

deavour to prove this last result by a practical illustration in which you signally fail; and conclude you were justified in describing my pamphlet as of dangerous tendency.

After getting off your little joke about the Indian and his new idea, you return to the charge and contend that I make use of loose and inaccurate language in describing the city as "joint owner of its own area, to the extent of having the power of taxation over it; that the correct measure of the benefits derived by all classes of citizens is certainly not to be found in the value of the land they own or occupy, because many wealthy citizens who derive great benefit from municipal expenditure, own or occupy scarcely any land"; and that there is a great deal of difference between taxing the annual income and taxing at a proportionate rate the market value of real estate.

Having travelled so far, I presume you will now be prepared to admit that the injustice of this unique scheme of taxation is at any rate not quite "manifest." With your own exertions, five master minds and Mr. George all brought to bear on it, we shall see whether anything has been proved against it. But, by the way, does it not strike you as rather odd, that notwithstanding the "conclusions of the master minds who have investigated and philosophically treated the subject during the last century and a quarter," an equitable system of taxation seems to be as far off as ever, and we are vainly endeavouring to arrive at it by the most impossible methods, by means of income taxes for instance, and taxes on capital or personal property? I think, on the whole, we had better conclude that there is still something to be said on the subject, with or without the assistance of the "old masters."

In answer to your contentions I have to say:

1. If my statement that the "City is really in the position of being joint owner of its own area to the extent of having the power of taxation over it" is a "loose and inaccurate" description of the facts, it is still merely a description, and is in no way necessary to my argument. If the latter is weak therefore it will not be demolished by attacking what is not necessary to it.

2. Before you can disprove my proposition that the correct measure of the services rendered by the community as a whole to the individual citizen is to be found in the value of the land the latter owns or occupies, it will be necessary to show how the wealthy citizens you speak of, who own or occupy scarcely any land, yet derive great benefit from municipal expenditure, for which they would not under this system pay. This you have not pretended to do.

3. In saying that there is a great deal of difference between taxing annual income and taxing at a proportionate rate the market value of the capital, because occasionally the capital may not produce the usual annual income, you forget that the market value of the capital will be partly determined by that circumstance.

4. But to come to the real gist of your position, namely, the incidence of a tax on land as laid down by the authorities you quote, for whom I profess the very highest respect, and even reverence—not altogether based on ignorance of their works and the great benefits which these have conferred on mankind. It would seem that you had nothing more to do than to turn up the well known volumes, one after the other, and copy out their concurrent testimony to my ignorance, presumption, and folly. It appears a bad case, certainly, but perhaps it will bear looking into a little more thoroughly than you seem to have thought necessary. Let us suppose the case of a landlord and his tenant—owner and occupier respectively of a farm of 100 acres for which the latter pays a rent of \$10 an acre. The produce of each acre we shall say is 30 bushels of wheat at \$1.00 a bushel, and the expense of raising it is equal to one third

of the crop, or \$10. The landlord and his tenant each realize \$10 an acre from the net yield of the farm. We shall further suppose, what may be taken for granted, that the tenant's share yields him only the average return of capital employed with like skill in the cultivation of land. A tax is then imposed of \$2.00 an acre. The tenant cannot pay it, because he is receiving only the usual return for his capital, and rather than take less he will move off. The authorities are therefore perfectly correct, and the landlord will have to bear the whole burden. The same result, however, would happen if the tax were imposed on the farmer's personal property. It would have the effect of reducing his income below the average amount earnable by his capital and skill; and he would immediately remove both to evade it.

But taxes are not usually mere arbitrary exactions for which the taxpayer gets no equivalent. Local taxes in particular are levied for special purposes in the nature of local improvements. The services rendered to the community by Municipal Government are, as a rule, rather more valuable than the money they cost. The imposition of a tax for any purpose connected with Municipal Government, therefore, is calculated to give the land-owner more than it takes from him. Suppose that the tax of \$2.00 per acre is needed to carry out an improvement to the land which is thought necessary in the public interest but which the landlord either will not or cannot undertake at his own expense. The improvement required may be thorough drainage. After it is completed, it will be found that it has been well worth the cost. The land will then produce say 33 bushels an acre at the same expense as before, and, supposing it to sell at the same price, there will remain, after paying the tax of \$2.00 an acre, \$21 to be divided between the landlord and tenant—that is, \$1.00 more than before. The tenant could not now retain the extra dollar unless he held his land on lease for a term of years. It would become known that the land was worth more than formerly, and in the end he would have to content himself with the usual rate of profit for his capital and skill. His rent would be raised on him by competition and the landlord would gain the full benefit of the improvement.

