fifty million more of certificates, practically cash, which cash they could have had, if so desired. So that really, out of \$210,000,000, the people of the Ninth Federal District paid for \$160,000,000 of that on the first call of the Government.

This is the greatest thrift movement ever inaugurated among our people, and for the first time there has been a nation-wide thrift propaganda the amazing results of which justify our faith that we have only scratched the surface toward what can be accomplished in creating new capital through thrift.

The most potent factors to-day in America for encouraging thrift are the Government, the Insurance Companies, the Banks and the Home Building and Loan Associations. After the war, the Govern-

ment will cease to be the principal member of the Thrift family, and Insurance will again take the head of the table.

The following figures will show the increased capital through life insurance thrift between the dates of January 1, 1914 and January 1, 1918:

JANUARY 1, 1914		
Ordinary	Policies	Amount
(229 companies)	8,774,638	\$16,587,378,943
Industrial		
(31 companies)	29,431,756	3,977,091,002
	<hr/>	<hr/>
	38,206,394	\$20,564,469,945
JANUARY 1, 1918		
Ordinary	Policies	Amount
(214 companies)	11,581,701	\$21,965,594,232
Industrial		
(27 companies)	38,763,599	5,223,415,465
	<hr/>	<hr/>
	50,345,300	\$27,189,009,697

Gain in number of policies, 12,138,906. Gain in amount insured \$6,624,539,752.

That is during the time also when the people bought seventeen and one-half billion dollars worth of Bonds and War Savings Stamps. This amazing gain was accomplished notwithstanding the fact that the war had taken practically 4,000,000 of the best insurable risks out of the insurance solicitor's field. It also means that 4,000,000 of our young men have had the advantages of life insurance recommended to them by Government officers, which offers a most attractive field when the Government retires from the insurance business, which it surely will, for the success attending the economical and efficient management of this great industry could not be duplicated by any government in the world.

The assets of the insurance companies increased from \$3,052,732,358 in 1907 to \$5,940,622,780 in 1917 or 94.6 per cent. The insurance in force between the same dates increased from \$14,063,362,639 to \$27,189,009,697 or 93.33 percent. The total amount of life insurance in force in Great Britain, Norway, Denmark, Sweden, Russia, Holland, Belgium, France, Switzerland, Italy, Austria-Hungary and Serbia is \$13,394,000,000, against our twenty-

seven billion. Those figures do not include the fraternal insurance organizations.

Before the war France was characterized as a nation of bond buyers, Great Britain as a nation of stockholders, Germany as a nation of savings bank depositors and America as a nation of life insurance policy holders. Still the amount of savings including time certificates of deposit, in the 28,000 banks of America, total something over nine and a half billion dollars in 26,500,000 accounts. The amount of such deposits in England is \$1,250,000,000 in 16,500,000 accounts. The amount of such deposits in France is \$1,000,000,000 in 15,000,000 accounts, while in Germany the amount of savings is \$6,000,000,000 in 25,000,000 accounts, which is less than America by \$1,500,000,000.

The estimate of supply of capital in the United States in 1913 was \$6,500,000,000 which had increased to \$8,000,000,000 in 1915, to \$15,205,000,000 in 1916 and to \$18,200,000,000 in 1917. With the intensive efforts now being made to reduce consumption and increase production, there should be a saving this year that would almost equal the proposed total expenditures for war which Secretary McAdoo estimates at \$24,000,000,000.

Unquestionably billions have been added to the capital account of the United States through thrift during the past four years. This is nowhere better evidenced than from the fact that our excess of merchandise exports over imports from July 1, 1914, to July 1, 1918, was \$10,110,000,000, wiping out all money owed abroad and making us a creditor nation to the extent of \$5,765,000,000. This includes \$1,500,000,000 of foreign securities owned by our citizens at the beginning of war. We have loaned our allies \$7,732,976,666 up to the first of November, 1918, and the interest received from them will in large part offset the interest the Government has to pay our own people on the Liberty Loan indebtedness.

Switzerland has been pointed out by economic writers as leading the nations as a saver, and next in order have been placed Denmark, Norway, Sweden, Belgium, France, Netherlands, Germany and Great Britain, the United States coming in at the foot of the ladder. There is no question but the war has changed our situation, and the United States will now be found well up in the list.

The number of savings accounts in 622 mutual savings banks and about 1,200 small stock savings banks in the United States, reaches only 11 or 12 percent, but the 5,000,000 savings accounts in national banks, the 5,500,000 savings accounts in state banks and

trust companies, the 3,500,000 accounts in building and loan associations, and the 1,000,000 postal savings accounts have apparently been excluded from the compilation. If these were counted, the sum total would show about 26½ per cent of savers instead of 11 per cent. Unquestionably our savings per capita is reduced by the population in the southern states, where the savings percentage is only six and three-tenths of the South's twenty million population.

So much for pre-war and war thrift conditions. What of the present and the future? How can the thrift momentum be kept up and increased until we shall be a nation of home owners and want be banished from our shores? Some so-called thinkers believe by Socialism, but the war has taught us that Socialism means the death of Democracy and the substitution of Autocracy, dominated by passion, class hatred and ending in ruin. Socialism is the foe, not only of Military Autocracy but also of Democracy. Our own form of government offers the best protection to all classes of citizens of any in the world. Let us take advantage of the lessons learned from our own mistakes and those of other nations and build on our own foundation a nation whose motto shall indeed be "Justice to all and special favors to none." To accomplish this end it will be necessary for all men and women to continue the unselfish service rendered the Government in time of war. A country worth dying for is a country worth serving after peace has been declared. Better men and women must fill our public offices. Accumulation of wealth must not be the chief aim of our people. Our first duty is to the Government. If to be Governor of your State, Mayor of your City, Alderman from your Ward, Senator from your State, is to be the greatest badge of honor that can be conferred on a man, then and then only will America have been worth saving, and only then will it be possible to fulfill the destiny of the greatest republic in the world. Then it will be possible to eliminate waste from public and private life, to surround our people with safeguards so they cannot be swindled out of their savings by unscrupulous persons. The shifting of responsibility from the individual to the Government as it is now constituted will bring no millennium, but only increase our problems. The scope of individual advancement should be free as the air, under wise and patriotic government control exercised by the best representatives we can elect to our seats of government.

In this conception of the future the insurance companies will play an ever important part. Already reaching millions of our

people and with the endorsement given to the insurance ideas by our Government in the insurance of its soldiers and sailors, I predict an enormous growth in the greatest branch of the Thrift family.

Great Britain insured her soldiers for an average of \$95, the United States for \$8,500. Eighteen thousand of our soldiers and sailors died from influenza alone, and the Government will pay their estates \$170,000,000.

Gathering its millions annually in the shape of premiums and using the savings thus gathered in developing our farms and our railroads, the life insurance companies are the greatest asset for usefulness the Nation has to-day.

The conservative character of the farm mortgage loans cannot be illustrated better than by calling attention to the fact that on December 31, 1916, the insurance companies had farm mortgage loans in the states of Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Wyoming and Montana, of \$370,493,603, while the value of the crops of wheat, oats, barley, rye, corn and flaxseed of Minnesota, North Dakota, South Dakota and Montana of this year amount to \$1,243,939,530.

The abdication of King Alcohol from our shores is an auspicious time for the extension of the inestimable service performed by insurance companies to all classes of people.

One thing to be done to assist not only life insurance thrift, but real genuine thrift, is to safeguard the savings of the people by the continuance of the Capital Issues committees under Government control. By government control I do not mean control at Washington. I mean control under the twelve federal banks, the way they are now. These commissions have performed most valuable service during the period of the war, but much of the benefit derived will be lost if the good work is to stop at this time. Much can be done in this way to protect the widow and children, the beneficiaries of the insurance policy, who unquestionably to-day are being swindled out of millions of money annually by investments in unsound institutions. The Blue Sky laws of the various states are inefficient, and many issues are endorsed by them which, under no circumstances would be endorsed by the Capital Issues Commission, which at the present time is divorced from politics, and which should continue to be divorced from politics.

An interesting thing is going on in this country at this very moment. Up in the Northwest they are conducting a school—I learned this the other day—where they are training salesmen to go

out and trade the farmers out of their Liberty Bonds. The idea has gone out that the "suckers" have more money in America today than they have ever had since the history of the world, and it is the business of somebody to get it away from them; and they are actually conducting schools where they train salesmen to go out and sell bogus stocks to these farmers and get their bonds away from them. A very conservative estimate has been made by those who are in a position to know in the Northwest, that in the states of Montana, Minnesota, and North Dakota, alone, farmers have been separated from \$25,000,000 of their Liberty Loan Bonds, and that by the time the next issue comes along in April, if something is not done to stop it, they will be cheated out of \$75,000,000 more of their government bonds. Why is not that a fruitful field for the life insurance men to go into? I do not mean you should go in to swindle the farmer to get his bond. (Laughter.) But you are going to offer him a sound investment. The salesmen who represent these bogus concerns get 20 per cent.—\$20 on every hundred-dollar share of stock they sell. That is making money awfully easy. You can't do that. But, believe me, those farmers have the money today, and an education along the lines of sound investment, in which the insurance companies can take a leading part, will get you splendid results from a class of citizens who today are better fixed than any other set of men in America—the American farmer.

Having been an insurance policy holder since the age of twenty and having had a banking experience extending over thirty years, my experience teaches me that for the average man an investment in life insurance is the safest possible method of saving money, to say nothing of the protection afforded the policy holder and his family during the life of the policy.

And in that connection, I was examined just before I came down here to New York for some insurance, and one doctor took my wrist and he held it a while and he looked at his watch and called the other doctor—because you have to have two doctors now; one I think is a Christian Science doctor, and the other a real doctor. (Laughter.) The other doctor held my hand awhile and said, "Well, he has a pulse, but it is awfully slow." He said, "Now I know how you can say no so easily to the customers in the bank. You have very little heart."

In closing, I congratulate the insurance executives of this country on having provided and developed this great safeguard for our thrifty people, and also I congratulate them on the honest and effi-

cient manner in which they have conducted themselves as stewards of these savings of the people.

(Applause.)

THE CHAIRMAN: Honorable Robert Lynn Cox—wise counselor and Manager of the Presidents' Association from its organization to a short while ago, and now an official in one of our largest life insurance companies—is assured a warm welcome from this gathering of friends. Mr. Cox will discuss "Life Insurance Thrift as a Constructive Force." (Applause.)

LIFE INSURANCE THRIFT AS A CONSTRUCTIVE FORCE

Mr. Cox presented the following address:

GENTLEMEN:

I offer no apology for asking you to consider with me for a few moments an important characteristic of the business in which we are engaged—its constructive power. The whole world is devoting most of its time and thought nowadays to putting new values upon the various items which have been listed heretofore on its schedule of economic and political assets.

Some countries, Russia for example, seem to have found themselves bankrupt in every department. Even the people show a "red balance" when it comes to measuring their net worth to the world. And when Germany's highly valued asset of militarism was proven worthless by the Allied armies in France, she had to go immediately into the hands of a receiver, politically, economically and, shall we not say also, spiritually. Whether she may yet be found to be solvent is going to depend on the new valuation that must now be put upon what she has left.

America and her associated allies have escaped the bankruptcy court in this great world cataclysm, but it behooves them to take an inventory of their remaining assets and perhaps mark down, or mark off entirely, some things which under the old order were thought to be of high value.

The inquiry I would make today is, how is the institution of life insurance likely to come out in this recasting of accounts? We have had a high rating among world values in the past. Will we now be put back into regular stock or be marked down and put upon the bargain counter? The answer, it seems to me, will be determined largely upon whether we have an understanding that the war just ended has brought to business as well as

to politics several new factors of prime importance in testing hereafter the true worth of things. By this I mean that every institution and every activity of man is going to be measured from now on, though not heretofore, by what it is doing for humanity as a whole, rather than by what it is doing for a selected few or what it brings in the way of gain to those who are carrying it on. Just as it is being determined that government shall no longer be run for the benefit of the governing powers alone, but for the benefit of the governed, so business affairs will be required to show a substantial margin of net gain to the public as a whole. This benefit will include economic profit, of course, but there must be something beyond that. It must contribute substantially toward the making of men and women of a higher order, because this, in the end, is the great purpose of all human activity. From this standpoint I hope to show that the business of life insurance will rank in the future even higher than it has in the past.

We are quite accustomed to measure our success as a business institution by material standards. We speak nearly always in numbers and of amounts—six billions of assets, thirty billions of outstanding insurance, fifty millions of policies in force, one hundred thousand men employed in our field organizations, payments to policyholders averaging two million dollars a day for each working day of the year, etc. These figures are a tribute to our efficiency, as they are likewise some indication of our popularity. But, more important, they afford the measure of service we are rendering the community and of our opportunity to render even greater service in the future.

In our two hundred and forty or more companies, scattered from Maine to California and from the Great Lakes to the Gulf, we have a wonderful chance to exhibit locally and with appeal to civic pride the advantages that accrue from encouraging among our people the thrift sufficient in amount and extent to build a great life insurance company. Thrift, like nearly everything else, thrives best where encouraged by precept and example. A life insurance company run on a high plane of purpose and motive makes a valuable contribution toward the business morale of the community in which it is located. A wide distribution of companies throughout the country does more than all else to break down sectional prejudice so likely to run against men and institutions far away and personally unknown. Let us,

therefore, not point with pride at the number of companies merely because it is large, but because it means a wide distribution of worthy representatives in the many centers of population where public opinion is in the making from day to day. Such companies are local teachers of lessons which the American people need to learn, viz., to save and put aside in times of plenty and prosperity enough to tide them over the days of trial and adversity which await us all. Ex-President Taft's view of the importance of this lesson and the value of life insurance as an instrument for teaching it, was expressed by him not long ago in a letter to an old friend, wherein he said: "I have taken out policies for my son just for the purpose of teaching him prudence and saving for a definite purpose."

It is a favorite sport of political alarmists to point with fear and misgivings to the six billions of assets accumulated on behalf of the thirty-five or forty millions of life insurance policyholders and speculate as to how soon all of the wealth of the country will find its way into the coffers of life insurance companies. Such men have, of course, no sense of perspective. They see but one thing before them at the moment. Their vision is like the microscope—magnified at the point under observation with everything else out of focus. They do not see that the growth in life insurance company assets is proportionate to the growth in world assets. They do not know, or at least eliminate from their calculation, that these accumulations of assets are less than \$60 per capita of our population in the United States, or only a little more than the amount of currency in the pockets of each of our citizens, though it represents the saving and accumulating that has been urged with earnestness by life insurance men during seventy-five years. I have hoped that the raising of a Government loan within a few weeks equal in amount to the assets accumulated so slowly and so laboriously by life insurance companies over a period of so many years, might open the eyes of these people to a sense of proportion, especially if, as we are now advised, the trick of raising a second loan of six billion dollars is to be repeated within the next six months. Surely some day we will learn that figures and amounts have little significance except by comparison with other figures and other amounts.

But what is more in point under the text that has been assigned to me is that the American public does not sufficiently

understand that even though our accumulated assets are of large amount, they are neither withdrawn from circulation nor diverted to selfish uses, but are rendering a constructive service to the people as a whole. At the price of repeating to some extent what has been told heretofore and is well known to this audience, let me call attention again to the distribution of life insurance funds as shown by the securities held by life insurance companies.

Of the six billion dollars of assets of American life insurance companies, it is estimated that perhaps thirty per cent is invested in railroad bonds. Securities of this sort represent that part of the cost of construction and equipment which can be furnished with safety by those who are not expected to participate in the management of the properties and are willing to forego chances of large speculative gains in order to make certain of the return in due course of their investment with interest at rates current for borrowed money well secured. The great force of judicious investment of life insurance funds in this direction is too well known to need amplification here, since it is one of the things which has contributed most toward the economic development of our country. Any thought that railroads are not necessities in our economic life was forever answered by the Government itself when it took over the control and management of them on the ground that winning the war not only required first call upon the service of the railroads, but that such service must be built up to and maintained at its maximum capacity.

Likewise, as to industrial securities largely held by life insurance companies, when the Federal Government found itself confronted with a task somewhat akin in size at least to the economic activities which had been carried on by the people in their individual capacities under the name of "business," it not only admitted the absolute need for business facilities afforded by telephones, telegraph lines, docks, wharves, manufacturing plants, etc., but it went out and took them away from those who had built these facilities up to their marvelous degree of perfection and efficiency. And so these concerns were furnished by the government itself with evidence that they are more than mere pawns in the game of business activity, as so many demagogues were trying to make the public believe before the war began.

We estimate that at the present time the volume of life insurance

investments in farm mortgages is more than one-half of all real estate loans held by the companies. The total of farm mortgages is well over a billion dollars. If life insurance money was an important element in railroad building and the resulting development of our great Western States has it not been an even more important factor in the loans it has made for the encouragement and development of American agriculture in those States?

For the last year or more we have been reminded daily that "Food will win the war." People have been urged to increase production by means of war gardens and otherwise, and then to conserve in every way possible the food which they and others had produced. The government even went farther and devised a scheme under which it borrowed money to loan to farmers in order that agricultural production might be stimulated thereby. This doubtless helped to some extent but the real development of any agricultural section of the United States dates from the time when capital requirements could be obtained in volume from life insurance companies and savings banks—in other words, from the time when farm values had become stabilized to such an extent as to entitle the owners of them to borrow money of institutions offering low interest rates. A picture of much of our western agricultural development is a picture of the constructive force of life insurance investments. Ninety-five percent of all life insurance farm mortgage money is loaned in States that contribute approximately three-quarters of the bulk of the country's staple food products. If we can truthfully say today, as I think we can, that food *has won the war* (certainly food and other material resources have won it) may we not fairly claim for the savings of the people held by life insurance companies, a large measure of credit for what they have done toward the agricultural development of the great food-producing States? Here we have a constructive force of no mean proportion which, gathering strength for many years, now shines forth as having played a most important part in achieving the victory which America helped to win.

The exigencies of war have done more for us than merely to proclaim the value of enterprises toward the building up of which the investment of our funds has been allowed to contribute in large measure; they have proven the absolute necessity of life insurance itself as a means of pro-rating death losses and of maintaining morale among those who must face the hazard of death. Incidentally, they have shown that the young men of this country—

men too young on the average to have been deemed insurable for large amounts under former conditions—needed more life insurance in the aggregate in preparing to face the dangers of the battlefield and of the training-camp barracks than all the life insurance companies had outstanding on the lives of all the people of this country and Canada,—men, women and children. Hitherto we have pointed with pride, and our critics with apprehension, to our total of thirty billions of life insurance in force. But now even this enormous amount seems to have shrunk in comparison with forty billions of life insurance written by the government upon the lives of soldiers and sailors alone, all within the period of about one year and under a limitation of ten thousand dollars on each life. It is no answer to say that it was written at rates that covered but a fraction of its actual cost. The point is that it showed how much was actually needed. As an exhibit of group life insurance of mammoth amount it ought to make both life insurance men and the public take notice of the country's needs for life insurance in amounts heretofore undreamed of.

Life insurance companies are meeting heavy war losses just now but there is good reason to hope that in the end compensation for such losses will come in large part through a wider public recognition that life insurance was proven in this great war to be a prime necessity; that indemnity needed by the many when the hazard is great is just as badly needed by the few who must suffer death when the general hazard is lessened. Though the hazard among soldiers in war-times is greater than among civilians in times of peace, the need for pro-rating the loss, be it large or small, is the same with both classes, the variation requiring merely a proper adjustment of the premium rate. We have an opportunity to bring this important truth home to the American people in connection with the payments of policy claims aggregating \$2,000,000 a day on civilian deaths—and this opportunity should not be overlooked.

The government has said life insurance is a necessity and has shown that the amount carried by the American people is woefully inadequate. We know that the insurance furnished by the government to soldiers in war times was not of a kind that will meet the ultimate needs of men in peace times. Are we not confronted therefore with both opportunity and duty in seeing to it that returning soldiers and others are adequately and properly insured under policies that provide against all contingencies and cover all responsibilities?

Like most speakers among life insurance men, I have allowed my remarks to run largely to what may be termed the material or dollars-and-cents phase of our business. It seems to be the natural and, therefore, the easier thing to do. But my real purpose is to dwell with greatest emphasis upon what life insurance has done and is doing for the world in the way of making better men and women. This, to my mind, is the greatest constructive force we have—greatest because its product is worth more to the world than all we can ever give in material benefits, much though it be.

The best estimates we can make show that our fifty million outstanding policies are distributed among thirty-five or forty million policyholders. This means that life insurance is to some extent an established part of the future planning of about one-third of the people of this country and Canada. There is great significance in that statement if you believe, as I do, that every person who has been induced to take out a policy of life insurance is a better person than he or she was before it was written. I believe this under the philosophy that every man is today the sum of all that he has done and has been heretofore. Few men remain continuously upon the heights or in the depths of thought and deed. Each of us oscillates more or less between the extremes and attains character and—as a rule—reputation by the average he strikes. Can there be a doubt that the taking out of life insurance invokes the exercise of man's best qualities? We say to every prospect that he should assume the responsibility of looking out for the welfare of others as well as for himself, particularly for those who are in any wise dependent upon him. We tell him it is his duty to take care of his wife and children and to protect the family which he has established, even though misfortune should take him out of this world. Life insurance recognizes the family as being the indivisible unit of civilization of the highest order and stimulates actions calculated to protect that unit against disintegration.

We say that every man should practice thrift and thereby contribute to the capital accumulation of the world, so essential to human happiness, and in doing it should lay aside something for his needs as against the time when he may become a burden to his family or to society. In our newer fields of activity—as for example, Business insurance—we urge that men should give unselfish consideration to what effect their death may have upon business associates with whom they have linked themselves in a common enterprise. In regard to taking Group insurance we call employers' attention to

their community of interests with their employees requiring them to absorb the immediate shock of death for which the average employee has not prepared himself by taking out life insurance. In short, we teach personal responsibility, consideration for others, generosity, forethought and thrift—doctrines which tend to make men strong and independent, thoughtful and unselfish. Our field men are missionaries of happiness, prosperity and contentment, since every man who is adequately insured and those dependent upon him are less likely to be overcome by the cares and vicissitudes of life than are those who must face, in addition to all other burdens, the ever-present danger of untimely death.

We are all wondering what products of great value will be derived from the terrible slaughter that has just been brought to an end. Doubtless there will be many benefits, but I doubt if there will be any of more importance than the lesson that nothing is so important in this world as the proper development of each member of society. That is what democracy is intended to encourage and provide for. The powerful German government was built upon the theory that the individual was in all ways subordinate to the interests of the German State. His right to shine was limited strictly to shining by reflected glory. As a soldier he was trained to be an automaton—a cog in a great machine. His place was to do what he was told to do and to move only when he was told to move. He was not only not expected to think and act for himself but was not allowed to do so. Strange as it seemed to us then, we now see that autocracy and socialism were working hand in glove. Each was saying that the good of society is the big thing to be considered and that the individual doesn't matter except insofar as he goes to make up a part of the social organism. Nations of this sort, which many of us came greatly to admire, did seem to be gaining in efficiency over nations like ours. Some began to urge imitation, which involved shifting as many responsibilities as possible from the shoulders of the individual citizen to the collective shoulders of government. But America held to the doctrine of personal liberty, involving, as it does, the largest possible measure of personal responsibility. She held to her job of raising a citizenry of self-reliant, independent men and women. We kept ourselves mindful of the distinction drawn by Henry Ward Beecher when he said: "A republican government in a hundred points is weaker than an autocratic government, but in this point it is the strongest that ever existed—it has educated a race of men that are men." Finally the

German automaton and the American freeman have met in direct competition on the field of battle. The victory achieved by the real man is being writ now in large letters on the pages of history to America's everlasting glory. We had not surrounded our country with fortifications or munitions of war. Our defenses consisted of men trained to independence and self-reliance. We could have said of them as Plutarch said of the men of the ancient, unwall'd city of Sparta:

"There thou beholdest the *walls* of Sparta and every man a brick."

America has succeeded in accomplishing every great task she went at with a will.

But we are now confronted with the greatest problem we have ever had to solve. The great war has brought us to a "fork of the roads" on a matter of public policy. Shall America return to the general methods of life and activity under which she succeeded in raising such a wonderful generation of young men; shall it encourage the doing of everything possible by individual initiative and private enterprise or shall it try to conduct several of its greatest and most important business institutions through governmental agencies. The old school of business economists recognized as fact that nearly every man needs constantly the spur of some great incentive to move him to do his share and perhaps a little more of the world's work; that no spur quite equals the rights which arise in and flow from the private ownership of property. The new idea seems to assume that spurs for the individual are no longer needed other than such as are afforded by the consciousness of a duty well performed. Supporters of the latter proposition seem to see men not as they are but as they ought to be. It is my feeling that the disturbance of our daily affairs (otherwise known as "business") by the great war has brought to most men an overpowering desire to return to the pre-war normal life and that our anathemas will not be directed hereafter at business as a whole but only at its evils and excesses. Individual success will be awarded approval—not condemnation. The social organism shall be relegated to a place indicated by Phillips Brooks when he said: "Society does not exist for itself but for the individual, and man goes into it not to lose but to find himself." We shall come then to realize that the great product of business, big and little, is not its material output, but men, industrious, independent, self-reliant, responsible, growing, human beings. Business is an ever-present and an all-embracing force. Among the business

institutions of the world which stimulate prudent living and right acting on the part of its patrons, none occupies a higher place than life insurance.

(Applause.)

HON. W. A. DAY, President, Equitable Life Assurance Society, New York:

MR. CHAIRMAN AND GENTLEMEN: I am not on the program, but I would like your indulgence for just a minute.

I feel like expressing my acknowledgments and my appreciation of the remarkable address that we have listened to this morning from Senator Thomas, of Colorado. That address is a subtle and a very deep appreciation of the needs of this organization and of its individual members. It is an appeal to thoughtful men.

Senator Thomas is a man of signal abilities. He is not in the room now, and I reserved what I had to say until after he should have left the room. He is a lawyer of very high attainment. He enjoys the respect of his own people, who have twice elected him to the United States Senate. He is a member of powerful committees. He is a student. He is painstaking, patient and industrious.

At first, in 1914, he entertained some popular notions regarding our vocation, and the operation and effect of life insurance on the welfare of the community, but he took the pains and took the time to study the subject and became familiar with the fundamentals of insurance. In the last session of the present Congress, when this revenue bill, which had passed the House and imposed such onerous burdens on life insurance companies, was under consideration in the Finance Committee of the Senate, he proposed, as I have been informed by a member of the Committee, that life insurance should be treated and put upon the same plane so far as taxation is concerned, as fraternal insurance and savings banks. He pointed out the fact that a life insurance policy today is a savings institution, a savings fund, which is an advantage over the ordinary savings bank in that it can be cashed upon demand; and if savings banks were to be exempt from taxation that policies should also be exempt from taxation; if fraternal insurance was to be exempt from taxation that life insurance generally should be exempted from taxation. It seems to me that is perfectly sound; but the point that mostly impressed me this morning was the moderation of his state-

ments, the gravity of the propositions which he was submitting to us, that we might reflect upon them and take such steps as were open to us to bring about that organization which is necessary to secure a retrenchment in taxation. We are bright and shining marks, or our assets are, for taxation, and the demagogue can rally the forces against us. If we wait until taxation is to be imposed, until the rate of taxation is to be determined against us, we will always be at a disadvantage; but we can support such men as Senator Thomas in their efforts to secure a retrenchment in expenditures. Those who seek to draw from the treasury, as he pointed out this morning, are always organized; but the taxpayer does not organize. We ought to organize. It seems to me that is the essence of his argument this morning, and a very grave and important address it was. (Applause.)

THE CHAIRMAN: Judge Day, we thank you for those remarks. The Convention will now stand adjourned until 2:30 o'clock this afternoon.

FIRST DAY

AFTERNOON SESSION

Thursday, December 5, 1918

MR. GEORGE B. STADDEN IN THE CHAIR

The Convention reassembled at 2:30 P.M.

THE CHAIRMAN: The meeting will come to order, please.

