

Let me here examine these objections to see how far they warrant the continuance of an unsound system. It is certainly strange that, in societies which justly pride themselves on their entire self-government, an objection should be raised on account of any of their funds going beyond their own control. Is not the entire society under the control of the members? Is there a law passed that every member has not a voice in? The very constitution of all the affiliated bodies goes against such a theory. One of the great mainsprings which keep their machinery in motion is the fact that by assiduous work the highest posts are attainable by the humblest member. From amongst the entrants of to-day the chiefs of the future are taken, and throughout every one of the parts of which the body is composed the same system prevails. Every detail of management is performed by the members themselves, whether in branch, district, or order, and every penny of money subscribed is—subject to the rules made by themselves—likewise under the control of all. Those who object to the formation of a district fund on the ground that the money would be placed beyond the control of the branches would scarcely admit that they had no part or lot in the management of the district as it now exists. In the same way any district fund would be under the full control of those who had subscribed to it.

The second objection really furnishes a very strong argument in favour of the proposed reform. If the establishment of a District Funeral Fund would take more from any branch than it at present disburses under an equal levy it is quite clear that the difference must be made up by others. The equal levy takes from all alike, whatever their liability, the same sum to meet funeral payments. The establishment of a proper district fund would make each branch pay according to the liability it brought on the district. If, then, it be true that a district fund would cause the older branches to reduce their sick pay, which under the equal levy they are not called on to do, it follows that the equal levy for funerals is, in their case, insufficient, because, had it been adequate, the alteration in its incidence would not have caused any reduction in sick pay. The amount, therefore, which would have to be made up by the reduction of sick pay is just that which, under the equal levy, is taken from other branches. Or, to put it in other words, those branches whose liabilities are not at present so great as being deprived of a portion of their funds which should be husbanded to meet their own need when it arises. Is this equitable? "Certainly," will be the answer of those who deprecate any change. "Those branches which are now old were once young, and in bygone days contributed their quota to the older ones. Consequently they are entitled to receive the assistance of branches younger than themselves." This is very specious, and would be satisfactory were the foundation of the argument sound, and if those who advance it could assure us that some branches would always remain young, or that young branches would always be rising to balance those which are growing old. But, in the first place, the difficulties of the older branches are not entirely or mainly due to the payment of funeral levies for the assistance of branches which were decrepit in their youth. Those which now would feel the strain of making full payment are those which were formed in the early years of the districts, when similar conditions prevailed throughout. At that time, also, it had not been discovered what was sufficient to be paid for the benefits promised and given, and the error was on the side of giving too much and asking too little. The difficulties now encountered are what might have been anticipated had the knowledge since gained been available at their establishment—difficulties due, not to the payment of funeral levies as is suggested, but to giving more sick pay than contributions warranted. Is it fair or reasonable, now that incoming members pay everything that can be properly demanded of them, to take from their payments a sum which they were never calculated to meet, which must, therefore, when old age comes on, leave an insufficient amount to meet its claims, and which is continued to be taken from the young members' contributions only because they are unaware of the mischief being thereby done them? If it is granted that the establishment of district funds would have had an adverse effect on the funds of the older branches, it is clear that the young ones are made to suffer thereby, and the need of the fund is proved by the very argument used against its foundation.

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FROM THE ESSAY ON THE DEFECTS OF FRIENDLY SOCIETIES, by Mr. W. C. EATON.

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Cheapness is the Will-o'-the-wisp which has led innumerable societies into the bog of difficulty. Members have desired to get ample benefits at as low a rate as they could, altogether ignoring the fact that if they want *ample* benefit they must pay an adequate equivalent just as surely as that if they want to save 4s. 4d. per year they must put by 1d. per week for fifty-two weeks. For one member to *receive* his benefits *cheaply*, another member *must pay dearly*, and, although friendly societies are formed upon mutual terms, for one class of members or for all the members to agree to get the benefits agreed upon at a *lower* cost of subscriptions than is absolutely requisite, such an agreement must inevitably defeat the desires of the members, as the basis of agreement is unsound, improper, and defective, and will only lead to a scramble, disaster, and disappointment.

This defect, however, of cheapness is one which lies very nearly at the root of the question of financial unsoundness in connection with the majority of societies. The policy of cheapness has been adopted primarily from selfish considerations; but it has had a secondary effect upon other societies. "Cheapness" has oftentimes been adopted for the purpose of pitting one society against another, and oftentimes one society has adopted a lower scale of contributions than it otherwise would have done, simply because another society has been taking members at the lower rate of payment. It must be self-evident to any intelligent man that the "cheapness" which enables *only a portion* of a society to receive the benefits they subscribe for, leaving the remainder to want and to wonder at the wreck of their society, is *false* economy, defective organization, the reverse of mutual and friendly combination; but it is what "cheapness" must certainly lead to.

APPENDIX III.

AN ACT to amend "The Friendly Societies Act, 1882." [30th July, 1886.]

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. The Short Title of this Act is "The Friendly Societies Act 1882 Amendment Act, 1886." It shall be read together with "The Friendly Societies Act, 1882" (herein referred to as "the said Act").

2. Subsection three of section twelve of the said Act is hereby repealed, and in lieu thereof it is hereby enacted as follows:—

No transfer shall be made of the moneys of any one benefit fund to meet the liabilities of any other fund, nor shall such moneys, or interest accruing therefrom, up to five per centum per annum, be in any manner applied for the use, whether temporary or permanent, of any fund save the fund to which they properly belong:

Provided that, if any valuer, in any report made in accordance with subhead (e) of subsection one of section twelve of the said Act, shall report that any further transfer can be safely made, it shall be lawful to make such transfer accordingly.

3. Societies and branches which have been reported to possess a surplus at the last valuation made under the said Act, and whose scales of contributions for new members have been certified to as adequate by—

- (1.) The Registrar; or
- (2.) Any public valuer under the said Act, or under any Act of the Imperial Parliament to the same purport, or in force in the United Kingdom; or
- (3.) Any Fellow of the Institute of Actuaries of Great Britain and Ireland, or any Fellow of the Faculty of Actuaries of Scotland,

may apply all interest, over and above five per centum per annum accruing from capital funds invested, to such purposes as may be approved by the superior or district lodge in the case of a branch lodge, or by the branches in case of a district lodge, whether in the Colony of New Zealand or Great Britain or Ireland.