

## A NEW WAY TO PAY OLD DEBTS.

A FEW WORDS ON TONTINES.

**T**HE National Debt is not a burden of crushing weight while the country is so rich and prosperous as it is at present, when the Chancellor of the Exchequer can raise upwards of a million by merely adding a penny to the Income Tax. Indeed, there are a good many people who look upon it as a downright advantage, because the Funds provide them with a safe and easy investment for their capital, which can hardly be considered as a liberal or patriotic view to take. Whether individuals or communities are in question, debt must always be a source of danger; and it is difficult to imagine any lover of this country dwelling with satisfaction upon the fact that she owes some seven hundred millions, or at the rate of about twenty-five pounds a head for the entire population; and a protracted war would soon swell this vast liability to appalling proportions.

Now Great Britain has made no bond with Fate; we are not absolutely secured against those reverses which befall other countries; and if our prosperity were to meet with any considerable check, the taxation that is necessary to pay the interest on our enormous debt might easily prove so overwhelming as to prevent recovery, and so change what might have been a passing depression into an irretrievable calamity.

Surely, then, it is only common prudence to take the opportunity now, while we are in the height of our prosperity, of clearing off some portion of the mortgage upon the national estate; and the advantage of wiping out a million is not merely prospective—there are thirty thousand pounds less to be provided for the payment of interest the very next year.

These obvious facts are not by any means lost sight of by our financial Ministers, whose prudent efforts are, however, constantly thwarted by a very natural desire on the part of the public to be taxed as little as possible, as well as by the eager claims laid by influential and important interests to the appropriation of any surplus there may be. Still the National Debt has been reduced somewhat of late years, and those Chancellors of the Exchequer who have effected the reduction deserve the gratitude of their country.

But why has not any one of them started a new Tontine? This financial device has fallen so much into desuetude that the majority of people now-a-days do not even know what it is, and an account of it may therefore be interesting.

The term is derived from Laurence Tonti, a Neapolitan, who invented the scheme in 1653, and proposed it to Cardinal Mazarin. The French Court desired to adopt it, but the Parliament could not be persuaded to register the edict; and though Tonti made many attempts afterwards to draw attention to his plan, he met with the fate of so many other inventors, and failed to see it put into practical operation. It was not till 1689 that a Tontine was actually formed by the Government of Louis XIV.

"Well, but what *is* a Tontine?" you may fairly ask. It is an annuity paid in consideration of a sum down to a certain number of people, and divided annually amongst them; so that when any die there are fewer to share the division next time, and the portion of each is larger. When all are dead, the capital reverts absolutely to the persons who have received it, and become responsible for the interest. Public works have been raised in this way, and notably bridges. Richmond Bridge, in Surrey, was built by a Tontine, the proceeds of the toll being shared by the surviving members who originally subscribed to it, until the last died, some years ago, when the bridge became free.

In 1789 the British Government raised money by means of a Tontine, in six classes, for the grouping of contributors of different ages; for, of course, no one would be willing to compete in term of life with those very much younger than himself.

The First Class, for persons under 20 years of age, consisted of 6,821 shares, held by 5,991 contributors, each share being £100. The total amount of the annuity is £28,307 3s., and the annuity on each share on October 10th, 1790, was £4 3s.

The Second Class, for persons between 20 and 30, consisted of 1,134 shares and 936 contributors, and became extinct, by the death of the last annuitant, in 1864.

The Third Class, for persons between 30 and 40, was of 760 shares and 553 nominees. Extinct in 1856.

The Fourth Class, for those between 40 and 50, numbered 652 shares and 432 nominees. Extinct in 1845.

The Fifth Class, for those between 50 and 60, comprised 474 shares, held by 289 members. Extinct in 1834.

The Sixth Class, for annuitants of 60 and upwards, had only 159 shares allotted to it, which were held by 106 nominees, and became extinct in 1824.

Thus the total sum raised was a million, in 10,000 shares, divided amongst 8,307 nominees.

The First Class still exists, and numbered last May one hundred surviving members, one of whom possessed five shares, another three, and five two shares each, the rest having but their one share. The dividend on each share for last year was upwards of two hundred pounds, or at the rate of more than two hundred per cent; and this year, of course, it will be considerably increased.

