

unions, field associations or committees. An appropriate advance on mercantile stocks, especially in large area buildings, is wholly practicable. The class is not one which is sought by non-board companies or those who live on dwellings, and other delicatessen of the business. Many mercantile stocks are so large as to need all the insurance they can get, and, frequent instances have occurred, where more than present tariff rates have been paid to companies demanding them. The recent 'restoration' of rates on certain risks in Newark, N.J., developed the fact that on an open market some companies were securing higher rates on certain large area stocks than were named by the 'restored' tariff. Stocks in brick buildings should pay higher rates for the two best reasons in the world: Firstly, because present rates produce a loss; and, secondly, because the business is not attractive, and a moderate advance would not stimulate undue competition."

NEWFOUNDLAND AND THE FRENCH SHORE QUESTION.

The Honourable Mr. Chamberlain, Colonial Secretary, has intimated to the Government of Newfoundland that it would be agreeable to the Imperial authorities for the *modus vivendi* in regard to the French shore question to be renewed for a year. Under present circumstances, when there is not the best feeling between France and England, it is probably considered advisable to postpone negotiations for a settlement of this knotty and delicate affair. The *quid pro quo* to be given by England to France as compensation for her abandonment of all rights over part of the shore of Newfoundland is understood to be now under consideration. To relinquish territorial rights, which it has enjoyed since 1700, is naturally very distasteful to France; it severs the last link between her and this continent, where, at one time, she held almost supreme sway. The value of the French shore to France has become so diminished, however, in recent years as to render it a bill of expense instead of a source of revenue, trade and prestige. As a sore spot in the side of England, it has had a certain sentimental value, for, again and again, French Governments have pandered to the national prejudice against England by actions intended to irritate the English, and to injure and annoy her colonists in Newfoundland.

If the Newfoundland Government were to consider the conditions now existing more thoroughly, and with more generous sympathy with the Mother Land, they would fall in with Mr. Chamberlain's suggestions, which are reasonable, and are more likely to result in greater advantage to Newfoundland than hurrying on such delicate negotiations.

THE TAXATION OF SAVINGS AND SURPLUSES.

An expression occurs in the recent inaugural message of Governor Odell, of New York, which seems to indicate some confusion of mind as to the real nature of the savings of the people laid up in savings banks, and the surplus of insurance companies. He also spoke in regard to the amenability of a bank's and insurance companies capital taxation that is open to grave objection. He contended that a certain portion of the funds of savings banks should be taxed at the rate of one per cent. He disclaimed any desire to attack the poor man's savings fund, but a man's desire must be judged by his acts, or the nature of his proposals, not by his mere words. I have no desire to injure you, might the highwayman say; but the situation is, your money or your life. To whatever extent the cost of administering a Savings Bank is enhanced by taxation, to that extent the bank is restricted in power to pay interests on its deposits. If, by reason of the taxes imposed upon its capital, or its funds of any class, a Savings Bank has its net profits reduced, so far are its depositors injured, for upon the maintenance of the profits depends the rate of interest it can pay for deposits. A tax of one per cent. on the capital and reserve of a Savings Bank, or any bank, is a serious depletion of profits, and those whose savings are in an institution so taxed are very likely to have the returns from such deposits reduced in consequence of such taxation.

The taxation of savings is a tax upon virtue, it is a discouragement of careful living, of thrift, and a provocation to improvidence. As an economic policy it would pay a State better to subsidize savings depositors by paying to them an unprofitable rate of interest, than to tax the savings of the thrifty, so far as to discourage thrift, which is one of the bonds of social order, and one of the main sources of the capital which is the very life of national prosperity.

The plea of Governor Odell for taxing the surplus of insurance companies is that, such surplus being part of their capital, it ought to bear a proportion of the taxes; which he judged to be one per cent. While in one sense the funds owned by an insurance company, as in the case of any company or firm, may be regarded as "capital," such a classification should not be generally used, as it is liable to create a misleading impression. The funds accumulated by a fire insurance company are subject to what may be termed a "contingent mortgage," if we may be allowed to coin a phrase, as the company does not own them absolutely; such funds being liable to be drawn upon any moment by a conflagration. Between the day on which the tax bill is served for the impost on such funds, and the day it is collectable, these funds may have gone up wholly or in part in smoke. Thus, a tax would be levied on property not in existence. Then the taxation of such funds held by a fire insurance company would involve, in many cases, the double taxation of whatever por-