

CHAPTER V.

THE NATIONAL INCOME OF TO-DAY—WHAT IT IS AND HOW IT IS COLLECTED ; WITH NOTES ON THE REVENUES OF OTHER NATIONS.

THE policy of financiers in England for the last forty years has been in the main to narrow the basis from which the national revenues are drawn. This policy has involved a larger recourse to direct taxation than was customary in the immediately preceding period. As the imposts were one by one removed from articles of consumption or from the raw materials used in manufactures, the revenue had to be maintained and propped by the income and property tax. The spread of the basis of political power outwards in the direction of a complete democracy thus had the effect of reversing in considerable measure what had been the controlling fiscal policy of this country, at least since the date of the Restoration. A free trade policy, in short, meant, and means, a return to taxes upon realised wealth in some shape, and compels statesmen, whether they like it or not, to find ways of increasing the burdens of the rich proportionately as they reduce those of the poor. At the present time, however, the bulk of our revenue is still

drawn from indirect taxes, from customs and excise. These, indeed, as will be seen by the table on page 150, represent about five-sevenths of the entire revenue from taxes.

“Customs” it may, after what has been already said, hardly be necessary to explain are the taxes levied upon the foreign trade of the country—the taxes that have their prototypes in the old “customary” duties of tonnage and poundage, in fact. In their modern guise they are, so far as England is concerned, duties on imports alone, and these duties are confined to articles of luxury or of food. No important article used in our manufactures remains on the tariff, or list of duty-paying articles. So far has this policy of freedom from taxation been carried, that for the past decade or so the revenue from customs has tended downwards, and this tendency would seem to point to the conclusion that the limits of remission, or possibly, as in the case of tobacco, of prolific yield, had been reached. There are now only ten classes of articles upon the tariff, and, including every subdivision, less than fifty separate items. For practical purposes, however, we might say that the number of articles contributing substantially to the revenue by customs duties is only four—spirits of various kinds, tea, tobacco, and wine. In the year ended 31st March 1881 these articles yielded £18,344,000 out of a total customs revenue of £19,211,000. It is obvious, therefore, that most of the other articles can only be kept on the tariff either because of old usage or for the purpose of counteracting some excise duty. They can hardly pay the cost of collection. Chicory yielded only £75,275 in 1880-81; plums and prunes only £15,600 altogether; cocoa only

£31,300 ; coffee but £200,250, and so on. The removal of all these articles from the tariff, as well as of currants, raisins, gold and silver plate, which only gives £6400, and figs, can only be a question of time. Of the other articles the most prolific is tobacco, which now pays a duty of from 3s. 6d. to 3s. 10d. per pound when unmanufactured ; and of from 4s. 1d. to 4s. 10d. on manufactured kinds, exclusive of cigars, which pay 5s. 6d. For the year 1880-81 these taxes yielded £8,659,000. Next come spirits, of which, however, only two kinds, rum and brandy, yield heavy amounts to the revenue. In the year named the one contributed £2,435,000 and the other £1,679,000 ; "Geneva" gives but £110,000. A number of other small items, like this last, are retained on the tariff under this head to countervail or balance excise duties, and contribute altogether only about £220,000 to the revenue. Amongst them are chloroform, collodion, ethyl, purified naphtha, varnish containing alcohol, perfumed spirits, such as eau-de-cologne, etc. Some of these articles yield less than £5 in a year. The basis upon which the customs revenue now rests is therefore very narrow. Every important article is free, except one or two articles of consumption, and I do not think that any return to the old ways is possible.

Excise is the term by which we designate the chief branch of our internal revenue. This branch corresponds in a sense to the old "tenths and fifteenths" "taken out of" the produce of the soil for the good of the Statē ; but in more modern days, since the creation of the liquor duties in the time of Charles II. in fact, the word has been used by the people to specify the

revenue drawn from beer and spirits or malt. Latterly the Excise Department has had a wider prospect than this, and it may be best described as the department which collects the indirect taxes upon home products and wealth. That at least is its main business, and as a department it is now merged in that of the Inland Revenue.

