

gation to pay the whole purchase money, with a rate of interest lowered by the lending of the credit of the nation, within a term of years. Continental Socialists, who are more aggressive than British, are sure to point to this measure as a warrant for their own schemes. In Canada, farmers, following the lead of the Plympton Club, will ask for similar State intervention as a means of relieving them from fiscal pressure. It will not be at once seen that exceptional legislation can be justified only by exceptional circumstances, and that economic conditions place strict limits on the fiscal part of the operations. The Irish land bill is after all only a tentative measure. The compulsory transfer of the whole land of Ireland to tenants is an undertaking which the Government has confessedly not ventured to contemplate. The actual enterprise is to be started with a million and a half of capital, part of which is to go to the development of the fisheries and to foster industries; the part put into land purchases will return slowly—only twice in a century even if the best hopes of the bill be realized—and many generations must pass away before any considerable part of the soil of Ireland can be transferred by the aid of the capital available.

The weak point in the administration of the measure will probably be found to be want of punctuality in payment of the purchase money. Many purchasers are sure to fail in this. At the end of forty-nine years, it is safe to say, arrearages will be heavy. And then will come the test of the value of the guarantee that the British taxpayer is not to lose on the advance that has been made. We are told that the guarantee fund capitalized amounts to £38,000,000 sterling, to secure the repayment of less than £1,500,000. But the supposed capitalization is purely an act of the imagination. To capitalize the annual payment out of the British exchequer towards Irish local purposes would require the appropriation to be withheld for a period long enough to enable it to grow from revenue to the capital it would represent, at say three per cent. per annum. It may be taken for granted that no such capitalization would be possible in fact; capitalization could only take place by setting apart the amount of the annual appropriation till it grew into a sum sufficient to earn interest enough to meet the annual rate. Nobody, we should think, believes that to be possible; if it were possible, the fact would go far towards proving that the sums annually voted in aid of Irish local purposes might, without much injury, have been withheld from the beginning. The British Parliament could, of course, stop the grant to meet any deficiency; but there is no guarantee that the Irish local authorities would consent to step into the gap and supply the amount wanting. Still, the guarantee proposed is perhaps the very best which it would be possible to take. The unfairness of the arrangement is that the Irish ratepayers as a body would have to make up the deficiencies of individuals. If the purchaser has paid during three-fourths of the term of forty-nine years and then fails, temporarily, to meet his annual

engagement, he might, if permitted, try to go alone; he might borrow the balance in the open market, but the rate of interest he would have to pay would greatly increase his outlay and in many cases prove fatal to his final success. It is not an easy thing to metamorphose an Irish tenant into the owner of the land he occupies. But, with the aid of the public credit, it is not an attempt to create something out of nothing. So far as it enables him to get the capital necessary to make the transformation below the market rate of interest, it is a national gift to the individual benefited. The measure is, from this point of view, one of great liberality; but from the view of the Irish local county authorities, which are made unwilling guarantors, it is likely to be regarded as unjustly onerous, not to say oppressive. It would, we think, be safe to predict that the guarantee fund on which the Government relies will be found on trial to be a broken reed; that many purchasers will fail to meet their payments, and that something will occur to prevent the Government withholding the British grant to Irish local purposes. When this happens, the British taxpayer will realize that he has not escaped the danger which so much trouble had been taken to avoid, and against which, he allowed himself to be persuaded, he was absolutely secure.

#### A SENTENCE AND A WARNING.

To such young men as have a disposition towards fast life, or who feel, as some do, a pressure upon them in the direction of living beyond their means—which pressure may arise from the claims of high society, the follies of fashion, or the example of boon companions, speculators, or "sports," so-called—the fate of a clever bank officer and a well-connected young man may come as a salutary warning. W. R. Moffatt was convicted at the present assizes of embezzling from his employers, the Ontario Bank, of which he was accountant, at Toronto, and is sentenced to the penitentiary for three years. We cannot do better, in this connection, than quote the words of Mr. Justice McMahon in passing sentence:

"This is one of the painful duties that is imposed on a judge in the administration of justice. Perhaps there is not a more painful thing than to see a young man in the position which you now are, who has occupied a position in the community and a trusted position in a large corporation such as you have held. Under the Act under which the offence is framed, and to which you have pleaded guilty, the sentence that I could impose upon you is one for a very long term of years—a sentence of 14 years in the penitentiary. It is properly made a very severe offence, much more severe than an ordinary larceny, because when a person who had the control, as it were, of the funds of a bank as you had, who had the management of the whole business of the bank entrusted to him, as you had, to whom the customers and stock-holders and directors of the bank were entitled to look as one who ought to be trusted, when such a man betrays these trusts, public confidence is lost in those who are placed in similar positions."

"Looking at all the facts and all the circumstances, one cannot help saying that the only safeguard to the community, and the

only safeguard to those who employ a large number of people in the monetary institutions of the country, must be to grant them protection against transactions of this nature. I very much fear that your example has brought on the downfall of others in its train, because the institution which has prosecuted you has been a large loser through the instrumentality of those whom it has trusted, and which trust has been betrayed. People in these institutions, when they undertake to live beyond their means, naturally bring down those who are associated with them, because they get the fever of speculation, and they are inclined to follow their superiors in the steps which they have taken in order to supply themselves with funds.

"I do not intend to harrow your feelings with any further remarks. The duty as I say that is imposed on me is a most unpleasant one, but unpleasant as it is I cannot shrink from performing it. The sentence of the Court is that you be confined in the Provincial penitentiary at Kingston for a period of three years."

#### DECLINING INTEREST ON INSURANCE RESERVES.

Life insurance companies in New England are experiencing some anxiety about the future rate of interest on their investments. According to the annual report of the New England Mutual Life of Boston, the average interest rates of the Massachusetts' savings' banks has fallen from 6·8, at which it stood in 1877, to 4·8 in 1889—a decline of nearly one third. The descent was steady, there being only two years 1878 and 1889, in which a decrease was not marked. During the twenty years, from 1869 to 1888, the average rate of interest on the investments of the representative life insurance companies, including all the larger ones, fell from 6 per cent. to 4·6. It is expected that the figures for 1889, when they are published, will show a slight decrease on the previous year. And a still further declension is looked for in the near future. One expert is reported to have said: "The wise insurance president will manage the affairs of his company so as to be prepared to count his surplus on a three and a half and even a three per cent. basis, and thus be in a secure position to meet a reduction in the general rate of interest which will come in future years." Three years ago the president of the New England Mutual Life, stating his views at the suggestion of the Insurance Commissioner, said: "Good mortgages, which at one time paid six and seven per cent., now pay four and are hard to get at this low rate." Since this was written, the average interest earnings of insurance investments has fallen from 4·9 to 4·6. One thing is morally certain: the State laws which require interest on the investments of insurance companies have to be revised, for 4 per cent. is a figure which cannot much longer be counted on with certainty.

These facts are only remotely applicable to Canada. The rate of interest which it is possible to get here is still higher than that which prevails in New England, where enormous amounts are loaned by savings banks. It is conceivable that if our Government savings banks were to be superseded by the savings banks such as