Subject to the approval of this meeting, I announce the following committee on resolutions: Mr. Hutcheson, of New York; Mr. Foster, of Massachusetts; Mr. Rhodes, of New Jersey; Mr. Cox, of Ontario; Mr. Holcombe, of Connecticut; Mr. Peterson, of Nebraska; Mr. Woollen, of Indiana.

A certain Chief Executive of the great State of Illinois once gave to a young man ambitious for political honors this terse advice: "Keep close to the people, and you can't go wrong." I am sure this admonition is likewise applicable to the business here represented—the keynote of whose operation is service to mankind. "The Service of Life Insurance as Seen by the Policyholder" is the subject of a letter to us from the pen of the Honorable John Wanamaker,

pioneer among large life insurance policyholders. Mr. Rodman Wanamaker, his son, will do us the honor of conveying this message to the convention. (Applause.)

THE SERVICE OF LIFE INSURANCE AS SEEN BY THE POLICYHOLDER.

Mr. Rodman Wanamaker spoke as follows:

MR. PRESIDENT AND GENTLEMEN:

I have not much voice left with which to represent my father, who is indoors with a cold. I have for four days been going down to the river to meet those glorious soldiers who have been returning, bringing back with them the freedom of the world, and I have lost my voice welcoming them home. (Applause.)

My father wished me to say to you:

(Mr. Wanamaker then read the following letter from the Honorable John Wanamaker):

PHILADELPHIA, PA., Nov. 29, 1918.

To the Association of Life Insurance Presidents,

Assembled in Twelfth Annual Session:

Dear Sirs:

I thank you for the urgent invitation to attend the twelfth annual convention of Life Insurance Presidents, and regret that other engagements prevent me from meeting the officers and workers of the life insurance profession, whose work of educating the public deserves to be well paid and is sure to be much more beneficial in more ways than one to all who buy insurance in any of the many responsible insurance corporations.

I am not an owner of stock, or in any way connected with any insurance company, except as a policyholder under its usual terms. I write this letter only from a sense of good will and good fellowship with my fellow men who represent others of the past who benefited me in opening my eyes to the value of life insurance.

Though in my boyhood I commenced to save by laying away a few big cartwheel copper pennies, I never got on far until I found a distinct and pleasing object for which to save in making ready to pay for life insurance. Unconsciously, I fell into a constraining habit that has been continuously and highly beneficial to me all my life.

I can never be grateful enough to those who so ingeniously taught

me and influenced me in taking out endowment policies which terminated to aid me in carrying out new plans in my business.

When this happened I felt as if a gold mine had opened at my hand.

May I add further that from my own experience, observation and belief that life insurance knowledge and its improved methods based upon ascertained facts during the past twenty years is no longer an experiment or a speculation.

Life insurance as conducted now by the well regulated companies which have passed beyond the years of organization and proved their integrity are

Banking Companies

which cannot be losers.

Their annual audits by properly qualified certified public accountants will show this to be a fact.

Their mortality tables of losses and their interest gains on annual cash receipts and the compounding of same can be calculated to a certainty removing all risks.

Therefore, insurance is no longer an association of investors joined by agreement in an undertaking with possible risks, but it is distinctly an absolute contract that insures and at the same time becomes

an assurance

of actuality in results.

The life insurance companies have learned much in the past twenty years and now that banking and all kinds of business have been raised to a higher and safer plane, life insurance must likewise rise in improved systems.

The life insurance companies are naturally the most practical of savings banks for the people of the United States, and a Thrift stamp such as the United States Government used in accommodating the people to save may be considered to advantage in preparing future enlargements of plans.

A startling revelation of insurance from the angle of the people is to be found in the fact that when war was declared the Government announced it would assume all marine risks and issue insurance to every soldier and sailor who would apply for it and pay a very low premium based upon actuarial estimates. Our sudden entry into the war made it impossible for the insurance com-

panies to meet the crisis. This would have involved the change of all contracts.

These millions of soldiers and sailors, having learned the value of insurance, will apply to the insurance world for continued protection. Many of them have lived on farms and in small villages, remote from the beaten tracks of insurance agents. All this will open up a new field of insurance endeavor and furnish a new encomium for your work.

I have only reached the margin of this great theme, but the public will trust your splendidly organized companies to whom they have given their confidence to keep the faith and go forward in this new era of our history, to find the way to "simplify your baggage" and give to your policyholders a service of increasing value.

Very truly yours,

(Signed) JOHN WANAMAKER.

(Applause.)

THE CHAIRMAN: Mr. Wanamaker, we ask that you take the greetings of this convention to your father and express to him our appreciation of his message.

With the advance of medical science, improved sanitation and the education of the masses, epidemics extending over large areas are less frequent and their effects are less deadly than in former times. Yet constant vigilance is necessary to prevent their recurrence. The influenza which made its appearance this fall in the camps here and in Europe—then quickly spread to all classes and conditions of people—has proven a most virulent disease, presenting many baffling features to the medical profession as well as to the public authorities, and has been ruthless in its death toll. Mr. Henry Moir, one of the foremost actuaries of the country and President of the Actuarial Society of America, will tell of the "Epidemic Waste of Human Life." (Applause.)

EPIDEMIC WASTE OF HUMAN LIFE

Mr. Moir then presented the following address:

MR. CHAIRMAN AND GENTLEMEN:

I was reading about thirty years ago a remark made, I think it was by Jerome K. Jerome, that he had been studying a medical

treatise and he found that he had the symptoms of every disease described except housemaid's knee. During the last week or two I have been reading about epidemics with the result that a rather lively imagination has made me feel that I had all of them, more or less.

In May, 1909, as the result of a thoughtful inquiry to determine the answer to the question "Is human life lengthening?" * one of the clearest thinkers in the insurance profession stated that absolute proof of the lengthening of life could not be produced; but "What we do know is that millions of productive years of living have been given to our people." "Increasing knowledge, etc. . . . are constantly decreasing the sum of human suffering and disease, and increasing the sum of human happiness and health."

In the firm belief that these are words of wisdom and looking to the continual betterment and improvement of the human race we can approach in a spirit of optimism the subject now before us; it might otherwise be depressing. That there is an epidemic waste of human life must be admitted; but that the conditions of life have been steadily improving, that epidemics are of much less virulence than they were in the past, and that the progress of the world is ever upwards—towards greater comfort, health, and happiness—are opinions fully justified by the experience of the ages.

In order to determine the extent and the effect of any epidemic it is necessary that we should have a standard. The standard too often used consists of crude death rates per 1,000 persons living in any community. This is inaccurate and unreliable, because it does not take into consideration the ages of the people, and a healthy community in which the birth rate is high may show heavy crude death rates because of the high rate of mortality in infancy. Again, farmers as a class in England show high *crude* death rates because men take to that occupation towards middle life or old age; but a careful analysis age by age shows farming to be one of the most healthful avocations. The mortality table, with which actuaries have so much to do, and which people at large find so complicated, is a simple and accurate measuring rod. It has been prepared age by age from the experience of the past, and it enables us to measure conditions as they develop so as to determine skilfully whether or not the

*Transactions Actuarial Society of America, Vol. XI, pp. 1-8.

people of to-day are enjoying more years of life on the average than our ancestors.

Two modern tables have recently been prepared; one of them as a result of the census of the United States taken in the year 1910, comprising mortality tables for eleven Northeastern States in which the registration of births and deaths has been well developed. These, which are called the "United States Life Tables, 1910," give us a means of studying the normal death rates by years of age in the population for both sexes, with subdivisions as between whites, negroes, native whites and foreign-born whites, residents of cities and residents of rural districts. Separate figures are given for the five States of Indiana, Massachusetts, Michigan, New Jersey, and New York. In general, the mortality of men is greater than that of women, and in cities higher than in rural districts. Probably this latter condition is largely responsible for the fact that Indiana and Michigan show notably lower death rates than the older manufacturing communities of Massachusetts, New Jersey, and New York.

Death rates based upon information obtained from registration systems and the census returns are affected to a greater or less degree by errors of registration and enumeration—misstatements of age, etc. These errors are numerous. We have a better and more accurate source of information in the records of life insurance companies, although mortality tables from this source have necessarily a different object. During the past three years a committee of the Actuarial Society has been occupied in preparing a new table for standard lives in the United States. The work was recommended by the National Convention of Insurance Commissioners, which appointed a committee of five actuaries of State Insurance Departments to co-operate with the Actuarial Society. The American Institute of Actuaries was also invited to appoint a committee to join in the deliberations. These three several committees have been co-operating pleasantly and the work, commenced in 1915 and covering a vast insurance experience during the 15 years ending with 1915 is now almost complete. During that time the United States and Canada were not affected either by war or by pestilence to any appreciable extent. Accordingly the table should give us a means of measuring death rates under favorable conditions of life, and the figures so far available show without question that the standards of health, especially at the younger ages under 50, are much better than they have been at any recorded time in the past.

Perhaps a warning should be inserted here with reference to a common misapprehension as to the effect of new tables on the distribution of surplus of a life insurance company. Every company distributes the surplus earned according to its own individual experience. The mortality table which is used as a standard for computing reserves has only a minor effect on distribution and does not affect the ultimate earnings at all. The surplus must first be earned, and this is a matter of individual experience. Companies distribute practically all they do earn; and the standard mortality table has only a slight influence. But although a new table has no appreciable influence upon the surplus earnings of life companies in the long run, it may nevertheless enable us to be more accurate in meting out justice to our policyholders, both as regards the entrants at various ages and those who take different classes of policies.

We shall have a better measuring rod than we have possessed heretofore, and one which will apply accurately to selected healthy classes in the community. Young men who have enlisted or been drafted into the army have had to undergo strict medical tests; a considerable proportion of them, about 30 per cent., were rejected on account of physical impairments. Accordingly, the standard of health of young soldiers should approximate to that of young men who effect policies of life insurance; they, too, are subjected to a strict medical examination as to fitness. Furthermore, the new tables will show completely and accurately in America the progress of such deterioration as occurs year by year after medical examination. Applicants who are accepted for standard life insurance are all healthy at first, but gradually a leaven of disease and deterioration makes its appearance until in a few years the average health standard is about the same as the body of the people from whom the selection was made.

When we come to deal with epidemics and their effect on human life, our minds naturally revert to some of the great plagues of history. Two of these were of outstanding importance, worse than any others: The first, the plague in the 6th century commencing in the reign of Justinian—542 A.D.—which Gibbon describes, and which, starting in Egypt, spread East and West over the world then known; the second, popularly called "The Black Death," which visited Europe in the 14th century. It is clear from the symptoms that both of these were bubonic

plague, and the origin is said to have been in Egypt where ineffective burial had been introduced in place of the ancient custom of embalming; the multitudes of unburied dead resulted in a pestilence. The effects of the early plague were felt for many years and seriously affected the populations of all known countries. In England it is reported that in the 14th century the population was reduced by about 50 per cent, from 4,000,000 to 2,000,000, as the result of the visitation, and other countries suffered in like manner. It was during this period that so many well-to-do city people tried to find a refuge by isolation in remote country districts. Sometimes they were successful; sometimes the black shadow found them even in their retreat. The scenes laid in Boccaccio's *Decameron* are applicable to this plague epoch.

We have heard much of the Plague of London of 1665. In Pepys' *Diary* we have many interesting entries with reference to it. It arrived in midsummer and a solemn fast day was observed on July twelfth. It increased in virulence until near the end of September, then decreased gradually to the end of November. It continued to a minor extent until it was finally purged by the great fire of 1666. There was much difference of opinion and expressions of foolishness as to the treatment of the disease. One curiosity we read in Hearne, the Antiquary, that Tom Rogers said that all the boys at Eton "were obliged to smook in the school every morning,—and that he was never whipped so much in his life as he was one morning for not smoaking."

In those days, typhus, typhoid, smallpox, and the plague were always present in a greater or less degree in the towns of Europe. Some cities had learned elementary lessons in hygiene; but few of them had. We read of the general life of the people in words somewhat like these: "The floors were commonly of clay, strewed with rushes under which lie unmolested an ancient collection of lees, grease, fragments, bones, etc." (*Erasmus*.) When these became too noticeable, a fresh layer of rushes was spread on the top; then each year or two the more fastidious housekeepers would have a housecleaning, when everything was swept out bodily down to the clay floor. Please remember also that the Scriptural injunction as to the washing of hands before meals was a ceremony essential to health because the fingers were freely used in eating until the introduction of forks in the 18th century. We are apt to forget that Queen Elizabeth and Queen Mary ate with their fingers.

Smallpox was probably the most common scourge of the peoples of Europe until Dr. Jenner evolved the practice of vaccination. In the Russian Empire, it is said to have swept away 2,000,000 persons in a single year. Even so recently as the Franco-Prussian War of 1871, it was epidemic to a marked extent, both in France and Germany; the regulations for vaccination had not been followed. The effect of inoculation in the reduction and control of smallpox has been so marked that nearly all doctors who have studied germ diseases have endeavored to treat other contagious ailments in this way. There is but little doubt that typhoid has been greatly reduced in the last ten years by a similar practice; while diphtheria is no longer the dreaded fatal malady it was prior to treatment by inoculation. All young men joining the army are inoculated against smallpox and typhoid. Prevention of the serious effects of pneumonia in this manner has some warm advocates, but seems to be as yet in an experimental stage.

It may be regrettable that disease of a contagious character can only be controlled by a process resembling the spread of a disease of like character. Possibly it would be better if we could absolutely destroy all disease germs, and thus avoid vaccination and other inoculations; but while disease exists anywhere in the world control of it is of the greatest consequence, and this is the only practical way hitherto found. Hydrophobia is now unknown in the British Isles and no dog can be taken there until quarantined for a long enough period to see that he is absolutely free of rabies. The importance of quarantine regulations is now understood in nearly all countries. But quarantine will not avail in certain types of diseases, especially when the infection is in the early stages. Infection can be carried by clothes, by bales of cotton, by rats, not to speak of fleas and other vermin. Further, we cannot prohibit the intercourse of human beings, as we can dogs. Very strict rules were applied quite unsuccessfully to keep the plague out of Florence in 1348. On the other hand, the United States is now practically free from yellow fever, visitations from which were serious in the past. Quarantine regulations, isolation, and better sanitation have effected this result.

Influenza is not, as is frequently supposed, a disease of recent origin. Under the name of influenza it has been known for about two hundred years, and descriptions of epidemics running

back to the 15th and 16th centuries indicate that it was common in those times also—although not under the same name.

Previous to the present time important epidemics of influenza occurred in 1848 and in 1889, lasting from a month to six weeks at a time. There was a revival in 1891, and influenza has been more or less present at all times, though not to such extent that it could be called epidemic. One reason for its ready diffusion is that infection is present in the early stages. It has also for a long time been remarked that the liability to attack is increased by depression, either physical or mental.

We may speculate as to whether or not "Spanish influenza" has resulted from the war. Life in the trenches, the unburied bodies, the multitude of rats and vermin, all point to conditions favorable to disease. It is never easy to prove any imaginative thought of this nature; though it has been observed that some epidemic disease has scourged the nations in the course of or following nearly every prolonged war in history. War, famine, and pestilence are three words which seem to belong to one another in this sequence. There is little doubt but that the spread of influenza must have been facilitated by the general strain under which so many nations have suffered for four years. The bringing together of large groups of men in barracks, in prison camps, in trench fighting, and elsewhere, must all have had an effect upon the epidemic, giving this deadly foe too good a chance.

We are all interested in the health of our army, for all of us have relatives or friends in service, and epidemics to which soldiers are liable touch us closely. We have seen published articles extolling the unusual healthfulness of the camps. Health conditions have been better than in many previous camps, and improvement of this kind is to be highly commended. At the same time the articles gave an impression that general conditions were excellent, and it is well to examine this subject from a dispassionate scientific standpoint.

If you have an enemy you must watch him, learn his tricks and stratagems and match his treachery by your strength and fortitude. Nothing is gained by looking the other way and pretending he does not exist, nor in pacifist fashion assuming that he is really and truly a warm friend! This road leads to disaster, yet it is the method often followed in giving news to the people. Epidemic disease is an enemy of humanity; the more it is publicly

known, the better. Information should be given in such form that we can see not only the betterment of conditions but may judge whether these conditions are the best attainable.

We should discuss not only the relative health of the soldiers as compared with former campaigns and commend those in charge for improved conditions; but we should also study the situation to see whether existing conditions approach the ideal. The young men have all been medically examined and re-examined since the army was organized and subsequent to the declaration of war in April, 1917. They are therefore of a similar class to young men examined and accepted for life insurance. It becomes desirable to compare deaths amongst young men in military life with those of young men in their homes and attending to their regular business. The new mortality experience enables us to do this through reports issued from the Surgeon-General's office in Washington dealing with the year ending August 31, 1918. The annual military death rates within the United States* were as follows:

	Camp Death Rates Per 1,000
All troops (disease only).....	6.4
Divisional Camps	6.6
Cantonments	7.3
Departmental and other troops.....	5.2
Highest death rate in any one camp.....	19.2
Lowest death rate in any one camp.....	1.7

How do these death rates compare with the first year's death rates of young men who have effected life insurance according to the experience during 1900-1915?

Such death rates are as follows:

Age	Civilian Death Rates Insured Lives Per 1,000
20	2.7
25	2.9
30	3.0
35	3.2

*See Transactions Actuarial Society of America, Vol. XIX, Part 2.

The death rate of all troops from all causes, all disease, up to December 31st, was 6.34 per thousand.

If we view the death rate amongst insured lives during the first year as the ideal to which military camp experience may closely approach, it is clear that the rate during the year ending August 31, 1918, cannot be described as favorable, notwithstanding the fact that it may be immensely better than any army camps in South Africa during the Boer War or in this country during the Spanish-American War. Since the average age is doubtless under thirty, it would appear as if the camp death rate were double the rate amongst healthy civilians. Moreover, while seven or eight camps even surpassed what I have called the ideal, thus proving that it is not unattainable, this fact merely casts a deeper shadow upon those which fell so far behind.

From another part of the report we find that the epidemic diseases, pneumonia and meningitis, were responsible for many of the excessive deaths. Indeed, pneumonia accounted for approximately two-thirds of the total death rate from disease in the year prior to August 31st.

Coming now to the effect of influenza on our troops, the weekly reports issued from the office of the Surgeon-General did not mention influenza until the week ending September 27th. Presumably, therefore, it was of no consequence at all prior to September. The cases reported were as follows:

					Military Camps. Cases of Influenza
During the week ending	Sept.	27		37,943
"	"	"	"	Oct. 4	88,479
"	"	"	"	" 11	90,393
"	"	"	"	" 18	43,779
"	"	"	"	" 25	19,966
"	"	"	"	Nov. 1	18,175
"	"	"	"	" 8	6,887
"	"	"	"	" 15	4,485

The total deaths in the camps from all causes ran as follows:

					Deaths
During the week ending	Sept.	6		95
"	"	"	"	" 13	108
"	"	"	"	" 20	170

During the week ending	Sept.	27.....	1,040
" " " "	Oct.	4.....	2,537
" " " "	"	11.....	6,266
" " " "	"	18.....	5,669
" " " "	"	25.....	2,757
" " " "	Nov.	1.....	1,272
" " " "	"	8.....	1,002
" " " "	"	15.....	603
			<hr/>
Total for last eight weeks			21,146
" " " "	Nov.	22.....	436

If we assume that the normal death rate, apart from influenza and any resulting complications, was as high as 124, the average of three weeks ending Sept. 20th, we should deduct 992 from the eight weeks' deaths ending Nov. 15th; we then find that the deaths during those eight weeks from influenza and its complications were in excess of 20,000. The maximum mortality period will be observed in the week ending October 11th.

The Bureau of the Census has for some considerable time issued a weekly statement dealing with the health of forty-six of the principal cities of the United States. This statement has proved of unusual interest since the influenza epidemic appeared. We can trace the progress of the epidemic over the country; we can also get a fair idea of its first appearance, its increase to a maximum point, and the subsequent decline.

Early appearances were in Boston, and the maximum mortality point was reached there in the week ending Oct. 5th,* when over 1,200 persons died in that city from influenza and pneumonia. In Worcester the maximum point was in the week ending Oct. 12th when 230 people died in that town with more than one-fifth the population of Boston; in Providence, the maximum point was in the week ending Oct. 19th. In New York City, the first important appearance was in the week ending Sept. 28th, and the maximum point was in the week ending Oct. 26th when over 5,200 persons died from influenza or pneumonia. In Philadelphia the high point was reached in the week ending Oct. 19th; in New Orleans, the maximum point was in the week ending Oct.

*The week in the Surgeon-General's office ends on Friday, and in the Census Bureau on Saturday.

26th; in Chicago, the maximum point was also Oct. 26th. In San Francisco, the maximum point was reached in the week ending Nov. 2nd. The climax of the epidemic in the United States was apparently during the week ending Oct. 26th.

The following table illustrates the sweep of the epidemic across the country from East to West.

DEATHS FROM INFLUENZA AND PNEUMONIA SEPT.-NOV., 1918
BUREAU OF THE CENSUS APPROXIMATE FIGURES

	Population Approx.	Sept. 28	Oct. 5	Oct. 12	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23
Boston	785,245	775	1,214*	1,027	589	226	137	76	47	54
Worcester	173,650	101	199	230*	160	89	59	..	5	15
Philadelphia	1,761,371	76	706	2,635	4,597*	3,021	1,203	375	164	103
Chicago	2,596,681	91	417	1,047	2,110	2,367*	1,470	738	390	251
New York	5,215,879	191	733	2,121	4,227	5,222*	4,402	2,277	1,050	657
San Francisco	478,530	15	15	19	130	552	738*	414	198	90
46 Cities	21,696,052	1,757	4,759	11,420	19,939	20,846*	14,857	8,473	5,065	3,332

*Maximum points.

In the foregoing I have combined deaths from influenza and from pneumonia. There are always some cases of death from pneumonia which are not preceded by influenza; but the number is small in relation to the recent epidemic conditions. For example, the total deaths from pneumonia in the week ending Sept. 14th in all of the towns and cities were 299; whereas during the maximum week ending Oct. 26th they had increased to 7,732. During this same week, Oct. 26th, the deaths attributed to influenza were 13,114. In the eight weeks ending on Nov. 16th, the number of deaths from influenza and pneumonia in the forty-four cities and towns were no fewer than 86,828. The population of these communities represents about one-fifth of the population of the United States and influenza carried off more than 4 per 1,000 of the people of these cities in eight weeks. There is no means of computing the total deaths over the entire country from this epidemic. While many of the smaller towns suffered just as severely in proportion as the cities about which we have approximate information, it would appear as if many country districts had thus far been almost exempt.

In order to verify some hazy ideas on questions affecting this epidemic, I obtained from seven life insurance companies statistics regarding 655 death claims filed in October and arising from "influenza" or from "pneumonia following influenza." The first clear indication is that deaths from influenza alone are but

a fraction of the total deaths caused by this epidemic. The vast majority of them are from pneumonia following influenza. The largest proportion of influenza cases in any one of the companies was 20 per cent, with 80 per cent pneumonia following influenza; the smallest proportion was 7 per cent. influenza and 93 per cent. from pneumonia following influenza. The average of all the companies from which reports were obtained was 13 per cent. of the deaths from influenza alone, and 87 per cent. of the deaths from pneumonia following influenza. This proportion is entirely different from that indicated by the census bureau statistics. Classification of life insurance claims is probably much more accurate; it is in every case the report of a duly qualified medical practitioner.

Of course you can readily see how the health officer reports a case as influenza where influenza was the primary cause though the ultimate death resulted from pneumonia.

The next serious question for life insurance companies deals with the ages at death. The average is exceedingly low; less than 2% of the cases were over 55, over 80% of the cases were under age 40; and over 60% of the deaths were under age 35. It is interesting to observe further that each of the companies separately had about the same experience. The average age at death of all the cases submitted was 33 years; the lowest average of any one company was 32 and the highest 34. They therefore confirm one another and give one confidence in the general result. We should remember that the average age at death in the population at large must be lower than it is amongst insured lives—much lower, because the proportion of insured lives is small in youth and early manhood. From the figures before me I would gather the impression that the age of maximum virulence of this epidemic has so far been under 30.

This average age at death of influenza cases is not much over the usual age at entry of applicants for life insurance. From normal diseases the average age at death of men insured in a well established company may be taken as from 55 to 60. This new form of influenza therefore has been taking the young and vigorous—those whom we expected to undertake much of the world's work. We may say that there is an average economic loss of about 25 years of active life in the case of each of the thousands of deaths from influenza.

In the 1889-'91 epidemic of influenza the old and the feeble

seemed most liable to succumb; it was then remarked that club men after middle life—especially those with a “past”—had a small chance of recovery in comparison with young, vigorous, and strictly temperate people. This condition does not seem to hold now, and millions of the best years of life have been stolen by this scourge.

That expression may look a little sensational, but if you think for a moment, it is not; but on the contrary it is minimized. I cannot estimate accurately the total for those in the United States, but a general impression that I have obtained—for that reason I have not included it in my official remarks—is that the deaths are in the neighborhood of 400,000. Now, 400,000 times 25 years would give you 10,000,000 years, which we have lost through this epidemic.

It necessarily follows that the policies thus becoming claims have not been long in force, the average duration is only about $5\frac{1}{2}$ years; the average age at entry of those who have died from influenza is therefore about $27\frac{1}{2}$ years. It is a much more serious matter for life insurance to experience an epidemic of this nature which affects recent policies than it would be to have the experience of 1889-'91 repeated when older men were most affected. But if any argument is needed to show the beneficence of life insurance this affliction of the past two months is the strongest that could possibly exist, for most of the life insurance companies have a sufficient surplus to meet such conditions and pay all claims as they arise. We are being forcibly taught that a good surplus fund is a necessity of sound management.

We hear occasional whisperings as to the effect of alcohol or of smoking on an epidemic of this character. Of the cases investigated about two-thirds were teetotalers and one-third temperate. Life companies do not accept as standard risks those who are intemperate; accordingly we are limited to the two classes. The proportions seem to be just about normal, and in accordance with the general tendencies of young men who take life insurance. The statistics do not give any definite indication that the use of alcohol in moderation is either beneficial or objectionable, so far as influenza is concerned.

The matter of smoking is now viewed by life companies as a minor and immaterial one, with the result that only two of the seven companies could give me any information as to whether the deaths took place amongst smokers or non-smokers. The two companies indicated proportions of about two-thirds smokers and

one-third non-smokers, and as these proportions seem about normal, it follows again that there is no indication that smoking has any effect adverse or favorable. In the matter of family history, those showing a good family record seem to be just as susceptible to the disease as those whose family does not show longevity.

A large proportion of the deaths took place in city and town districts—about 90% of them. Nearly 5% were in military camps and just a little over 5% in rural communities. The proportion in military camps is high and the proportion in rural communities is low, but this is to be expected, as epidemics spread much more slowly throughout country districts; moreover, a large proportion of the people who carry life insurance reside in cities and towns. In the matter of build there is an indication that stout people are more liable to a fatal termination than thin, there being more death claims in the case of men weighing above than below the average.

The practical utility of a study like this, dealing with a history of conditions now past, lies in the application of the knowledge we can thus acquire to our present life or to the problems of the future. It would appear as if the effects of the influenza had been more serious in America than they have been in Europe—at least if we can judge from the somewhat meagre reports so far available. It may be, however, that the seriousness of the war in Europe has dwarfed a matter of this kind, which in normal times would have been made prominent. France, Spain, Germany, Great Britain and other European countries were afflicted during the summer months. Apparently the type of disease has been more virulent on this side of the Atlantic; pneumonia has been more common as a sequence, and there have been more fatalities.

We cannot be sure that the danger is past. We learn that influenza is now revisiting Europe and this time there are indications that it may be more objectionable than the milder form of mid-summer. We should, therefore, take warning from this recurrence and observe watchful care to prevent further infection, since the disease has distinctly decreased and seems to be dying out in this country.

(Applause.)

THE CHAIRMAN: We are very fortunate in having with us the

President of the National Convention of Insurance Commissioners—whose formal session is being held in this city. The Honorable Claude W. Fairchild, Insurance Commissioner of Colorado, will discuss "Life Insurance and Its Relation to the Development of Our Nation." (Applause.)