This is the greatest revenue-collecting department in the entire Administration. In fact, the two bodies, the Commissioners of Customs and the Commissioners of Inland Revenue, may be said to manage between them the administration of the entire taxation of the kingdom, and the latter have gradually drawn within their control the distribution of stamps, including the collection, by stamp, of many of the fees at the courts of justice, and the supply of the post-office, as well as the collection of every internal tax levied for imperial purposes. They collect the income and property tax, the house-duty, the tax on railway earnings, the probate, legacy, and succession duties, and the land-tax, as well as the duties of the old excise proper. This concentration has promoted greater economy in the administration of the revenue, and is thus conducive to the public good, a multiplication of departments and offices being always provocative of waste. In the year ended 31st March 1881 our customs service cost £992,473, and the Inland Revenue Department £1,858,000, the one showing a considerable decrease, and the other an increase, on the figures of ten years before. The increase of inland revenue charges is caused by the transfer of minor sources of income, such as various descriptions of licences, and money fees, to the management of the Inland Revenue Department

or the Excise branch thereof. Compared with the amount of revenue handled, the customs charges amount to rather more than 5 per cent, and the inland revenue to about $3\frac{2}{3}$ per cent, on the sums paid into the Exchequer. The cost of the Customs Department, however, must tend to appear larger, measured by the income it collects, so long as that income diminishes. It takes the same army of watchers, collectors, and superintendents, to prevent the revenue from being defrauded, when the taxes are small as when they are large. No port can be left unwatched, and the fact that so many ports do not yield enough in duties to pay the costs of the staff in charge, is an argument used by many for the total abolition of import duties. But it is difficult to subscribe to that doctrine.

Inland revenue, as will now be understood, comprises both direct and indirect taxes—the latter being the more prolific of the two, and forming in great part the ancient duties of excise. The greatest source of internal revenue the country has is drink. Spirits alone yielded £14,394,000 in the year ended 1st March 1881, and in the preceding year £6,732,000 was drawn from malt, besides £628,000 from sugar used in brewing. It is estimated that the beer-duty, substituted on 1st October 1880 for these two last taxes, will bring in about as much as they did, and about £2,000,000 more is drawn from various descriptions of licences paid for by people dealing in liquors. In all, therefore, we may calculate that the single item drink contributes to the inland revenue from £23,000,000 to £24,000,000 a year—say, at a moderate estimate, £23,500,000. Add to this the £6,800,000 or so contributed by the customs duties on

spirits, wines, etc., imported, and we get altogether upwards of £30,000,000 as the sum contributed to the public revenue by drink. As the total revenue from taxes is only £70,000,000 in round figures, it may be said that fully three-sevenths of our whole revenue comes from this source. Under excise we now also find many of the old assessed taxes, for which excise licences have been substituted, such as the dog-tax, the taxes on armorial bearings, carriages, and servants, the game licences, all the liquor and eating-house licences, and so forth, whose aggregate yield is now nearly £4,000,000. Part has been, as explained above, only lately put under the control of the excise. This is a measure of administrative economy. "Assessed taxes" mean taxes which are levied by a system of what may be called requisition. The most striking examples of them are the income-tax and local rates, and this mode of collecting the revenues implies the employment of an army of assessors and collectors,—the one for regulating and determining the amount of the impost, and the other for gathering it up. Papers are distributed either to be filled up, or, where the tax is a specific amount, advertising the taxpayer of the sum he is to be asked to pay, and altogether the system is cumbersome and costly. Licences, on the other hand, may be said to be a means of making taxes collect themselves. Take the dog-tax for example. Formerly people were "assessed" for the dog or dogs they kept, and had to make returns, and so on. Now they simply go to the nearest post-office and pay for a licence or licences to keep a dog or number of dogs—the licence lasting for one year from January till December. Failure to take out

this licence involves a fine not exceeding £5. Many evasions are doubtless practised, but they probably decrease in number, and, on the whole, the net yield to the revenue by this plan is certainly greater than by the old.

Next to alcoholic liquors, as a source of revenue, stands the income-tax, which in the year ended 31st March 1881 yielded £10,776,000. This is the principal direct tax we now endure, or rather under that generic name lies a whole system of direct taxation capable of great expansion, and in some directions but imperfectly developed. As Mr. Gladstone said in his budget speech of 1853, this impost is rather a code or system of taxation than a simple tax. To the bulk of the people, however, it is known in its most obnoxious form as a tax upon ordinary incomes,—salaries, professional earnings, profits of trading, and so forth. Assessments on these are now made under schedule "D," which is the most important of all the five schedules into which this system of taxation is subdivided; for it comprises, in addition to incomes of this private character, the profits of public companies, such as gas and water works, or railways, dividends on foreign and colonial investments, as well as the profits on working mines and quarries, the rents of fishings and shootings, etc. The next in importance is schedule "A," which comprises incomes from the rent of land and houses, proceeds of tithes, royalties, etc. With this may be classed schedule "B," which embraces the tax payable by occupiers of land, except nursery-gardens, the profits on which are assessed, like those of trades and professions, under schedule "D." Schedule "C" regulates the

assessment on incomes from the public funds, and schedule "E" that on incomes derived from official appointments, whether in the public service or in the service of corporate bodies.

