

Professor Royce on his Reviewer

SIR: The reviewer of my book, "War and Insurance," in your issue of November fourteenth, while criticizing my special plans for applying the principle of insurance to international affairs, very kindly lays stress upon what he calls "an idea of extreme importance" which, as he says, my book has "contributed to the cause of peace."

I lay little stress upon the details of my plan for international insurance—details which, as my book says, are still wholly tentative. I lay a good deal of stress not only upon the general "idea" which your reviewer attributes to me, and which in its most general statement he to some extent commends, but also upon the introduction into that idea of the general principle of international insurance. Your reviewer doubts that international insurance in any form would have the value that I attribute to it. Let me venture then to answer one of your reviewer's comments upon the social workings of the insurance principle as it is at present applied, namely, within the limits of our ordinary civil life.

Insurance, says my reviewer, has "not as a rule" "provided a means" in civil life whereby "we may free ourselves" "from strife-breeding hardships." To show this to be the case, my reviewer uses as an illustration the burning of a house. "If," says my reviewer, "my house burns down uninsured," that misfortune does not cause me "to raise my hand against my fellow man." Yet on the other hand, as I myself in my ignorance of insurance suppose, a social order which is so constituted as to force millions of its members to live homeless, contains various "strife-breeding hardships" which would tend to be removed, and would be greatly reduced in magnitude, if into that social order there were introduced a form of business, a well-organized institution, which, without interfering with the rights of individuals to acquire and to hold private property, opened a new way by which thrifty men in great numbers, could gradually acquire homes of their own. I suppose also (still very ignorantly) that one way in which a young and poor but thrifty family can acquire, in our present social order, a home of its own, involves buying a house and land upon which somebody loans money, and then gradually paying for the advance while using the home with that sort of independence and with that consciousness of ownership which are made possible through loans secured by mortgages upon real estate. I not only suppose, but know, as my reviewer also knows, that a part of the security which is required to make a mortgage upon a house a reasonable investment is due to the fact that a house can be insured, while the lender of the sum needed to build the house is the beneficiary of the insurance policy.

Were there no insurance of houses possible, there could therefore be no acquisition of homes through such plans as the ones just suggested. As a fact, millions of persons living in our own present social order actually get and keep homes of their own by using plans and cooperative devices that involve employing insurance as a security for loans. This peace-breeding potency of insurance is due to the fact that a man insures in general not merely the creature of a day called "himself," but also, through the mediation of an insurer, the possibly very enduring being—man, corporation, heir, creditor, or what not—who is his beneficiary.

Such is an indication of the reasons why I believe that in the social life of each modern nation which has developed large enterprises that make use of the insurance principle, the peaceful organization of society has been promoted by this principle. The thoughtless private indi-

vidual usually supposes that he is insuring himself against risks by purchasing a policy. My reviewer knows as well as I do that a man's relations, in case of his insurance contracts, are with his beneficiary still more than with the corporations or individuals who sell him the insurance. And these relations to one's beneficiary are not only "logical" but indirectly, yet very powerfully, "psychological" in their influence, because through one's beneficiaries one gets united, in stable fashion and in a loyal spirit, to the whole social order, if one only insures enough undertakings and takes part in enough insurance enterprises.

My argument in "War and Insurance" is that the principle which is thus potent in our present society would tend to become still more potent for peace if it were internationally applied. In order to apply it, one would have to devise some such "organ" as my reviewer recognizes, and in a measure commends, namely, some such "organ" as my proposed international board of trustees. One would also have to define some such "object" as my reviewer also names, and in a measure commends, namely, just such a group of objects and plans as the international board of insurance trustees would devise and make feasible. In my book I have mentioned a few risks against which international insurance would already be possible, if the "organ" that I propose were already in existence—that is, if the international board of trustees were already at hand to undertake the task of proposing special objects for international insurance, and of devising plans for the conduct of such insurance.

My reviewer says that if insurance against pestilences were in question, those countries that are non-pestilential would not insure. I reply that there are no countries that are not afflicted with pestilences, such, for instance, as tuberculosis. An international campaign against such pestilences will be necessary if ever they are to be stamped out. An international board of trustees, such as my plan proposes, would constitute the best possible "organ" for conducting the campaign.

My reviewer holds that social insurance can wisely be left to individual nations, if only they can first solve each its own social problems. I reply that whenever we reach the point (as we shall soon reach the point) where insurance against strikes comes to be a question of the day, such an insurance could be much better undertaken through international cooperation than through any other form of social effort. An international insurance against strikes, with the international trustees as the meeting-ground both for the comparison of opinion concerning the problem and for putting into practical operation the plans needed, would once more be precisely the "organ" for dealing with the object in question.

In view of the foregoing considerations bearing upon the way in which the insurance principle has actually worked to remove strife-breeding hardships from our civilization, I contend that we have excellent empirical grounds for looking forward most hopefully to the peaceful influence which the workings of the insurance principle would introduce into international affairs, whenever we once begin to make use of a form of insurance whose beneficiaries would tend from the first to become the subjects of the most various nations.

It is, therefore, the indirect very much more than any direct result of international insurance that, whenever this principle of insurance has once been introduced into international affairs, will work for peace. This is the essential "idea" which my book has tried to define.

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