LIFE INSURANCE AND ITS RELATION TO THE DEVELOPMENT OF OUR NATION

Commissioner Fairchild thereupon presented the following address:

MR. CHAIRMAN AND GENTLEMEN:

I indeed feel honored, gentlemen, at this opportunity to appear before you and give you a few of my own thoughts on an important subject. I want first to give you a word of greeting from the National Convention of Insurance Commissioners, now in session in this city, and to assure you that in this great period in history now before us the National Convention stands ready to cooperate with your organization to its fullest extent in any activity that has for its object the betterment of this great business that you represent.

Today the United States of America stands as an example to the whole world. Its economic development has been so rapid and so successful as to make it the richest of all nations; rich in wealth, rich in ideals and rich in mental peace.

The ancestors of the American people came from the quiet, settled environments of their old world into this new country with its wholly new experiences, unsolved problems and undeveloped resources,—progenitors of that spirit of advanced thought and energetic action which has become a most vital part of the life of our people today, and which has enabled them to meet the new conditions fearlessly, enthusiastically and confidently.

During the last year and a half we have astonished the whole world as never before with our accomplishments,—accomplishments which no man, however prophetically gifted, would have even dreamed were possible, yet we have achieved them to the glory of our land and the lasting benefit of mankind. Our wonderful attainments of the past, therefore, justify the belief that whatever problems may confront us, however unknown they may be, will be met with fortitude and solved with justice.

We live in a time big with the destiny of the world for generations

to come. Collective as well as individual responsibility is heavy. In order to meet the situation more readily and effectively, we must, with as keen foresight as we can exert, look into the pressing problems and thus be better prepared to successfully take up our part in their solution.

In the social, industrial and economic affairs of our country and of the world, the people of America are destined to take their place in the very front ranks of progress and achievement as never before. The opportunity for great and lasting service is upon us, as well as the obligation to perform that service in the most effective manner possible, and both the opportunity and the obligation are most inspiring to the true, worth-while American.

The greater the prosperity of the people of the nation, the less unrest. The greater its wealth, the less evidence do we find of dissatisfaction and disturbance on the part of its inhabitants. Remove as far as possible want, poverty and distress and a higher ideal in our development and in the conduct of the nation's affairs is reached. No other agency is so forceful a means to this end as life insurance.

Life insurance is the most democratic of all democratic institutions. It touches more lives and more interests than any other industrial factor. Yet it is pertinent to inquire if this institution has actually made itself felt and appreciated as it ought to be in the lives of all our people. Is there not too widespread a feeling that this great business is something that is foreign to them and their welfare? Is there not a basis for the suspicion that far too many look upon it as a gigantic venture largely controlled to the advantage of monied interests? Upon what opposite presumption can we explain the prevalence of that attitude which regards the business as an available and proper subject against which to legislate, even to its detriment?

Year after year the genius of your efforts is directed, and properly so, in a struggle for its preservation and advancement. Thousands of bills flood our legislatures that but for watchfulness would become law to its irreparable injury. In consequence, there is an impression abroad that the managing forces of life insurance are its chief beneficiaries and that their antagonism toward legislative agitation is a creature of their own interest opposed to public welfare.

Is this attitude wholly the result of imagination? Rather may it not be conjectured that this opinion has been brought about through

a misunderstanding of the attitude of some of the managing forces? The fact cannot be ignored that the average law-maker, reflecting the mass of public opinion, is disposed to conclude that those who direct our life insurance companies hold the belief that the business virtually is theirs to do with as they desire.

Here, then, is the golden opportunity for active educational work. The policyholder and the uninsured alike need enlightenment. They must be made to more quickly recognize that these institutions derive their being from all the people. They must be made to more clearly understand that it is not the personal interest of the few who manage, but of all who contribute that is to be respected, safeguarded and wisely nurtured. They must be encouraged to more readily realize that any injury to the life insurance business means injury to them. Only by such means can the conviction be brought home with greater emphasis that the business of life insurance is a sacred trust to be most carefully and efficiently administered for the benefit of all.

I feel, therefore, that the greater obligation of the future demands a readjustment of attitude on the part of life insurance management and of the public, in order that this institution,—the greatest of all constructive powers,—shall not be hampered in reaching its highest efficiency. The management must emphatically reveal that the trust they direct comes from the many associated in a spirit of closer confidence and clearer understanding of their true relationship,—a more responsive system of co-operation between the insurer and the insured, to the end that the interest of each shall be fully safeguarded and the benefit derived by both be of the greatest good to the public generally.

Your policyholders offer a fertile field for education on fundamental principles and ideals. Millions of men today know absolutely nothing of the character and aims of the management of the companies in which they are insured. Their sole relationship consists of a peremptory order to step up to the cashier and pay. They hear nothing from their companies except at the time a premium is due. Some companies, it is true, endeavor to keep in touch with their policyholders. There is need for wider development along this line. This work among policyholders has within it the germ of salvation that may smother the spark of Bolshevism whose specter haunts Europe today and is not wholly absent from our own national unrest.

I consider it not only your province but your duty, in behalf of

those you represent, to study carefully the legislation proposed in the various states and in the nation. I have no doubt that both in state legislatures and in Congress, measures will be introduced by theorists who have not seriously given the immediate question or the true purpose of life insurance the thoughtful consideration they deserve, measures that are inimical and unjust to the interest of policyholders. Early and earnest attention must be given these matters; we must not, like Gideon, take our ease and expect our purposes to be realized through faith.

I wish there might be more hearty co-operation between the management of insurance interests and the supervising departments of the states. It is true that great progress has already been made, but there are still instances of too much independence, if not opposition, on the part of some companies toward the departments. There can be no reason to doubt that supervision has come to stay and whatever may have been the situation in the past, today there can be but one correct desire on the part of the supervising departments and that is to not only help safeguard the interest of the insured, but of the insurer as well, realizing that any injury or injustice to the latter must necessarily result in harm to the former also. It is incumbent on the companies to not only co-operate harmoniously with the departments, but to get away from past indifference toward public opinion and the feeling of smug security, of fancied immunity from the consequence of misinformed public sentiment. Through realizing the constant need of studying general conditions and influences, and by anticipating the needed readjustments companies can assist the departments in making changes before misguided legislative opinion forces conditions on the business that are antagonistic to the interest of all.

The greatest danger confronting life insurance is government interference, however efficiently and economically the business may be carried on. A very extensive practical demonstration of government life insurance is now being tried out, brought about by the stress of war conditions. The idea was just and patriotic, for the men at the front were fighting for all, and all should bear the expense. The greatest protection we could give them or their dependents was at best inadequate, but the plan adopted promises to be one of the most costly innovations the government has ever undertaken. The result of this experiment ought to be watched most earnestly and critically by us all, and its uneconomic character should be fearlessly given publicity, to the end that the perpetuity of

that system shall not take place in our government. Those who are qualified to determine the facts may hesitate to state them publicly, fearing that such action might result in injury to the interests they represent, but you should be warned that such indifference means danger to your business, and ultimately to the nation.

Is it not a fact, gentlemen, that there is a latent sentiment in our country which ascribes the necessity for the government embarking in the life insurance business to an attitude of indifference in high places of life insurance management? Does not a feeling exist that with determined effort on the part of life insurance companies to co-operate with the government, this paternalistic plan, with its unguessed dangers to our cherished principles of individualism, would never have come into being?

During the reconstruction period now upon us, socialistic propaganda will be plentiful, with so-called advanced ideas being constantly brought out for exploitation. This condition must be carefully watched and consistently discouraged if our business institutions as now constituted are to survive. An English philosopher recently made the wise observation that while we are making the world safe for Democracy, we should exercise great care lest it be necessary later to make Democracy safe for the world.

There is nothing so dangerous as power, governmental or otherwise, in the hands of irresponsible people. With this in mind we should consider it a duty to interest ourselves in the politics of the day to the end that the fundamental principles of our government may not be disturbed by the exploitation of unsound doctrines. We must reckon now, as never before, with the extremist who on account of the war has been afforded opportunity to urge his extravagant and socialistic theories on the public under the slogan of "win the war" or with the assertion that they will aid during the reconstruction period. This is no time for visionary schemes. It is a time for sober reasoning and calm, sane reflection.

In the after-war world program of creative impulses the business of life insurance will stand squarely at the front. As an institution it has served the public and the nation as no other instrumentality could. Since its inception it has been the greatest of all agencies in inculcating habits of saving and thrift. No one force has been so important a factor in moulding a true national character. Without its fundamental teachings our magnificent record as a people in supporting with ease the staggering totals in Liberty loans and war savings would have been difficult, if not impossible of achieve-

ment. And in the reconstructive development of the future it is through life insurance that the people will increasingly reveal their higher appreciation of the value of sound investment and protection and the safeguarding of all those things they hold most dear.

Life insurance faces a period of great opportunity. We are on the threshold of the dawn of a glorious day. That opportunity and your responsibility will be fully recognized and nobly met if the fearless American spirit which your business so pre-eminently exemplifies is applied unhampered to the development of our nation. Bear in mind the fact that when a man is converted to the ideas and ideals of life insurance he at once becomes a better citizen by reason of the awakening of his responsibility to those dependent upon him. The thought of those dependents leads naturally and logically to their future, and in turn to the future of his country. When this point is reached you have but to keep in touch with him to retain his confidence and you have fulfilled the greatest mission it has ever been given any human agency to perform,—the making of better Americans.

I most heartily congratulate you as executives of these great life insurance institutions that it is your fortunate privilege to direct this force in the work awaiting it.

(Applause.)

THE CHAIRMAN: Triumph in any mighty conflict is achieved only through pain—and at the expense often of life itself. One of the saddest features of the successful termination of the recent war-struggle is the maimed condition on their return of thousands of the noble men who marched forth so valiantly in answer to the call for their services. These heroes are rightly entitled to the thoughtful care of America, and to the end that she may do her best for them, she is planning to aid each to help himself. This is a subject of vital interest to all Americans, and we are privileged to learn of the work inaugurated for the retraining of wounded men through the executive head of the Federal Board for Vocational Education, Washington, D. C.: Dr. Charles A. Prosser. (Applause.)

VOCATIONAL RETRAINING—A NATIONAL CONSERVATION

Dr. Prosser spoke as follows:

GENTLEMEN:

I am very glad to have this privilege of talking before the Asso-

ciation of Life Insurance Presidents. It was to be expected, in an age which had fixed its mind upon the conservation of human resources and that had given such full fruition to the development of life insurance, that we should see coming out of this great war such a number of notable attempts to conserve human life, human resources and human happiness—may I not say “human efficiency”?—as had not been attempted in any previous war in all history.

I pass over the struggle on the other side to protect men amid such efficient mechanism for dealing out death and wounds; I pass over the question of whether or not the surgeons of the Army have been efficient in reducing the death rate from wounds. I think they have.

I want to call your attention particularly to the attempt to train the disabled men so that they may become self-dependent within the immediate future.

When I talk about a disabled man I am not talking about a cripple only; that is, I am talking about cripples and others. As a matter of fact, the men who return from war with disabilities are, in nineteen out of twenty cases, not cripples at all, not cases of dismemberment, but medical cases. A man may have an arm off, an eye out, a leg off, two legs off or a leg and an arm off. Those are surgical cases, and they are one out of twenty. That is Bill Jones, but all the remaining number, the nineteen, are what? Cases of consumption, heart disease, kidney trouble, epilepsy, idiocy, insanity, shell-shock and all the rest. So that when I talk about vocational training of disabled men you must not think it involves only the question of the retraining of the cripple.

Before we went into this war at all, we learned that Germany and France, Italy and England, Canada and even far-off Australia and New Zealand, had made preparations for the vocational retraining of these men coming back from the war. It was a part of the spirit of the age, of conservation, and of course we fell readily into the idea when it came our time to go into the war. There was not lacking the memory, even among us young men, of the old soldier as we knew him when we were boys after the Civil War—the old coffee cooler who had done his very best in the war, had lost an arm, or had come home with heart trouble, or afflicted with consumption, or any one of a great many injuries—unable to work. Nobody ever thought anything could be done for him. He was *flotsam and jetsam* on the stream of life. He hung around the village depot and when the traveler, the commercial traveler, came in,

he carried his suit case up to the hotel and got a dime for it and then went down to the corner saloon and spent that dime for drink. It was a sad spectacle for the old hero of the war. It was a lowering of the whole standard, because instead of occupying a position of the highest respect in the community, he had none at all. That did not apply to all soldiers, but it did apply to a great many.

And then we can turn to industry. In industry, just as soon as a man gets injured, we do away with him. I figure that there are in this country today somewhere between 500,000 and 800,000 men—nobody knows how many—who have been injured in some industrial plant, by an automobile on some street, by the blowing up of some threshing machine engine, all kinds of ways—500,000 to 800,000 men. What are they doing? They are in the poor-house; they are loafing around the streets; they are in the slums of the city; they are the hoboos riding the blind baggage from place to place; they are watching the crossing for the railroad company, and once in a while there is a one-armed watchman at a manufacturing plant. This story of what we have done in the past with injured men—owing to the shortage of labor and the almost certain restriction of immigration—can be remedied in the future.

Here is a great field of undeveloped resources. This little group of soldiers coming back from the front, who were injured, this great army of industrial people who have been injured, what are we going to do with them? Legislation was passed June 27, 1918. There were certain fundamental principles underlying that legislation, to which I want to call your attention, and from this time on I shall be talking sometimes in terms of the law and sometimes in principles of the Federal Board which has charge of the administration of the law, and sometimes in terms of the procedure by which the scheme is to be carried out.

The first question that arose was: Can you rehabilitate a disabled man? Can you take a man with a leg off who cannot go back to his old job and find some job he can do and train him for it? Can you take a man with heart disease who can't do one thing and train him for another thing? A thousand cases of disabled men in this country were studied. It is true they were specific cases, but, notwithstanding that, they were a thousand men who have made good in spite of the most severe handicaps. I know a most successful banker of the State of Minnesota, a large stockholder in one of your large insurance companies, by the way, who lost his leg when he was a small boy. That man, I suppose, is worth half a million dollars

today, and enjoys the respect of all that territory. That was only one case of the many.

Turning our attention to Germany we found out that they have solved that problem. I think Germany has done this work of retraining more efficiently than any other country. England was beginning on the job; Canada reported that not one single man who had been retrained went back at less than what he was getting before the war, and practically all of them were making 25 per cent. more. It was just as if you had taken something in society formerly regarded as being absolutely useless, something discarded, thrown aside, and by some mysterious alchemy you had given it the magical touch, and lo and behold, you had developed something of usefulness.

So, by taking hold of these men, weak, discouraged, depressed, and sometimes almost anarchistic in their attitude toward the Government for which they had made the sacrifice—and holding out to them the hand of hope, pointing the way for them, giving them a training in life, and firm guidance, and placing them in good employment when through, you are a sort of social and educational alchemist, revamping the thing which society has been throwing on the waste pile, and making it a valuable social asset.

The second question: Who shall give this training? How are you going to restore this soldier to civil life? They are divided up into two camps. Many of the Army people said the way to do this thing is to have these men under military discipline and train them under military discipline and then place them under military discipline when the training is over. That was a vital issue in Congress, and by unanimous vote Congress decided that the task of taking the civilian from the army and retraining him and restoring him to civilian life was a civilian and not a military task. And hence it turned the job over to a civilian commission.

The third question: Shall you compel the man to do what you want him to do? No. You can lead a horse to water, but you cannot make him drink. He is an American citizen, and he is entitled to the right of free choice. Lay the facts before him and help him. Here is our Bill Jones down in the hospital. The vocational adviser of the Federal Board goes down to talk with him. Bill has a leg off and used to be a telephone lineman and he says "What am I going to do?" He knows he cannot go back and climb a pole again, and your first job is to find out from him how much education he had before he went to war and find out what he would

like to do, and find out what are the things it is possible for him to do. If he can go back to the old job, you will want to send him there, but if he cannot, you will want to give him training for some new line. But always and fundamentally Bill, as a returning soldier, is the man who ought to make the choice; not under military compulsion and not under stress from the Federal Board, but in the house of his friends. Try and define for him and find for him, with his handicap, that place in society which he can fill most acceptably and with the highest happiness to himself and others.

In about eight out of ten cases these men can go back, and one of our great studies is to find out the relationship of these occupations to employment. One thing disturbs me, gentlemen, with regard to this whole matter. I see a good deal of talk in the papers these days about training soldiers for new jobs. I see a good deal of talk about vocational advice and guidance for them. I am inclined to think that is one of the most dangerous things we are dealing with. I served on the advisory board of the Minneapolis Association to help returned soldiers, whose task was to help the Minnesota National Guard men who had been down to the Mexican border. Those men had taken a few pot-shots at the Mexicans, and they had suffered much from the sand and the lizards, but when they came back—added to the tendency on the part of Americans to think they have the worst job in all the world—they had the idea that the Government somehow or another owed them a better job. I know men who begged on the streets of Minneapolis rather than go back to their old jobs.

With the problem of getting four million men back on the job, I think the note we need to sound is this: "Young man, go back to the old job, and get your feet grounded there. You can be a success at that. You know more about that than anything else. You know that the folks at home want to see you, and you want to go down through the village streets and have them say, 'Bill, you are a real hero,' and then when you get back on the old job, if you are dissatisfied, use that job, just as any self-supporting citizen would, as a base from which you can climb to promotion and we will help you. After all, this is the only kind of vocational advice or guidance that is worth while; we will point out to you the way you can get trained so as to hold down some other and better job."

So, every time Bill can go back to the old job, we say to him, "Go back. Go back any time you can. If you can go back to the old job successfully, there is where you ought to go." If he can-

not, it is our task to help that man to get trained for some new kind of work.

The fourth proposition was this: That you should offer the widest variety of things for Bill if he is not going back to the old work. You should not offer three or four lines only, because the thing above all else is to find out what he is suited for, and the only way to find that out is to throw open the whole gamut of industry, to see what he is best fitted for; to find out whether he is willing to pay the price of training, and what he can do most successfully. That means that no organization in the world could build up facilities for such a task with four million men. The Federal Board therefore said, "We will not set up a school; we will not have a teacher and we will not have a blackboard," but they said, "We will use the tremendous resources of the American people," with the result that we are able to say Bill today: "Here are thousands of occupations that are open to you, occupations and employments that offer promotion, and opportunity for leadership for the future. There is no school. We will teach you at the farm how best to do farm work. We will teach you in the industry itself." The result of it was that on the day the armistice was signed, the Federal Board, facing this whole question, did not have a spade in the ground, nor a pile of brick, nor a sack of cement; but what it did have was the universal offer on the part of every school and every employer in this country to aid both in the process of training, placement and employment for these men.

I do not know what the numbers are going to be. But, anyhow, you cannot measure this task in terms of numbers, because these men are so different in their previous training, experience, and ability; they are not like men injured in industry. In industry a man gets his arm cut off, and that is all that is wrong with him; he has lost an arm; but in the case of these men, you may find a man with an arm off, and he may also have consumption; a man with a flesh wound may also have kidney trouble that is going to slough him off in a few years, so that every man's case has to be dealt with individually. When we take these men from the hospital and do something with them in a training scheme we do that something in three periods; there is the period of preliminary training during which we are fitting him for probationary employment; that period of probationary employment is followed by a period of permanent employment, and the gamut of things from which a man may choose is very wide. We have adopted the policy of allowing young men

who have previously begun the study of a profession to continue in professional courses. Under the law we have taken this position, that if a man was already engaged on a course of study, law, medicine, theology, agriculture—whatever it was, we would finish his course for him or, if he was ready to go into the study of a profession and had finished his high school course, that the Federal government would see him through his four years' course, if that was necessary.

As to these various courses, you may be interested in knowing how some of that work is to be done. Those who are to go into agriculture are sent to the land-grant colleges all over the country. There are already sixty-eight of them, consequently we do not have to establish any new land-grant colleges. Those who are studying engineering go into the engineering schools all over the country. Therefore we do not need engineering schools. Those who want to be teachers will go into the normal colleges of the Department of Education. So we do not have to establish such colleges.

So I might run on. Those who are going into the ordinary branches of commercial work, stenography, typewriting and book-keeping, are being educated in the private business colleges of this country. There are 396 of these to give that sort of training to the boys when they come home. It is also mighty interesting to know that the private business college arose at the close of the Civil War for the express purpose of training crippled soldiers. We go back, at the close of this war, to utilize that machinery developed as the result of experience to do actual work, because the business college accepts a man and trains him at any time to do anything, on a personal basis, so that he will be adapted for the task set. Sometimes that will be done in the schools and sometimes in the shops themselves.

In New York City, as might be expected, there are a considerable number of what we call vocational schools, not owned by the Federal Board. We do not propose to run them, but they have been built up through the enterprise of other people who saw this problem and wanted to do their bit; and, in many cases, by people who want to secure the best material. I believe that a self-respecting American soldier coming back from that experience across the seas will have more courage and more initiative and in the end more self-respect than any of his counterparts back here in civil life. He will have more initiative and more willingness to deal with the task. We have such schools as the American Museum of Safety, offering

a course for safety engineers, with positions for men at \$125 a month as soon as the course can be completed.

The National City Bank is operating a course for the training of young men to be bankers, and is opening up a school here to give training for foreign commerce. Down at Baltimore they have a school to train fire inspectors. Over at Jersey City there is a school for oxy-acetylene welders.

In addition to that there is a movement, for which I have great interest and enthusiasm, for selecting men coming back from across seas, who will be trained for life insurance salesmanship, in a school to be opened up in the city of New York and possibly to be developed and extended to other leading cities of the country within the next three or four months.

The question of the placement of these men is an interesting situation. I do not know how far this concerns you and I only want to speak of it for a moment. You know in most of the States, when you begin to place a disabled man you run against the workmen's compensation law of the State, a matter which is of very great interest to the casualty insurance companies. I do not know whether they are very much concerned about that except in the case of the double injury. We had a meeting with the casualty companies down in Washington some three or four months ago, and we found out from their standpoint and from the standpoint of numbers, the problem of insurance of the disabled man going on a job in a manufacturing plant was so insignificant as to be negligible, and it was not proposed to take into consideration that phase in the making of their rates.

The difficulty comes when you deal with the second injury. Here is the man who has one eye out as a result of the war, or he had one eye out as a result of an accident in industry. He comes back to another employer, on another kind of work, or some kind of work, and he loses the second eye. If it is in a state where only employers' liability laws are on the statute books, there is hardly a jury in the land but would award damages to that man for the loss of that second eye as if it were a double injury inflicted in the employer's plant, because the result is that he is totally blind and the calamity that has overwhelmed him, in the hands of a skilful attorney, can draw lots of money out of the jury. In some of the states where workmen's compensation laws have been passed as a substitute for employer's liability, nearly always that man can go back to common law, when he so desires and press his suit against the employer.

The states have passed varying laws, uniform in character, providing, in some instances, that where the man meets with the second injury, so that it becomes a double injury, the second employer shall bear it all and of course that introduces a very great complication in dealing with the matter.

Second there is the fact that the numbers of such men, thank God, are going to be small of those coming back from this war. Otherwise that might become a serious issue. In the January legislative sessions of some thirty-six states, an effort will be made to correct the law so as to provide that when any man meets with a second injury and so becomes a victim of a double injury, the second injury only shall be assessed against the present employer and the first injury shall be assessed against the whole group of employers.

That is sound in principle. It makes no difference in the end whether or not the National Government suffered that loss, because in many of the southern states they have no board and that question could not be handled administratively. Whether the cost comes out of the national treasury or the second employer, or is assessed against the whole group of employers, so far as the second injury is concerned, the consumer, whether as taxpayer or purchaser of the goods, bears it ultimately. I do not believe this question is going to be any appreciable handicap. We have thus far found no opposition on the part of employers in taking these men as they come back.

Furthermore, the experience of the Sears-Roebuck Company at Chicago goes to show that the handicapped man who has been properly trained for the work is a most desirable employe from the standpoint of his own safety and the safety of others, also from the standpoint of his own active work and his continuation on the job. He is careful because he has suffered once, and being careful for himself, he is careful for others.

We have made up our minds, so far as we are concerned, that we will place no man in, nor train him for, any position where his handicap may affect his responsibility for the safety of other people. That much we have got to look out for and we propose to do so.

What we are urging upon employers is this: Don't take any man as a charity. Take the man because he can do the work, and if he cannot do the work don't take him. You know well that when the memories of the struggle grow dim and our sense of gratitude lessens and your competitors are pressing against you, the first man that will go from your plant will be the man who cannot do the

job, and it may be this handicapped man. We are going to try to make him worth more above the neck, by training, than any of his contemporaries, so that he can win out in the hour of stress and competition, but don't tell yourselves that you have done a great service for this National Government by taking a man on for a few months for a job he cannot fill, and then boast that you have done something by way of charity for a crippled soldier. Let him alone. You will be doing him the very best service you can, if you take him only when he is fit for the job and because in your heart of hearts you want him, not because you like to show off your sense of gratitude.

We are urging these men not to go home, but to stay at the hospital until they can make a future secure for themselves and their families. We say to each of them, "Old man, it may take three months, or six months, or a year or two years, but whatever amount of time it may take, the Government will pay you \$65 a month for yourself while you are in training, meet your traveling expenses, pay the tuition on the job, and if you bring your family down with you, partly support you and your family, and if your family stays back at home it will grant the same allotments and allowances as while you were in active service. Don't make the fatal mistake of going out because wages are high now. When the boys come back normal, without any handicap, and you have not got more knowledge in your head and more skill in the way of training than they have got, they will displace you when hard times come. You stick until you have made your future secure, and don't take a short course, but take the long course. You carried on over there. You went over the top successfully. Now you are weak on your back in the hospital. We know you are discouraged. We know you want to see the folks back home, but don't give up this training until you have made up your mind that the folks at home are secure and that your future is secure. There is one more fight to be made. It is as hard as any you have made. It is the great fight you have got to make, and it requires more courage and determination than going over the top on the other side."

And we are urging the folks at home not to write and tell them to come, that they will take care of them. We tell the disabled men that it is a test of their manhood, and we tell their folks not to coddle them.

The Government does not owe a living to anybody and the Government cannot and could not, for his own good, take care of a

man by paying compensation to support him in idleness. There are going to be certain by-products out of this war. Not only have we removed German autocracy through the war; not only have we learned some lessons ourselves in regard to life insurance compensation under the War Risk Insurance Act, but also, I think, there are other lessons. I will enumerate only these:

We have come to realize that when the war bell sounded, we were unprepared as a people, not so much because we didn't have soldiers drilled, not so much because we didn't have gunpowder and cannon, but because we didn't have a people vocationally trained to meet the problems of this war, and that sets up the program of vocational education before our people in a way that will never be forgotten. That is the first thing.

The second thing we have learned is that in this fight for democracy as against paternal socialism, the note we must sound over and over again is the self-dependency of the individual man (applause), which may mean the regulation of monopoly, which may mean the making of crooked places straight, but which must, of all things, mean opening the way for every American citizen disabled or not disabled, so that he can stand on his own feet in this democracy and work out his own salvation; and if democracy does not mean that it means nothing at all in our civilization.

Finally, we are beginning to realize that it was due to our ignorance that all through the centuries, stretching back down the avenues of war and misery and suffering, we have neglected the cases of the disabled men, and when we have dealt with this job, and when we have presented that disabled man with training worth while, and have learned new ways to deal with him and to rescue him from the waste pile of life, we will be turning our attention toward this great silent army of the farm and village street and factory and manufacturing plant and office, and, through some such measure as the Smith-Bankhead bill, which is now before Congress, we shall begin to work out that problem by the side of which this sacred task of dealing with a disabled soldier is a small problem indeed.

(Applause.)

THE CHAIRMAN: We intend to invite a general discussion of Doctor Prosser's talk to us, but before doing so we will depart from the regular program for a few minutes.

The vast army of missionaries of happiness, as Mr. Cox so delightfully characterized life insurance agents this morning, is rep-

resented here in the person by Mr. J. K. Voshell, of Baltimore, president of the National Association of Life Underwriters. Mr. Voshell is a veteran who long since won his spurs in that missionary army, and I hope we may prevail upon him for a word of greeting from the great organization which he represents. (Applause.)