From this brief summary some idea will be gathered of the wide ramifications of this impost. It touches every source of wealth, all the varied means of subsistence, from those of the humble clerk with an income of £150 upwards; and the annual or triennial assessments on which it is levied form an inventory of the national wealth of the utmost value. One of the principal objections to the tax has relation to its incidence on private incomes from profits, etc., which cannot be ascertained by the assessors except by an inquisition revolting to the sense of independence supposed to be inherent in the breast of an Englishman, and no doubt frauds and concealments in this sense are systematically perpetrated by numbers of people, particularly when the tax is high. Considerable tenderness, however, has been shown of late years to the man of small income, and by the allowances and deductions he enjoys he may be said to have been placed in a position where the tax cannot, except in time of war, be a real hardship. At the present scale of duty, 5d. in the £, a man whose income is just £150 pays 14s. 6d. per annum, and a man with an income of £400 only £5:16:10. If he has insured his life, it will, by the amount of the annual premium, be less than that. The hardships cannot therefore be great; and if it be considered what a mighty engine this complex tax has been in the past, whether as a means of paying war bills, or of enabling the Government to unfetter the commerce

by which we live, the good it has done, and may still do, must be admitted to have far outweighed the evil.

Our next great source of internal revenue is that group of direct taxes which ranks first under the head of "Stamps," called by Mr. Gladstone the "death-duties," and known in official documents as the probate, legacy, and succession duties. Together they yielded net in 1880-81 £6,657,393, made up as follows:—Probate and letters of administration, £3,064,616; legacy-duty, £2,817,655; and succession-duty, £775,122. From these figures it will be seen that Mr. Gladstone's anticipations of the yield of the duty on successions to real estates imposed by him in 1853 are as far from being fulfilled as ever. They never can be fulfilled while the present anomalies in the tax continue, while corporations who are owners of real estates escape all duty, and while the tax is levied on the estimated capital value of a life interest, instead of on the full value of the freehold. But, in point of fact, the whole of this group of taxes is in urgent need of revision, as Mr. Gladstone so lucidly explained in one of his Scotch election speeches. The little done by him in his last budget, whereby the collection of the tax on small estates was cheapened, simplified, and made more just and rapid, is as nothing to what is required. Not only do the whole series of duties press unequally on small estates as compared with large, or favour and exempt real estate to the detriment of personal, but the variations in probate and legacy duties, and the distinctions between estates left by will and intestate estates, are themselves most vexatious and unfair. It is therefore to be hoped

that the small instalment of reform obtained in 1881 is but the beginning of great reforms.

It is scarcely necessary to burden the reader with details of the other items of income grouped under the head of "Stamps." The largest item is "stamps on deeds, etc.," *i.e.* on leases, mortgages, conveyances of real property, settlements, and the like, which yielded £2,175,475 in 1880-81, and the total of £4,620,000, received from all the minor sources was made up as follows:—Bills of exchange, £740,000; compositions for the duties on the bills and notes of the Banks of England and Ireland and of county bankers, £127,530; cards, £14,653; gold and silver plate, £64,414; licences and certificates, £145,444; marine insurance, £130,383; patent medicines, £139,000; patents for inventions, £179,000; receipt, draft, and other *ld.* stamps, £887,300; and district audit, £26,374. It will be at once seen that several of these imposts are of an objectionable kind. Some are so because the yield is so minute as not to be worth the cost of collection. Of these are bankers' notes, a small item of £322 omitted from the above list, and playing cards, the duty on which ought either to be higher than it is or abolished. The gold and silver plate duty is another tax which Mr. Gladstone wished to abolish on account of its smallness, although in principle it is a perfectly justifiable impost. Marine insurances ought, I think, to be relieved from special taxation, and there is a deal of wrong to the inventive genius of the country involved in the £179,000 received from patents. Amongst the other duties not specified above, although included under one or other of the heads enumerated, are the stamps payable on the transfer of stocks and shares, and

other kinds of property, some of which need reforming, only that the yield may be increased, and the licences of bankers, certificates of solicitors, etc., and marriage licences, all perhaps fair enough sources of income, but at the same time for the most part petty enough. In 1880-81, for example, marriage licences produced only £4593, conveyancers' certificates only £233, and even bankers' licences gave but £34,470. After 1880 it will be impossible to say what the yield of receipt stamps is, for these stamps are now indistinguishable from the penny stamp of the post-office, but the day may not be far distant when the post-office itself, with all its multifarious duties, will become a branch of the Inland Revenue Department.