The result would be the same if the improvements were carried out in a city with a thousand landlords and tenants interested instead of one; and it makes no difference whether the improvement consists of better drainage or water supply, greater security to life and property, or additional attraction of any kind. On the other hand if the improvement is not real, but it costs more than it is worth, it would be needless to endeavour to make the tenant pay for it. No possible assessment of his personal property could prevent the whole loss from falling in the end, on the landlord. Capital is bound to get its full average return in the long run; land must take what is left over. This applies to national as well as to local taxation, for, as Adam Smith observes, "The capitalist is properly a citizen of the world, and is not necessarily attached to any particular country. He would be apt to abandon the country in which he was exposed to a vexatious inquisition in order to be assessed to a burdensome tax, and would remove his capital to some other country, where he could either carry on his business or enjoy his fortune more at his ease."

With regard to the confiscation of rent, and therefore of land, by putting all the taxes on it, the thing is a simple impossibility. Land can only become useless when it is impossible to employ capital on it to advantage. The capitalist is already earning his average rate of profit. Anything that would increase it would inure at once to the benefit of the landowner; for rent, to quote Professor Bonamy Price, is the surplus over and above the average profit of the capital-

ist. If all the taxes raised in the country were levied on land, the surplus of the capitalist would be so much the larger from the landlord having assumed the taxes. The increased surplus would therefore have to go to the landlord. His nominal rent would be increased, but his net income would remain as before. It would only be a change in the mode of collecting the old burden, not the imposition of a new one. The burdens of any town, city, or country, as well as the advantages, when in the location of the land. The taxes are really and naturally part of the rent—part of the price which has to be paid for the privilege of living and doing business in that location.

It should be understood, that when I speak of taxing land, I mean unimproved land, the value of which can readily be ascertained by deducting from the market price the value of the owner's own improvements. It is obviously unjust to tax the citizen on what he has done for himself.

I have to apologise for taking up so much of your valuable space. The importance of the subject is, perhaps, some justification; and you will excuse me for endeavouring to set myself right.

Yours, truly,

THOS. FYSHE.

Toronto, 29th March 1880.

OIL MATTERS IN PETROLIA.

PETROLIA, 30th March, 1880.

Crude oil has definitely settled to \$1.25 per brl., f. o. b., as this quotation, there has been more business done than for a considerable time. Shipments for the past week have been larger, and the general immediate outlook is, that \$1.25 will be sustained. Some operators predict it will recede to \$1. before the downward movement stops.

Refined. The demand is fair considering the season, and all that is wanted to keep a steady market tone is the settlement of the trade question of Governmental fire test. The Government deem this a question of such importance that the Minister of Inland Revenue will deal with it, instead of a private member. This question once adjusted, values will become fixed for the present, and improve as the season advances.

FIRE RECORD.

St. Catharines, Mar. 29.—The residence of Mr. John Riordon, partially destroyed by fire, the loss will probably reach \$10,000, fully covered by insurance, \$10,000 on the house and \$9,500 on contents.—Woodstock, Mar. 30.—A fire in the billiard rooms of Mr. J. McKay did very little damage, loss about \$200 fully insured.—Neustadt, Mar. 27.—Last night the barn and sheds of Charles Schreiber, Normanby were destroyed by fire, three horses, fourteen head cattle, and fifteen sheep perished. One hundred bushels fall wheat were destroyed, also all his farming implements. Loss about \$3,000 insured in the Germania, Normanby, for \$8000.—Port Elgin, Mar. 30.—The Baptist church here completely destroyed. The building was frame, and valued at \$800; no insurance. Supposed incendiary.—Chesterville, April 1.—A fire originated in the hotel buildings lately occupied by Jas. Spotton. The hotel and outbuildings were all burned, also A. C. Allison's store, dwelling and outbuildings, and millinery shop adjoining. Insurance on A. C. Allison's property about \$2,500, in the Union Fire Insurance Company. BELLEVILLE, March 29.—The house and barn of Robert Reid, Shannonville, were burned on Saturday. Loss, \$1,500; insured, \$1,000.—Kingston, Ont., March 29.—A house on