MESSAGE FROM NATIONAL ASSOCIATION OF LIFE UNDERWRITERS

MR. J. K. VOSHELL: MR. CHAIRMAN AND GENTLEMEN: I am very much pleased that you give me an opportunity to come over here to say a word this afternoon instead of tomorrow. I do not know of anything special that I have to say to you, except that we have heard a great deal about cooperation and cooperative organizations lately, and it reminds me a great deal of a certain gentleman down in the State of Georgia who was about to hire a new hand of the colored race, and in order to make sure that he was going to be of use to him he asked him if he could use a whip that he was carrying. The darky took hold of it and stretched it out a little, like that, and gave a little flick with it where he saw a butterfly on a little piece of shrubbery, and the butterfly went off. And he said, "That is pretty good, try it again." The colored man saw a honey bee on a little piece of flower there and he gave it another crack, and the honey bee flew off.

The white man said, "Sam, that is going pretty good. There is a hornet's nest over there against the fence. There are a couple of hornets walking around there. See what you can do with those."

"Looka here, Boss," replied Sam, "I can do that, but I ain't goin' to, because them are organized and I have found that it is not any use to fool with anything what is organized."

The organization of which I have the honor to be president was put together for the express purpose of upbuilding true life insurance. My notion about the National Association of Life Underwriters and the agents of companies is that they sell or market the goods that you manufacture, and if I had anything to say about that specially, to emphasize it, I might say that I believe it would be to the advantage of the manufacturers to have us in conference occasionally with your actuaries, who manufacture the goods that we have to sell, in order that we might know more about the goods that you are going to manufacture; and our experience as selling

those goods ought to be of some value to you because we come in contact with the people who are buying.

Speaking to a large number of men in Philadelphia this afternoon I emphasized the need for life insurance men to use their influence to get the soldiers and sailors to continue their government insurance. My idea is that we ought to have those soldiers and sailors take advantage of the conversion principle in the contract which the Government is going to get out. (Applause.)

GENERAL DISCUSSION

THE CHAIRMAN: Dr. Prosser's paper is open to general discussion. We shall be glad to hear from any of the gentlemen present.

MR. FRANK L. JONES, Agency Manager, Equitable Life Assurance Society, Indianapolis: I would like to speak to the subject of our efforts along the line suggested by Doctor Prosser, and our opportunities.

Federal vocational education, or maybe I should say vocational education, is the big democratic movement in education. I would like to lay it down as a fundamental fact, and I would like every one to put his mind on it, that vocational education is the big democratic movement in education.

Stating the fact in that way suggests that maybe there is something in education that is not democratic, and that is exactly the impression that I want to leave. There is an autocracy of education which it is just as important to eliminate as autocracy in government.

The popular fallacy with respect to autocracy is, first, that it is governmental wholly, and second, that it is personal. It is vastly more than that. There is an autocracy in education. There is an autocracy in medicine. There is an autocracy in law. There is an autocracy in religion, and each is quite as important to fight as autocracy in government.

Autocracy is not personal. It is institutional. What we have fought in Germany is not an individual, despite the fact that many people think the Kaiser did it. What we have fought is institutional autocracy, and punishment should be visited upon Germany, not alone upon the Kaiser, but full punishment, for the reason that autocracy was institutional, and not individual.

We will not satisfy the American people until we punish the Kaiser and some of his satellites, because, in popular mind, punishment likewise is personal rather than institutional, but if my theory

is correct, and I think it is, that autocracy is institutional rather than personal, then it must be punishment as an institution rather than as a person.

Now, in education we have had a system of teaching in this country—and I submit this advisedly, because I was in educational work many years of my life—we have had an autocracy which has stood in the way of development—not a personal autocracy, but an institutional autocracy, that runs back and has its roots in the idea that only the favored should be educated, and it has actually worked out that way in practice.

Suppose you go down the street and ask the first hundred people you meet, "What is your individual big problem in life?" If he answers truly each one will say, "It is to get food, shelter and clothes."

I maintain that the educational systems of this and other countries have contributed little to the answering of that question. I also maintain that it is because of the autocracy rather than democracy in education that that all-important question has not been answered.

We had before us this afternoon Dr. Prosser, a man who revolted against the old ideas of education, as many of us have. He has had the courage to stand up and make the fight, even while quite alone, that there is a way to meet that big issue, the issue that is in the minds of the average person—I might almost say of all the people you meet—the question of making a living.

It is a part of our duty to help in the solution of this problem of vocational education. Not only that, but it offers the best opportunity life insurance has ever had to do itself some good. We are one of the new institutions. We are not like the institutions of law and medicine and teaching and religion, whose traditions run back thousands of years and that have continuously taught and built up their institutions. We are new and therefore we have not the academic standing of law and medicine and teaching and religion.

A student, when he goes to college, does not elect life insurance as he does law and medicine and engineering and so on. He does not do that for two reasons; first, because we have not an academic organization, and in the next place he finds almost no facilities. There is no invitation to pursue our line of work. There is no denying the fact—and we must speak plainly on this—that the most serious handicap of life insurance lies in the fact that it is not in as high public favor as these other institutions, and our biggest problem is to so raise it in public favor so that it will stand alongside these other big institutions.

This vocational educational program gives us a wonderful opportunity to do that, so that when students, when men of brains, step to the front they will elect life insurance; so that when you go to the legislatures to argue that our particular phases of life work are important, you will not encounter the handicaps that are often thrown upon you by the law-makers of this country, and there will be sufficient public favor back of you to sustain your arguments.

We are in this favored position: That we are coincidentally both educational and vocational. If a man seeks to take law vocationally, he is prohibited by the law—the very thing he is studying—from practising it until he has studied it for a certain number of years. A man studying medicine cannot learn it vocationally, because he, too, is prohibited by law from practising until he has attained a certain degree of excellence. A man cannot take teaching vocationally at the outset because he is required, before he is permitted to instruct, to pass an examination showing his excellence in branches of study.

But in life insurance we have academic material in the fact that it is social, mathematical, and economical. We have all the substance of an academic course in life insurance, that could be offered alongside any course in economics or mathematics; but we have vastly more. We have a vocational equipment by which we can make these two things—the vocation, and the practice, or the academic features of it—hook up from the start, and thus we have at the outset, coincidentally, an occupation which can be practised and studied, day in and day out, from the very first minute that a man comes into our profession.

And, therefore, we are in the most favored position of all vocations to accept those wounded soldiers that may be brought to our attention by Dr. Prosser's department and to work them into our field, and I will say to you now that some steps are being taken, as Dr. Prosser indicated, to use these men. There is not only the overseas educational commission, which has accepted life insurance on an even keel with every other course of study—so that at the very outset we will be able to teach the soldiers some life insurance, alongside any other profession or business—but we have material by which the concession brings us advantages. So I say that overseas, as well as in this country, we propose to reach out and help men like Dr. Prosser solve their big problems, on that side of it—and on the other side of it, to attract men of ability and integrity through those avenues which will be helpful to us. (Applause.)

DR. PROSSER: There is one more thing, Mr. Chairman, that I would like to say just at this time, regarding the Federal Board, and I think you will be interested in it: The life insurance business is both a social and a financial venture. Anything that causes men to take better care of themselves in places where they work, or recreate or live, is a step not only in more careful living, but a step in the direction of lower mortality and lower cost of insurance. The Federal Board has a fund of many millions of dollars, which is to be used in the different States of the Union, giving a number of courses of study, reaching to the boys sixteen or eighteen years of age—the boys on the farms or in the offices. We reach the boys and girls, in either case, through the part-time scheme, or evening schools. We reach those who work during the daytime, but can come for evening instruction. It occurred to us some time ago that no course of instruction for the intelligent worker was complete until it covered the hygiene of their occupation. We have a project of thirty-six studies along this line, including the metal, clothing, building, chemical, electrical and the textile trades, in which texts have been written in very attractive form for the layman. The trouble is that there is piled up in the Bureau of Labor Statistics down in Washington so much scientific information and data regarding trade-dangers that it would take one hundred years to teach it. Our task, therefore, was to take that material and put it in a form that a common man could read and understand. The result is that all over this country, within the next year, there will be courses—day schools, part-time, and evening schools—short courses, fifteen or twenty lessons, taught by people from the various trades—teachers who can answer the questions of these men. They will deal with the things respecting injury and disease as related to the individual's particular line of work, or that in which he is about to become engaged, from which he needs to be guarded. That is what the employee ought to know, and that is what he will be taught. I submit that this is a program of conservation, and one that in time will play a very large part in helping to reduce your mortality figures.

(Applause.)

THE CHAIRMAN: I think we have the right sort of Director of Vocational Training; there is no question about that. Thank you, Doctor Prosser.

The convention will now stand adjourned until 10:30 o'clock tomorrow morning.

SECOND DAY

MORNING SESSION

Friday, December 6, 1918

MR. GEORGE B. STADDEN IN THE CHAIR

THE CHAIRMAN: The convention will please come to order.

Before beginning the formal proceedings this morning, I wish to advise the members of the Association that at the close of the addresses this morning, there will be a meeting of the Association in executive session, for the transaction of routine business. I hope that all the newly-elected members will attend, as well as all the old members of the Association.

In this connection I wish to announce the names of the new members whom we most cordially welcome into our family:

Connecticut General Life Insurance Company, Hartford, Conn.

The Connecticut Mutual Life Insurance Company, Hartford, Conn.

John Hancock Mutual Life Insurance Company, Boston, Mass.

The Manufacturers Life Insurance Company, Toronto, Canada.

Massachusetts Mutual Life Insurance Company, Springfield, Mass.

The Mutual Benefit Life Insurance Company, Newark, N. J.

National Life Insurance Company, Montpelier, Vt.

The Penn Mutual Life Insurance Company, Philadelphia, Pa.

Phoenix Mutual Life Insurance Company, Hartford, Conn.

The Provident Life and Trust Company, Philadelphia, Pa.

State Mutual Life Assurance Company of Worcester, Mass.

We anticipate with pleasure their association with this organization.

It is a pleasure to have with us this morning one of the foremost educators of the times—one whose broadening influence is felt by numberless young men. Dr. John Grier Hibben, President of Princeton University, will speak on "Liberty—Its Rights, Its Obligations." (Applause.)

LIBERTY—ITS RIGHTS, ITS OBLIGATIONS

Dr. Hibben spoke as follows:

MR. CHAIRMAN AND MEMBERS OF THE ASSOCIATION:

This is a topic that I am delighted to speak upon. I am more con-

cerned at the present time about our obligations as American citizens than I am about our rights. Our rights have been established and they have been re-established during this last war, and I think that I voice the sentiment of all here when I say that we are experiencing at this time a mood of seriousness rather than a mood of elation over our victories. The reason, I think, is that our rights, our traditional liberty, we have never lost. Other nations lost their liberty in this terrible war; Belgium, the northern part of France, Poland, Servia, Roumania—they know what it means to have a master over them. We do not know that, and our fathers did not know it, nor our father's fathers. We have been without a foreign master, and therefore we take our liberty as a matter of course, and then, again, this liberty that has been re-established upon firmer foundations than the world has ever known, has been one in which America alone has not won again its rights. Our former liberties have been won by American people for America. This re-establishment of the liberty of the American people has been won for us by our sons who have fought for us at the front, and by their comrades in arms, the Allies, who struggled for years, before we entered into this war, in order that they might hold that front line.

Our liberty, gentlemen, has been challenged; it has been very seriously menaced; but, thank God, it has never been lost. And therefore, we do not rejoice in the same vivid sense that the Nations abroad rejoice who lost their liberty and now hail the day of its restoration. Therefore, I say, we naturally put the emphasis in this topic upon our obligations rather than upon our rights; and I think that we have two fundamental propositions in reference to our re-established liberty. They are these: There can be no true liberty in the world for the individual or for the institution or for the Nation without a sense of responsibility; and, second, there can be no sense of responsibility where there is a self-centered theory of life. We must, somehow or other, get out of the little orbit of self to appreciate our responsibilities in life, and it is only when we do get out of that little orbit of self that, having the sense of responsibility, we are truly free men.

A man may interpret liberty as the doing of anything that he may please. He may say, "I have the traditional right in America to life, to liberty, and the pursuit of happiness, and in my pursuit of happiness my conduct is no one's business but my own." I say there is always this limit to the pursuit of his own end, namely: That he dare not infringe upon the rights of others. There is where his

sense of responsibility should begin. He may do what he pleases as long as he brings to life a moralized will and a sense of responsibility towards his fellow-men, but not otherwise. In the insistence upon our rights, gentlemen, we must always universalize the particular right that we claim for ourselves. What do we mean by that? It is this: As long as I insist that my right is a particular one for me, or for a particular class, or privileged body of men to which I belong, it is no longer a right—in America, at least. I must be willing to universalize that right in the sense of saying that the right that I claim for myself I allow also to my brother man, wherever he may be, high or low, rich or poor—it makes no difference.

It is not often today that we quote a German, and yet I should like to quote a German sentiment—and I think I may safely do so in this body when I preface the statement by the remark that the German I am quoting has been dead for 100 years. (Laughter.) One of my own personal indictments of the German people is that they have forgotten this man, the greatest of their German philosophers, and they have forgotten his teachings. If they had remembered his teachings, there would have been no war. I refer to the great Immanuel Kant, the greatest of the German philosophers. He said, in reference to the general theory of conduct—he had written a book on this subject of many hundreds of pages, but boiled down the thought of his book in this one sentence—"One should always act in such a way as he would be willing to have his particular act become a universal law of conduct for all men."

That is what is meant by universalizing one's conduct.

You are safe, gentlemen, when you can stand upon such a foundation as that and say, "I claim this to be my right, because I am willing that the whole world should act as I am acting now under the particular circumstances in which I find myself." But, if we are not willing in our minds to say to our fellow-men, "You have the same rights that I claim for myself," we are immoral and, therefore, we have no true sense of liberty whatsoever. In our minds we must in some way associate liberty with law, and with a sentiment of reverence for law. Divorce the idea of liberty from law and you have Bolshevism, absolutely; say, "there is no such thing as law in my conception of liberty," then liberty becomes license, and license soon becomes anarchy; and anarchy, gentlemen, is hell, whether in a community or in a nation. In our conception of liberty we must have the fundamental idea of association of it with law.

Let me quote now, not a German, but back in the centuries before our Christian era, our Greek historian, Herodotus; and I am very much interested in this quotation, because it is so apt today. Xerxes asked the Spartan king how he accounted for the valor of his people. That is a question we could very well put today in reference to our own American troops: "What is your fundamental conception of the valor of these men?" That was the question that was put to the Spartan king. And this is his answer: "Though free, they are not in all things free. The master that they own is law, and the law of duty is the only master that they fear."

Does that, gentlemen, apply today or not? If we are free, but yet not in all things free, the master that we must own is law, and the only master that we will fear is this law of duty.

Can we conceive of anything in this world as free that is not directed according to some law? Which, gentlemen, is free, the ship that is without rudder and without a pilot, out with a mutinous crew, or the ship that is well manned, with a master mind at the helm and steering according to chart and compass and the constant stars? Which is free, the troops that are without training and without discipline and have never been taught to obey, or the troops that have been taught to give instant obedience to the command and are well disciplined and well trained? Which is free, the community that is without law and without order and each man doing that which is well-pleasing in his own eyes, or the community that is ruled by law and a sense of order and the public-spirited sacrifice of its own citizens? Which is free, the individual that is given up entirely to the chance suggestion of the fleeting desire or the fugitive thought, that is ruled by the caprice or the wind of the moment, or the man that is self-governed, whose life is directed and controlled according to an inner law and a consecrated purpose? Which, then, is free, the one that knows law and reverences it, or the one that has no conception of it whatsoever?

There is, moreover, a very fundamental ratio that must be observed in the development of the sense of freedom in every man's life, a ratio that is as exact as the mathematical formula of universal education, and it is this: Wherever the outer restraint is lessened the inner control must be increased. If you remove the outer restraint you have to put something within, the exact equivalent. That is the reason I say it can be expressed as a mathematically exact ratio. The boy that is under his parents' control soon goes out of the control of his father but at the same time something grows with-

in him and develops into an inner control that balances the removal of the outer control. I have seen this repeated so often for over thirty years, as young boys have come to Princeton University from the restraint of our preparatory schools and entered suddenly into the freedom of university life. The shipwrecks that have been made, the tragedies of young lives, have always been due, I think, without exception, to the fact that this ratio has not been preserved. They come into the full liberty of manhood without having the manly self-control within, and it is all-important that they should, in their development year after year, have more and more of the self-control as they become more and more free from the outer restraint.

If you deny that to a young boy and keep him under his outer restraint, if you do not give him a chance of translating the outer restraint into inner control, you are frustrating that boy's normal development. And does it not, in the same way, gentlemen, apply to a nation, that if you keep a paternal control over the activities, over the industries, over the liberty of any people whatsoever, you are doing the greatest possible injustice to the power of initiative, the power of free self-government. There is nothing that could be so disastrous to us, it seems to me, after this period of war, than to have the beginning of a paternal control that would keep our citizens as children rather than as men. To become men, you must make them free; but to make them free, you must at the same time give them the power of self-control. (Applause.)

Then, again, we may express our limitations of the exercise of our freedom in a purely negative way, and yet that would be a very unsatisfactory account of it. By that I mean "I must say in the exercise of my freedom that I must not encroach upon the rights of others." Suppose I make that as my ambition in life, and wholly that? Am I a free man? I do not think that I am. I have not gone far enough. I have not learned the positive aspect of freedom. Freedom to act in such a way as not to injure another man: that is the first chapter, but we must go on to something that is higher and better than that.

My freedom is a freedom to act so that I can serve my fellow-man; not merely to refrain from injuring him. That is a low ambition and it is a very dangerous state of mind for anyone to allow himself to get into, to say, "I am fulfilling my duty to the community if I am not injuring my fellow-man." Not so. You are fulfilling your duty to the community if you, in all the output of your

energies, are in a measure lifting that community into a higher plane.

Are you a public-spirited citizen? That is the question. Then, and then only, are you free.

There is no phrase, it seems to me, that is so honorably applied to any individual as to speak of him as a public-spirited man. What does it mean? He stands ready to throw himself and all that he has and all that he is into every sphere of public activity. He has the well-being of the community at heart. He is thinking of it. He is planning for its advancement. He is the free man in your community. He is free because he is a servant. He is free because he owns a master and that master is within him, an inner compulsion to give his life and to give it freely for the advancement of the common life about him.

Gentlemen, a man who is thus public-spirited has his ambition on fire. He looks forward into the future and he sees the possibilities of the public welfare, the common weal, and he gives himself to his task with no thought of his own little rights. He is not concerned in reference to them. He has no time to think of them. He is thinking only of that something within him that is hurrying him onward to his goal.

Such a man I have in mind as an illustration to bring before you today—the first president of your association, Grover Cleveland, a man who loved liberty and yet revered law; who delighted to style himself, and with all sincerity—it was not a mere passing phrase—who delighted to style himself “the servant of the people”; a man who not only said that public office was a public trust but believed that the private offices of every American citizen carried with them always a public obligation.

It was not merely when he held public office that he proved himself a true democrat, the fitting representative of the American people, but in his every-day private life, as I had known it for eleven years at Princeton, Grover Cleveland was thinking and was planning at all times for the American people, whom he dearly loved. Because they knew that he loved them they trusted him, and he led them into the way of a deeper understanding of the significance of our American institutions and the obligation of American citizenship.

To know Mr. Cleveland was to learn the secret of liberty which is obedience to duty, reverence to law and love of humanity. These were the elements that, mingled in his character, made him through-

out his life the free man; yet moving in that grand orbit of his in which the central attraction that held his life in its own place and position was the power of duty.

Now, gentlemen, another and a final thought I would leave with you, one that I am sure is in the minds and hearts of all of us, for at this time our liberty has been re-established for us at a terrible price, at the price of blood. We know today, I think, as we never have realized before, the meaning of the words "vicarious sacrifice"—someone dying for us. Now, that is the position in which we are placed today—everyone in this room—that others have died for us to secure this liberty upon firmer foundations than ever before in the history of the world; to secure it for America, and for the whole world. We have at Princeton at the present time, between ninety and one hundred names on our Honor Roll of our young men who have died in the service. Every day since the armistice was declared—and it has been impressed upon my mind all the more deeply because of the armistice and our rejoicing over victory—every day I have received in my office one, if not more, names of men killed in action at the front. What does it all mean? It means this: This liberty that is ours has been bought with the price of blood, and we must guard it as a sacred possession. We cannot be the same kind of men that we were yesterday, because of the happenings of today. We are men bought with a price, the price of the blood of our own sons, and therefore let us here declare, as we are assembled together, that these boys shall not have died in vain. In the old times when we assembled together at our National holidays, we were accustomed to say, looking back into the past, "Let us now praise famous men and the fathers who begot us." Today we say, "Let us now praise famous men and the sons whom we begot."

"Blow out, you bugles, over the rich Dead!

There's none of those so lonely and poor of old,
But, dying, has made us rarer gifts than gold.

These laid the world away; poured out the red
Sweet wine of youth; gave up the years to be

Of work and joy, and that unhop'd serene
That men call age; and those who would have been

Their sons, they gave, their immortality.

"Blow, bugles, blow! They brought us, for our dearth,
Holiness lacked so long, and Love, and Pain.

Honour has come back, as a king, to earth,
And paid his subjects with a royal wage;
And Nobleness walks in our ways again;
And we have come into our heritage."

(Applause.)

THE CHAIRMAN: As an essential element in promoting the welfare of the nation—whether in times of peace or of war—Life Insurance is without a peer. Wide experience in the business is necessary to fully comprehend its vast scope. Mr. John B. Lunger, Vice-President of The Equitable Life Assurance Society, is particularly well qualified to tell of "A Great National Service—How Life Insurance Has Discharged Its Duty to the Nation." (Applause.)

A GREAT NATIONAL SERVICE

HOW LIFE INSURANCE HAS DISCHARGED ITS DUTY TO THE NATION

Mr. Lunger presented the following address:

MR. CHAIRMAN AND MEMBERS OF THE ASSOCIATION:

I feel both happy and embarrassed at being called upon to follow my gifted fellow-Jerseyman on this platform. I am happy, because his patriotic and scholarly address has strangely stirred my heart and my impulses as it has yours, and I feel embarrassed because it becomes my duty to drag you back to the prosaic things of the program.

Now, speaking to a group of insurance men on an insurance topic is akin to carrying coals to Newcastle, because you are so familiar with the human service that is being performed by these institutions. We meet, not only to discuss the old, old questions of the business, but particularly for the purpose of stressing the questions of utmost importance at this time. I am of the belief that Senator Thomas and the others who have preceded me, are correct, that this is an opportune time to put before the American public the message of life insurance, and I want you to view the paper which I shall read this morning as a contribution to that end. I think that in the past we have been too prone to make our message one of figures—the annual reports, for instance, that are printed in the various papers and magazines. Perhaps we have not gone as carefully as we should into the more human and constructive side of our business. My paper is not addressed to you, Mr. Chairman and Gentlemen,

but "To the American People—a Message of Service." And I address it in that way to secure, perhaps, a more direct expression, with clarity of thought.

Through the love of justice, the genius and the valor of the American people they have recently inscribed a most glorious page in the record of human progress. In a noble spirit of unselfishness and sacrifice they have given generously of their blood and treasure to insure the integrity of their country and the life, liberty and happiness of the generations to come.

Americans are justly proud of this sublime achievement in the service of humanity. And it is obvious that they stand ready to lend a patient ear to a friendly message from any American institution which through its teachings and service in peace and in war has contributed to the grand result.

Life insurance is such an institution, and if I may venture to suggest briefly the salient points of its message that should reach every American home at this time it would be along the following lines:

TO THE AMERICAN PEOPLE—A MESSAGE OF SERVICE

The days of *post-war* readjustment are here. You will now undertake, not only to restore the normal balance, but to make such adaptations in methods, habits and opinions as may be necessary to meet the changed conditions. In some directions you are starting anew in the eternal search for truth, justice and understanding. Will you not permit one of these directions to be toward a clearer comprehension of life insurance—not in its detail, but as an institution? It seeks no special privilege, no encomiums for the performance of its plain duty. It simply asks for a correct public understanding of the nature and extent of its service to Society and to the Nation, to the end that it may meet with fair judgments from public opinion and public authorities. This public knowledge will be of especial value to you in the so-called readjustment period when confusion of mind resulting from agitation, haste, and the bacillus of Bolshevism may, at times, divert our law-givers from the path of wisdom.

It is not enough that each of you should know of the benefits of life insurance to the individual. That you willingly concede.

You should appreciate the great part it is taking in the mighty drama of our national life. It is not sufficient that you should recognize its help in the *material* progress of our country. You should also know of its contribution to the *morale* of the nation—and to the exalted spirit of self-sacrifice for the benefit of posterity which you have so gloriously demonstrated in the great war.

THE AMERICAN SPIRIT

You have observed life insurance develop into a national service institution of the first magnitude. Through its teachings of thrift it has become your financial bulwark against adversity, and through the accumulations of your thrift, an important economic prop of the nation. It not only protects the helpless, but it relieves anxiety, develops stamina and self-respect, and builds character. It has sharpened our sense of justice and service to the weak and unfortunate, and helped shape our national character accordingly. It has encouraged and aided in the development of the American spirit of self-reliance, of courage in the battle of life, and of devotion to family and home which lie at the foundation of our national greatness.

Clearly you have given life insurance your good will and confidence because it has earned it and deserves it. But it deserves more than this. It should have your active moral support in its efforts to advance. You should be ready and willing to commend it and if necessary to defend it against the misconceptions of the uninformed. Thus you will help to extend its usefulness to the citizen, to the nation, and to posterity.

Let us briefly note some of the more specific reasons for asking this unanimous moral support. Let us stand back far enough to get a better perspective, that you may see the nature and magnitude of the service of this great humanizing organization in its true proportions.

There it stands, the most colossal institution for savings and mutual protection of all history—a mighty monument to the unselfish thrift of you, the American people. The American companies are more than twice as large as all the other life insurance institutions of the world combined. You built them. You own them. It is important that you know at least the important features of their structure.

A MIGHTY SAVINGS INSTITUTION

Bear in mind that life insurance is an institution of savings and protection and not an ordinary commodity-selling, profit-making, commercial enterprise. The receipts from all sources must be returned to the depositors or their beneficiaries minus the cost of operation. You have as a result of your insurance savings over six billion dollars in the form of assets which with your future deposits guarantee the ultimate payment of over twenty-seven billions of dollars of life insurance. From this mighty reservoir of assets there flows a never-ending golden stream into the homes of our country, aggregating two million dollars per day.

The so-called dividends to policyholders are simply the return or refund of savings not needed for expenses or for protecting your contracts.

The surplus is the sum held over and above all liabilities to guard against impairing contingencies. This is the safety cushion that absorbs the shock of unforeseen losses or financial demands due to war, epidemics, depreciation of values, etc. Its need is shown by the recent epidemic of influenza and pneumonia which has resulted in death claims of not less than fifty millions of dollars.

The companies which conduct these vast operations are not commercial in spirit or organization. Nor do they represent vast accumulations of capital as is so often charged by the uninformed. They are in truth vast accumulations of people combining together for mutual advantage and protection. The numbers of outstanding policies of such people have increased from twenty-five millions to fifty millions in the past ten years alone. If the assets of the companies were divided amongst the policyholders the average cash value of each policy outstanding would be in the ordinary companies only \$393, and in the industrial companies, only \$36.

Life insurance differs from other savings institutions in a very important particular. It does not wait for the spirit to move people to save and to deposit their savings. It maintains a vast army of thrift missionaries who are constantly engaged in personal visits and appeals to the people in the interests of rational economy to save for the rainy day and to deposit their insurance savings. Yesterday and today and every day this year approximately 7,000 promises to save for ordinary insurance and

26,000 promises for industrial insurance will be signed by our people as a result of the efforts of these tireless crusaders for home protection. An idea of the labor involved in this service can be gained from the fact that it takes approximately 90,000 calls on individuals each day to secure these new promises to save and the first deposit of insurance savings thereon.

Do you know of any other organization that is doing as much or more to encourage prudence, economy and the protection of the State through the protection of the home? You do not because there is none other.