The fees of all the courts of justice in the kingdom are now mostly collected in stamps, and yielded £656,000 in 1880-81. Some of these are very minute, and the revenue from these sources might perhaps be increased without hardship to litigants were their other expenses rendered less burdensome through a simplification of our legal system, modes of procedure, and laws. That, however, is not a subject for discussion here.

There are but two other sources of income from taxation that call for notice. One is the land-tax, and the other the inhabited house-duty. The first of these has been dwelt upon in previous chapters to an extent that precludes the necessity of saying much now. It yielded only £1,050,467 in the year under review, and is, in point of fact, rather an interesting relic of bygone times than a source of revenue in the modern sense of the term. As a relic of antiquity, also, it is slowly but surely disappearing. Up to the end of the

financial year 1879-80 £840,794 of the tax had been redeemed and totally extinguished, and I am afraid that this, the least burdensome and fairest of all sources of national revenue, will in time disappear altogether. No fact in all our fiscal history is so significant of the dominance of a small knot of privileged persons as the fact that this tax should be not merely redeemable, but that where it still exists it should be payable on a valuation of property made so long ago as 1692, nearly two hundred years since. Whether, in the coming rearrangements of our system of land tenure, this remarkable anomaly may be abolished or not is more than one dare venture to predict, but it unquestionably ought to be. The rent of the soil, or at least that portion of it which is in no sense due to the amount of capital sunk therein, ought to belong to the State, not to private individuals. We recognise the truth of this to the utmost extent in India, but deny it at home. The tax has never been applied to Ireland. Owing to its subdivision amongst the various counties in England in fixed quotas, this tax falls somewhat unequally on various parts of the country; but it is nowhere equal to 6d. in the pound on the present assessment, and in some counties where, through density of population and increase of manufacturing or mining industries, the value of property has much increased, it varies from about $\frac{1}{2}$ d. to $1\frac{1}{2}$ d. in the pound. And yet the landowners complain without ceasing of the intolerable burdens upon "property"—meaning "land." This may be true in a sense because the burdens are not ostensibly laid on "rent;" but the imperial revenue from this source is undeniably smaller than it ought to be, and many

other imposts have to be borne just because it is so.

The other tax we have to notice—the inhabited house-duty—is a tax evaded at both ends of the scale. By the wealthy it is, especially in country districts, evaded through under-assessment—the true value of houses is not stated. Evasions as systematic are common at the other end of the scale, and this tax, which was reimposed in 1851 on all houses of a rental of £20 and upwards, in lieu of the old window-duty, is not nearly so productive as it ought to be. There were only about 1,000,000 houses assessed for it in 1878-79 out of a total of 5,475,564 inhabited houses, beer-houses, shops, and farm-houses in Great Britain at that date, and there is beyond doubt a prodigious number of houses put down at just under the £20 limit that ought to be taxed. How this is to be remedied it would be difficult to say, unless the suggestion by the Liverpool Financial Reform Association be adopted, which is to abolish all limitations as to rent, and charge the duty on the owner instead of the occupier. On an assessment of 6d. in the £ on shops, beer-houses, and farm-houses, and 9d. in the £ on dwelling-houses, it yields at present about £1,600,000 per annum; but were exemptions abolished, and all assessments made on true ratable value, it might without hardship be made to yield about £3,000,000, for the rentals exempted now from the tax, or underestimated are probably almost equal in amount to the rentals charged.

