

reserve so low is dangerous, not only to the banks but to the business public. It is nonsense to suppose that a deposit in any New York bank can be any part of a deposit in any bank outside of New York.

The adding-of such deposits to the cash on hand in a bank and calling the sum "legal reserve," is the method by which the public has been constantly misled as to the condition of the national banks. If when you pick up one of the statements issued by a bank to its customers you find as one item in its resources "cash and with banks," you may be sure that such bank prefers that its depositors shall not know how little actual cash it has on hand. No banker who sends to New York any part of his reserves or other resources, except such deposits as may be necessary for exchange, has any right to complain about the control of Wall street.

The fact is sometimes mentioned that in 1907 the western banks took refuge in clearing-house checks, but the reason for it is seldom given. They were forced to do so because the New York banks held at the same time about \$200,000,000 of the so-called reserves of other banks, which they could not return when it was needed at home.

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Let there be no misunderstanding about the matter. The provisions of the bank law, together with the cupidity of a large number—fortunately not all—of the bankers outside of New York, has kept a current of money flowing there. This money, as soon as received, has been loaned until the aggregate cash surplus is almost nothing; a state of things that makes the banks of New York city the weakest and most exposed part of our national bank system. It is the point of greatest financial danger, and outside bankers will be wise if they avoid it.

FLAVIUS J. VAN VORHIS.

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## THE SINGLE TAX WITHOUT WAITING.

Toronto, Ont.

A novel suggestion comes from New Liskeard as to how the present foolish system of penalizing improvements by taxing them may be avoided. The Ontario Assessment Act makes it compulsory to assess land and improvements. Though this is not only unjust, but very bad policy for any municipality wanting new buildings, new industries or improvements to old ones, no law-abiding community has found means of escape up to the present time.

The proposal is "to bonus" the owners of improvements to the extent of the tax upon them, and raise the money by increasing the rate.

This would have the same effect as taxing land values only. For example, in a municipality having an assessment on land of \$100,000 and on improvements of \$200,000, and with a rate of, say 10 mills on the dollar, it would be necessary to raise the rate to 30 mills. This would provide an income of \$90,000; but the tax on improvements, \$60,000, would come out of the revenue, leaving the \$30,000 derived from the land as the net income of the municipality. This would be the same as a tax of 10 mills on the whole \$300,000.

Or, the principle may be adopted in a modified form. If it is deemed wise, for instance, to exempt improvements only one-half of their value, then a bonus of one-half the tax is all that would be required.

Many other conditions may be attached to the bonus in order to make it the more easy to adopt. Thus, the bonus may be limited to the improvements made after the passing of the by-law; or may be made to apply only to buildings used as dwellings, if there is a feeling that rents are so high that special encouragement for the building of dwellings is necessary.

Of course any modification as above suggested will weaken the effectiveness of the plan, but it is often advisable to accept a partial measure when it can be got at once, rather than wait indefinitely for the whole. The acceptance of a partial measure need not silence the advocates of perfection, and its success will enable them to procure its extension.

This proposal would have enabled the city of Toronto to have given every houseowner in Toronto a bonus equal to the taxes on \$700, when the \$700 exemption was voted on by the people,\* and the same results would have followed as though it was an actual exemption.

In Provinces and States where such a bonus is legal, we have here a most effective way of introducing the single tax without any change in Provincial or State laws, and we commend it to single taxers generally.

ALAN C. THOMPSON.

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## NEWS NARRATIVE

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To use the reference figures of this Department for obtaining continuous news narratives:

Observe the reference figures in any article; turn back to the page they indicate and find there the next preceding article, on the same subject; observe the reference figures in that article, and turn back as before, continue until you come to the earliest article on the subject; then retrace your course through the indicated pages, reading each article in chronological order, and you will have a continuous news narrative of the subject from its historical beginnings to date.

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Week ending Tuesday, September 27, 1910.

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### The Political "Line-up" in Illinois.

At the Illinois (p. 897) convention of the Democratic party at East St. Louis on the 23rd, Congressman Henry T. Rainey, a progressive Democrat, was chairman; and although the convention is reported to have been dominated by Roger Sullivan, it adopted a platform declaring for "the election of United States Senators by a direct vote of the people;" demanding prosecution of and further legislation against unlawful trusts; deploring the election of Senator Lorimer; favoring a merit system of civil service; opposing "the cumulative system of voting for members of the legislature," because "plumping makes for evil rather than good, for the crooks know their own and they hang together;" favoring "the abolition of the use of money in campaigns except

\*See The Public, vol. x, page 80; vol. xii, page 470.