

disallowed. It will not long be tolerated that on strictly local questions the deliberate action of the Provincial Legislatures shall be nullified by the veto of the Dominion Government. We own that it may be difficult to point out a remedy if the Dominion Government continue to act on the policy which it has announced, and which its supporters seem determined to adhere to. It will be interesting to watch the action that will be taken on the petition for the disallowance of the Quebec Tax Act as contrary to public policy. That Act affects not the Province of Quebec alone, but banks and insurance companies having their head-quarters in the Province of Ontario, and which, if this Act be not disallowed, and if it should be held to be constitutionally within the powers of the Quebec Legislature, would be liable to taxation in some four or five other Provinces, and to any extent that the Legislatures of those Provinces might deem fitting. We believe that there is no subject at the present time which more demands the grave consideration of all interested in the welfare of the Dominion than that to which we have called attention.

#### THE CORPORATION DEFALCATION.

The defalcation of McNeil, an employé in the Treasury department of the City Corporation, has naturally led to much discussion as to the cause, and it is reported that one member of the Finance Committee has imputed blame to at least one of the superior officers. The occasion is said to have been the censure of the young man "who discovered the defalcation for not having reported it sooner." We have used the precise words that we find marked with inverted commas, in the report of a conversation with a member of the Finance Committee, and they are followed by a further remark: "We pay a gentleman a large salary for this very thing, and it appears he was to blame in not having audited the books for over twelve months, and I don't believe now he knows what the amount is, but I am sure it is far greater than is believed." As to the censure of the young man by his superior, the inference we draw from the report is that, after he made the discovery, he failed to report it at once to the Treasurer, as he certainly ought to have done, and by his remissness may have enabled the defaulter to make his escape.

As to the attacks which have been made on the auditor, and possibly on the Treasurer, we own that the result of our own enquiries into the cause of the defalcation have led us to the conclusion that on the

system and not on the officers of the corporation should the blame be cast. For that system the Quebec Legislature is responsible, as it has more than once refused to alter it when urged to do so. McNeil was enabled to defraud the corporation by obtaining settlements of arrears of taxes, which had been placed in suit, and which were not entered as paid in the books. The corporation arrears are very large, and are very difficult of collection, owing to the necessity of bringing suits against the individual tax-payers, instead of, as in the Province of Ontario, advertising the property for sale for the axes. It is often difficult to ascertain the names of the persons liable to pay taxes on property, and the proceedings are costly and tedious.

We by no means wish it to be understood that any practical difficulty would be found by the auditor in ascertaining periodically the amounts paid in on account of arrears; and we presume that the present defalcation must have opened his eyes to a mode of defrauding the corporation by a trusted employé which he had not previously thought of. Nevertheless it is most important that public attention should be drawn to the superiority of the Ontario system of proceeding against the property and not against the individual. We can readily conceive that in the rural districts, where it is much easier to ascertain the names of the tax-payers, the same necessity does not exist, and this may have led to the opposition to the change on the part of the members. If any doubt should exist, the experiment might be made in Montreal, and if the Treasurer should be able to convince the Finance Committee of the desirability of trying it, we scarcely think that the Legislature would refuse to sanction it.

The great majority of the tax-payers are interested in putting a stop to the accumulation of arrears of taxes, and while dealing with the subject it should be borne in mind that heavy loss has been incurred, owing to the arrears of water rates. It is the opinion of many that property should be made liable for these rates, but the influence of proprietors, who fear the risk of loss, has been powerful enough to prevent the desired change. In the case of tenements, where loss is most to be apprehended, the proprietors, as a rule, collect their rents monthly, and as the water rate would be included, as are the other taxes, in the rent, the risk would be very slight and might be guarded against. On the other hand, the corporation, having to collect the rates from the tenants, are in constant danger of losing. With regard to the collection of taxes we have learned

that in Toronto they are received in instalments, but, in case of default in either the first or second, the tax-payer becomes at once liable for the whole amount.

We have noticed complaints of the reticence of the officers of the corporation as to the extent of the defalcation, but it must be acknowledged that the examination into the arrears of a number of years must take time. We have also heard that the defaulter had attracted attention by the extravagance of his habits, which were not such as his salary enabled him to afford. It is to be regretted that such suspicions were not communicated to the head of the department to which he belonged. We trust that the Finance Committee will give its serious attention to the subject, and take steps to remedy the existing system of dealing with arrears of taxes and water rates.

#### LEADING LINES.

Of the uncommercial reader who should ask what is meant by "Leading Lines," it should be said, as of him who wished to be informed of what is meant by "Scotch Warrants," namely, that it does not concern him to know. As every wholesale iron and hardware dealer knows all about "Scotch Warrants," so every retailer, especially the dry goods merchant, and to some extent the grocer, is well seized concerning "Leading Lines." Even the boot and shoe dealer has his leading lines; and we learn that it has become common of late for some travellers to strike from off their selling price for rubbers the whole of the regular twenty-five per cent. discount, within which lie the profits of their firms on these goods, if we deduct the trifling four or five per cent. beyond this allowed to the wholesale dealers. One of the first questions put by a customer to the boot and shoe traveller is, "What is your price for rubbers?" and upon the answer often depends the possibility of an order for a bill of boots and shoes, which, in all conscience, are "cut close" enough without bearing the additional burthen of selling rubbers at cost.

The grocer usually makes sugar his "leading line." Sugar bears little or no adulteration as yet in Canada, and as it is an article of which the price is almost as public as bank shares, it is difficult to charge a legitimate profit; it is therefore generally employed as an advertisement of cheapness, but the tea and coffee drinker must pay a profit in one way or other; if not on sugar it is upon the tea, an article which, as to quality, must often be "taken upon trust," and which it takes a long apprenticeship to thoroughly master.