Here, then, we come to the end of the heads of revenue from taxation. Before passing to the other items which go to make up the gross total of

£84,000,000 odd to which the income of the kingdom has now risen, it may be well to insist a little upon the fact that this gross total is no measure of the pressure of public burdens upon the people. There has not, in short, been that gross increase in taxation which the figures of the annual budgets would imply. An increase there has of course been, but the extent of it is comparatively small, only, as the table given at the end of Chapter VI. will show, some £6,000,000 since 1858. It need not have been that, perhaps, had we been thrifty and prudent; still it is something to know that the load of *national* taxes does not swell apparently faster than the population which bears it increases. Measured indeed by the "per head" standard, imperial taxation is now lighter than it was in 1858. Then the burden was about £2 : 4 : 4 per head, now it is barely £2. On the whole, too, the incidence of the taxes now falls less upon the poor than it did then. No articles of general consumption, except tea, tobacco, cocoa, coffee, and wines and alcoholic liquors, now contribute to the revenue, and on all of them, except liquors and tobacco, the amount of the tax has been lightened. Tea, coffee, and cocoa will, in all probability, be made as free as sugar at no distant day, and then little will remain, on the customs tariff at least, to which objection can be taken. The drink tax is no doubt onerous, and the mode in which it is levied on the internal production costly and irksome to a degree, as it involves the supervision throughout of the manufacture of spirits or beer by a staff of revenue officers. Reform may, therefore, be needed in the system by which they are levied, and in the drink-licencing system the necessity for reform seems great. Possibly,

also, the day may yet come when "licences" will here also assume, to some extent, the place of duties, to the relief of the trade and of the taxpayer; but in some form or other the taxation of drink must, I fear, remain one of the chief sources of the national income.

A word or two must now be said about other branches of income which are not taxes. First amongst these in antiquity is the revenue of the Crown lands, woods, and forests. The gross revenue from these sources in 1880-81 was £463,437, and the net amount paid into the Exchequer £390,000. This last sum is about 56 per cent of the total income from taxation, and represents a mere shred of what the Crown revenues ought to have been had the national lands not been so recklessly alienated.

Very different is the condition of the post-office, which, from the small and feeble beginnings of the later Stuart days, and for long by very slow steps, has in these times developed into one of the finest business organisations in the world. Our post-office is the model on which all the postal systems in the world have been framed, and the scope of its business is year by year extending. The annual reports of the Postmaster-General make everybody familiar with the details of its business, so that it is unnecessary here to give many particulars; but I must, for the sake of the moral, enumerate the different things it does besides carrying the letters and newspapers of the country. It is a great transmitter of money by means of its post-office orders and postal cheques; it is a great bank of deposit and investment agency for the masses of the people, whose money it holds at interest to the amount of almost

£33,000,000, an amount which will in all probability be much increased as time goes on; it, as we have seen, assists in the collection of the inland revenue by selling licences and stamps; and it manages the entire telegraph system of the kingdom, which has cost the country altogether £10,634,000, in part because the price paid to the old companies for their lines and privileges was extravagant. I wish one could add that it also fulfilled the functions of a great life insurance office for the masses, but this part of its business has hitherto been a failure.

As a revenue-gatherer the post-office now brings nearly £7,000,000 gross, and nearly £3,000,000 net, into the Treasury every year. But for the excessive cost of the mail-packet charges, chiefly on the Indian, Chinese, and Australian mail services, it might yield quite £3,000,000 net, exclusive of the telegraph receipts, which, as the telegraph has a capital account to wipe off or pay interest upon, cannot well be taken as free net revenue at all, or not as yet to any extent. But they figure in the national accounts, and therefore swell the totals. In 1870 the gross revenue of the post office was only £4,670,000, and that from telegraphs had only just begun to accrue. It may therefore be reckoned that fully £2,000,000 gain from the post-office, and £1,500,000 from the telegraph have, since that date, come in to swell the total on the income side of the national budget, not as taxes, but as payment for excellent service rendered.

The last great item on the income side remaining to be noticed is the "miscellaneous," and a very curious agglomerate it is. It figured for £4,318,000 in the accounts for the year 1880-81, and has risen almost

steadily to that point from £3,200,000 in 1870. To some extent it represents English taxation, but it is chiefly of interest for other reasons. It includes such items as "conscience-money," the nation's share in the profits of the Bank of England note issue, contributions by Colonial Governments, and by India, which may be also considered the proceeds of taxation, although not drawn from Home sources. Perhaps the best way to show at a glance what "miscellaneous" actually is, will be to print the following table, taken from the finance and revenue accounts of 1880-81:—