IN A CLASS BY ITSELF

The institution of life insurance is in a distinct class by itself. If justice is done, you will never confuse it or classify it with other corporations or institutions when considering questions of national service, of taxation, of legislation, or of public policy. And yet we find it taxed to the extent of millions of dollars mostly on the theory that it is an ordinary commercial business, designed purely for profit. You have every reason to admire and to sustain your great institution of life insurance. The brains and energy of its managers have not only built it firmly but are constantly expanding its service to the individual and to the nation. Errors in practice and in management have been eliminated as fast as discovered. Steadily, cautiously, safely, this great savings institution has been erected and protected through the stormy, hazardous early years of its existence. It has been successfully guided through the stress of wars, scandals, panics, and epidemics without impairment of solvency or the increasing of rates. It has the most effective State supervision of any private enterprise. It has advanced until today it stands forth unchallenged as to its security, efficiency or honesty of management. So sound and solid is its foundation that even the shock of the world's greatest war could not shake it. It is not, therefore, surprising that you have come to regard a life insurance policy in a responsible company as safe and certain of payment as a government bond.

These are facts well worth knowing about a great and popular American institution. They are easily obtained, easily understood and should be a part of the ordinary education of every American.

And yet the extent of the misunderstanding—not only of in-

surance itself—but of the simple fundamentals of the organization, its funds, and its national service is almost unbelievable. This lack of understanding is found not only among the uneducated element, but among business men, educators and especially among lawmakers where it often leads to injustice.

WRONG NOTIONS CORRECTED

An instance may be cited where this misunderstanding becomes harmful.

The heads of two important committees of Congress have referred in a deprecatory way to what they termed the "vast wealth of life insurance companies." They also have advocated the return to the policyholders of the surplus or emergency reserve.

The fact that life insurance companies own no wealth was unknown to them, and that the great bulk of the assets are reserves required by law and held to protect depositors and which are returned in due course to the owners or beneficiaries, seemed to be news to them. They did not realize that if these assets were returned to depositors they would average, as already shown, only about \$393 for ordinary policies and about \$36 for industrial policies. They seemed wholly unaware that these small average individual savings of the holders of over fifty million policies were performing the extraordinary national service of securing the current payments on over twenty-seven billion dollars of life insurance protection to the American people. Their criticism seemed to point to the belief that life insurance assets were piled up in vaults in idle cash and that surplus has no protective or valuable function.

Absurd as this seems yet there are a vast number of people who do not know that every dollar of life insurance assets not needed in the operation of the enterprise is promptly put to work in properly secured loans to farmers and other property owners, to railroads, public utilities and other enterprises, and to the local, state and national governments to be used in public improvements. Therefore, your insurance savings while insuring your lives are also performing a great national service in assisting in the development of the commerce and resources of the nation. The interest of American policyholders in railroads alone aggregates one and a half billion dollars through investment of insurance funds in railroad securities.

It is important that you should know these things for you will

find many occasions to use them to the advantage of yourself and your country.

The men who have been building and developing the American institution of life insurance have prepared it to meet successfully the stress of almost any unforeseen emergency however sudden or serious it may be. Witness its stability, and its great service to the nation, under the stress of the world war. Here is a golden opportunity for you, American People who believe in Safety First, to compare the wisdom of the life insurance companies in maintaining a surplus or safety fund to guard the reserves against extraordinary emergencies, with the suggestion of the two lawmakers already referred to that this surplus be depleted and distributed to the policyholders.

MEETING GREAT WAR EMERGENCIES

The great war found the companies prepared to perform a most valuable national service, one important form of which was to meet new and extraordinary financial burdens.

Virtually all outstanding insurance on American men could be carried into the war without an extra premium charge. The companies, therefore, stood to pay out large sums in excess war mortality not provided for in peace rates.

The influenza epidemic caused deaths which, based on Washington estimates, may number more than 350,000 lives, and calling for vast expenditures for unexpected death claims.

Another war strain placed upon life companies is the temporary depreciation in the value of assets in first-class securities, a shrinkage which must be met when necessary to sell any of them.

In addition the companies were obliged to meet increased operating expenses, and also to meet the unwritten obligation of increasing annually the volume of insurance protection to the public with forces greatly reduced and shattered by withdrawals for military service.

When our Government and the Allies appealed for vast loans to help win the war the life companies were called upon to make quick and extraordinary financial adjustments. This summons was met by the purchase of Liberty Loan bonds to the extent of 589 millions of dollars, and before we entered the war of approximately 100 millions of Canadian, English and French loans.

There are no less than 100,000 people engaged in life insurance

work in various sections of the United States. A call was made for the services of this patriotic army of life insurance employees and agents to leave their work and help solicit for war loans and war charities. Thus the greatest field army of thrift crusaders in the world was organized under the leadership of the companies and of the National and local Life Underwriters Associations for intensive solicitation in every city, town and hamlet in the land, and even in the isolated homes in the rural districts. In consequence of this activity sales of bonds, aggregating not less than \$500,000,000 were made and substantial amounts were raised for the Red Cross, Y.M.C.A., K. of C., Jewish Welfare Board and allied organizations.

From information received from the leading companies, I have estimated that officers, clerks and agents to the number of 8,500 enlisted for service in the ranks. Over 190 are serving in Red Cross, and in other war-welfare organizations.

A full measure of credit should be given for the valuable service rendered by the agents of the great industrial companies, the Metropolitan, Prudential and John Hancock, which undertook to sell War Savings Stamps to their industrial policyholders. The Metropolitan alone has already sold over 100 million dollars in stamps.

In short, the life insurance companies have given the Government every possible assistance with men, money and credit. They have initiated and put into effect many plans to assist in the great drives and a very large number of the officers and representatives of the companies have given lavishly of their time and their money, as others have done, to serve the Government and the nation in the great war. This was a patriotic duty which they were glad to render and they ask for no especial credit for performing it.

ASSISTED GOVERNMENT WAR-RISK PLAN

Your life insurance companies also gave the Government the knowledge and experience wherewith it established its insurance plan for our soldiers and sailors—a national service of no small magnitude. It is well that you should know that when government insurance for the fighting forces was suggested (which is in addition to the new pension or compensation benefits), the companies were prepared to perform this patriotic service at cost, if guaranteed against loss and that when the Government decided to establish an insurance bureau of its own to carry out this great task, the insurance companies promptly came to its assistance.

They publicly commended the splendid generosity of the Government and urged the men to accept it. When it was found necessary to make a solicitation drive to induce the soldiers to accept it in large numbers, life insurance men were called upon to assist in the work and they responded promptly and successfully.

The beneficent institution of life insurance as it now exists is so great and so well fortified in public confidence as a result of the extent, value and dignity of its service to humanity and to the American people that incorrect public statements cannot seriously affect it. It may be well, however, as a matter of information, to invite attention to the erroneous impressions that have been allowed to go out in news items regarding some phases of this subject of government insurance for our soldiers and sailors. The impression was created at the outset that the life insurance companies were, for competitive reasons, opposed to government insurance of soldiers and sailors, and also the impression that the government has discovered a new method of insuring lives that could materially reduce the cost to the public. Such statements or inferences are not merely misleading, but absolutely without any foundation in fact.

INSURANCE NOT SUBSTITUTE FOR PENSIONS

Another erroneous impression which many editors and a large number of people have gained is that the Government life insurance plan was adopted to replace the old war-pension system. This entirely incorrect notion is still being given as indicated by a recent article from Washington published throughout the country. The fact is that the old pension system is replaced by a plan of compensation for death and injuries and not by life insurance. This is found in Article III of an Amendment to the Act establishing a War Risk Bureau, approved October 6, 1917, and grants "compensation for death and disability" which is a great improvement over the old pension plan, and far more generous in the sums allowed to disabled men and to the widows and dependents of those who die in the service. Life insurance benefits are provided in Article IV in the same Act and are separate and distinct, and wholly in addition to the new pension or compensation allowances. For example: A widow without children would receive under this pension or compensation section \$25 per month until her death or remarriage. (If there be one child

\$35, two \$47.50, three \$52.50, four \$57.50.) If her husband had carried the maximum of \$10,000 of government life insurance, she would receive this sum in monthly instalments for a period of twenty years, the instalment amounting, with credits of interest, to \$57.50 per month. Thus the widow, if she remained single, would have a combined monthly income of \$82.50 per month for twenty years and thereafter \$25 per month for the remainder of her life. In event of her remarriage at any time the \$25 would cease, but the \$57.50 would be payable monthly for twenty years in any event.

Another fact that is so often obscured in public utterances as to be noticeable, is the provision in the law that money shall be taken from the public treasury to pay the excess insurance mortality due to war over and above that provided by the peace rates which the Government charges the soldiers. It is possible that the dissemination of these erroneous impressions is due to carelessness, but the fact is that they have to a certain degree misled public opinion, as anyone can prove by questioning a few average citizens as to their understanding of these matters. Clearly it is to the interests of the public that these misunderstandings should be corrected.

GENEROSITY OF NATION

The War Department has stated that the mortality among our fighting forces abroad from all causes was 56,000. On November 9th the Assistant Secretary of the Treasury announced that 18,000 deaths had occurred in the forces within the United States from the influenza epidemic alone. Assuming that the deaths from normal causes in these forces have been only 8,000, we have a total of at least 82,000 deaths since the plan went into effect in 1917. About 95 per cent of these deaths represent insurance claims on the Government averaging \$8,734 each. This would indicate total ultimate claims of 680 million dollars. Deducting from this the premiums paid by the soldiers and sailors which we may generously estimate at 200 million dollars, we have an apparent excess war insurance mortality to be paid from the public treasury of 480 millions.

This is a magnificent and well-merited recognition of the services of our heroic defenders, and it must be gratifying to every patriotic American that Congress has dealt so generously with them in this matter of compensation and insurance.

You should understand, however, that no new method has been found by the Government to lower the cost of life insurance, but that the low premium charged our soldiers and sailors is made possible by the patriotic contribution of public funds by Congress. Without the aid of these funds the Government would of course be obliged to charge adequate rates, as the life insurance companies are obliged to do.

SOLDIERS, HOLD FAST TO YOUR INSURANCE

Insurance men and others now have an opportunity to render an additional service to our soldiers and sailors by advising them when they leave the service to retain their government insurance and as soon as their circumstances will permit to change their present temporary term insurance to the permanent or level premium form, a privilege which they enjoy under the law for the period of five years after the official declaration of peace. The management of the War Risk Bureau at Washington in its efforts to give our soldiers and sailors the fullest measure of protection under the law are entitled to this assistance and support from you for the reason, which is well known to insurance men, that a vast number of these young men when released from war service will unwisely drop or lapse this insurance. Every citizen, therefore, who wishes to encourage unselfish thrift, who wishes to see the dependents of our soldiers and sailors protected, and who believes that life insurance is an important and necessary factor in promoting the comfort and happiness of the nation, should join in an effort to induce our demobilized fighting forces to hold fast to their government insurance which the people have so generously provided for them.

GOVERNMENT OWNERSHIP OPPOSED

We occasionally hear discussed the possibility of the Government taking over the institution of life insurance. This, however, seems so illogical and remote a possibility as to scarcely call for serious consideration, but if it should eventually be done, the same provision for reaching into the public treasury must be made if the Government is to give the public the same highly efficient service (including a great and necessary army of skilled thrift missionaries) that America's great institution of life insurance is now giving. This is true because no government plan to insure the public, however ably or honestly managed, can possibly give this same quality of service at as low a cost as it is now being furnished by the companies.

To my mind it is impossible to manage any business organization under political direction as efficiently and cheaply as it can be conducted under private management where skill and experience is employed without favoritism and where discipline, effort and *esprit de corps* can be kept at a much more effective level than is possible among politically selected or controlled industrial forces.

The present proposal of a policy of government ownership of certain private enterprises, as indicated, for instance, by the resolution recently introduced in the United States Senate, which attempted to define its scope, can only be characterized as state socialism. It is at least the entering wedge which if allowed to develop can only lead to the complete overthrow of representative democracy. It will turn our country into a bureaucracy far more oppressive and destructive to human progress than the autocracy which has just been overthrown. It would, to a great extent, crush the splendid American spirit of enterprise, and individual ambition to mount the rounds of the ladder, because under such circumstances a large part of our population would become government employes—mere cogs in the wheels of a great political machine—serving under masters selected for political reasons.

I know of no reform needed in our transportation system or any of our other public service or large commercial enterprises that cannot be corrected by private management under government regulation and control. If, for instance, it is argued that the Government, with supreme power, is not able properly to regulate or supervise our railroads, how can it be argued that it is qualified to assume the far graver responsibilities of their actual management?

Government ownership is purely a Red Flag remedy. It is unnecessary and un-American. In my humble judgment the American people will not adopt it as an established policy.

REMEMBER THESE THINGS

In conclusion I would urge every one of you, American people, to realize the great variety and universal character of the service life insurance is rendering the country. It reaches virtually every nook and cranny of the nation where a human habitation is found. It is indeed difficult to get out of sight of evidences of its service when once familiar with them. You take a journey; and through loans and investments of reserves and other funds you find in-

insurance savings serving the nation in the construction of the railroad train in which you ride and in the track and bridges beneath it and in the great terminals which it enters. You see them developing farms, and in the cities and towns which you pass, great business structures, trolley lines, electric light systems and other important enterprises. You also see life insurance savings and service in the construction work you may observe in public highways, in court houses, school houses and other public buildings. You see them in the ship yards, in the arsenals, in the army camps and in all kinds of local, state, and national governmental enterprises for which bonds are issued.

You see them in thousands upon thousands of comfortable little homes which you pass and which have been saved or built by life insurance money loaned, or paid in death claims. You see them in our schools and colleges where a great scattered army of the youth of the land are being educated with insurance money provided by prudent fathers who have passed on. And you see in every-day life evidence of the great service of life insurance to our people in the cheerful, hopeful, contented look and buoyant spirit of the nation at large.

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In this brief message many interesting factors necessarily have been omitted, but life insurance men are familiar with every detail of the wonderful collective service which the institution of life insurance is rendering the nation, and I am directing their attention to it with the hope that they will see the wisdom of constantly carrying this important message into the homes of the land and storing it in the minds of our people.

Now is the opportune time, for life insurance has never been better appreciated, safer, or more popular than it is today.

(Applause.)

MR. D. F. APPEL, Vice-President, New England Mutual Life Insurance Company, Boston, Mass: Mr. Chairman, in order to give practical expression to our response to the strong points of support and service made by Professor Hibben, and again to acknowledge the fine point made by Mr. Lunger in his paper of giving due support and practical service to the Government's insurance for soldiers and sailors, I consider this is a suitable time for this Association to declare again its position and to assure not only ourselves and our

forces throughout the country, but all who have a vital interest in the proposition that we can be depended upon to give all moral assistance and other support to the protection of the great war-risk insurance service which the Government has undertaken. Therefore, I offer a resolution for adoption by this Association.

(The resolution was thereupon referred to the Committee on Resolutions.)

THE CHAIRMAN: New problems constantly present themselves, and advanced methods must be devised in handling them. Mr. Eugenius H. Outerbridge, former president of the Chamber of Commerce of the State of New York, has long been identified with many forward movements, and as a large employer of labor he has a special interest in the welfare of working men. He will now treat of "Group Insurance as an Influence in Promoting Stability in Labor Groups." (Applause.)

GROUP INSURANCE AS AN INFLUENCE IN PROMOTING STABILITY IN LABOR GROUPS

Mr. Outerbridge presented the following address:

MR. CHAIRMAN AND GENTLEMEN OF THE ASSOCIATION:

Mr. Lunger, a very experienced life insurance man, prefaced his remarks with the statement that any address to this body in regard to life insurance questions was like carrying coals to Newcastle, and then he proceeded, metaphorically speaking, to seek safety in flight by saying that he was addressing the public and not addressing you at all.

The topic that has been assigned to me does not permit me any such method of escape.

When a layman accepts an invitation to address the Association of Life Insurance Presidents on a Life Insurance Plan, I will not say that he takes his own life in his hands but he runs the risk of a high mortality experience in any reputation that he may have thought he possessed as a sound thinker.

Unless he steps very warily and avoids technical discussion he is likely to find that what he had hoped might come back to him as an endowment (of golden opinions) proved instead to be an annual liability (of contumely) so long as these annual gatherings might recall to his hearers his bold indiscretion.

However, eliminating the technical and scientific elements, I think

it may be truthfully said that no other business of equal size is so intensely human and requires of its executives and field forces so sympathetic and intimate a knowledge of human nature as does the business of life insurance.

Perhaps, therefore, by discussing only the humane and ethical aspects, even a layman may venture to rush in here where Angels might not fear but "have no call" to tread.

I have been asked to speak on the topic of group insurance as an economic measure and of its effect in stabilizing labor.

I assume that this honor has fallen to me because I am informed my company was the first employer in the United States to have a group of employees covered by life, health and accident insurance at the cost of the business and without charge to the men.

In a factory making a product which had been a new creation, and which therefore could not draw trained workers from the general field of labor, but which required intelligence and special care in all departments and educated skill in some, we had found our most serious difficulties due to an unexplained restlessness and constant shifting of men. We had no strikes, we had no complaint about working conditions, and only the normal occasional request from some worker for an advance in his pay.

We paid our men for 60 hours work a week, but, as we voluntarily gave them Saturday afternoon as a half holiday, they worked only 55 hours and we received only that amount of production.

For years it had been our custom to give Christmas bonuses of one week's pay to all who had been in our employ for one full year, and two weeks' pay to those who had been with us longer. Later this was advanced on a sliding scale, based on term of employment, reaching four weeks' extra pay in the highest class.

Notwithstanding these arrangements we experienced a change in the personnel of our force averaging about 35 per cent. annually, due to no specific cause that we could discover except the restlessness of what we learned to call "migratory labor."

It was too expensive training 35 per cent. of the force to have them leave just as they were becoming useful. New and untrained men meant a larger proportion of damaged product. The constant changes meant loss of production and loss of production meant increased overhead, and heavy overhead often means the difference between a profitable or a losing enterprise.

I began to study the psychology of labor.

Gradually I became convinced that the solution of the industrial

problem lay chiefly in the hands of the employers themselves; that enlightened self-interest dictated that the labor question should be viewed as a human problem fully as much as an economic one; that unrest would never be allayed by what labor might win by law or through the medium of unions; that industrial peace, prosperity and contentment in any specific industry would only be realized when the employer conceded as a free-will-offering to his employees, as to a partner in enterprise, an equitable share in proportion to the contribution that labor made to the net result of the business.

But it was also necessary that labor should develop the steadiness of application, the interest and friendly confidence expected of a partner, to enable its contribution to be gauged and apportioned.

Seeking, therefore, to find a way to bring about a reciprocal feeling, to create a real interest on the part of the employees in their work and in their employer, and especially desiring to stabilize the group, I studied the effect of pension systems and other forms of benefit where they had been tried, without discovering results that gave me much encouragement.

I concluded that we must reach the home life and the families of the men, believing that through that influence a greater permanency in the employment could be secured.

In this dilemma I chanced to discuss this situation in the year 1910, with Mr. Henry L. Rosenfeld, and was informed that the Equitable Life Assurance Society then had under consideration the writing of group insurance, covering life, health and accident, and that he had been actively engaged in the study of its possibilities.

The more I studied the plan outlined and the nature of the protection offered, the more I became convinced that for intrinsic value as compared to cost this was the very first step the manufacturer should take in any plan to stabilize and strengthen the relation between his employees and himself, for their mutual benefit and for the improvement of the business.

The plan was finally concluded and the policies written in 1911.

As many of the men were foreigners, a brief synopsis of the plan was placarded in several languages throughout the plant and Greek and Hungarian priests were asked to address the employees of their race in their native tongue, explaining the benefits and that it would cost the men nothing.

I sometimes wonder if that at first made them value it at nothing. We thought they had understood it but certainly for a while we saw no change in conditions.

Our first claim was an accident case of minor character—a young man was hurt, was in hospital for a week or so and then returned to work. When he opened his next pay envelope he found some money and a check—he asked the foreman what it was, and was sent to the office to find out. On being told that it was his insurance when he was laid up, he was very indignant, declared angrily he had not agreed to insure and would never pay anything. Unable to pacify him, the secretary finally said, "Write your name on the back of that paper and I will give you thirty-seven dollars and fifty cents (\$37.50) for it." "What," he exclaimed excitedly. "You give me money for that insurance paper?" and then, when he had gathered up the bills, he rushed from the office shouting to the men in the yard, "See! the company gives me \$37.50 for having had my collar-bone broken, being hit by the pitcher while playing baseball on Sunday."

It is needless to say he became converted to a friendly feeling about insurance.

Our next case was a married man with six children, who broke his leg on the ice by jumping over a high fence instead of going out the gate. The several hundred dollars paid him in lieu of wages, which he had otherwise lost, and in settling hospital and doctor's charges made him more than a convert, a missionary indeed for this new and previously unheard of insurance that came to his own and his family's aid in the time of need; and then when the benefits were once experienced the fact that as long as he remained in the employ it cost him nothing, magnified, rather than minimized the value he attached to it.

An occasional death claim occurred where larger sums accrued to next of kin, and by that time the men understood what this protection meant, and had talked enough about it to attract others to the plant seeking employment, and after a couple of years our labor turnover had decreased to about 15 per cent., while our production increased, and the proportion of seconds or inferior product showed a distinct reduction.

Group insurance, therefore, justified itself both in business results and in humane benefits, which the employee felt flowed from the particular business organization of which he formed a part and which he could accept without feeling himself an object

of charity. Thus, it may indeed be said, is "Wisdom justified of her children."

Some of our employees could not have passed a medical examination for life insurance, and of those who could, many would not have had the forethought or thrift to do so.

A study of the death claims in the two groups with which I am connected as an employer developed the fact that 53 per cent. had no other insurance whatsoever, and that 47 per cent. had insurance averaging only about \$150 each. As our groups were relatively small, I have had this checked against the entire experience of the company carrying the insurance, and learn that these proportions represent a fair average. In fact it appears that about forty per cent. of all employees covered by group insurance have had no other protection.

Think of forty per cent. of the wage earners of this country living without life insurance or any form of protection for themselves or for those whom they support! Thus they carry the hazard of twin calamities, a complete financial collapse coincident with death.

Employers who have tried paying out of pocket to the needy families of workers dying in their service may spend as much as the premium costs for group insurance, but that will not produce the same effect upon their remaining workers that would come from the group plan of giving each employee a life and casualty certificate in a good company. The group plan is a gift to all alike—and I am informed that some of the beneficiaries have actually framed these certificates and proudly hung them in their homes. These may be extreme cases of appreciation but they illustrate the human instinct which gives extra recognition to the employer whose insurance plan gives protection to all rather than merely the chance of a charity payment to the most needy. And it may be noted that there is vastly more self-respect in the process of collecting an insurance policy than there is in accepting the charitable gift of an employer—as the needy family is certain to feel.

The whole progress of legislation for workmen's compensation has been developed on the theory that the industry should pay for the maiming or damage that is caused in its operation.

Is it not only a step further that the industry should pay something to the surviving dependents at the death of the breadwinner, at least sufficient to maintain them until they can adjust themselves to such changed conditions; and if employers do not recognize and

do this voluntarily, it is more than likely that ere long the State will compel them to do so by legislation and the merit and value of a voluntary act will be lost.

As one interested in economic, industrial and social progress, as a director in the Equitable Life Assurance Society, which first developed this business, and as an employer of labor I am convinced that group insurance, life, health and accident, given by the employer without medical examination and without cost to the beneficiary is sound business economics; also, like Shakespeare's description of the quality of Mercy:

"It blesseth him that gives and him that takes."

(Applause.)

THE CHAIRMAN: It is gratifying to know that we have such a large representation of our brothers from Canada here. Among them is Mr. Charles Ruby, of Waterloo, Ont., General Manager of the Mutual Life Assurance Company. He is a leading member of the Canadian Life Insurance Officers Association. I am going to ask Mr. Ruby if he will come to the platform and say a few words to us. (Applause.)

MESSAGE FROM THE CANADIAN LIFE INSURANCE OFFICERS ASSOCIATION

Mr. Ruby spoke as follows:

MR. CHAIRMAN AND MEMBERS OF THE ASSOCIATION:

I wish to acknowledge, in the first place, your courtesy in draping with the Star Spangled Banner the emblem of our country. (Applause.) One of the striking things that has come out of this great struggle is, I think, the unanimity of thought and aspirations and the ideals of the Anglo-Saxon race the world over. It was evidenced at the outset of the war in the manner in which the outlying members of the great family which represents the British Empire immediately came to the aid of the mother country. It was evidenced also, I think, very noticeably, in the thought and the feeling, though not expressed publicly, perhaps, to a great extent on this side of the line. I think all Canadians who came across here in the early days of the war, were made to feel that while the United States was not openly in the war, they were at any rate in great

sympathy with the cause that the British Empire and her Allies were fighting for in Europe. (Applause.)

This spirit of comradeship and brotherhood of the Anglo-Saxon race has always been in evidence between Canada and the United States. It did not need the stress and the strain and the sacrifice of a common struggle in this war to make that evident.

In connection particularly with the business in which we are so much interested, it has always been demonstrated. The great institutions on this side of the line have always had the freedom of business-seeking in Canada. There never has been any adverse legislation, and, on the other hand, Canadian executives and members of the life insurance interests in Canada, have always had a cordial welcome in your institutions over here—in the Actuarial Society of America as well as in your own organization. We have always experienced a genuine feeling of fraternity. That, gentlemen, is a thing which is very dear to the hearts of the life insurance interests in Canada. It has enabled us across the line—that boundary line which is marked by customs officers rather than by fortifications—to enter in a larger way into the activities of our business than would have been possible had there been any feeling of segregation. Canadian life insurance men always feel grateful to their brethren on this side of the line for giving them the opportunity of mingling with them. In the larger sphere of national interests I think the two countries will now work together in an even greater spirit of co-operative service and self-sacrifice in carrying out high national ideals than they ever have before. That is one of the great compensations which apparently will come out of this war. And so long, gentlemen, as that feeling exists which has prompted this courtesy on your part, I think the peace of the world, as has been said by former speakers at this gathering, is insured. (Applause.)

THE CHAIRMAN: Success in any line of endeavor demands united effort in its operation. The Presidents' Association (composed largely of Eastern companies) and the American Life Convention (whose membership is made up principally of companies located in the West and South,) have been jointly instrumental in elevating the standards of the institution of life insurance, and in promoting the general welfare of the millions of policyholders of the country. These two great organizations, through their active co-operation, have accomplished, and in the years to come will continue to perform, work of the

utmost importance in furthering the best interests of the life insurance business. The President of the American Life Convention is with us to-day, and at this point in our discussion, I will ask if he will do us the honor of presenting a message from our sister organization. Gentlemen, Dr. E. G. Simmons. (Applause.)

MESSAGE FROM THE AMERICAN LIFE CONVENTION

Dr. Simmons thereupon spoke as follows:

MR. CHAIRMAN AND GENTLEMEN:

They say that back of every act is a reason. I think it was Bill Nye who had two reasons for not carrying a watch: One was that he didn't have a watch pocket and the second was that he did not have a watch. The two reasons why I am not going to try to make a speech to-day are: The first, that since coming to your wonderful New York climate I have caught a cold that would make it almost impossible; and in the second place, when I got a letter of invitation from your genial manager, he said, "Say just a few words." I think he must have had the general theme of your meeting in mind in writing me, because we all know that thrift means to save; also that time is money. So I am trying to carry out your theme as far as possible.

I had the pleasure of being here last year, enjoyed your meetings, enjoyed hearing the papers that were read, and am glad to be with you this year. I think that we are all looking at the problems we are facing to-day in just a little bit different spirit than we did last year; not but what the problems of reconstruction are just as great as those that we faced last year, but our faces are towards the sun. Last September, in Chicago, at the annual meeting of the American Life Convention, we had the pleasure of listening to an address delivered by the Hon. Job E. Hedges. Mr. Hedges spoke of war, but as you all know his very personality breathed peace. He brought to us not only a message of good will from the Association of Life Insurance Presidents, but pointed out to us that results are accomplished not only on the battlefield but also at home through the brotherhood of man. I believe, as Mr. Stadden said a moment ago, that the life insurance companies of this country are working together in a closer spirit of harmony than they have ever worked before. As many of you know, there were gathered around a "Peace Table," so to speak, in Washington a few weeks ago, representatives

of the American Life Convention and the Association of Life Insurance Presidents. Individual companies were forgotten, organizations were eliminated, and plans were perfected, and we believe they will be put into effect, that will not only show the loyalty of the insurance companies of this country to our Government, but will also demonstrate the fact that differences of opinion can always be reconciled when men want them to be. (Applause.)

