

enforcing a complaint that the minority has suffered some privation, the appeal would be a mockery unless it implied reparation. This conclusion, when this half of the question is considered alone, is inevitable; but when the question is asked, how is this to be reconciled to the fact that the very Act complained of has been declared by the same authority to be constitutional, we find ourselves in the presence of a problem insoluble by the ordinary modes of reasoning. At the same time, we dread to think of the possible consequences. Separate schools in Manitoba represent the disturbing element that slavery did in the Southern States, without, let us hope, a like disastrous result.

THE INCOME TAX IN THE STATES.

In the case brought to test the constitutionality of the Income Tax, the decision of the Supreme Court of the United States decides partly for and partly against. The net result is thought to be that about half the amount which the law ought to levy will be collectable, and the other half will have to be foregone. In other words, where it was expected to furnish \$30,000,000, the Government will get about \$15,000,000. Incomes derived from State and municipal bonds, the court was unanimous in deciding, are not taxable. That rents are not taxable, was decided by six against four judges. The grounds of the decision are that a tax on rents is a tax on land, and, being a direct tax, is, for Congress, unconstitutional. On other points the court divided equally, and, as there was no decision, the conclusion would seem to be that the law must take effect. There are no means of annulling it outside of Congress. A tax which one-half of the highest court in the land has declared unconstitutional, will not be borne without endless repining, and the division will infuse new vigor into the attempts to evade what the people who have to pay will have no difficulty in persuading themselves is unconstitutional. In some emergencies the decision of the court, so far as it has carried disallowance, might be attended with considerable inconvenience. In England, the income tax is an unfailing resource, as an emergency tax, to meet extraordinary demands. On one ground or another it has been resorted to the greater part of the time since the passing of the Reform Bill. If it has become an ordinary resource, it possesses in addition a latent extraordinary power that may be called forth on emergency. The United States, it is now shown, does not possess this extraordinary resource to the same extent, and it cannot be got without an alteration of the constitution.

THE TORONTO RAILWAY COMPANY MEETS A DECISIVE CHECK.

Public opinion, acting upon the Legislature, has, during the week, given a decisive check to the operations of the Toronto Railway gang. They had applied for a trolley charter for the London and Western Ontario line. The Railway Committee decided against them. To grant a new charter to men like Everett, who, as the Boodle investigation showed, count bribery and corruption among the means of their success, would have been giving opportunity to repeat the discreditable proceedings to which they resorted in Toronto. By this refusal these men's dream of controlling, by their peculiar methods, a scheme of Ontario trolley railways, outside of Toronto, has come to naught. We are sorry to be unable to congratulate the morning press of Toronto for contributing to this result, or for checking or exposing any of the doubtful proceedings of these people. Credit must be given to Mr. Bronson, Minister of Public Works, for the courage which he

showed first in opposing their game, the throwing out of their bills being due to the stand he took, and next in speaking his mind about the inflation of the Toronto Railway stock, which has been exposed in THE MONETARY TIMES. Its promoters, he said, speaking of the railway, "put sufficient money into it to pay off the \$600,000 which formed the bonded indebtedness of the old company, and then they sold to themselves as a company stock to the extent of \$6,000,000; so that they acquired \$6,000,000 of property for which they paid [or rather assumed the payment of] \$600,000." "Such things," the emphatic conclusion of the Minister of the Crown is, "ought not to be permitted." The law under which this was done, if the act shall be found to have authority of law, imperatively requires amendment, so as to prevent a repetition of the wrong.

The question to which an answer is required is this: Is there no means by which the water can be squeezed out of the stock? Mr. Bronson apparently fears that there is not. The Attorney-General will answer that question with the authority of his office when he replies to the application of Mr. Edward Trout for liberty to use the name of that functionary as a means of getting a judicial decision of the point. Mr. Gibson has stated in the House that the company had power to increase the stock, but the question remains: Can a *bona fide* increase of capital be made by taking a pen and changing \$1,000,000 into \$6,000,000? The statement has been made by a morning journal, on behalf of the company, that all necessary formalities have been complied with. The formality without the actual capital would be nothing but a sham. Mr. Trout might have sought to set aside the charter on grounds disclosed at the "Boodle" investigation, lame and halting though it was, but he did not, and does not, desire to go beyond the separating of the false capital from the real; that being sufficient for the protection of the public. Mr. Bronson fears that "the people of Toronto would be taxed to pay dividends on this immense capitalization." The people who will be taxed most heavily will be the holders of any stock in excess of the value of the road when the company's lease expires. By no possible process can the company continuously pay dividends equal to the ordinary interest on money on all the false capital which the stock represents, or anything approaching to it.

In swelling the amount of stock of the Toronto Railway Company to \$6,000,000, it is perhaps not impossible that the letter of the law might be quoted as a cover. If this can be done, so much the worse. Wrongs done under color of law are sometimes more dangerous than they would have been if perpetrated in open breach of it. The wrong, in this case, takes the form of an excessive issue of stock; the excess may possibly not constitute what would legally pass for an over-issue or issue for which no authority or color of law could be found. The company went to the legislature asking authority to issue \$1,000,000 stock, and that the shares might be treated as paid up for the purpose of serving for "payment for or an account of" certain rights which they were acquiring. These privileges were granted. It is fair to assume that the legislature would understand that this was the sum of the capital required for the purpose named. Under a general statute relating to railway companies, provision is made for increasing the capital of a trolley company. But a company would not be expected to increase its capital immediately after the amount had been fixed at a specified sum. If it did increase the capital, as soon as it had got an act of incorporation, the legislature would have ground to complain that deception had been practised. The increase, to be justified, should be made only to meet additional engagements. An increase from \$1,000,000 to