

used when it is most wanted is like a stock of flour destined to be locked up when famine is at the door. The new Imperial Bank of Germany is empowered to exceed its legal limit on the payment of a tax of five per cent. on all the paper that exceeds the fixed proportion: This is the only remedy for the dead lock, induced by the requirement of a proportionate reserve that has yet been found. Most of our banks have been in the habit of keeping a sufficient quantity of gold to ensure the immediate conversion of their notes, at all times; but if they could not touch this reserve when it sank to a certain point, they would be obliged to suspend when they might have abundant means of meeting all demands that would, in the ordinary course of things, be made upon them. Any proportionate reserve of specie would therefore have to be fixed very low. No proportionate reserve is demanded at present; and in this respect our banks stand on the same footing as the English banks, the Bank of England alone excepted. But the conditions on which these banks issue notes can hardly be deemed satisfactory.

THE INCIDENCE OF A TAX ON LAND AND RENT.

In noticing a pamphlet by Mr. Thos. Fyshe, of Halifax, on the subject of municipal taxation, we objected to the scheme proposed on the ground that it would throw burdens, which ought to be equally shared by all, upon a single class. Mr. Fyshe proposed that all local taxes should be laid on land, to the exclusion even of the buildings upon it. He defends the justice of this single tax on the assumption that it would be redistributed, and that the incidence would present "the most perfect equality." His third reason why "the only species of property which should be assessed for municipal purposes is land," reads: "Because, although the whole tax would be paid to the city by the owners of land, it would be distributed by means of rent among the citizens, with the most perfect equality—each paying only for what he received, but for that fully." That is that, although the tax would be advanced by the owners of land, they would be able to shift a fair proportion of it to other shoulders, till "the most perfect equality" was attained. On this point we take issue with the able author of the pamphlet; and we undertake to prove that his scheme would effect, what he certainly would not desire, a total confiscation of all the rent of land, which is equivalent to a confiscation of the land itself, in nearly every Canadian city.

Land yields nothing but rent, and all

authorities agree that a tax on ground rent falls entirely on the owner of the land. "Whether," says Adam Smith, "the tax was advanced by the inhabitant or the owner of the ground, would be of little importance. The more the inhabitant was obliged to pay for the tax, the less he would be inclined to pay for the ground; so that the final payment of the tax would fall altogether upon the owner of the ground-rent." Mill says: "a tax on [ground] rent falls wholly on the landlord. There are no means by which he can shift the burden upon any one else." Again, "A tax on rent has no effect, other than its obvious one. It merely takes so much from the landlord and transfers it to the State." Coming to the French economists, we find Say illustrating the same principle by this example: "An acre of vineyard or corn-land will only produce a given quantity of corn or wine, whatever be the ratio of taxation; which may take one-half or three-fourths of the net produce, or rent, as it is called; . . . the rent, that is to say the portion assigned to the proprietor, will be reduced, and that is all." He cannot shift the burden to any one else. "The land tax," says Sismondi, "falls wholly on the proprietor, and affects no one but himself." He adds that though the tax may be advanced by the tenant, he pays so much the less rent. This is, of course, only true of land and not of houses, the owner of which increases the rent to indemnify himself for the tax. This is the rule, though if the tax were extremely high, part of it would fall on the landlord.

So much for the incidence of a tax on land or the rent of land. Now for its justice, if it stands alone. Ricardo, speaking of the incidence of taxes on houses and ground rents, says: "It would be very unjust to tax exclusively the revenue of any particular class of the community," because "the burdens of the State should be borne by all in proportion to their means: this is one of the four maxims mentioned by Adam Smith, which should govern all taxation." And Mill, objecting to a tax on rent unaccompanied by an equivalent tax on other incomes, says: "A peculiar tax on the income of any class, not balanced by taxes on other classes, is a violation of justice, and amounts to a partial confiscation."

There is, in fact, no authority on which any one would be willing to rely, or would think of referring to, that believes that a tax on land or ground rent can be shifted by the landlord to any one else. There is no tax regarding the incidence of which there is so general a consensus of opinion. An exclusive tax, such as Mr. Fyshe pro-

poses, would be in the nature of confiscation. Mr. Henry George, the latest writer on the subject, clearly sees that to put all the taxes on land would have the effect of confiscating the rent. And Mr. George, with the courage of his opinions, does not shrink from this consequence. He accepts and defends it, with great elaboration and power of argument. "I do not," he says, "purpose either to purchase or to confiscate private property in land. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* lands. Let them continue to call it *their* land. We may safely leave them the shell if we take the kernel. *It is not necessary to confiscate land; it is only necessary to confiscate rent.*" (The Italics are the author's own.)

To throw all taxes upon land, to the exclusion even of buildings, would confiscate all but a very small remnant of rent, and sometimes all. This can easily be shown. Take the city of Halifax, for example. Last year, the total assessment was a little over \$15,000,000, of which over \$11,000,000 was on real estate and less than \$4,000,000 (\$3,841,084) on personal property. (Of the real estate, the buildings will constitute over two-thirds the value: if for the buildings and the personal property we deduct three-fourths of the whole assessment, there will remain less than four millions as the assessed value of the land; but call it four millions. The rate on the whole assessment of land, buildings and personal property, was \$1.53. If the same amount of taxes had to be raised from land alone, of one-fourth the value of the whole assessment, the taxes would be over six dollars on every hundred of capital value. How near this would be to a complete confiscation, every one can judge. If the municipal tax alone would cut so deep, what would be the effect, if all other taxes, provincial and general, were added? In the case of Halifax the whole ground rent would not suffice to pay the whole taxes. The effect would be total confiscation of all the land; and what is true of Halifax is equally so of Montreal, Toronto, Quebec, and nearly every city and town in the Dominion. Mr. Fyshe admits that if his arguments are good when one form of tax is in question, they are equally good, when all other forms are in question. Here are the words in which he makes his confession: "In advocating a [exclusive] land tax for municipal purposes, I am not blind to the consideration that the reasoning by which it is supported would be equally valid for state or national purposes." Surely then we were justified in describing Mr. Fyshe's pamphlet as of dangerous tendency.