Small branches of the hereditary revenue	£69,268	2	10
Bank of England (profits of issue)	138,578	0	0
Receipts by Naval and Military Departments	833,223	5	7
Contributions from Colonial revenues in aid of military expenditure	143,781	0	9
Army Purchase Commission	1,578	8	3
Contributions from Indian revenues	1,219,162	5	1
Imperial Ottoman Loan of 1855	70,804	18	9
Receipts by Civil Departments	1,252,919	7	3
Receipts by Revenue Departments (including packet service)	392,443	9	0
Net profit on Post-Office Savings Banks	125,345	4	11
Income of Gazettes	10,260	8	0
Savings on grants of Parliament, etc., and over-issues repaid	1,414	13	0
Treasury chest	4,611	13	4
Isle of Man	10,346	9	1
Greek loan	7,891	4	2
Conscience-money	6,202	7	3
Casual receipts	1,745	11	4
 Total miscellaneous revenue	<u>£4,289,576</u>	<u>8</u>	<u>7</u>

Some of these items are, it will be seen, cross entries, and others are payments from foreign Governments on

account of debts we have guaranteed for them. The third item in the list, "Receipts by Naval and Military Departments," includes sales of old stores, an inevitable but very losing business for the country; and the eighth, "Receipts by Civil Departments," embraces income from convict establishments and prisons, county court fees, police court fines, fees of foreign consulates, income from sale of Government publications, courts of justice minor receipts, etc. etc., but few or none of these can be considered in any shape taxation. Besides the "miscellaneous" income, there is an item of increasing importance, called "interest on advances for local works, etc.," and on purchase-money of "Suez Canal shares," which amounted last year to £1,248,000. This total must steadily increase, so long as the present system of lending to local bodies continues, but where drawn from taxes, the taxation that bears it is local, and local taxation must be left for discussion to another chapter.

These, then, are the component parts of the gross income, which reached last financial year the total of £84,329,000. Of this, in round figures, £70,000,000 came from taxes, leaving over £14,000,000 as the gross income from other sources. To the revenue from taxation I estimate that indirect taxes of all kinds contribute about £45,500,000. It is, however, not possible always to say what is a direct and what an indirect tax. Railways, for example, pay a tax on their passenger traffic, which the Excise Department collects, and which came to more than £748,000 last year. In turn the Companies put it, where possible, on the price of their tickets; but whether they did so or not, I am doubtful if the tax could be called in a strict sense

direct. So, too, with many descriptions of licences to auctioneers, publicans, brewers, distillers, bankers, compositions for duties payable on the bills and notes of the Banks of England and Ireland, bills of exchange stamps, receipt stamps, and so on. These are not direct taxes in the sense of the income-tax or the house-duty, but neither are they indirect in the sense of the Customs duties and the Excise duties on spirits and beer. It is therefore difficult exactly to apportion our taxation between the two categories. There is a class of taxes, for example, which fall on commerce. It comprises patents for inventions, bills of exchange stamps, patent medicine stamps, marine insurance duty, and receipt stamps. Another falls on certain traders, such as some of those above enumerated. They are minute and of little moment to the revenue in most cases, but they present difficulties in assigning them their proper category. On the whole, I incline to class them as indirect taxes, because they are ultimately levied on the consumer or customers of the people paying them. Other taxes again—such as the dog-tax, the taxes on armorial bearings, carriages and servants, gun and game licences, and most kinds of deed stamps, and the “death-duties,”—must be classed as direct taxes. Separating the items in this way, we get in round figures about £24,500,000 as the amount of the direct taxes. Taking the varied circumstances of our population into account, this is not perhaps an unfair proportion, and leads rather to the inference that it is the modes and means of raising the taxes, rather than their incidence, which needs reformation. Still something remains to be done in both respects. The anomalies of

Customs and Excise, for instance, are far greater than those of the income-tax. The poor man's ounce of tobacco, for which he pays 3d., would cost less than a penny were there no duty upon it. He therefore pays a tax of say 400 per cent on the amount he consumes, while the rich man who buys cigars pays a tax of but from 15 to 50 per cent. So, too, with beer and spirits, in a sense the poor man's drinks,—they pay far more than the rich man's wine. On the light wines of France the duty ranges from an infinitesimal amount to at most about 25 per cent, whereas on spirits the duty is, I should say, quite 200 per cent on the manufacturer's price, and if publicans' charges be added probably 300 per cent. Ordinary beer is likewise taxed to the extent of 100 per cent at least, and that is about the weight of the duty on common teas such as the poor consume. These are anomalies that seem to call for reform, and yet it is most difficult to say how such taxes could be made more equal and just in incidence. We cannot return to *ad valorem* customs duties or to taxation by a percentage on the worth of the article. We should lose more than could be gained by so cumbrous a system, and specific duties—duties, that is, of fixed amount irrespective of the value of the article taxed—must always press more heavily upon cheap articles than on dear.

