

It may be useful, though it should not be necessary, to point out that, should societies accept a reconstruction scheme such as has here been sketched, and though they would then be properly described as solvent according to calculations based on knowledge up to date, they must, nevertheless, continue to submit their financial affairs for periodical investigation. A society's prosperity is largely conditioned by capable and careful administration, and also by the relation existing between actual and expected experience. The larger the membership, the greater is the probability of a normal experience, but in any society a considerable divergence from the expectation may happen, especially in respect of sickness. Solvency to-day is not, therefore, a guarantee of solvency for ever. An actuarial certificate is given as provisional evidence only of the sufficiency of the members' contributions under certain conditions, and must be frequently renewed. But, although such recurring investigation be necessary, there need then be no anxiety. No adverse experience is likely to be beyond the power of easy remedy. It must also be understood that an actuarial certificate is not a Government guarantee. While societies continue to manage their own affairs they must be self-reliant.

It may be added that, in order to facilitate insurance for an old-age annuity, the Royal Commission on the Aged Poor recommended in their report that all restrictions on the age at which persons may join a friendly society be removed. It is a question for the consideration of societies whether the fusion of adult and juvenile branches would be found convenient in practice. It is stated that a Bill has been introduced into the English Parliament, with the general concurrence of friendly societies, embodying a provision to give effect to the suggestion, from which it would appear that the societies indorse the recommendation of the Commissioners.

No claim to novelty is made on behalf of the principles of this scheme. With increased knowledge of New Zealand vital statistics, and of the sickness experience of New Zealand friendly societies, the time is come when it is possible to calculate tables of values for a sickness benefit terminable at age 60 or age 65. Moreover, the danger of procrastination of reform actually increases, and is more apparent, year by year. There is also a spirit of unrest and dissatisfaction in the unsound societies as the young members realise that they are destined to be the victims of the financial error. For them the choice lies between financial reform and loss of all, or nearly all, the savings whereby they are seeking to provide against the inevitable rainy day.

Opinions on the Question of State Control.

The following is an extract from the report of the English Royal Commission on the Aged Poor, issued in February, 1895:—

Experience has shown that the members of societies are not sufficiently alive to the advantages of registration under the Act, but Mr. Brabrook does not think that compulsory registration would be desirable. He says: "If societies will not come to be registered, it is hopeless to attempt to compel them to come: the proper course is to find out what is the reason for which they are not registered, and to meet it in the best way possible." And, later, "I would rather wait the gradual wish being experienced by societies that they should obtain the benefits of the existing Registration Act than take any violent means to bring them under it." We have received general evidence as to the objection of friendly societies to any extension of State control, but we note that the large Orders are recognising the evil of unlimited competition, and the Manchester Unity of Oddfellows, at their recent general meeting, passed a resolution in favour of some legislation to "prevent societies enrolling members by promising larger benefits than the contributions can meet." Mr. Watson, the actuary of the Unity, dwells strongly on the evil; but he, like Mr. Brabrook, is averse from any legislation, and thinks the matter should be left to the societies themselves, of which he says: "They do improve; they improve as rapidly as we can almost expect them; they are gradually coming to it." In illustration of his view, Mr. Watson has given us an interesting account of the efforts made by the Manchester Unity for the past twenty years to insure actuarial solvency in their lodges, with the result that the more recently founded lodges are, he says, almost all on a perfectly sound footing. It may here be incidentally noted that the various districts and lodges of the affiliated Orders are to a large extent independent, so that, for example, while the newer lodges of the Manchester Unity are generally solvent, some of the older ones are, as Mr. Watson admits, in a less satisfactory position. The extent of control of the lodges by the Unity as a whole has been discussed by Mr. Watson's evidence; but, while it is stated that in extreme cases an insolvent lodge can be expelled from the Unity, it does not appear that the society as a whole is legally responsible for the solvency of individual lodges. Notwithstanding, the Order annually raises a large sum by a levy on all lodges possessing at last valuation more than 85 per cent. of assets to liabilities for the special purpose of assisting branches which are below a certain standard of solvency with such an amount of relief as will enable them, by small adjustments of contributions and benefits, to become solvent. Although it is generally admitted that the large Orders are making every effort to attain actuarial soundness, we have received from Mr. Hardy and Canon Blackley strong statements as to the unsatisfactory position of most societies, the reason, as given by Mr. Hardy, being "their starting a great many years ago upon faulty tables." Canon Blackley has quoted figures indicating that even the two large Orders show a considerable deficiency in their valuations, and he urges that a society to be really on a proper footing should be able not merely to maintain its position by the help of younger members, but should "be sound and keep sound without the entry of one younger man." He holds that the competition of bad friendly societies promising more than they can perform is at the root of the evil, and that if, without interference with any existing society, "the law should make it impossible for any new society to be established without good actuarial certification as to the reasonableness of the tables which they offer," the good societies would be able to offer a secure provision. It is not within our province to make any definite recommendation on this subject, but we feel that it is one of great importance. There can, unhappily, be no doubt that unsound and badly managed friendly societies, though less numerous than formerly, often exist. The evil done by such societies is incalculable, and appears not only in the hardship resulting to the individual members, who are deprived of the benefits to secure which many may have devoted the savings of a lifetime, but in the general discouragement to thrift induced by each failure. Witnesses of all shades of opinion have spoken before us of the harm done by the collapse of such societies, and none, perhaps, more forcibly than Mr. J. H. Smith. "My father," he told us, "was for many years in a sick club; still, when the new societies made a start, such as the Hearts of Oak, the Oddfellows, and the Foresters, the young men joined them, therefore the sick club failed, and the dividend was one shilling." His father was seventy when the club broke up, and finally, after working till eighty-nine years of age, he was compelled to seek parish relief. "Seeing this," he adds, "I declared I would never join any friendly society." It would certainly be highly desirable if means could be satisfactorily devised for checking the further development of such unsound societies, and, if possible, reconstituting those at present existing, so as to secure financial stability, even at the cost of some of the benefit now nominally offered. We wish to record our sense of the grave responsibility incurred by those who give the sanction of their names and patronage to friendly societies without in any way ascertaining either the suitability of their tables to provide their promised benefits or the safety of their actual management. And, in view of certain notorious and lamentable cases, there is much to be said for some further supervision of all provident societies, such as Mr. Fatkin recommends, in the direction of inspection without interference, by which the protection of members against the