I have to tell a little story on your chairman, Mr. Stadden, about thrift. I do not know whether you know it, but Mr. Stadden is a duck hunter—a good one, too. About two or three years ago I had the pleasure of having him as my guest in Louisiana. We went to the swamps for ducks, and Mr. Stadden did not conserve possibly just as much as he might. He killed all the ducks in that neighborhood, I believe.

Upon the hunt being completed, he rather felt, for some reason I don't know, that he was under some obligation to me. So he sent Mrs. Simmons a most wonderful bouquet of roses. When I got home they were on a big stand in the center of the room, and my young son looked at them and said, "Dad, how much did those flowers cost?" I said, "I do not know, my boy; I am not used to luxuries of that kind; but they must have cost at least \$35 or \$40." He said, "Dad, Mr. Stadden could have bought me the best bicycle in New Orleans for that money." (Laughter.)

Gentlemen, thrift and life insurance go hand in hand, and I think that this war and the things that led up to it have taught us more about conservation than we could have learned in any other way. I do believe, however, that there is a possible danger in these happy days that are following the struggle we have gone through to maybe let down the bars just a little bit too much and to drift into practices that will make against us rather than for us. I am sure, however, that the problems that we have to confront will have their solution presented by the able men that I believe are back of the insurance destinies of this country. Gentlemen, I thank you for the privilege of being with you, not only as the President of the American Life Convention but also in my individual capacity as a life insurance man. I thank you.

(Applause.)

THE CHAIRMAN: The convention will now take a recess until 2:30 o'clock P.M.

At the executive session of the Association, immediately following the close of the public session of Friday morning, December 6th, the following memorial was adopted by a unanimous vote:

"The Association of Life Insurance Presidents records in these lines its regrets that Mr. John J. Brinkerhoff has felt compelled, owing to ill-health, to resign his position as actuary of the Association. A record is also made of the Association's appreciation of the services of Mr. Brinkerhoff extending through the decade of his employment and marked during such service by intelligence, application and clear vision in all the problems submitted to him. It is with no perfunctory sense of conventional approval that this record is made. The Association records also its high appreciation of Mr. Brinkerhoff as a man, as a citizen and as an associate."

SECOND DAY

AFTERNOON SESSION

Friday, December 6, 1918

MR. GEORGE B. STADDEN IN THE CHAIR

THE CHAIRMAN: The convention will please come to order.

The Greeks have the proverb: "Health and understanding are the two great blessings of life." The strength of a nation is commensurate with the health of its people. This is readily recognized in periods of great stress, such as wars and epidemics, when unusual means are employed to safeguard health. But the highest efficiency and happiness would no doubt be achieved were the same wise supervision to extend to the physical, mental and moral well-being of the masses in ordinary times. Major-General William C. Gorgas, former Surgeon-General of our Army, has honored us with the preparation of a paper on "Thrift in Health—Application of Lessons of Military Sanitation to Peace Times." He had planned to present it in person, but a sudden call to duty requires his presence in Guatemala. He was to have sailed yesterday, but owing to the serious illness of Mrs. Gorgas, he will not be able to get away for a couple of weeks. We extend to him our sympathy and hopes for a speedy recovery of Mrs. Gorgas. With fine courtesy he has commissioned one of his associates to deliver the message. I take great pleasure in presenting Colonel William D. Wrightson, U.S.A. (Applause.)

THRIFT IN HEALTH—APPLICATION OF LESSONS
OF MILITARY SANITATION TO PEACE TIMES.

Col. Wrightson spoke as follows:

MR. CHAIRMAN AND MEMBERS OF THE ASSOCIATION:

The former Surgeon-General has asked me first to extend to the Chairman, and to the members of the Association, his deep regrets at not being able to be with you.

(Colonel Wrightson then read the paper prepared by General Gorgas, as follows:)

During the last two years we have had some four million men under arms in the United States and in Europe. All these men have been profoundly impressed with the importance of good

health to a fighting force—that from the point of view of whipping the enemy it is just about as necessary to keep the army free from disease as it is to supply them with ammunition. They have been intimately in contact with the various sanitary measures, put in force for this purpose, have seen how successful these measures were, how easy of application and how little troublesome to the individual.

When they get back to their homes they will be desirous of applying these same measures to their home communities as far as such application is possible. It is going to be very much easier for communities in the future to get appropriations for water and sewage systems. The soldier voter will be strong in backing such measures. They will all be impressed with the importance, as far as health is concerned, of a good potable water. They will approve street-cleaning, remembering their camp life and the benefits and comfort derived from such measures. They will see that night soil is properly cared for, remembering what benefits were derived from such sanitation in their military life. And so on through the gamut of sanitary measures with which they have become familiar in camp life. They will remember how possible it was to keep out of an army of four million men typhoid fever, small-pox, diphtheria, and most germ diseases. They will remember what good results, both morally and physically, were brought about by the regular and healthy lives they were required to live.

But in my opinion the greatest sanitary lesson to be learned from this war is the effect of crowding in large units. If the soldier coming home can impress upon his community the loss that is being caused by the crowding that is taking place in our larger communities, a most important lesson will have been learned for application to civil life.

In the last fifty years a great change for the better has taken place in regard to the number of deaths occurring in armies at war. In our Civil War, and the wars antedating that period, the number of those who died from disease was far greater than the number of those who were killed in battle. In the Crimean War some two hundred and fifty per thousand died of disease. In our Civil War the number of those dying of disease was about double the number of those killed in battle. When we get down to the war between Russia and Japan we find that the number of Japanese killed in battle far exceeds the number of those who

died of disease. The Japanese lost from disease about twenty per thousand.

The medical figures of the present war have not yet been sufficiently gathered together to give any accurate statistics on the subject so far, but we can see enough to know that the ratio of those who died of disease is going to be large as compared with those who have died in battle. Our rate per thousand of soldiers killed in battle will be small from the fact that we had only a small part of our army engaged and for a comparatively short time.

From what I have seen of our statistics, our death rate from disease will be small. Up to October it was somewhere in the neighborhood of seven per thousand. Since that time it has probably been considerably increased by the epidemic of influenza which for the past two months has been very fatal in our camps. But taking the average of the whole war, I venture to predict that the death rate from disease in our Army will be considerably smaller than the best death rate that has gone before us—twenty per thousand, that of the Japanese Army in the Russo-Japanese War. In 1917 our death rate was largely increased by an epidemic of pneumonia, which pneumonia was in general caused by an attack of measles. In 1918 we had still heavier losses from pneumonia, which pneumonia was in general due to influenza. It is well known to sanitarians that this form of septic pneumonia is always due to overcrowding.

Military life is particularly prone to favor the spread of septic pneumonia. Men are brought together in large numbers and these large numbers of crowded men are lodged in barracks containing one hundred to two hundred. These two elements, crowding and crowding in large units, play a capital rôle in the spread of septic pneumonia.

My experience has forcibly impressed me with a close relation of cause and effect between these two elements, crowding and crowding in large units, in the spread of septic pneumonia.

In Panama we had a very severe epidemic of pneumonia associated with an extensive epidemic of influenza. The men were much crowded in barracks of one hundred or more men in each barrack. The conditions were at once relieved upon our encouraging the men to build their own little huts and bring their families over. This reversed the former conditions. The pneu-

monia at once disappeared, though we continued to have influenza.

In the fall of 1917 we lost several thousand men from measles. The immediate cause of death in these cases was the complication of pneumonia. Measles in itself is a mild disease, scarcely ever causing death. In civil life, experience has taught us that it is a mild disease not much to be feared. Now why is just the contrary the experience of the military officer with men composing armies? The soldier is taken from civil life at the most vigorous period of life. He is better clothed, better fed, better housed and better cared for in every way than the average of the same age in civil life. When taken sick his nursing and medical care are far better than it would be possible for him to get had he stayed at home. Then why is his mortality in the army so much greater when he gets measles than if he had stayed at home? If in civil life we approximate army conditions, measles become just as fatal as in the army. Take one of our large cities, for instance. It is well known that children seldom die of measles. But if we send these children with measles to the hospital for contagious diseases they at once begin to develop pneumonia and the death rate in this contagion hospital from measles is just as high as it is in military life. No matter how unhygienic and poverty-stricken the home is, experience has taught us that the measles child, if left at home, escapes pneumonia and gets well. If taken to the hospital it frequently contracts pneumonia and the death rate is as high as it is with the soldier. And the reason for this is obvious. No matter how poor and squalid the tenement, the child at home has a hundred or more square feet of floor space, and is segregated to a high degree, not having more than one or two persons in the room with it. The likelihood of the measles child coming in prolonged contact with a person harboring the pneumonia germs is, therefore, very small. It runs an uncomplicated course with its measles and recovers.

When taken to the hospital it is placed in a ward with thirty or more other children with measles, some of those children have pneumonia and many harbor the pneumonia germ. The ward is crowded, the contact close and prolonged, the child contracts pneumonia and dies.

The condition of the soldier in cantonment approximates that of the child in the hospital. He is housed in a barrack allowing

him fifty or less feet of floor space per man with from one to two hundred other soldiers. Measles is introduced and spreads through the barrack. The measles case is taken to the hospital. The hospital was built for a thousand beds, ample for the ordinary needs of the command. The hospital authorities suddenly, within a few days, find that they have to care for three thousand patients. Every ward is crowded to its full capacity and every nook and corner about the hospital filled with sick. The soldier with measles comes in intimate and prolonged contact with pneumonia patients and has about him many other soldiers harboring the germ, contracts pneumonia and dies.

Conditions with regard to influenza seem to be much the same. New York City, with a population of about five and one-half million persons, has lost about twenty thousand people from influenza. Our army in the United States has lost about the same number from a million and a half soldiers. That is, our death rate from influenza has been about five times as large in the army as among the civil population in New York City. The cause of death in influenza, like the cause of death in measles, is generally pneumonia. Like measles, also, it is a mild disease. The mortality of the two diseases could therefore be controlled by the same sanitary measures.

A visitor to one of our cantonments would observe that every possible provision for the comfort and sanitation of the soldier had been made. He would find a splendidly equipped hospital, ample in size for the ordinary needs of the command, the nursing force composed of highly trained women, the doctors in charge of the various divisions, men with national reputation in the United States, and the barracks provided with every device that might contribute to the comfort and health of the men. But two important sanitary laws are constantly broken, that with regard to crowding and with regard to segregation. The breaking of these two laws has been the cause of our excessive death rate in measles and influenza.

Both over-crowding and segregation could be provided for by constructing the cantonments of huts twenty feet by twenty feet in plan, containing not more than six men. Such cantonments could be built at no greater cost than the cost of the present cantonments. For such a cantonment it would not be necessary to have water introduced into the huts or to have the huts connect

with a sewer system. A system of cesspools and hydrants would serve every sanitary need.

Soldiers with such infectious diseases as measles and influenza could be treated in their huts. Such an arrangement would approximate the conditions of civil life as far as these diseases are concerned and the results as far as death rate for these diseases would at least be as good as in civil life. Under such a plan we could avoid overcrowding the hospital where most of the pneumonia is contracted. It is very difficult to convince people in authority of the evils of overcrowding and the sanitary advisability of segregation. They will instance their own experience when it did no harm. Our transport service is a case in point. Military necessity required us to get our troops to Europe as rapidly as possible. We crowded our men on board to the extent of physical possibility. The Vaterland made two or three trips under these conditions with no trouble. Finally, the influenza epidemic came along. This vessel with ten or twelve thousand men on board, lost on a trip some seventy men from pneumonia and sent to the hospital at the port of landing some three hundred cases. If our military experience in this war can impress our civil population of the sanitary evil of overcrowding the most important sanitary lesson will have been taught. In practice we are now putting into effect the most important sanitary measure for the correction of this greatest sanitary evil. I refer to the great increase in wages that has occurred all over the United States. My experience has taught me that increase in wages of a community is the most important measure that can be taken for the correction of overcrowding.

(Applause.)

THE CHAIRMAN: Life insurance would never have attained its present enviable position of security and helpfulness were it not for the comprehensive work performed by men of unusual ability in gathering and compiling information necessary to determine the requirements for a safe conduct of the business, and also to indicate its opportunities and place in the world's activities. A man whose keen intellect, deep insight and breadth of vision are well known to the insurance world will speak at this time—Dr. Frederick L. Hoffman, Third Vice-President and Statistician of The Prudential Life Insurance Company. (Applause.)

FAILURE OF GERMAN COMPULSORY HEALTH INSURANCE—A WAR REVELATION

Dr. Hoffman presented the following address:

MR. CHAIRMAN AND LADIES AND GENTLEMEN:

The primary purpose of the establishment of compulsory social insurance in Germany was to hinder the rise, curtail the powers, and ultimately destroy the Socialistic movement, chiefly as represented by the political activities of the Social Democratic party. It was conceived by the imperial régime as a paramount necessity to stabilize and perpetuate the imperial throne and as a condition precedent to the secret projects of the military powers for world conquest and imperial aggrandizement. By means of a cleverly devised terminology and downright methods of deliberate deception, the German working people were deluded into the belief that the so-called system of compulsory health insurance was primarily intended for their benefit as the most effective means of social amelioration. Yet, what was called social "insurance" was never a true system or method of insurance in the universally accepted sense of the term derived from the Rhodian Sea Laws, in which the principle of equitable contributions proportionate to the benefits secured was first laid down and for all time. But the recognized social value of insurance methods was clearly realized by the German government and utilized as a means of establishing the most drastic, burdensome and unnecessary system of social control conceivable, even under the régime of an imperial and military autocracy, for in all the autocracies of the past the government concerned itself chiefly with the control of the person for military purposes and the auxiliary exercise of the taxing power to secure the required revenues for military needs. The German government, clearly realizing in the rising tide of German democracy a serious menace to the imperial throne, relied upon the system of compulsory social insurance to bring about the complete subjection of German wage-earners to the will and the whim of the vast bureaucratic and, of course, primarily political machine organized in connection therewith. For some thirty years the government succeeded in thus fostering the popular delusion that compulsory health insurance was really serving the social needs of the German people, because of the social progress attained by them, in response to increased intelligence, increased international competition, opportunities for foreign trade, a high protective tariff fostering German industries,

and the power for individual advancement, inborn in the heart and soul of every man and woman above the level of the brute.

The spirit of socialism in Germany was, however, not diminished, but quite to the contrary strongly accentuated by social insurance, which did not remove the true and underlying causes of social unrest. In 1884, when the social insurance system came into existence, the Socialistic vote was 550,000. In 1912, and regardless of every effort at suppression and discouragement, the vote was 4,250,000! Socialism had its rise in Germany largely because of intolerable social and political conditions, ignoble class distinctions and autocratic interference in the private affairs of the people. As has well been said by a brilliant French writer on Anglo-Saxon superiority, M. Edmond Demolins: "Socialism is essentially a product of German origin and manufacture—its center of formation is in Germany; it is from Germany that it permeates the world." And as observed by a member of the Reichstag, Bamberger: "A remarkable thing is that socialistic ideas have found nowhere a better welcome than in Germany. Not only do these ideas fascinate the work people, but the middle classes cannot resist them, and we often hear persons of that class saying, 'Why, indeed, perhaps everything may go on better thus; why should there not be a trial?' Moreover, Socialism has reached the upper classes; it has a seat in the Academies; it speaks from the lecture chair in the Universities." Also in the words of Demolins: "It may be said that the *genera* of Socialists are to be found in Germany—Revolutionary Socialists, Conservative Socialists, Evangelical Socialists, Catholic Socialists, who lecture in the very Universities. Such a general and varied blossoming is proof enough that this plant has found in Germany a most favorable soil for its growth and efflorescence."

The foundation document of German social insurance was signed by Emperor William I on November 17, 1881. The armistice terminating the world war was signed by a Socialist in behalf of the German people on November 11, 1918. The paternalistic system had been tried and been found wanting. Though but half-realized even now, the pseudo-socialistic order, establishment by the fiat of the government, was ended for all time. As foreshadowed by Demolins in his praise of Anglo-Saxon superiority and private initiative and self-help: "The social problem is not solved by tendering assistance to individuals any more than the secret of life consists in keeping ourselves alive by dint of swallowing drugs. Neither assistance nor drugs are a natural or a normal means of

sustaining life. It is true wisdom to manage without artificial aids."

All compulsory social insurance rests upon profound misconceptions of life and labor in a democracy, for it involves the establishment of a permanent class distinction in precisely the same pernicious manner as class distinctions were established in England under the Poor Law of 1601. Social insurance in Germany was never more than a carefully designed but most insidious form of poor relief, or supplementary grants in aid, required to amplify insufficient incomes, or offset unwholesome or otherwise detrimental environmental conditions. The relative improvement in these conditions in Germany during the last forty years was unquestionably remarkable, but, nevertheless, in decided contrast to the social and economic progress of Greater Britain and the United States and other industrial nations of the world. In place of a state policy, aiming deliberately at a higher standard of living among wage-earners and their dependents, as fundamentally conditioned by higher wages, shorter hours, a lesser proportion of children and married women at work, a more wholesome system of housing compatible with modern conceptions of home life, better and more nutritious food and lower prices, the deliberate control of the drink evil and state-recognized prostitution, public lotteries, etc., the late German Imperial Government chose the fatuous course of believing in a system of amelioration and relief, cleverly designed under high-sounding terms of welfare and insurance, in place of conceding the rightful exercise of true personal and political freedom inherent in the life of the people of any and every modern state.

The system was a failure even in the direction in which it had been anticipated it would be most successful. The amounts paid out in the form of relief were, broadly speaking, inadequate or insufficient to provide the workman concerned or his family with the required degree of economic security common to the people of formity to the remarkable progress in modern medicine and surgery. The medical attendance was far from being anywhere near to the high degree of intrinsic medical skill, in congener. The low average earnings of most of the members of the medical profession in Germany were out of all proportion to their social and professional status. They, indeed, perhaps more than any other element of the German people, deliberately exchanged a condition of relative freedom for absolute bondage. The so-called panel system resulted in the entrenchment of mediocrity in medical

service by discouraging the fullest exercise of unusual skill. Another and truly lamentable result of German compulsory sickness insurance has been to bring into existence a vast amount of alleged illness, or an exaggeration of the relative importance of minor ailments, involving enormous and largely unnecessary disbursements, followed in certain industries at least by serious difficulties in international competition. No wonder that, with a full understanding of the fragile fabric erected with such consummate skill in false pretense and elaborate deception, the late Imperial German Government should have initiated and supported with an abundance of means a subtle propaganda for the organization of corresponding institutions or methods in all the industrial countries with which her people were in constant and often strenuous international competition.

But the propaganda failed, at least in this country, just as it deserved to have failed in other countries, particularly in the United Kingdom, where, unhappily, in response to ill-considered suggestions, a plan of compulsory health insurance was adopted in 1911. In the words of William A. Brend, author of a standard treatise on Health and the State, written largely with reference to the pernicious effects of national health insurance, observes that:

The National Health Insurance Act is the most ambitious piece of public health legislation ever carried through in this country. No previous measure has directly affected so large a number of persons, involved so great a cost, made such demands upon administration, or been introduced with such lavish promises of benefit to follow, and no previous measure has ever failed so signally in its primary object.

In explanation of his views, based upon large experience, patient inquiry and impartial consideration, he remarks that:

Probably the greatest obstacle to the development of a sound and comprehensive scheme for protecting the health of the community has been the failure of legislators to appreciate the complexities and difficulties of the questions with which they are dealing. Public health is a science which demands years of study for its understanding; many of its problems are obscure, and often the seemingly apparent remedies for its defects may be more harmful than beneficial. Health legislation in Parliament has always suffered from the most complete

absence of scientific medical criticism, and the Insurance Act was no exception to this rule. In its genesis, in its modifications in the House of Commons, and very largely in its subsequent administration, it has been the work of amateurs, and it contains in consequence the most glaring blunders.

What is true of England is even more true of Germany. Compulsory health insurance did not improve the health of the working portion of the community, nor did it materially raise the standard of public health. All the more conspicuous and gratifying results in the improvement of social conditions, the lowering of the death rate, the gradual elimination of preventable diseases, etc., were secured more effectively in this country and entirely without compulsory insurance, than in Germany or the United Kingdom, in consequence of the establishment of pseudo-insurance institutions ostensibly serving public health purposes. Most of the social service institutions which have come into existence in Germany under social insurance have been established in this country in consequence of the aroused social consciousness, such, for illustration, as better hospitals, better infirmaries, better dispensaries, better safety-first rules and regulations, etc.

In its financial aspects the system presents at the present time a condition of hopeless chaos. The German government has not published a thoroughly digested analysis of its social insurance experience, or presented full financial statements, with a due consideration of every important element of cost. By a skillful process of financial juggling, she has so interrelated the workings of the different social insurance institutions that it is impossible to disentangle the statistical evidence, all of which is more or less confusing and inconclusive. The German government encouraged in every way the belief that the expense of administration was comparatively slight, by carefully disregarding the shifting of the incidence of true cost upon other administrative bureaus, or departments, or branches, of the government. The enormous army of officials brought into existence under such an extremely complicated system resulted necessarily in a material increase in taxation, not reapportioned or properly reapportionable to the different branches of the social insurance system. By the issue of a veritable flood of official publications on the compulsory insurance system the German government for years carried on a most successful propaganda in favor of the extension of the system into other countries of the world.

Appealing successfully to the non-critical mind of the average investigator, or so-called social reformer, the official statements emanating from the German government soon became the current form of praise and flattery of the system on the part of those in authority, leaders of thought and public opinion, but in bitter truth unworthy of public confidence and trust. Commissions sent abroad to investigate the system at considerable expense, generally returned only with so-called "evidence," easily secured from official sources, frequently with the skillful aid of German "experts" in the employ of the imperial government. Elaborate treatises on "The German Workman," "Social Insurance in Germany," "Medical Benefit in Germany and Denmark," "Workmen's Insurance in Europe," "Insurance and the State," "State Insurance," "Recent Industrial Progress in Germany," etc., one and all reflect rather the insidiousness of the German propaganda and the pernicious influence of German thought than the originality, the ability and the intellectual honesty of the writers essaying upon a subject obviously quite outside of the range of their full understanding.

American economists, mostly with training in German universities, practically one and all have sounded the praises of the German system of social insurance, of German methods of social reform, and of German principles of social reconstruction, with faint praise or scant appreciation of what has been done and is being done in the United States and in conformity to the free institutions of our republic and the fundamental principles of a genuine democracy. The one notable exception, perhaps, is the clear and penetrating grasp of Prof. Arthur Twining Hadley, of Yale University, who in his treatise on economics as early as 1897, said: "There are many reformers who are anxious that other countries should follow the example of Germany. But the experiment has not progressed far enough to pass judgment on its success. In many respects the gain to the public from a system of this kind is more apparent than real. The payments to the insurance funds must chiefly, if not wholly, come out of wages. Even though they may be nominally levied on the employer, he is compelled by competition with other employers who are not subject to this levy to reduce in corresponding degree the revenues which he pays." As high an authority as Prof. Tausney in his *Economics*, concedes that: "The outcome is likely to be that the (compulsory) insurance charges will ultimately come out of the workman's own earnings. This will take place and not necessarily by any process of direct reductions in wages, but more prob-

ably in progressive countries like Germany and England, by a failure of wages to advance as much as they would otherwise do."

At root the compulsory insurance problem is first and last a labor question. If the social condition of labor is, broadly speaking, as satisfactory as it generally is throughout the United States, the necessity for a subsidized form of poor relief in the disguise of social insurance obviously does not arise, even remotely as a matter of political expediency. But in countries with low standards of labor and life, with a government administered by an entrenched autocratic governing class, remote from the life and labor of the wage-earning element, the compulsory insurance principle is quite likely to appeal as a panacea or a solution, even though, as in Germany, it prove merely the means of postponing the inevitable disaster for a generation or two. For the principle itself is unsound and has been proven unsound because it does violence to the universal law of all social progress, that, "Nothing but the slow modification of human nature by the discipline of social life can produce permanently advantageous changes," and it is equally true, in the words of Herbert Spencer, that "The root of a well-ordered social action is a sentiment of justice which at once insists on personal freedom and is solicitous for the like freedom of others." "Unhappily," he observes in connection therewith, "there at present exists but a very inadequate amount of this sentiment," but in the successful fostering of sentiments of justice, independence and self-reliance lies the future safety and perpetuity of our democratic institutions and the republic which rests upon them. The failure of social insurance was precisely the disregard of fundamental principles of social justice and the inherent wrongfulness of class distinctions, making vast numbers helplessly dependent in matters of vital concern upon a small governing class, thoroughly entrenched and determined at all costs to hinder the true social and political development of the masses. Whether the system will be continued under the new régime is, of course, an open question. If there should be, as contemplated by certain radical elements more or less in control, a repudiation of war obligations in which most of the funds have largely invested, the entire fabric obviously would collapse. Since these institutions represent chiefly wage-earners' investments, this course, however, is not likely to be pursued. But if, as is practically a foregone conclusion, the internal debts contracted in consequence of the war will be ultimately re-converted with substantial reductions both in amount and interest earnings,

the outlook for the future of social insurance institutions is extremely alarming. For naturally, in consequence of the war, both the sickness and the mortality rates have been considerably increased, aside from a clearly recognized physical deterioration of the German working people, men and women, best emphasized in the following extract from the medical report of one of the sanatoria under the control of the Munich Communal Sick Fund, to the effect that: "Nearly all of the patients arrive at the institution in a more or less alarming condition of under-nourishment. Many of them, also, exhibit unmistakable signs of war consequences in the larger degree of frequency occurrence of nervous diseases."

Confronted with a possible substantial loss in their investments, a decline in interest earnings, the practical certainty of the deferred payment of such earnings on war obligations, a higher death rate, particularly in adult life, a material increase in general morbidity, as well as in premature invalidity, together with diminished contributions from those incapacitated for work, while at the same time in need of increased support, the German social insurance institutions face the practical certainty of disaster, now or in the not far distant future, as the case may be.

The profound conviction that the German cause of world conquest was largely conditioned by the German conception of so-called social or compulsory insurance, equivalent to the social control of the wage-earning element and the establishment of permanent class distinctions, as a prerequisite to the perpetuity of autocratic imperial military power, finds ample support in the statement issued by the late Imperial Chancellor in his first address to the German Parliament as recently as October 6, 1918, when he said in part that:

At the peace negotiations the German Government will use its efforts to the end that the treaties shall contain provisions concerning the protection of labor and insurance of laborers, which provisions shall oblige the treaty-making states to institute in their respective lands within a prescribed time a minimum of similar, or at least equally effective, institutions for the security of life and health as for the care of laborers in the case of illness, accident or invalidism.

The German delegates to the Peace Conference will be given no opportunity of presenting proposals to this effect. They will be

more seriously concerned with questions involving the very fact of their future political existence and the permanency of peaceful relations with the remainder of mankind. The German propaganda for the extension of compulsory health insurance, particularly into countries like the United States, will have come to an end. The subtle menace of the further spread of German ideas of government and social control may now happily be considered a thing of the past. The emphatic verdict of the American people has been rendered upon the numerous proposals which have been made for the establishment of compulsory health insurance in this country, and of which the most assuring as well as conclusive is the defeat of the proposed constitutional amendment in the state of California by a vote of four to one. For to the American propaganda for compulsory health insurance applies with entire truth the dictum that it was "made in Germany" and sustained by German interests, governmental or otherwise, concerned with its universal adoption in the United States. While thoroughly condemned by Mr. Samuel Gompers, President of the American Federation of Labor, and not approved by the American medical profession, nor endorsed by American business interests, this alleged panacea of social reform has been offered to one state after another by the American Association for Labor Legislation in the city of New York, regardless of all the evidence that the system is neither needed nor wanted by the mass of American wage-earners and their dependents. In a manner thoroughly undemocratic and opposed to the first principles of a representative form of government, this association and individuals allied to it continue to flood the country with misleading assertions, with cleverly disguised fallacies, supported by the wrongful use of names of men of authority, whose opinions at best but represent merely a desire to support any measure or means whereby it is plain the social condition of the people can be improved.

