

Extravagance is the stock argument of every party in opposition against every party in power, and economy is about the last expedient to be willingly adopted by a civic municipality, or by a government. The Association's recommendations for all practical purposes makes it a question between retrenchment and more taxation on real estate. Which is the average alderman likely to choose?

**Taxation of  
Movable Property.**

At first sight there appears to be some reasonableness in the argument of the Real Estate Association that it is unjust to make real estate bear the whole burden or nearly the whole burden of taxation while other forms of wealth go scot free. The injustice, however, is not nearly so great as it seems because a tax upon real estate has a tendency to adjust itself upon the whole community with approximate fairness, every man paying his share not so much in proportion to his ownership of the property as in proportion to his enjoyment of its use. In some leases provision is made that the tenant shall pay the taxes, and in some that the landlord shall pay them, but does anyone imagine that in the one case the burden of taxation falls upon the tenant and in the other upon the landlord? Then there is an old axiom, that it is a mistake for a municipal corporation to tax any form of wealth which taxation may either drive out or keep out of the city. The power of taxation is not a power that can be wielded arbitrarily, even by a parliament or by a despotic government. It has its natural and essential limitations. The raising of a tariff frequently results in a reduction of revenue. The worst feature of most attempts to tax wealth in movable forms, is that they result in glaring inequalities, in incessant disputes and in constant fraud and attempts at fraud.

**The Best Solution  
of the Tax  
Problem.**

The most promising solution of the tax problem will we think be found in the adoption of the Board of Trade's recommendation in favour of an increased tax on real estate, modified perhaps by getting power to charge the proprietors with half the cost of improvements. The entire tax on real estate, however, should not we think be more than 1½ p.c. This latter plan would almost do away with the necessity for any material increase in the real estate tax. It might not make much difference in the weight of the burden, but the proprietor would at least get a direct remuneration for carrying it, in the shape of an improvement in his property. It should be borne in mind when changing the basis of taxation that those people who have already had the improvements carried out at the

public expense would have nothing to pay for many years, but no change of this sort can be effected without injustice to somebody. The point would be to minimise it. The present tax of one per cent. is not excessive, but in addition to this, there is the school tax, which now amounts to two-fifths of one per cent. and which we confess is somewhat burdensome. In other words the schools receive from the real estate tax two-fifths of the amount that the city gets for all administrative purposes. At the rate at which the city is now growing a tax of two-fifths of one per cent. should give the schools all the money they require, under careful administration. The danger of making the school tax burdensome is that it may lead to a popular demand for reforms which, however, much they might be in the interests of economy might not be in the interests of education.

**An Administrative  
Commission.**

No matter how much revenue there may be, it can be squandered, therefore, it would be in the best interests of the city to take the advice offered by both the Board of Trade and the Real Estate Association, and appoint an administrative commission to look after the details of the city's business. Let the City Council be a purely legislative body. We have in previous issues of this paper enlarged upon this subject. It is not fair to expect the aldermen, who are all business men, to devote the time and attention necessary to the details of the administration of the city. Get rid of the patronage system, throw more responsibility upon the heads of departments.

**THE BANK RATE.**

The Bank of England last Friday, astonished the financial world by advancing its discount rate to six p.c. The action was surprising for two reasons, first it is most unusual for the bank to change its rate, on any day of the week except Thursday, and second the rate has never been so high as six per cent. since 1899. It was the most natural thing in the world that the experts of the money market should at once begin to look around for an explanation of this unexpected and emergent action, in the form of some important financial development of which the directors of the bank had been forewarned and with regard to which they had not deemed it necessary to take the public into their confidence. Naturally enough the first suspicions centred upon Russia which has heavy loans in France shortly maturing. Further consideration has, however, dissipated this idea and the general conviction is that there is no sensational financial mystery to account for the board's action.