

Mr. Kappele says), and he covers the real situation by the statement that "the money of the bank must be easily available, and its assets must be of the kind that are most readily liquidated."

A RECENT DEVELOPMENT IN MUNICIPAL TAXATION

It has become quite common in the last few years for municipalities in granting or renewing franchises to public companies, such as street car lines, light and water companies, to stipulate that a percentage of the receipts should be paid over to the municipality, and in at least one of our Canadian cities we have been accustomed to hear a similar arrangement with a street railway corporation spoken of as a masterpiece of municipal policy, the yield to the city from this percentage being regarded as so much extracted from the pockets of a monopolistic corporation on the people's account. It is undoubtedly a method of taxation which tends to protect the public as a whole from paying too dearly for a service rendered by a Company controlling a natural monopoly under a public franchise, but whether it is the best method of attaining this very desirable end is extremely doubtful.

In a brief article in the January number of the *Annals of the American Academy of Political and Social Science*, by JEROME DOWD, this subject is thus referred to :

"There is a large school of thinkers who advocate this scheme of taxation as an easy means of bringing in revenue. The idea seems to be a popular one and a number of cities already derive a considerable portion of their income from this source.

"Nevertheless, it is a species of indirect taxation and very unequal in its bearings upon individuals. The revenue from franchises and percentages on gross receipts, had better be left in the pockets of the people who patronize the monopolies. The highways belong to the people of the city, and to tax themselves for using their own highways is an absurdity. It would seem more statesmanlike to require the monopoly to serve the people at the lowest price that would bear a given dividend. If the special taxes were removed from car lines many of them could afford to reduce the fare from five to three cents, which would effect a saving to the wage-earner of ten to twenty dollars per annum."

In the case of the municipality referred to above the bearing of the last point is very important. Perhaps in no city are the street cars patronized by a greater proportion of the workingmen. And if it were true in this case that with a removal of