The most dangerous tendency in American public life today is the irresponsibility of public utterances on the part of men and women in positions of authority, whose judgment is relied upon by the public and accepted in good faith, and who speak neither with the knowledge nor the understanding to permit them to essay upon many questions and problems which seriously concern the future welfare of our people. Our own failure in academic and intellectual honesty is as serious and as sinister as the failure of the German system of social insurance, which happily concerns only the German people. As a concrete illustration, I cannot do better than

direct attention to a treatise very recently issued on "Social Insurance in the United States," by Gordon Ransom Miller, Ph.D., Professor of Sociology and Economics and Dean of the Senior College, Colorado Teachers' College. This book bears an editor's preface signed by Frank L. McVey, Ph.D., LL.D., President of the University of Kentucky, who concludes with the opinion that the author of the work "has done an interesting and worth-while piece of work that will find a place in the series of handbooks on social science, of which it is one." It is my own deliberate opinion, based upon a thorough critical analysis of the work, that it is a grave imposition upon the credulity of the American public and a thoroughly unworthy and grossly misleading contribution to social science, whatever in the broad or restricted sense of the term that may be. There is not a page in this book which is not full of errors, there is not a single conclusion advanced which is in strict conformity to the facts, but throughout it breathes the subtle poison of intentional plagiarism, of clever manipulations, of extracts from partisan publications on the subject, chiefly those of the American Association for Labor Legislation. The book itself contradicts the author's assertion that "Today our best thinking on social problems is guided directly or indirectly by university influence." The health insurance amendment proposed to the people of California was decisively defeated, regardless of the fact of a last public appeal to the voters, full of misstatements in matters of fact and concrete inferences, signed and widely disseminated over the signature of the President of Leland Stanford University!

The advertisement, as it appeared in the *Los Angeles Times* of November 4th, bears in large letters the title "HEALTH INSURANCE the year 'round." It asks the question, "Were you ever sick on your back? Did you ever lie there and wonder how you would get enough money to buy food for the wife and children? Health insurance will pay your doctor and give you part of your wages while you are sick. It does for sickness what workmen's compensation does for industrial accidents. It includes the family. Selfish interests are fighting it tooth and nail, just as they fought workmen's compensation. Senator Hiram Johnson, Gov. William D. Stephens, Mayor James Rolph, Theodore Roosevelt, William G. McAdoo, Dr. Alexander Lambert, head of the American Red Cross in France; Daniel C. Murphy, President California State Federation of Labor; Dr. Woods Hutchinson—men like these are for it." The advertisement is signed "Health Insurance Amendment League,

Ray Lyman Wilbur, Chairman, President Leland Stanford University, Chief of Division of Federal Food Conservation for Herbert C. Hoover."

No trustworthy evidence has been forthcoming that Mr. William G. McAdoo and Mr. Theodore Roosevelt have given the weight of their endorsement to health insurance in general, or as proposed to the people of California. Dr. Woods Hutchinson is not an expert on health insurance, any more than any layman by a superficial knowledge of medical subjects can qualify as an expert in problems in medicine. What the advertisement did not say, but what was thoroughly well known to President Wilbur, but wilfully withheld from the people of California, was that the Commonwealth Club of San Francisco, the foremost organization of its kind, after several years of investigation, at a well-attended meeting, took a vote on the argument for and against the amendment, and only twenty-nine votes were cast in its favor and eighty-eight against it. Even the final verdict at the polls could not have more conclusively demonstrated the convictions of the people of California that the adoption of the amendment would be contrary to the public policy of the state.

In the words of John Morley, "The law of things is that they who tamper with veracity from whatever motive are tampering with the vital force of human progress." The status of a university is not enhanced by its president giving the weight of his endorsement and active support to a recklessly conceived program of social change, clearly and unmistakably traceable to pro-German influence. Once more, in the words of John Morley (in his discussion of the doctrine of liberty in a work on *Compromise*, written many years ago, but which will ever constitute one of the classics of English literature), in explanation of the truth that liberty rationally conceived is the only solvent by which progressive social changes may be secured and that needless coercion is the antithesis of freedom, remarks that,

One reason why this truth is so reluctantly admitted, is men's irrational want of faith in the self-protective quality of a highly developed and healthy community. The timid compromiser on the one hand, and the advocate of coercive restriction on the other, are equally the victims of a superfluous apprehension. The one fears to use his liberty for the same reason that makes the other fearful of permitting

liberty. This common reason is the want of a sensible confidence that, in a free western community, which has reached our stage of development, religious, moral, and social novelties—provided they are tainted by no element of compulsion or interference with the just rights of others—may be trusted to find their own level.

Most of the arguments in favor of state socialism are identical with the plausible though fallacious reasoning that social insurance institutions based on the principle of coercion and social control are more preferable and more to be trusted than freedom of action, free competition, individual enterprise, self-reliance and self-help.

All of the so-called evidence in favor of social insurance has been derived chiefly from official sources with a deliberate disregard of the truth readily available, proving conclusively the disastrous consequences of the German system upon the mind, the life and the labor of the German people. It would be quite impossible within the limitations of time to do justice to this aspect of the present discussion and what follows is of necessity restricted to compulsory health insurance, but with the evidence practically down to date.

In a contribution to *The Spectator* under date of August 22, 1918, I reviewed the experience of the Leipzig Communal Sick Fund, brought down to the spring of 1918, presenting conclusive evidence of actuarial impairment, of laxity of administration, of wage-earners' opposition to higher contributions, of an increase in women membership with the certainty of a higher sickness and mortality rate, etc. The most alarming evidence of malingering is disclosed by the experience of recent years, in explanation of the extraordinary increase in the per capita disbursements for absences from work. According to a special investigation of 5,881 cases of alleged sickness, 48 per cent of the cases were found to be persons fully capable of self-support, and 11 per cent additional were warned and made to return to work at the end of the current week for which compensation was paid. In other words, only 29.6 per cent of the alleged sickness was found real, with the persons fully deserving of sick support on account of incapacity for work. This being the experience of one of the funds generally referred to as the model which should guide in the adoption of a corresponding system of compulsory health insurance in this country, the charges of

malingering and fraud are of special significance, though by no means an isolated phenomenon. According to the annual report of the Communal Sick Fund of the city of Dresden for the year 1917, the average duration of incapacity for work was 28 days for male members and 33 days for female members. In 1884-'85, when the fund was established, the percentage of membership claiming sick benefits on account of absences from work was 30.4, whereas in 1913, or after 29 years of operation, the corresponding proportion was 32.2 per cent. On account of the effect of the war, the data subsequent to 1913 do not require consideration at the present time, but it may be stated in conclusion with reference to this experience that the average duration of sickness was 23 days at the beginning, against 28.6 days at the end of the period under review (1913), and that regardless of a material decline in the general death rate of the German Empire and the city of Dresden, the death rate of the membership declined only from 9.9 per 1,000 in 1884-'85 to 7.1 in 1913. There is, therefore, no evidence in this experience of the alleged far-reaching benefits on public health through the operation of compulsory health insurance funds, but quite to the contrary, conclusive proof of a practically stationary condition, with a tendency toward worse.

As is well known, the Compulsory Health Insurance funds of Germany include for the first thirteen weeks compensation for industrial injuries. As evidence of failure to improve the social condition of the German people, the statement is significant that of 4,021 persons injured during the year 1917, the proportion at ages under twenty was 48 per cent, against only 15.9 per cent for so representative an industrial establishment as the Scovil Manufacturing Company of Waterbury, Conn. Of the industrial accidents 49.7 per cent involved an absence from work of less than two weeks, which is further evidence of malingering and misuse of the funds. Out of 1,002 deaths of male wage-earners in the experience of the fund during the year 1917, 278, or 27.7 per cent, were deaths from tuberculosis, which compares with 21.0 per cent for adult male wage-earners of the United States registration area. In very truth, there has not been the sanitary progress alleged to have been made throughout the German Empire, nor has there been the progress in industrial or personal hygiene on the one hand, nor in the reduction in the frequency of industrial diseases, more or less related to industry, on the other.

In the annual report of over fifty pages only about three-quarters of a page relates to sickness prevention, limited to a few lines of observations on venereal diseases, a few lines on tuberculosis, and a few lines on infant mortality. With an income of nearly six million marks during 1918, the fund made a contribution of 4,500 marks towards the support of tuberculosis sanatoria and of only 300 marks to the support of associated efforts for the prevention of infant mortality!

Equally interesting and conclusive is the annual report of the Communal Sick Fund of the city of Hanover. Under "maternity care" it is stated that out of 1,294 pregnant women, 221, or 17.1 per cent, were the mothers of illegitimate children. The corresponding proportion for the Lying-in Hospital of the city of New York is 0.4 per cent. The alleged public health activities of this fund were practically limited to membership in a number of associated efforts and the delivery of a few lectures on health problems, such as the care of the tuberculous, venereal prophylaxis, etc. The average duration of treatment in institutions was twenty-four days, including every conceivable kind of indoor treatment, resorted to as a means of reducing the labor of overburdened panel physicians. The proportion of sickness cases in the entire membership during the year (1917) was 32.5 per cent. It is frankly conceded that of the male members reporting sick 28.7 per cent were not incapacitated for work, against 54.2 per cent of the female members. Of course, a reasonable interpretation must be applied to these figures, for it does not necessarily follow that a patient would not be entitled to treatment because of his being able to go to work. Nevertheless, all of the German sickness insurance statistics prove conclusively that the proportion of persons able to work, but drawing sick pay and requiring some form of medical attention, is decidedly excessive. In the experience of the Hanover fund the voluntary members of the fund experienced an average duration of sickness of 33 days, or, respectively, 36 days for male members and 32 days for female members. This may safely be accepted as conclusive evidence of adverse selection and further misuse of the funds providing for both a compulsory and a voluntary membership. The per capita expenses for medical treatment increased from 4.59 marks in 1904 to 8.19 marks in 1914, and the per capita expenses for sick pay from 12.81 marks to 15.27 marks. The proportion of deaths from respiratory diseases, including tuberculosis, during

the year 1917 was 41.34 per cent. The general proportion of sickness, which had been 53.44 per cent in 1904, increased to 57.45 per cent in 1913, which is the last useful return previous to the war.

The most conclusive and illuminating document, however, is the annual report of the Communal Sick Fund for the city of Königsberg, in East Prussia, for the year 1917. This fund apparently has at last reached a condition where the withholding of the entire truth is no longer possible, if a complete disaster is to be avoided. It is readily conceded at the outset that the whole policy of "holding out" has so reduced the vital resistance of the German people that the burdens upon the Communal Sick Fund are attaining to extraordinary proportions. The result is primarily attributed to the imperative need of poor law support, disguised in the most reckless manner as "sick pay." The income from contributions during the two years 1916-1917 was practically the same, but the expenditures on account of "sick pay" increased enormously, and comparing 1917 with 1915 the proportionate rise was equivalent to 75 per cent. The corresponding increase in the cost of medicines was only 35 per cent and of institutional treatment 17 per cent. The amounts paid out for medical treatment, etc., slightly decreased, or remained practically stationary. The only explanation, therefore, advanced as to the reasons for the increase in the amount disbursed as "sick pay" is the apparent necessity of the people for some form of material assistance, considering their debilitated condition in consequence of the war. To meet the increased expenses, the maximum proportion of wages subject to assessment for contributions was raised from $4\frac{1}{2}$ per cent to 6 per cent. For the first time, the principle of graduating sick support according to the size of the family was introduced, the maximum being raised to 75 per cent of the normal wages earned. The report relates in detail the bitter and long-continued conflict with the local medical association, involving practically every physician on the panel and made more or less subject to charges of wrongful practices, inconceivable outside of the German Empire. In an elaborate discussion of the evils of unrestricted free choice of physicians, details are presented which, if not a matter of official record, would be absolutely unbelievable. It is frankly conceded that the members of the fund seek physicians who are willing to prostitute their calling for the purpose of falsifying certificates on the basis of which sick support, medicines, and even articles of non-medical value can be secured. It is also held

that honorable physicians, devoted to their practice and unwilling to yield to wrongful suggestions, have no opportunity for advancement and material success. Statistics are presented for an entire decade showing the tendency towards an aggregation of practice in the hands of a few less scrupulous physicians, or, for illustration, in 1917 out of 69 physicians, 15 carried on the major portion of the work, one physician in particular being designated who, beginning with a record of 703 patients in 1908, when he was paid an annual salary of 2,096 marks, increased his practice by 1915 to 2,285 patients, with the resulting increase of 9,708 marks. During the two years following he further increased his practice, but the medical society, on his account, as well as in behalf of every other physician on the panel, refused to furnish the Communal Sick Fund with the details of earnings in individual practice for reasons obvious, but not disclosed.

Because of this local conflict with the medical society, the Communal Sick Fund presents a large amount of closely printed evidence which is so much more important considering the rigid restrictions upon all publications in consequence of the shortage of paper. The report reveals in full detail the scandalous practices of physicians issuing certificates to patients never seen and filling out prescriptions or meeting requests for medical or other supplies obtainable through drug stores without any obvious medical necessity therefor whatever. In the case of one large establishment investigated it was found that the young women were in the habit of sending in requests to one unscrupulous physician for facial soaps, cold cream, and even face powder, absorbent cotton and hair tonics. Instances were disclosed where they had subsequently resold medicated soaps for perfumery, most of the claims being for sunburn or slight skin affections. In lamentable contrast, the more serious cases did not receive proper attention, and even cases of incipient lung disease were treated in a manner bordering perilously near to malpractice. When these and other facts were brought to the attention of the medical association, fully supported by numerous affidavits describing individual cases of wrongdoing, the committee on ethics of the medical society refused to take action or find its derelict members guilty of offenses which in any other country would be brought into the courts for proper adjudication. Under such circumstances it is not a matter of surprise that out of 2,730 special cases of sickness investigated, 782, or 28.6 per cent, were found to be entirely fit to return to work. Further investi-

gations disclosed an additional 684, or 25.1 per cent, able to return to work, leaving only 1,264, or 46.3 per cent, as really entitled to sick pay and medical treatment, the remainder being obviously malingerers, engaged in the dishonorable practice of imposing upon the funds. It would be needless to further enlarge upon this evidence, which is entirely conclusive and which may be briefly summarized as follows:

SUMMARY OF CONCLUSIONS

1. Instead of effectively suppressing social democracy throughout the German Empire, the social insurance institutions merely served the purpose of furthering the spread and more general acceptance of radical socialistic doctrines, sustained by the feudalism and paternalism of the German government. When social insurance came into existence the Socialistic Party vote was approximately half a million, whereas at the outbreak of the world war the voting strength of the Socialists had reached four million and a half. While paternalistic social insurance was inaugurated by an imperial message signed by William I, it came to an end by the abdication of William II and the abject surrender of the German military régime in the armistice, bearing the signature of the leader of the Socialistic Party.

2. Instead of lessening the prevailing amount of social unrest, the social insurance institutions merely increased the demand for additional benefits out of all proportion to the intrinsic value of the financial contributions made by employers and employees.

3. Instead of substantially improving the economic condition of German wage-earners, the benefits provided through social insurance were never adequate to meet more than the requirements of a minimum standard of life. In 1915 the average invalidity annuity was less than fifty dollars per annum, about the same amount was paid for sickness annuity, about forty dollars per annum for old-age pensions and about twenty dollars per annum to widows and orphans. Regardless of a considerable measure of economic progress due to general causes, and largely, no doubt, to a protective tariff, the social condition of the mass of the German people at the outbreak of the war, proportionate to their intelligence and industry, was lamentably below the corresponding standard of labor and life prevailing in the United States.

4. Contrary to wrongful assertions concerning the physical progress of the German people under social insurance, the comparative

statistics of physical well-being prove conclusively the prevalence of a large amount of constitutional diseases, lack of disease resistance, want of normal physical development, etc.

5. In the direction of sanitary reform the corresponding progress throughout the United States was measurably in advance of German achievements. The German death rate under social insurance has not been diminished proportionately to the decrease secured in this country in response to a far-sighted and more liberal public policy. The alleged interest of social insurance institutions in public health activities was practically limited to the treatment and care of tuberculous wage-earners, entitled to relief under the invalidity insurance system, but for this most afflicted element, the average duration of treatment was only ninety days, or quite insufficient for the purpose, in contrast to an average duration of twice that length of time in such well-managed institutions as the Municipal Sanatorium of Chicago.

6. Since the outbreak of the war tuberculosis has rapidly increased throughout Germany and the institutions established for tuberculous wage-earners have been largely utilized for war purposes. The number of patients treated and the amounts heretofore provided for tuberculous wage-earners under social insurance have since 1914 been reduced by more than one-half, while the amounts raised for these purposes have been diverted to war charities.

7. The condition of the medical profession throughout Germany has not been materially improved, but quite to the contrary the ethical standards have been perceptibly lowered, attaining in some communities to the proportions of a positive public scandal. The better element has been discouraged by the opportunities extended to the more unscrupulous to encourage malingering and fraud and widespread imposition upon the funds. Instead of harmonious relations prevailing after thirty years of experience between the medical associations and the sickness insurance funds, quite to the contrary there has been continuous warfare, best illustrated by the frequency of so-called "doctors' strikes." A vast amount of precious time and thought is wasted upon needless treatment for trivial or imaginary complaints, while treatment for serious afflictions is often grossly inadequate to the purpose of a cure.

8. The sickness rate among German wage-earners has not been reduced, but remains at a figure far above any corresponding conditions of ill-health disclosed by impartial investigations in this country. In many of the funds more than half of the wage-earners will

claim sickness and medical benefits throughout the year. Most of these benefits are, by independent inquiries, proven to be unjustifiable demands upon the funds, practically insisted upon as a right either as unemployment benefits or poor relief disguised as claims for sickness and inability to work.

9. In consequence of the industrial changes resulting from the war a large number of women, children and aged persons have been admitted to membership in the sickness and invalidity funds under conditions opposed to conservative management. In consequence, the future demands upon the funds for sick relief and invalidity must very considerably increase, and such in fact has already been the case during the last three years of the war. The required increase in contributions from wage-earners has been violently resisted and the deficiencies have been made good by the withdrawal of substantial amounts from the reserves.

10. Not only has the Government been reckless or indifferent in the general administration of the funds, but there has been the utmost tolerance in permitting expenditures for war charity purposes, out of all proportion to the financial resources of the funds. During 1915 alone over twenty million marks was expended in this manner, largely in the form of money grants to dependents of soldiers killed in the war, or for Red Cross purposes, etc.

11. If reckless in the direction indicated, the Government virtually looted the accumulated funds, especially of the invalidity insurance institutions, by insisting upon the compulsory investment in war loans. The social insurance institutions subscribed one and a half billion marks to the first seven war loans, and at the present time the invalidity insurance institutions have apparently over half of their investments in war obligations. Since the institutions lost considerably in the sale of first-class securities, which were replaced by war loans of doubtful intrinsic value, the ultimate losses from these sources will unquestionably be very considerable. Since it is practically certain that under the new socialistic government a part, if not the whole, of these loans will be, or may be, repudiated, or that in any event the war loans will be reconverted with reduced interest earnings, the financial outlook for the future in this respect is perhaps the most alarming of all.

12. In the industrial accident branch of social insurance, the Government has approved very substantial reductions in the

assessments as a matter of war necessity, regardless of an increase in accident frequency on account of the employment of women, children and aged persons without previous factory experience. Between 1914 and 1915 there was a decrease in the expenditures for accident prevention to the amount of over 600,000 marks, and nearly a million marks less were expended in connection with accident investigations, supervision, etc. In marked contrast to expenditures in 1915 of less than two million marks for accident prevention, the expenditures for the investigation of accident claims, accident causation, etc., reached not far from four and a half million marks. The evidence that German industrial accident prevention under social insurance has not been anywhere near as effective as the corresponding voluntary efforts in this country, is brought out by the statement that while in 1903 the fatal accident rate in German industry was 0.74 per thousand, it was 0.73 in 1914 and 0.85 in 1915. The fatality rate in German coal mining remains at the figure of nearly 3 per 1,000, which is above the average rate prevailing in this country, regardless of decidedly more dangerous conditions on account of the employment of a much larger proportion of men with very limited mining experience, chiefly because of their foreign origin and inability to thoroughly understand the rules and regulations in the English language.

13. It is a foregone conclusion that German wages must suffer a very substantial decline in consequence of the war and the readjustment of international relations, more or less burdensome to the German people. Since the whole social insurance system rests upon the compulsory deduction from wages on the one hand and the compulsory contributions by employers on the other, the inference would seem justified that if the products of German industry are in the future to meet international competition, the burdens of social insurance will have to be materially reduced. But on the other hand, the increasing economic distress, the large proportion of more or less dependent war invalids, the large increase in the number of widows and orphans in need of financial support, will demand rather an increase than a diminution of the benefits likely to be derived from the social insurance system. Yet, as clearly brought out by the experience which has thus far been had, the demands for an increase in the contributions on the part of the wage-earners will be strongly resisted by the wage-earning element now in power, while the employers

will find it impossible to provide additional contributions and yet maintain a reasonably low cost of production and prices adapted to the existing requirements of international competition.

14. After all, the most lamentable consequence of social insurance in Germany has been the measurable lowering of the social and individual morality of the German people. The system in every direction has fostered dishonesty, deception and dissimulation. Imposition upon the funds, the drawing of sick pay during periods of unemployment as the basis of certificates of illness wrongfully issued by attending physicians, had become the rule rather than the exception throughout Germany at the outbreak of the war. Numerous investigations made by impartial inquiry reveal the widespread practice of malingering, frequently attaining to half the proportion of all the sick claims, chiefly made for short periods of time and involving in the aggregate enormous burdens upon German industry. Lax social morality in this direction is reflected also in the high rate of suicide, in the relative frequency of suicide among children, in deplorable conditions of sex morality and lamentable shortcomings in housing accommodation. The war has revealed the true character of the German people, in marked contrast to the belief heretofore held, that in whatever other directions they might fall short by comparison, they were at least law-abiding, honorable and humane. The evidence revealed by a careful analysis of social insurance experience proves with equal conclusiveness that in consequence of a system resting upon false principles of paternalism and coercion the mind and the morals of the mass of the German people have become perverted to habits of dissimulation and fraud, totally unthinkable of toleration in any other country in the world.

15. The German experience proves the inadequacy of social insurance as an effective means of securing the required degree of continuous social progress demanded by modern standards of labor and life. The fundamental principle of such progress is social justice and the largest measure of political and social freedom consistent with the security, the well-being and the happiness of all. The German experiment in paternalism and coercion sounds the most convincing note of warning to other industrial countries, where under free institutions, under the ministry of voluntary service, savings and self-sacrifice, infinitely better and more lasting results have been achieved. It is devoutly to be hoped that the warning will be heeded by the American people and that they will develop a strong and thoroughly effective opposition to any and

every tendency towards autocracy, paternalism and coercion, as inherently hostile and fatal to our traditional conceptions of personal and political liberty in a democracy.

(Applause.)

THE CHAIRMAN: To prolong life may be regarded as an inherent aim of mankind, and modern science is endeavoring to defeat premature decrepitude and even to prevent untimely death. It is being proven that proper care of the teeth is one of the most important aids in preserving health and lengthening life. The "Relationship of Dentistry to Health Conservation" will be shown at this time by Dr. Harvey J. Burkhart, Director of the Rochester Dental Dispensary, and former President of the International Dental Congress. (Applause.)

RELATIONSHIP OF DENTISTRY TO HEALTH CONSERVATION

Dr. Burkhart presented the following address:

MR. CHAIRMAN AND GENTLEMEN:

It is only within a very few years that any considerable number of people have appreciated the value of clean mouths and good teeth. The services of a dentist were sought for the purpose of bringing relief in acute toothache, the repair of broken teeth, or providing artificial substitutes. Not many people have visited a dentist because of an appreciation of the fact that the mouth is a breeding place for many different germs of disease, and therefore should be kept in a hygienic condition. A woeful ignorance exists even today of the far-reaching effect upon the general health of pathological conditions about the mouth. Medical examiners for life insurance companies, industrial establishments, etc., pay particular attention to unusual conditions in every part of the body except the mouth. Small boils and pimples are usually scrutinized with great care to determine if there is any condition that might make the applicant a poor risk. There might be a dozen foci of infection in the mouth, pouring their poison germs into the blood stream and the stomach, but little, if any, attention is paid to these.

This lack of recognition of dental lesions is not confined to the laity. The medical profession itself has been slow to realize the importance of proper mouth conditions. There has often been an antagonism between physicians and dentists, and the patient has

been made to suffer, on account of a lack of reasonable co-operation, but happily these conditions are fast passing away. Medical men now realize that many cases of chronic diseases, acute diseases and special local diseases come from mouth infections. For example—neuritis, sciatica, acute paralysis, etc. Ulcerated stomach, diseases of the gall bladder, appendicitis, etc., are often caused by local infections. Cases might be cited of rheumatism, neuritis, arthritis, chronic valvular disease of the heart and many others that have been greatly relieved or cured by proper dental attention.

Bacteria may enter the body in various ways, but the most common situation is in the mouth. There are many places about the mouth to harbor germs of infection—carious cavities in the teeth, pyorrhea pockets, abscesses about the roots of the teeth, the tonsils, etc. That disease germs found in the mouth are a prolific source of disturbance in other parts of the body has been conclusively proven by investigations made by Rosenow and other eminent authorities, who have been able to produce, with bacteria cultures from man, similar diseases in animals. Eminent medical practitioners and health authorities are alive to the fact that mouth sanitation offers a prompt and permanent cure for many of the ills of the body.

The X-ray has been of very great value in diagnosing many of the conditions to be found about the mouth and particularly about the roots of the teeth. Medical men have for some time recognized the fact that many disturbances in remote parts of the body have been caused by infected teeth, and that the removal of the cause has resulted in a speedy restoration to normal health, but a correction of dental disturbances has not always been a cure for every other ill. Much harm has come from the insistence by the medical man upon the extraction of all teeth showing a rarefied area in the picture. At the same time considerable damage has been done by dentists in an unreasonable insistence upon saving every tooth. Medical and dental practitioners will in the end accomplish far greater results, and will be rendering a much more valuable service to their patients, if, instead of a blind insistence upon their individual opinions, they will co-operate with each other more cordially and decide upon operative procedures only after reading and interpreting the pictures in connection with the history of each case. By so doing much needless and ruthless extraction of useful and valuable teeth will cease. Of course, it goes without saying that any competent dentist will give the benefit of the doubt to the patient, rather than insist

upon the retention of a tooth that is a menace to health. Equally so the medical man should realize the importance of retaining healthy teeth for the purposes for which they are intended.

There are many well-authenticated cases of a complete restoration to health and normal function by people suffering from insanity, and the various nervous disorders, caused in many cases by nerve pressure from unerupted and impacted teeth. It is also well known that many cures are effected, particularly in rheumatism and neuritis, by removing sources of infection about the mouth and teeth.

The value of the work of the dentist is recognized by medical authorities, health officers, school authorities, the United States Government and prominent business men.

Congress has placed its stamp of approval on dental service by passing a law giving dentists equal rank with medical men. The Surgeon-Generals of the Army and Navy are keenly alive to the value of good teeth and have spoken in complimentary terms of the work performed by dental surgeons. And I am very sorry that Surgeon-General Gorgas is not here to-day, because I would like to pay him the compliment of saying that it was due practically to his efforts alone that dentistry received the recognition that it did at the last session of Congress. No branch of medicine during the present war has done as much in permanent restorations as have dental and oral surgical departments. It is acknowledged that the proportion of soldiers wounded in the head, face and neck is much greater in this war than any other, and the surgeons and dentists were called upon to demonstrate their skill. In many cases the plastic surgeon could do little, but the dental prosthetist was able by the use of orthodontia appliances, splints, bands, etc., to relieve many distressing conditions. The dentist has frequently been called upon to construct appliances around which the plastic surgeon could reshape and stretch the deformed tissues. Many times the patient will come to the dentist after the wound has healed, when further surgical or dental attention is required, so that the patient will not be disfigured for life. The dental surgeon, by his skill in making appliances, in cases of fractured jaws from accidents and by gun shot wounds, the devising of methods to assist the plastic surgeon in facial restoration, has written one of the most brilliant chapters in the medical history of this war.

