fied charge to revenue. Of course in such an instance the interest coupons on the debentures would automatically cancel themselves.

There is a natural tendency on the part of Municipal Councils to lighten the tax levy during their years of office as much as possible, and instances of charges to capital on pretexts such as are exemplified in the previous paragraph are resorted to with that end in view. The effect of such action, as was pointed out by the special auditors in the case of the City of Regina some years ago, and according to their published report is to deflate the taxes for that year and to spread the amount of the deflation over the years covered by the bonds. In that specific case the auditors wrote:—

"The interest charged to *CAPITAL* was virtually equi-
"valent to the interest incurred by the issue of Treasury
"Bills. The Treasury Bills were issued as a substitute for
"Debentures whose sale was delayed. As Debenture inter-
"est, this charge was clearly due to be borne by revenue,
"and it is equally clear that the Treasury Bill interest
"should be debited to revenue in like manner. Instead of
"taking this course, the City elected to make a charge to
"Capital, the effect of which was to relieve the taxpayers of
"1913 and 1914, and by inflating Capital expenditure, it
"laid the burden of carrying this on the tax payers of the
"next twenty or thirty years."

The firm of Auditors in question, reversed the standing of Capital and Revenue, according to their report, and their action is heartily concurred in by the writer.

This particular point, however, has no bearing on the question of capitalizing the cost of temporary finance during construction. That this is in reality a fair charge is assumed by the statutes of the provinces of Ontario, Manitoba and Saskatchewan at least, in that special provision for capitalization of such expense is made in those dealing with Local Improvements. A further support for this policy, it is believed, may be found in the Greater Winnipeg Water Scheme Statements of Capital, and many leading accounting authorities take the same view.