A comparison of our position as taxpayers with that of other nations would be highly interesting, but is at best very difficult, and in the limits of such a work as this nearly impossible. National conditions and systems of taxation vary so much. For example, the taxation of the United States has been thrown almost

entirely on indirect sources, because the Federal Government has extremely little power over the internal government of the country. That belongs to the several States composing the Union. For similar reasons Germany is in the same position, and before one could estimate the character or incidence of its taxation, an analysis of the revenues of the contributory states would be necessary. So also with a country like Austria, split into two halves, the one almost entirely agrarian, the other peopled by various races, some with industrial capacities, some pastoral, and so on. Only in the case of homogeneous countries like France, Spain, Belgium, and Holland, could a definite basis for comparison be reached, and even in most of these the circumstances of the people must be taken into account.

In the concluding chapter of this book will be found a table relating to the imperial and local taxation of other countries and our own, to which little can be added. It may, however, be stated that, leaving taxation on land apart, no country tolerates at the present day so much direct taxation as our own. In France, for instance, Customs and Excise together represent about 45 per cent of the entire imperial revenue, and a minute system of indirect taxes has prevailed, especially since the war of 1870-71. The people have to pay taxes at every turn: sugar, salt, paper, mineral and other oils, candles, doors and windows, carriages, horses, wines, advertisements, and many trades and professions, are all subject to imposts. Tobacco is a strict government monopoly administered for the profit of the State; the earnings of the railways are levied upon to the

extent of more than £3,000,000 per annum ; and so forth. These taxes, of a more or less indirect character, are all borne by the people rather than an income-tax, or any heavy direct impost other than the land-tax and registration duties, which together yield in France about £26,000,000, or some 25 per cent of the whole ordinary income of the State. Customs duties yield from twelve to thirteen millions sterling, but neither in France nor in any other great country can we measure the weight of these duties by their amount. No nation except England has adopted cordially and fully the principle of imposing taxes for revenue purposes alone. Some "interests" are always considered and to be protected, and accordingly many Customs duties in nearly every country are deterrents of imports, not providers of revenue. Thus, if by reason of prohibitory import duties a man pays £10 for a suit of clothes instead of £5, he is taxed for the benefit of the home producer to that extent, but the revenue shows no sign of it. In this remark is found another of the many reasons against making too superficial or hasty comparisons between the taxation of England and that of foreign countries. We can tell broadly that no great nation is so lightly taxed as we are, but that is nearly all.

On another point we may go farther and say that, in no country in the world, except perhaps Russia, is so much of the income of the state drawn from alcoholic liquors as in England. Here the Excise and Customs revenue from drink, exclusive of licences, but including the wine-duties, amounts to about 38 per cent of the whole income from taxation ; in France it is not more than 20 per cent, if so much ; in Italy this kind of

taxation can hardly be said to exist, unless wrapped up in the *octrois*, or municipal duties, which the State collects. The manufacturers of drinks of all kinds pay licences in Italy, in common with the sugar boilers and gunpowder manufacturers, but the total receipt from this source did not amount in 1879 to £350,000. In Germany the malt and spirit taxes appear to amount to between 10 and 12 per cent of the whole, but here comparison is vitiated for the reason above given. The drink revenue of Russia, however, is the greatest the empire has, and amounts to nearly 45 per cent of the whole income from taxation.

Most Continental states, it may also be worth mentioning, receive larger amounts from state property and industries conducted by the state than we do. No post-office in existence yields such an income as ours; but the Governments of Germany, Russia, Austria, France, Holland, Belgium, and Italy, are all, to a greater or less extent, the owners of the railways within their territories, and from these they all draw more or less revenue, although, as they have also contracted debt in building and buying them, it does not follow that much or any of this revenue is net gain. These properties, in short, are in the position of our telegraph system—they have a capital account to reckon with, and may, till that is reduced, or the countries more developed, involve an increase of taxation while seemingly producing a satisfactory increase in the gross revenue. What the ultimate consequences of great possessions of this kind may be upon civil freedom and industrial progress is a question well worth the attention of political students.