Two of these surviving members were ten years old when the Tontine was closed in 1789, which brings their ages up to ninety-seven; and they should be carefully watched by those who take an interest in the centenarian dispute, since if either of them lives another three years, and reaches the age of a hundred, the fact may be easily verified beyond the possibility of dispute.

Both of them have already beat Charlotte Bonney-may, the last surviving member of one of the French Tontines, who died at the age of ninety-six, having

received as her last annuity 73,500 livres, or £3,600, for her original subscription of some £30.

An annuity of this description seems to meet a want of modern civilisation. How many men there are able to earn good incomes while their powers of mind and body last, who look forward to old age with considerable apprehension! Theoretically they ought to save; but the necessity, or what seems to them such, of keeping up a certain social position, together with the expenses attending the education of their children, renders this too difficult a matter to be reduced to practice. And then you, perhaps, know the old Spanish proverb, "He who would economise must first consult his wife." Not but what women are more often prudent and self-denying than men; still, when two persons have to agree upon the matter, the chances of a resolution to live considerably within an income being kept are reduced.

But many and many a busy worker thus situated could easily spare a hundred pounds, upon which he would receive some interest from the first, for the purchase of a share in a scheme which would secure him Australian meat and blankets, at all events, if he outlived the majority of his contemporaries. Should he die at the average age, the hundred pounds will be lost, but then he will not want it; and if he has insured his life, his family will reap the benefit of *that* transaction. In short, a man who subscribes to a Tontine and simultaneously insures his life may be said, in sporting parlance, to have made a good book. He stands to win in either event.

Or take the case of a man in some business or profession, of which a portion of the profits is secured to him for life; or of one who is living upon a pension, or any other income in which he has only a life interest. What an excellent provision for any child whom he cannot afford to endow largely, to buy it a Tontine share! A London merchant put all his children into the Tontine of 1789, and three of them are at this

present time receiving about three hundred a year apiece, and every year that they live the annuity will be considerably increased; whereas if the hundred pounds thus applied had been given to each in cash, it would have been simply spent and forgotten.

It seems to me, then, that a Chancellor of the Exchequer might confer a great public benefit and strike a blow at his natural enemy at the same time. Let him institute a series of Tontines, buy Consols with the money so raised, and in a hundred years at the farthest that bit of the National Debt would be expunged. The dividend shared amongst the annuitants would simply be the three per cent. paid on the Stock purchased, so that there would be no burden of even a temporary character laid upon the shoulders of the tax-payer by the scheme.

It is, I grant, a weak point in this suggestion that the national result must necessarily be so small. It may seem to many that if a system of annuities by which we might clear off a hundred millions or so for the benefit of our grandchildren were proposed, it would be worthy of consideration, but that a paltry couple of millions would make no difference one way or the other. Well, it would not be possible to find subscribers to a Tontine of a hundred millions, though the income accruing to the last survivor would certainly be a temptation; and if such a sum were forthcoming, the Government broker might find some difficulty in investing it all in the purchase of Consols, which would rise, I should say (but I know nothing of the workings of the Stock Exchange), to a pretty premium in the attempt. But I maintain that every little million helps; and the larger the debt, the greater the necessity for resorting to all feasible devices for reducing it. The whole of a nobleman's estate being heavily mortgaged is no reason for his not clearing off the burden on a small outlying farm if he has the chance. I really do not see why the last half of this century should not have its Tontine. LEWIS HOUGH.

## THE ARRIVAL.

SHE came, and lo, athwart the gloom  
 There fell a sudden light,  
 As though the moon and stars shone out  
 And sent a silver blaze about  
 The darkness of the night.

She came, and through the silent space  
 A glorious anthem stole,  
 As wave of sound the south breeze brings  
 In gusts across wild wind harp-strings,  
 Entrancing all my soul.

She came, her touch was on my hand,  
 And all at once my life  
 Was flushed as with a tender spring  
 To early summer blossoming  
 With buds of beauty rife.

She came, and ever since my heart  
 Nor care nor sorrow knows;  
 My mistress with her winning smile  
 Doth life of every care beguile;  
 Makes thornless every rose.

Now lingering in the golden west  
 The sun aye seems to shine;  
 A rainbow spans the summer skies,  
 That mirrored in my lady's eyes  
 Drives tears away from mine.

Ah! why she came, or how it chanced  
 My mistress she should be,  
 I know not; but I bless kind Fate  
 Who, pitying my lone estate,  
 Sent such sweet gift to me.

JULIA GODDARD.