

rent year a valued policy bill passed in Iowa was sent to Governor Shaw for signature. Mr. Shaw appears to be one of the most intelligent and conscientious state officials in the country. He undertook to make an investigation upon his own responsibility concerning the actual effects of the valued policy law upon the cost of insurance. He sent representatives to states where similar laws are in force, and secured sworn affidavits upon over 800 policies, showing the cost of insurance with and without the valued policy law. As a result of his investigations the governor said: 'In my mind they are as conclusive as such evidence can be that the rate of insurance has been very materially increased by reason of the valued policy law. In many instances it has been doubled, and in some cases considerably more than doubled.'

"Under the circumstances the governor concluded to veto the bill. The action of Governor Shaw is but another evidence of the light which is gradually being thrown upon the evil effects of valued policy legislation. He is, we believe, the seventh governor of an American state who has declined to affix his signature to a bill of this kind.

"These bills are promoted and passed entirely in the interest of property owners who desire to collect more insurance than they are entitled to on the basis of actual damage. It is patent to any reasonable man that a law, which guarantees to the property owner insurance in excess of the actual value of property, creates a moral hazard and is certain in the course of time to increase the cost of insurance to all the insured. This may not be the immediate effect of such a law, but as its purpose becomes more generally known among property owners, it is absolutely certain to increase fire losses and raise the cost of insurance. This is the natural and inevitable result, one of the striking instances of which is to be found in the state of New Hampshire, where circumstances have conspired to make the operation of the valued policy bill more favorable than in any other state. But, notwithstanding this fact, the experience in New Hampshire has been decidedly an adverse one from the standpoint of the property owner who pays for insurance.

"The withdrawal of all stock companies from New Hampshire in 1885, after the passage of the valued policy law, remaining as they did out of the state for the next five years, resulted in an extraordinary improvement in the physical hazard of property located in that state, since its citizens, deprived of the protection of insurance, were compelled, as a matter of self-preservation to reduce the fire hazard to a minimum. Yet despite these very favorable conditions the rate of burning in New Hampshire, as well as the rate of insur-

ance, has steadily increased since the passage of the valued policy law. The increase in the rate of insurance is perfectly natural. The increased rate of burning, as well as the increased cost of inspecting risks, in order to prevent over insurance, effects a very material increase in the cost of doing business to the insurance companies, which can only be covered by an advance in the rates. The annual report of the insurance department of New Hampshire, which has just been issued, shows the following results in that state since the passage of the valued policy law in 1885:

	Ratio of burning to risks,	Rate of Ins.
Five years, 1886-90.....	.0047	.0123
Five years, 1891-95.....	.0059	.0124
Four years, 1896-99.....	.0066	.0132

"These statistics show that New Hampshire's valued policy law has not helped the property owner in any respect, but on the contrary has been a source of constantly increasing cost to him. And yet, the insurance commissioner of that state, apparently for no other reason than his affiliation with the promoters of the law, has, in his annual reports from year to year, sought to deceive the people of New Hampshire as to the actual results, by the publication of meaningless statistics, designed to convince the property owners that the payment of a higher rate of insurance is an excellent thing so long as it appears to justify the passage of the law. Where political reputations hang upon the success of bad legislation it is, perhaps, not strange that a state official, appointed for the purpose of promoting public interest, should feel compelled to juggle with the facts and congratulate the citizens of New Hampshire from year to year upon conditions which have steadily increased the cost of their indemnity.

"While New Hampshire property owners have been paying more each year for their insurance, the property owners of other New England states, where no valued policy laws exist, have been paying less. The following comparison between New Hampshire and the other New England states shows the actual results:

New Hampshire.		
	Ratio of burning to risks.	Rate of Ins.
Fourteen years, 1880-93.....	.0060	.0119
Six years, 1894-99.....	.0064	.0132
Other New England States.		
Fourteen years, 1880-93.....	.0066	.0107
Six years, 1894-99.....	.0051	.0104

"From this it will be seen that the rate of burning in New Hampshire

under the valued policy law during the past six years, has increased four points over the previous average, and in the rest of New England (without any valued policy law) the rate of burning has decreased fifteen points. In New Hampshire the rate of insurance has increased thirteen points, while in the rest of New England it has decreased three points. We fear the people of New Hampshire will continue to be congratulated complacently upon the splendid results achieved under the valued policy law, until its insurance department is presided over by some one who has sufficient courage to present the actual facts."

MCKINLEY AND THE CIVIL SERVICE.

For more than a quarter of a century every republican national convention has put forth a declaration of some sort on this question. Beginning in 1872 with a resolution favoring a reform of the civil service by laws which should abolish the evils of patronage, and make honesty, efficiency, and fidelity the essential qualifications for public positions, the party within twenty years had reached the point where it "pointed with pride" to its achievements in this direction, and made its record a ground for public confidence that it would carry on the good work to the end.

It was an easy matter to frame the civil-service plank in the St. Louis platform four years ago, by a combination of the point-with-pride feature with a reassertion of loyalty to the principle. "The Civil-Service Law," the resolution read, "was placed on the statute book by the republican party, which has always sustained it, and we renew our repeated declarations that it shall be thoroughly and honestly enforced and extended wherever practicable." It was easy, too, for Mr. McKinley to accept this declaration and to supplement it with his personal pledge. As a member of congress, he had never lent any support to assaults on the reform, while as leader of the house in 1890, he had strongly opposed one of the periodical raids of the spoilsmen, and had said:

"Mr. Chairman, the republican party must take no backward step. The merit system is here, and it is here to stay; and we may just as well understand and accept it now, and give our attention to correcting the abuses, if any exist, and improving the law wherever it can be done to the advantage of the public service."

Mr. McKinley was thus entitled to be believed when, in his letter of acceptance, he declared that "the republican party will take no backward step upon this question. It will seek to improve, but never degrade the public service." The candidate had only to live up to this pledge as president, and his position on the issue of civil-service reform