

easily reached. Prior to the assessment law of 1882 a rate payer who was assessed on \$400 income paid about \$25 in taxes—and to get a vote he had to pay this amount. It was urged that the change in the principle of the new law by which real estate, personal property and income were placed on a parity would ruin the holders of real estate, but it did not materially increase the taxes assessed against the large rate payers because the majority were assessed on personal as well as real property before the law was changed. There were a few isolated cases where the assessment was on real estate alone where the burden was increased, as real estate had only been assessed at one-fifth of its valuation under the old act. The reason I have mentioned this phase of the situation again is that if the rates continue to go up as the result of the increased expenditures of the Council, it will be all the more difficult to have the rates of the working men reduced to a poll tax which everyone admits is the proper course to pursue.

There does not seem to be any possibility of the Council dealing with the present condition of the city debt and sinking fund. I have already pointed out that there ought to be a complete change in the method of arranging the sinking fund. And that legislation should be sought that would enable the Council to make this charge less burdensome than it now is. Because St. John borrowed large sums as special mortgages on this or that property there are now on the Chamberlain's books twenty or more sinking fund accounts. As no bonds fall due for three years which are provided for in any of these sinking funds, and then only a small

amount, the fund which is now over \$600,000 will grow to over \$800,000 before it can be used. This would not be so bad were it not for the fact that meantime there are large blocks of debt falling due which are unprovided for and under the method pursued in the past will be re-issued for 40 years. As this debt is now half a century old and one-third of it represents accumulated interest it should be refunded for short periods and extinguished, for the reason already given that it materially affects the city's credit to have these old bonds refunded term after term and eventually will swell the total debt to such an extent that needed improvement will have to be stood aside because it will not be possible to borrow money to make them. There are persons who will scout this idea, but St. John has issued so many $3\frac{1}{2}$ per cent. bonds in the past few years that notwithstanding that they are not assessable for taxes in St. John, a large block was sold last year at $91\frac{1}{2}$, for outside of St. John they are only $3\frac{1}{2}$ per cent. bonds. So long as the issue of $3\frac{1}{2}$ per cent. bonds is kept within the power of the people of St. John to absorb them they will sell at par, for so far as St. John is concerned they are $3\frac{1}{2}$ per cent. bonds plus 1.71, the rate of taxation for city in 1904, practically $5\frac{1}{2}$ per cent. bonds. So far St. John has been very fortunate in disposing of its bonds at the low rate of interest, but on two occasions recently the city has been compelled to accept less than par for $3\frac{1}{2}$ per cent. bonds.

It is a great mistake to suppose that St. John has reached the limit of its necessary expenditure. A new water system must be provided and