A long step ahead was taken by the Government when provision was made to appoint dentists members of local draft and advisory boards, and in formulating regulations with reference to the teeth.

The Government recognizes the value of good teeth and clean mouths, by requiring dental inspection, ordering the correction of various troubles about the mouth, by restorations of various kinds, the supplying of artificial substitutes where necessary and the furnishing of tooth brushes. To make more efficient this service, a well-organized bureau has been established in the Surgeon-General's office, in charge of a very capable and able executive. Dental equipment of the very latest and most efficient type has been provided and every hospital and camp contains a well-organized dental clinic in charge of competent dental officers, which is in striking contrast with the Spanish-American War when no dentists were employed.

From the very beginning of the war, no profession responded more promptly or generously than the dental profession. Within three months after the first call, examinations for commissions were closed and enough dentists had volunteered to supply an army of 5,000,000.

The making of an army of over 4,000,000 men dentally fit has been a tremendous task, but it has been done. The soldiers have been made comfortable and fit by the removal of impacted teeth, the treatment of abscesses and diseased teeth and gums, the filling of cavities and the removal of various other pathological conditions. While many of these things will be only temporary in character, by far the greatest permanent good will come from the knowledge that has for the first time been brought to many of them that a clean, comfortable and healthy mouth go hand in hand with good health in promoting greater efficiency. The value of education to secure improved dental conditions in the army does not stop there. When the boys return to their families, they will tell them of the need for paying careful attention to their mouths and teeth, as one of the most important things to be done to maintain good health. The Government has not only provided the machinery to take care of the present emergency, but it has inaugurated an educational campaign that will be far-reaching in its effect in promoting good health.

Wonderful strides have been made during the past ten years by the dental profession in carrying forward investigations to show the relationship existing between chronic focal infections associated with teeth and their systematic effect. The work has received the cordial approval of many eminent medical men. In an address delivered some three years ago, by Dr. Charles H. Mayo, in which he spoke in complimentary terms of the work done by dentists, he closed with the significant statement, "the next great important step in pre-

ventive medicine should be taken by the dental profession." Since that time, much original research work has been done by dentists, individually and through research departments financed by dentists themselves, to demonstrate the faith that is in them and to prove the value of preventive dentistry. Health and school authorities have established clinics in many places and carried on an educational propaganda which is showing wonderful results.

In 1916 there were enrolled in the schools of the State of New York 1,962,946 pupils. In the United States there was a total enrollment of 23,209,029. The per capita cost was \$39.37, for the education of each child—a total of \$914,804,171. Educational authorities are alive to the value of anything that will improve health conditions, and thereby not only increase the efficiency of the child, but also reduce the cost of education, by shortening the time in school. The item of caring for the backward child and the repeater, due to the loss of time on account of toothache and diseases caused by bad mouth conditions, would in money loss for schooling represent an enormous sum. The loss to parents who are deprived of the services of older children for these reasons, would also represent a large sum.

The economic phase of this question, the permanent good that may come to future generations by the education of children from early childhood to the value and necessity of proper attention to their teeth, and health conservation were thoughts uppermost in the mind of Mr. George Eastman, of Rochester, N. Y., when he founded and endowed the Rochester Dental Dispensary.

After much thought and careful investigation as to the needs and value, and the great good that might come to childhood and humanity generally by early and careful attention and education of the child to the value of dental service, this keen, far-seeing business man decided to establish an institution for the benefit of the children of Rochester. Mr. Eastman is no faddist, neither are his charities or benefactions spectacular. They are decided upon because of their merit or the opportunity to render a real service.

Definite rules for treatment have been established, based upon the weekly wage of the family. Before service is rendered, except in emergency cases, an investigation is made by the social service department to verify the statements of the applicants. A nominal charge of 5c is made for each visit, for the reason that the child will be made to feel that the service is worth something, and to

place all children on an equal footing, so that they will feel they are not objects of charity.

The building and equipment cost about four hundred thousand dollars, and an endowment of \$750,000 has been provided. Conditional upon making this gift were the requirements that twelve of the leading business men should become interested in the institution by serving upon the Board of Management and contributing \$1000 each for five years, and that the City of Rochester should agree to appropriate \$20,000 a year for five years to pay for the cleaning of the teeth of the children in the public and parochial schools and orphan asylums. Both of these conditions were at once met.

The building is located not far from the business center and convenient of access from all parts of the city by car lines. It is a beautiful, simple structure and contains the most modern dental and hospital equipment that could be obtained. Provision has been made for 63 complete dental operating units, and the hospital is furnished with every facility and convenience for nose and throat work. This institution was not established for the purpose of doing the ordinary dental relief and repair work. The fundamental thought was to co-ordinate all of its activities that something might be worked out to prove the value of preventive dentistry. I have no hesitation in saying to you that while much good can be done and great suffering relieved by repair and relief work for the adult, the work is of little value in determining what would be proper methods of treatment for children. An age limit of sixteen years has therefore been established.

It is planned through the education of mothers to have them bring their babies to the dispensary as soon as the first tooth erupts, and by follow-up methods to retain the child as patient until the age of sixteen, believing that by this scheme opportunities for experimentation and study will be given that could not be obtained in any other way and finally result in the standardization of filling materials and methods of procedure that will be of tremendous benefit to coming generations. The retention in good condition of the baby teeth, until such time as they are forced out by the second set, exerts a most beneficial influence upon the permanent teeth. The child that is educated to care for his teeth until the age of sixteen can be depended upon to do so later on and barring unusual conditions with a continuance of proper attention to mouth hygiene, will require little subsequent dental attention. The department of orthodontia for straightening of crooked teeth is one of the important departments

in the Dispensary. Not only will the appearance and comfort of the child be greatly improved, but there will result an improvement in speech by widening the arch, and not infrequently have children below normal mentality been greatly helped by the removal of nerve pressure usually found in a crowded jaw.

The removal of tonsils and adenoids, the operations for cleft palate and harelip will be most important departments of the institution. All of these abnormal troubles of childhood will receive the most expert medical and dental attention that is available and Mr. Eastman has not spared time, money or thought to provide a place in which to carry on remedial and research work, which will be not only for the good of the children of Rochester, but to the children everywhere.

The Dispensary was opened for work on October 15, 1917. The following is a statement of the work done during the first year: Tooth treatments, 57,653; root treatments, 24,903; abscess treatments, 11; prophylactic treatments, 23; root fillings, 2,002; silver fillings, 20,168; cement fillings, 7,267; synthetic fillings, 2,766; gutta-percha fillings, 284; nitrate of silver, 654; capped, 198; crowns, 29; inlays, 3; extractions, 7,824; X-ray, 177; orthodontia, 784; number of visits to dispensary, 49,122; number of patients, 6,143; completed cases, 4,409.

This work was done by licensed dentists—recent graduates. Thirty-three operators are employed now. While the work done consists principally of fillings and ordinary dental operations, it was done with the thought of preventive dentistry always in mind.

The work of cleaning the teeth of the children in the schools is done by squads of licensed dentists and dental hygienists, the latter being trained in the School of Dental Hygienists conducted by the Dispensary. The squads are provided with a portable equipment consisting of a chair, engine, instruments, sterilizer, etc. All of the prophylactic work—the cleaning of the teeth—is done at the various schools and institutions, under careful and strict supervision.

You will be interested to know that in establishing the School for Dental Hygienists, a new avenue of employment was opened for young women. The term of instruction is one year. The salaries paid graduates are much larger than those usually received by young women,—they earn from \$15 to \$40 per week. It is a field into which could be turned young women who have taken the places of men in war work, but which will be filled by men later on. The purposes of this school are not to educate women to become dental

assistants except for the doing of prophylactic work, which the dentist in a full or busy practice finds more or less of a burden. These young women may be used to good advantage as dental assistants for the purpose of doing this work in the public school clinics and in manufacturing and business establishments where welfare work is carried on. They may also be employed to give talks and lectures on oral hygiene and other health subjects.

The dental operators and hygienists from the dispensary made the rounds of the schools in Rochester twice last year. The first time the teeth of 33,664 children were cleaned and the second 41,860. After the teeth have been cleaned a survey is made of the mouth, and if other dental work is necessary, or pathological conditions observed, a card is sent to the parents of the child, calling attention to the necessity of at once correcting the trouble. Literature on the value of clean teeth and a clean mouth, printed in English, Italian, Yiddish and Polish, is sent to the parents.

The work of the young women who have been doing prophylactic work has been most satisfactory, not only in Rochester but in many private dental offices. The Government has also placed its stamp of approval upon their work by giving employment to a considerable number to aid and supplement the work of the regular army dentist in hospitals in Washington.

A school lecturer is employed by the Dispensary, who delivers illustrated lantern slide lectures on oral hygiene and other health subjects. Lectures were delivered to 72,000 children last year.

From this recital of the activities of the Rochester Dental Dispensary, you will observe that a considerable educational propaganda is being conducted. This will be necessary in any community, on account of the woeful ignorance of the public to the value of dentistry in the conservation of health. From the very beginning of the work, it has met with the most cordial reception and approval. The school and health authorities are most enthusiastic and have rendered every assistance in launching this enterprise. While dental clinics are in operation in various places, nowhere else is there an attempt being made to clean the teeth of all the children of a municipality twice a year or where any follow-up method has been inaugurated. There has been a noticeable improvement as regards attendance, and many cases could be cited of a considerable reduction in the number of repeaters, because of the correction of dental troubles. The general hygienic conditions have been improved by this work, and tooth brushes have become fashionable in families

where there had been none, or where one was used by the whole family. In many cases the education of the child to appreciate the comfort and benefit of a clean mouth has resulted in an improved condition in other directions.

The education of the public to an appreciation of the tremendous advantages that come from a clean mouth and good teeth, should be one of the important functions of organizations like yours.

Any movement that has for its object the improvement of the physical condition of man, naturally increases the efficiency of the individual and tends to prolong life. There is absolutely no question but that proper attention to the mouth and teeth will do these things.

It seems to me that life insurance companies and other national institutions interested in public health, may render a most valuable public service by becoming interested in this subject.

During this war the large majority of the soldiers and sailors have not only by the Government, but by various philanthropic organizations, been instructed in hygiene and sanitation and the value of health conservation, as the same number could not have been taught in any other manner in many years to come. They have been required to keep themselves and everything with which they have to do in as sanitary a condition as possible, because it is good business so far as the Government is concerned. These lessons will appeal to many of them as being most valuable after the war and many communities will wake up and find soldier sanitary officers among their citizens. This is the time to inaugurate a general health campaign. This war has strikingly proven the laxity of not only the health laws but the educational as well, by disclosing the thousands who were inducted into the army who could not sign their names. Hand in hand with business reconstruction should go the reconstruction of the health laws to make healthier and better citizens. The campaign to save babies has resulted in much good, and while there have been great advances by medical men along this line, not so much has been done to prolong adult life. This country is face to face with an industrial situation that will tax the brains of the wisest to bring about a right solution. Europe will no longer furnish the common labor for this country and we will be obliged to furnish our own. Over 6% of the accident and sick loss in this country may be cut in half by improving housing, sanitary, hygiene and food conditions.

You will no doubt be surprised to hear that not more than 10%

of the inhabitants of this country regularly employ a dentist, or appreciate the value of dental service. In developing a health campaign due consideration should be given to the available number of physicians and dentists. There are not today dentists enough to properly look after the teeth of a sixth of the population of this country. In educating the people to appreciate this service it will also be necessary to increase professional educational facilities, and make the work attractive enough to induce young people to take up professional work. There is no association of which I have any acquaintance that is as well organized or equipped as is yours to lead in movements for the improvement of the health of the people. The advantages to be derived by improved health conditions will not only result in greater happiness and efficiency, but will measurably increase the length of life.

Life insurance can be made more popular by reducing its costs, and more business will be made for companies and for agents. The tremendous army of life insurance solicitors, medical examiners and employees generally, could exert a wonderful influence in every community, because none is without them. They could show municipal, school authorities and philanthropists the value of medical and dental clinics, and exert an influence in advancing the general health of the people, far beyond that of any other organization. What Mr. Eastman has done for Rochester probably will be done by other men of wealth in other places, when they can be shown that their investment will bring a larger measure of comfort and happiness not only to the immediate generation, but the future ones by demonstrating the value of a clean mouth and good teeth, and by devising and discovering methods and agencies that will hasten the day of preventive dentistry.

(Applause.)

REPORT OF THE COMMITTEE ON RESOLUTIONS

THE CHAIRMAN: We will now have the report of the Committee on Resolutions.

MR. WILLIAM A. HUTCHESON of New York, Chairman of the Committee on Resolutions:

MR. CHAIRMAN AND GENTLEMEN:

The Committee on Resolutions had a meeting and decided to bring three resolutions before this meeting. The first is in connection with the War Risk Insurance. The form in which the committee determined to present this resolution was as follows:

RESOLVED, That the Association of Life Insurance Presidents, in annual convention assembled, hereby expresses its opinion that it is to the advantage of every soldier and sailor to continue to keep in force such insurance as he may have effected under the Federal War Risk Insurance Act, and hereby requests all life insurance companies to impress upon all members of their home office and agency organizations to do everything in their power to urge such soldiers and sailors to continue their government life insurance and to recommend to them that they convert such temporary Government insurance at the earliest possible opportunity into one of the permanent plans provided for by the War Risk Insurance Act; and be it further

RESOLVED, That a copy of this resolution be sent to all members of this Association.

(Upon motion, duly seconded, the resolution was adopted by a unanimous vote.)

MR. HUTCHESON: The next resolution is as follows:

RESOLVED, That the life insurance companies hereby represented, express gratification that they have been able to render the National Government varied and important services in the prosecution of the war, through military, naval and other services of officers and members of the home office and agency staffs, through the advice of their officers, through the assistance rendered by their home office and agency staffs in the sale of Liberty Bonds, War Savings Stamps, and in many other ways, and through the purchases of Liberty Bonds by the companies themselves; and they hereby put on record their readiness and desire to continue to render any service which may be of assistance to the National Government in connection with war matters.

(Upon motion, duly seconded, the resolution was adopted by a unanimous vote.)

MR. HUTCHESON: The third resolution is as follows:

RESOLVED, That this Association tenders its congratulations to the

various speakers for the extremely able and timely addresses, which they have delivered at this twelfth annual convention of the Association, on subjects of importance to the Nation at large, the life insurance companies and the citizens of the country, and that the secretary be directed to convey to the speakers our thanks and hearty appreciation for what they have done to make this meeting a success; and be it further

RESOLVED, That all of such addresses are hereby directed to be printed in full in the proceedings of this meeting.

(Upon motion, duly seconded, the resolution was adopted by a unanimous vote.)

THE CHAIRMAN: Gentlemen, our formal program is now ended. The Chairman wishes to express his appreciation of your kindly consideration and co-operation during the past two days; they will always be to him of exceedingly pleasant memory.

This Twelfth Annual Convention of the Association of Life Insurance Presidents stands adjourned.

(Whereupon, at 4:30 P.M., December 6, 1918, the convention was duly adjourned *sine die*.)

ATTENDANCE OF MEMBERS AND GUESTS AS SHOWN BY THE REGISTRATION LIST

REPRESENTATIVES OF LIFE INSURANCE COMPANIES

- ÆTNA LIFE INSURANCE COMPANY, Hartford, Conn.:**
 J. L. English, Vice-President.
 J. Scofield Rowe, Vice-President.
 Maximilian H. Peiler, Associate Actuary.
 Frank Bushnell, Agency Secretary.
- AMERICAN BANKERS INSURANCE COMPANY, Chicago, Ill.:**
 E. W. Spicer, President.
- AMERICAN CENTRAL LIFE INSURANCE COMPANY, Indianapolis, Ind.:**
 Herbert M. Woollen, President.
 Carroll B. Carr, Secretary.
 Russell T. Byers, Attorney Loan Department.
- AMICABLE LIFE INSURANCE COMPANY, Waco, Texas:**
 Artemas R. Roberts, President, General Manager and Actuary.
- ATLANTIC LIFE INSURANCE COMPANY, Richmond, Va.:**
 Charles G. Taylor, Jr., Vice-President and Actuary.
- AMERICAN TEACHERS LIFE INSURANCE COMPANY, Des Moines, Ia.:**
 C. N. Kinney, Secretary.
- BANKERS LIFE COMPANY, Des Moines, Ia.:**
 I. M. Earle, Vice-President and General Counsel.
- BANKERS LIFE INSURANCE COMPANY, Lincoln, Neb.:**
 M. L. Blackburn, Secretary.
 C. Petrus Peterson, Counsel.
- BERKSHIRE LIFE INSURANCE COMPANY, Pittsfield, Mass.:**
 William D. Wyman, President.
- CANADA LIFE ASSURANCE COMPANY, Toronto, Ont., Can.:**
 Herbert C. Cox, President and General Manager.
 E. M. Saunders, Treasurer.
 T. G. McConkey, General Superintendent.
- CAPITOL LIFE INSURANCE COMPANY, Denver, Colo.:**
 Thomas F. Daly, President.
- CENTRAL LIFE ASSURANCE SOCIETY OF THE U. S., Des Moines, Ia.:**
 George B. Peak, President.
 George A. Peak, Vice-President.
 Dr. T. C. Denny, Secretary.
- CENTRAL LIFE INSURANCE COMPANY OF ILLINOIS, Ottawa, Ill.:**
 H. W. Johnson, President.
- CENTRAL STATES LIFE INSURANCE COMPANY, St. Louis, Mo.:**
 James A. McVoy, Vice-President and General Manager.
 E. M. Grossman, General Counsel.
- COLONIAL LIFE INSURANCE COMPANY OF AMERICA, Jersey City, N. J.:**
 Ernest J. Heppenheimer, President.
 Dunbar Johnston, Secretary-Treasurer.
 George A. Huggins, Actuary.
- COLUMBIAN NATIONAL LIFE INSURANCE COMPANY, Boston, Mass.:**
 Arthur E. Childs, President.
 William H. Brown, Secretary.
 H. M. Kimberland, Manager, Philadelphia, Pa.
 Arnold Harmelin, General Agent, Newark, N. J.
 C. R. Harper, General Agent, New York, N. Y.

- CONSERVATIVE LIFE INSURANCE COMPANY OF AMERICA, South Bend, Ind.:
Anselm S. Burkart, Vice-President and General Manager.
Joseph M. Stephenson, Director.
- CONTINENTAL ASSURANCE COMPANY, Chicago, Ill.:
H. G. B. Alexander, President.
- CONTINENTAL LIFE INSURANCE COMPANY, Wilmington, Del.:
Peter W. Tomlinson, Medical Director.
- THE CONTINENTAL LIFE INSURANCE COMPANY, Toronto, Ont., Can.:
George B. Woods, President and General Manager.
M. Rawlinson, Director.
- CONNECTICUT GENERAL LIFE INSURANCE COMPANY, Hartford, Conn.:
Robert W. Huntington, President.
- CONNECTICUT MUTUAL LIFE INSURANCE COMPANY, Hartford, Conn.:
Henry S. Robinson, President.
- DETROIT LIFE INSURANCE COMPANY, Detroit, Mich.:
H. E. O'Brien, President.
- EQUITABLE LIFE ASSURANCE SOCIETY, New York, N. Y.:
W. A. Day, President.
John B. Lunger, Vice-President.
William E. Taylor, 2nd Vice-President.
Henry L. Rosenfeld, 2nd Vice-President.
Leon O. Fisher, 2nd Vice-President.
William J. Graham, 3rd Vice-President.
William Alexander, Secretary.
A. R. Horr, Treasurer.
Robert Henderson, Actuary.
E. E. Rittenhouse, Assistant Secretary.
Ray D. Murphy, Assistant Actuary.
Gerald R. Brown, Comptroller.
Dr. T. H. Rockwell, Medical Director.
F. C. Wells, Medical Director.
A. R. Fullerton, Superintendent Bureau of Statutory Requirements.
A. Adams, Assistant Cashier.
Harwood E. Ryan, Superintendent Accident and Health Department.
F. P. Pitzer, Superintendent Bureau of Employment and Welfare.
John A. White, Chief Claims Division.
T. McGuinness, Superintendent Home Office.
Henry Hale, General Agent.
Walter E. Johnson, Superintendent of N. E. and S. Canada.
William O. Robinson.
Mrs. Ray Wilner Sundelson, Manager.
- EQUITABLE LIFE INSURANCE COMPANY OF IOWA, Des Moines, Ia.:
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Henry S. Nollen, Vice-President.
- FARMERS NATIONAL LIFE INSURANCE COMPANY, Chicago, Ill.:
John M. Stahl, President.
- FIDELITY MUTUAL LIFE INSURANCE COMPANY, Philadelphia, Pa.:
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- FRANKLIN LIFE INSURANCE COMPANY, Springfield, Ill.:
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- THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA, New York, N. Y.:
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Joseph H. Woodward, Associate Actuary.
Paul Alexander, Manager, Albany, N. Y.
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George E. Ide, President.
William A. Marshall, 1st Vice-President.
Henry Moir, Actuary.

- HOME LIFE INSURANCE COMPANY OF AMERICA, Philadelphia, Pa.:
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John J. Gallagher, Treasurer.
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O. J. Arnold, Secretary and Actuary.
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J. F. Weston, Managing Director.
S. J. Mackie, Superintendent.
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- JEFFERSON STANDARD LIFE INSURANCE COMPANY, Greensboro, N. C.:
George A. Grimsley, President.
- JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY, Boston, Mass.:
John L. Wakefield, Vice-President.
Samuel Davis, Assistant Counsel.
- LIFE INSURANCE COMPANY OF VIRGINIA, Richmond, Va.:
John G. Walker, President.
Algernon S. Hurt, Vice-President.
- LINCOLN NATIONAL LIFE INSURANCE COMPANY, Fort Wayne, Ind.:
Franklin B. Mead, Secretary and Actuary.
- METROPOLITAN LIFE INSURANCE COMPANY, New York, N. Y.:
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Robert Lynn Cox, 3d Vice-President.
F. H. Ecker, Treasurer.
Walter Stabler, Comptroller.
James M. Craig, Actuary.
Henry W. George, Assistant Treasurer.
James V. Barry, Assistant Secretary.
James D. Craig, Assistant Actuary.
Raymond V. Carpenter, Assistant Actuary.
Leroy A. Lincoln, General Attorney.
Frank L. Bashore, Manager, Farm Loan Division.
William F. MacRae, Law Division.
L. Jerome Philp, Secretary to 3d Vice-President.
- MIDLAND INSURANCE COMPANY, St. Paul, Minn.:
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A. E. Strickler, Vice-President.
- MIDLAND MUTUAL LIFE INSURANCE COMPANY, Columbus, Ohio:
George W. Steinman, Secretary.
- THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY, St. Paul, Minn.:
E. W. Randall, President.
- MISSOURI STATE LIFE INSURANCE COMPANY, St. Louis, Mo.:
George Graham, Vice-President and Actuary.
- MUTUAL BENEFIT LIFE INSURANCE COMPANY, Newark, N. J.:
E. E. Rhodes, Vice-President and Mathematician.
- THE MUTUAL LIFE ASSURANCE COMPANY OF CANADA, Waterloo, Ont., Can.:
Charles Ruby, General Manager.
- THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK, New York, N. Y.:
William A. Hutcheson, 2d Vice-President and Actuary.
William Frederick Dix, Secretary.
Frederick L. Allen, General Solicitor.
Wendell M. Strong, Associate Actuary.
Samuel S. Hall, Associate Actuary.
Dr. W. E. Porter, Medical Director.
Julian S. Myrick, Manager, New York.

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Matthew S. Brenan, President.
- NATIONAL LIFE INSURANCE COMPANY, Montpelier, Vt.:
George B. Young, Counsel.
- NATIONAL LIFE INSURANCE COMPANY OF THE SOUTHWEST, Albuquerque, N. M.:
John Becker, President.
- NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY, Boston, Mass.:
D. F. Appel, Vice-President.
- NEW YORK LIFE INSURANCE COMPANY, New York, N. Y.:
Arthur Hunter, Chief Actuary.
Lawrence Priddy, Insurance Agent.
- NIAGARA LIFE INSURANCE COMPANY, Buffalo, N. Y.:
E. H. Burke, Vice-President and General Manager.
- NORTH AMERICAN LIFE ASSURANCE COMPANY, Toronto, Ont., Canada:
L. Goldman, President and Managing Director.
- NORTH AMERICAN LIFE AND CASUALTY COMPANY, Minneapolis, Minn.:
Z. H. Austin, President.
- NORTHERN ASSURANCE COMPANY, Detroit, Michigan:
Clarence L. Ayres, President.
- NORTHERN LIFE ASSURANCE COMPANY, London, Ont., Canada:
T. H. Purdom, President.
- NORTHERN STATES LIFE INSURANCE COMPANY, Hammond, Ind.:
H. E. Sharrer, M.D., President and General Manager.
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W. J. Fischer, General Agent, St. Louis, Mo.
2d Lt. Ira W. Fischer, Special Agent, St. Louis, Mo.
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- THE OLD LINE LIFE INSURANCE COMPANY OF AMERICA, Milwaukee, Wis.:
Rupert F. Fry, President.
- PACIFIC MUTUAL LIFE INSURANCE COMPANY, Los Angeles, Cal.:
Dr. Milbank Johnson, Assistant Medical Director.
- PAN-AMERICAN LIFE INSURANCE COMPANY, New Orleans, La.:
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- THE PENN MUTUAL LIFE INSURANCE COMPANY, Philadelphia, Pa.:
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Lincoln K. Passmore, Vice-President.
F. H. Garrigues, Mathematician.
Henry C. Lippincott, Manager of Agencies.
I. W. Brill (Brill and Scott, General Agents), New York.
Arthur C. Brady, Agent, New York.
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Andrew J. Maloney, President.
- PHOENIX MUTUAL LIFE INSURANCE COMPANY, Hartford, Conn.:
John M. Holcombe, President.
Albert H. Yost, Assistant Secretary.
Charles E. Gross, General Counsel.
Robert Lee Rowley, M.D., Medical Director.
Joseph A. Richard, Advertising Counsel, New York.
- POSTAL LIFE INSURANCE COMPANY, New York, N. Y.:
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- PROVIDENT LIFE AND TRUST COMPANY, Philadelphia, Pa.:
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John S. Tunmore, General Agent, Brooklyn, N. Y.

- PROVIDERS LIFE ASSURANCE COMPANY, Chicago, Ill.:
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Alfred Hurrell, 3d Vice-President and General Solicitor.
Frederick L. Hoffman, 3d Vice-President and Statistician.
Frederick S. Crum, Assistant Statistician.
R. Willis Goslin, Superintendent, Brooklyn, N. Y.
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- RESERVE LOAN LIFE INSURANCE COMPANY, Indianapolis, Ind.:
Chalmers Brown, President.
W. R. Zulich, Vice-President.
Guilford A. Deitch, General Counsel.
- ROYAL UNION MUTUAL LIFE INSURANCE COMPANY, Des Moines, Iowa:
Sidney A. Foster, Vice-President and Secretary.
- SECURITY LIFE INSURANCE COMPANY OF AMERICA, Chicago, Ill.:
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F. W. Bull, General Counsel.
- SHENANDOAH LIFE INSURANCE COMPANY, Roanoke, Va.:
Hon. R. H. Angell, President.
- THE SOUTHERN STATES LIFE INSURANCE COMPANY, Atlanta, Ga.:
Wilmer L. Moore, President.
- SOUTHLAND LIFE INSURANCE COMPANY, Dallas, Texas:
Harry L. Seay, President.
- STATE LIFE INSURANCE COMPANY, Indianapolis, Ind.:
Charles F. Coffin, Vice-President and General Counsel.
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