

"docks" attached to houses are assessed only at what they would rent for as gardens or for what they are used. But why treat property on which no houses are built, which is not in demand for building purposes, and which is not attached to a house or a garden or paddock, on a different principle? It is generally less productive than even the garden. There is an anomaly here that must work injustice. Then there ought to be a difference between ground held as paddocks or gardens, from the necessity of its situation, and the absence of a local demand for building, and such as is centrally situated and could readily be sold for building purposes. When it could be disposed of for commercial building sites, the anomaly is the greatest. But the law of assessment knows no distinction. And in truth it is difficult to make any. For where is the dividing line between the two kinds of property to be drawn, and by what authority is it to be drawn? It could hardly be done without some arbitrary exercise of power. The distinction, the more especially as it discriminates against land not in immediate demand for building purposes, cannot be defended on any principle of equity.

If rent be taken as the sole rule of assessment, would not the smaller houses pay a disproportionately large tax; the effect of which would be discrimination against the poor and in favor of the rich? It is quite certain that small houses bring a larger rent in proportion to their cost than large or expensive houses. The consumer—who in this case is a tenant—always pays the tax; and his comparative poverty ought not to be disproportionately taxed. But as a general rule, rent should not be far from the true rule.

The question has been raised whether real estate should not be made to bear the whole municipal assessment, and persons who enjoy incomes from other sources go free. If it could be shown that real estate alone derives benefit from municipal taxes, the proposition would be reasonable. But a man may enjoy all the advantages a city or town has to give and not hold a foot of real estate. Why should he be exempted from the common burden, because he puts his property in a particular shape? The income tax may be objectionable—all taxes are—and more or less inquisitorial. It is certainly unjust to persons of known fixed incomes; but that would rather show that the means taken to ascertain other incomes are inadequate. If the income tax ceases to be municipal, will it not become Provincial or even national? It cannot be said there is no danger of this. The ad-

vantages derived from taxes by particular kinds of property can by no means be left out of the account. It is sometimes said that other forms of capital than land, if taxed, would emigrate to some happy land where it is not taxed. But we are not told where that blessed country is to be found. Capital will go where, on the whole, it earns the largest profits with good security.

If incomes derived from one source be taxable, why not those served from others? The discrimination which selects as objects of taxation incomes derived from trade, profession or calling, discriminates against the worker and in favor of realized capital. If there be any discrimination—we do not say that there should be—it certainly ought to be the other way. An income derived from a man's personal exertions dies with him; an income derived from capital survives him.

If merchants' stocks are taxed why not personal property in other shapes or incomes derived from realized capital, in other forms? Why should a city's commerce be an object of hostile discrimination? All these questions must be considered *au fond*, if there is to be any equitable revision of assessments. In this article, we have rather indicated the subjects for discussion than attempted an exhaustive discussion of any one of them.

TAXATION EXCESSIVE AND COMPLICATED.

Our experience with the Municipal Loan Fund should serve as a lesson and a warning to the present generation, at least, on the subject of municipal indebtedness. The fact that several prosperous towns and counties have to compound with their creditors proves that the limit of solvency is about as easily overstepped by municipal bodies as by private individuals. To exact more than a certain rate per cent from taxpayers is practically impossible; so that in giving credit to a municipality the question is not as to the value of property in the municipality but as to what that property may fairly be expected to pay without serious inconvenience.

It is a fact which has not escaped notice that municipal indebtedness has immensely increased within the past few years. Cities and towns, counties and townships, have assumed burdens of a magnitude that in less prosperous times would be regarded with apprehension. Bonds have been issued as bonuses to railways, chiefly; also to encourage local manufactures, to build harbors, &c. with liberality if not with prodigality. It is an easy thing to get into debt—easy for individuals and easy for

communities. The promise and the performance are often pretty much divorced. In every community there is a class who favor all expenditures, invariably, for the reason that as they cannot share in the outlay, a portion of what is spent may come their way; and this class is usually the most noisy and active. But these municipal obligations are mostly incurred under outside pressure. The ways and means of "managing" a municipality are numerous, and in skilful hands are all-powerful. Not long ago we pointed out a dangerous piece of legislation, framed so as to lessen the difficulties in the way of obtaining what was wanted from municipalities. While we would not impose any obstacle to railway building and such public improvements as are pretty certain to give a good return, we think that in some cases municipal indebtedness has fully reached the limit of safety; and that point ought not to be passed however deserving the object. Owing to the complicated machinery by which these debts are incurred they grow almost imperceptibly to huge proportions. For instance we have the property of Ontario taxed, say, for railway purposes, first by the Ontario Government; then by county councils; and next by township councils, to which is added perhaps bonds or debentures issued by the school sections. And all these obligations are represented by the same property. It is easy to see therefore to what a dangerous extent indebtedness may be increased without attracting notice.

In the State of Ohio the practice of aiding all sorts of enterprises by grants of money or subscribing stock by municipalities was at one time carried to an alarming extent. A large majority of the undertakings so aided never paid more than expenses, and the consequence was, a general collapse and repudiation of engagements. The grievance was so serious as to induce the passage of a law prohibiting localities from taxing themselves for local improvements. For a long time this statute acted as a bar to such grants, but means were at length found to evade it and the old system has revived. The same thing has been carried to a greater or less extent in all the States, some of whom have sought a remedy in fixing the maximum rate of local taxation which can be levied.

At the present rate of growth municipal taxation with us promises to become excessive and if persevered in must produce an unpleasant reaction. One check would be to restrict the power of taxing the people in fewer hands. Instead of conferring it upon county and township councils and school trustees, let the county council