

Treasury Department to have been only colorable. One would suppose that the fact of the fish being caught in Lake Winnipeg should be proof of foreign origin, in any case; but this is not true according to the American view of the law.

TAXES IN THE PROVINCE OF QUEBEC.

At the moment when the Government of Quebec is striving to put the Provincial finances on a sound basis, the city of Quebec is seeking extended powers of municipal taxation. There are three authorities in that and every other province of the Dominion which can levy taxes, and there is no constitutional restriction against all of them taxing the same things. Even imported goods, after they have paid the tariff duties, could be taxed by the Province and the municipality. All of them could tax land and the capital or revenue of corporations. In practice, reason requires that in the duplication or triplication of taxes, regard should be had by each taxing authority to what the other is doing, for if they all selected for heavy taxes the same things, practical confiscation would be the result. The triple tax is old in the United States; here, when existent at all, it is new.

The city of Quebec seeks a charter with the right to put a tax of one per cent. on bank and financial shares, on merchants' stocks and even on household furniture. The banks already pay a Provincial tax, and merchants pay a business tax. Land speculators are credited with having exerted themselves to bring about the proposed charges. They argue that because land pays on the capital value, stocks and shares should pay in the same way. But this form of tax is not so free from objection as to justify its extension. Taxes can only be paid out of income, if the capital is to be preserved intact. Bank and financial shares do not always earn income, and when they do not a tax on them would eat into the capital. It is not always possible to prevent the payment of taxes out of capital, but as a general rule the attempt to do so should be made. Of course, the assessment may be on the capital and still the tax may come out of the income. But the form of assessment that deals with capital instead of what it produces, is objectionable: it appears to assume that the capital may probably be taxed, in all cases, whether it produces any return or not. The fact that banks and financial institutions in Quebec pay a Provincial tax, should be considered in any question regarding their municipal obligations. Doubtless no form of capital, considered from the point of view of what it produces, can claim exemption from public burthens which other forms have to bear. There are too many exemptions in the Province of Quebec; and if these could be lessened in amount, the distribution of the burthen would make it lighter for all. This reform is perhaps at present not attainable, but in all financial readjustments, the evil should be borne in mind and an attempt to abate it should be made wherever there is a chance of success. The proposed municipal tax

of one per cent., we must remember, would be liable to triplication; and if three taxing machines should among them take three per cent., the most serious results might be looked for. As a matter of fact many American banks have, since the Civil War, been taxed as high as 2½ per cent. It is obvious that when such a rate as this is reached, there is a transfer of burthens; the customers of the banks have to shoulder a large part of the tax. In this view, it will be well to consider whether the tax which it is proposed to levy on the banks at Montreal, would not fall in large part on their customers, and the very men who favor it might themselves be the first to feel the pinch.

THE POLICY OF DISCRIMINATION.

A resolution introduced into the Legislature of one of the Australian colonies in favor of trade discrimination within the Empire, must not be taken as foreshadowing the easy triumph of that proposal. Australia comprises a number of colonies more or less jealous of one another; but the policy of Protection has of late years found favor in the whole of them. The chances are that it will take a long time before all these colonies will agree upon a common policy, though they have for some years been all undeniably tending in one direction. They may be relied upon to follow what they believe to be their own interest in trade matters, which is not complicated with any international issue.

The colony of Victoria led the Protectionists of Australia; and its greater prosperity, from whatever cause, induced New South Wales to look to prosperity from Protection. This feeling has grown in the last three years, though in the opinion of some New South Wales owes much to the Free Trade policy. However this may be, her artisans and manufacturers have lately favored Protection, though she had slightly outstripped her rival, Victoria, in manufactures. The Government of Sir Henry Parkes, which came in in 1889, contained the Free Trade leaders of the colony. Mr. Abbott was a leader among the Protectionists. In Queensland and South Australia Protection has recently been growing; in the latter, from 1885 to 1890, the tariff advanced from 10 to 25 per cent. *ad valorem*. Here again it is the belief in the success of the Protectionist policy of Victoria that caused that policy to be imitated. In 1887, the battle between Free Trade and Protection was fought out at the polls. The little island colony of Tasmania verged towards Protection, while desiring to appear to be in favor of Free Trade. New Zealand has been steadily advancing towards Protection, and though she likes to call her tariff a revenue tariff, Free Traders are not disposed to accept it as such. In all the Australian colonies the working men favor Protection, and they are politically stronger than any other single class. The fact that they are in favor of Protection to local industries may or may not tend to advance discrimination within the Empire. New South Wales imports more agricultural produce than she exports; she produces and exports to England the finest wool.

The wool growers are Free Traders, while the artisans and manufacturers are generally Protectionists, though some of the workmen hold opinions on this point which do not coincide with those of their employers.

How would discrimination affect the growth of local manufactures? This will be a vital point in determination of the question. Some allege that Protection is not necessary to the growth of Australian manufactures, but the difficulty is to convince the artisans, the manufacturers and the workmen of the truth of the assertion.

BANK MEETINGS.

The statement made in his address by the general manager of the Bank of Montreal with respect to the banking characteristics of the past year in Canada indicates that the position of a bank manager nowadays is not a bed of roses. After a period of unhealthy dearthness in money we are passing, says that gentleman, through one of equally unhealthy cheapness and low rates. Cheap money is just now "a sign of general distrust, and a widespread and far-reaching inactivity in business." It was hoped that the fine harvest and good prices for grain would relieve the depression and stimulate trade, but the past twelve months have been as dull as those which preceded them. One cause of this Mr. Clouston mentions, and it has already been referred to in this journal: farmers have paid the loan companies and the implement makers, but have withheld a portion of their grain from market, hoping for better prices—which have not come and have neither paid store-keepers their accounts nor done the expected amount of cash trading with them. Then the lumber trade has not been satisfactory, nor has the square timber trade shown any activity. Business in the States has been disappointing, too; and the feeling among outside investors or operators caused by the curious silver legislation of our neighbors has had its effect in restricting foreign investment in that country. Still, as a relief to these darker shades of the situation, we are told of "a better feeling in the London market for South American securities," and with considerable grain left in Canadian farmers' hands, we are on a better and more assured basis, "and with a reasonably good harvest may reasonably look for some improvement."

Speaking more particularly of banks, Mr. Clouston says that they have not been prosperous as a general rule, partly because of unpropitious times and partly because of excessive competition among them for business. "There have been lower rates for advances, higher rates for deposits, greater facilities granted for smaller remuneration, and all this with steadily increasing expenses." Competition between banks, he declares, has been excessive, "in some cases conducted in a manner that would hardly do credit to the financial management of a corner grocery." This is a strong arraignment, but we do not think it is a bit too strong. Some of the transactions recorded in our own columns, if they may be taken as an illustration of the methods prevailing generally, make it