

Average number of effective members, year 1883, 46,830; 1892, 73,163; 1894, 67,735. Total funds possessed at end of year 1894, £1,080,028. Receipts, year 1894, £297,139; payments, £271,735. Position as regards solvency: At first valuation the deficiency of capital was over £285,000; second, £228,000; third and last, £198,000. The extent of the deficiency is best appreciated by the ratio of its amount to the liabilities. The capital at first valuation represented about 11s. 5d. in the pound of liability; second, 14s. 1d.; third, 16s. These are group deficiencies, some of the societies having a surplus, so that there are societies where the insolvency is greater than is represented by these ratios.

The duration of sickness was in 1892 fifty-four days per sick members, in 1893 fifty days, in 1894 fifty-six days; while for the seventeen years 1878–94 it was forty-six days. This appears to indicate that the advancing age of members is becoming felt, and that any system of old-age pensions supported by the State would have a salutary effect on the financial experience of these societies in that particular aspect of the question. Considering the decreasing rate of interest obtainable for investments, and the greater skill required to finance successfully, it will not be surprising if a rapid decrease in the rate of interest realised by these societies will be observable in the near future. Already the rate has fallen $\frac{3}{4}$ per cent. in the two years 1892 to 1894 (from 5·02 per cent. to 4·29 per cent.), so that the prospect of clearing off all deficiencies unaided is not so hopeful as when interest rates were higher.

In order not to engage the active hostility of the powerful friendly societies in Britain, it was proposed in Mr. J. Chamberlain's scheme to grant similar privileges in the way of State bonuses, or additions to pension, to the members of friendly societies who contributed for a similar benefit in their own society. The leading men in connection with these societies have expressed disapprobation of any scheme involving State aid to the societies, on the ground that State aid implies State control and interference. Probably a similar feeling would prevail here, and it would be desirable to aid them (if at all) in some other way.

A consideration of the returns of friendly societies points strongly to the desirability of some simple way of providing a safe and immediate investment of the funds as they accumulate. In many branches the rate of interest earned is nil, and in numerous others it ranges from $\frac{1}{2}$ per cent. to less than 3 per cent. There are, of course, instances where the rate is high, one going as high as 11 $\frac{3}{4}$ d. per cent. for a quinquennium; but I think you will agree with me that the freedom of investment which would permit such a rate to be earned is as bad in principal as the inability to earn any rate at all. The plan of granting a somewhat higher rate of interest than would be paid to the public creditor for all moneys lodged with the State by these societies would give a stability to their operations which would be very valuable, and would probably prove to be a wise policy. It would no doubt be of the nature of a subsidy, but sound reasons could be advanced for its desirability as an encouragement to thrift.

As regards life insurance institutions, their main desire is to be left alone by legislation, as they feel able to work out their contracts with fidelity and profit to their members. But a plea may very fairly be urged for such treatment, at times when fresh taxation is being imposed, as will leave them exempt, and thus all the better fitted for that active propaganda among the population which is conducive to the formation of habits of thrift and of careful provision for dependents.

It would be beyond the limits of this paper to go into details regarding the subject of thrift; but as a sample of what has been proposed in Britain by a life assurance society may be instanced the following:—

For a payment of 3d. a week by school-children, to be collected by the school management, a pension is guaranteed to commence at age sixty-five, and in the event of previous death an assurance is granted of the following amount:—

	£	s.	d.
At death before age of fifteen	1	0	0
At death between ages fifteen and twenty-one	2	10	0
At death after age twenty-one	5	0	0

Pension Benefits.

Age of Child subscribing.	Amount of Pension per Annum.
	£ s. d.
Not exceeding five	11 4 11
Between nine and ten	9 10 11
Between twelve and thirteen	8 10 6

And so on.

Considering the fact that no school-fees are payable in our State schools, it would appear quite possible for the State, by making use of the machinery of the Savings-bank, to inaugurate something of a similar character without in any way trenching on the ground occupied by other organizations. The advantages of commencing the payments early are that a smaller weekly payment will suffice, and the habit of thrift is implanted.

If the subject, "What encouragement can be given to thrift by legislation?" were to be carefully investigated, I feel certain that many avenues would be discovered which are at present neglected.

I do not desire to enlarge upon the method of State provision for the destitute aged in what I consider a practicable scheme. Much can be written on the ethical side of the question, and I leave that side for an abler pen than mine. I have attempted to tackle the subject in its monetary and statistical aspects merely. The need for a State scheme is admitted by the provision in the estimates of State expenditure of a sum of £100,000 to charitable institutions. The necessity for grappling with the subject in a comprehensive form is likely to be forced upon the early attention of the Government.