

CHAPTER VI.

HOW THE NATIONAL INCOME IS SPENT—CONTRASTS AND COMPARISONS WITH OTHER COUNTRIES — THE METHOD OF THE BUDGET OR ANNUAL NATIONAL BALANCE-SHEET, AND PARLIAMENTARY CONTROL.

ON the expenditure side of the national accounts the first great item is interest and other charges on the national debt. Sir Stafford Northcote fixed the permanent charge, as he called it, of this debt at £28,000,000, and the effect of this plan was, when deficits accrued, to swell the floating obligations, which were treated as something distinct from the permanent debt. Accordingly the actual total charges of the debt have exceeded the amount set aside every year since this plan was inaugurated. While a few hundred thousands were yearly paid off by the new sinking fund, millions were, on one score or other, added to the capital of the debt, until last year the total interest, annuity, and sinking fund charges upon it amounted to £29,575,264. Deducting the sinking fund for that year, £351,402; the charges on the money raised to pay for the Suez Canal shares, £199,854; and the interest on loans raised for local purposes, and paid for out of local rates, £455,182,

in all £1,006,438, the sum paid for interest, etc., on the debt out of the national income was £28,468,826. This proves how impossible it is to reduce debt without surplus revenue to do it by, and, in fact, the "permanent charge" of the debt is now fixed at £28,800,000. Of this sum £21,494,578 is absorbed by the interest of the various descriptions of funded debt, £208,762 going to the Banks of England and Ireland for "management," and the rest for interest. This, however, does not include £61,478 paid as interest on the £2,000,000 raised by consols as a "temporary loan" to India. That loan has since been included in a free grant of £5,000,000 to India on account of the expenses of the late Afghan War, but it still stands outside the permanent debt. Annuities absorb £6,852,636 of the balance. These are of several descriptions. First we have life annuities amounting to £941,461, and then come a series of annuities created either for public works, or, as already mentioned, for the purpose of paying off debt in the manner proposed by Mr. Gladstone in his budget for 1881-82, but not carried out. Included in these, also, is the heavy short annuity of £1,350,583 created by Sir Stafford Northcote in 1880, to pay off £6,000,000 of the floating debt. In all, these various terminable annuities absorb £5,841,813, and they all expire some time in 1885. Sundry other annuities of a minute character make up the total given above. The largest is the Red Sea and India Telegraph Annuity of £36,000, which does not cease till 1908. Unless changes are in the meantime introduced, involving an extension of Sir Stafford Northcote's five years' annuities, nearly £6,000,000 will, in 1885, cease to be a charge upon the

revenue of the Crown, and the debt of the nation will be reduced to a capital sum of less than £720,000,000 all told. So long as the nation is willing to bear the burden, it may be presumed, however, that the bulk of this sum will be made available for the creation of further large amounts of terminable annuities, having for object another great reduction in the amount of the debt. The whole position of the floating debt requires overhauling and readjusting, and this will doubtless be done at no distant day if Parliament can be got to work. In that overhaul the terminable annuities may play an important part. That being the case, their operation as now organised is worth a word of explanation. It might be possible, through the insurance companies, who possess more than £120,000,000 of invested funds, to pay off large amounts of consols by means of money raised on these annuities, but the Government follows a safer and simpler plan. The National Debt Commissioners, as holders of the savings bank funds and the funds of estates in Chancery, are obliged to possess consols to the amount of more than £100,000,000, and every now and then, when the Government has the means, it says to these Commissioners—"Sell to us ten, twenty, forty millions of your consols, in exchange for an annuity terminable in so many years." This is done, stock to the amount fixed on is cancelled, and, in lieu of it, the Commissioners get an annuity calculated to recoup to them their capital and the interest at the rate of 3 per cent for the whole period of its currency. It will be seen, therefore, that, by virtue of the various annuities they hold, they must always be large buyers of Government stock, as they are bound to replace their

capital and hold it at the disposal of the true owners. Moreover, as an annuity draws near its term their purchases become heavier and heavier, because a larger and larger part of the annuity represents capital and a smaller part interest with each year of its currency. Hence the powerful influence which the current annuities have upon the price of consols. They have been in existence for so long that the bulk of each annuity is applicable to the purchase of stock, and the Commissioners are accordingly buyers to the extent of probably quite £5,000,000 a year at the present time, irrespective of the amount bought with new funds placed in their hands, by the thrift of the community, through the savings banks.

Besides the debt of all kinds, the following charges are laid upon what is called the Consolidated Fund, and form in other words what might be called a first charge upon the revenue—civil list, £407,629; annuities and pensions, £310,706; salaries and allowances, £93,650; courts of justice, £595,273; and miscellaneous services, including the cost of localising the military forces, £262,510. The first of these items includes £60,000 paid to Her Majesty's privy purse, £131,260 for salaries and allowances to her household, and £172,500 for the expenses of that household. Then Her Majesty also gets £13,200 for royal alms and special services, and £22,629 is paid away in small pensions, some of which fall to poor or aged authors. Besides these charges the various members of the royal family have annuities to the amount of £161,000, exclusive of the pay drawn by some of them out of the amount voted for the forces. This sum forms part of the second item, which also

includes £39,000 per annum paid to certain families for naval and military services rendered to the Crown. Amongst these pensioners are the Duke of Marlborough, whose family has enjoyed £4000 per annum since Queen Anne's day, and Earl Nelson, whose family has a perpetual pension of £5000 per annum. These are the two largest perpetual pensions of this class. The rest of the pensions making up the £310,706 are of a miscellaneous character, and in the main represent, possibly, not unfair equivalents for services rendered or vested interests abandoned; but they include £4000 a year paid in perpetuity to the heirs of William Penn, and one or two smaller sums of the same character. The third item, "salaries and allowances," embraces the salary of the Speaker of the House of Commons; subsidies of £21,040 to the Scotch Church, including £2000 per annum to the High Commissioner to the General Assembly, and £8364 to the ecclesiastical establishment of the West Indies, annuities to the Scotch Universities and the Queen's Colleges in Ireland, emoluments of the Lord Lieutenant of Ireland, and other small items. No explanation is required of the fourth item, which includes most of the salaries of the Judges of the United Kingdom, the Scotch Sheriffs, and a number of minor officials, as well as considerable but diminishing sums as compensations for abolished offices. Some of these last, however, are in perpetuity.

Next to the debt, the two greatest charges upon the national exchequer are the naval and military forces and the civil services. In last year's accounts the first amounted to £27,861,536, and the second to £15,778,730, exclusive of the cost of collecting the

revenue, and the post-office, telegraphs, and packet service charges. The army alone cost the English exchequer £15,558,601, including the cost of the Army Purchase Commission, now a small item. In addition to the above total, India added to the military charges last year £1,600,000, of which £500,000 represented the first portion of the £3,000,000 to be paid to her still on account of the grant in aid of the cost of the Afghan War. The balance was charged against the Indian revenue, and figures as a receipt amongst the "miscellaneous" sources of income. Compared with ten years ago, the normal charges of the army are not materially greater, but still they have increased. Including the cost of army purchase the amount charged is about £2,000,000 more than the average for 1870 and 1871, about half a million larger than in the years 1873 to 1876, since which latter date wars and rumours of wars obscure comparisons. The cost of the navy last year was fully £900,000 more than the average cost during the five years of the Liberal Administration ending with 1873-74. So far as the army is concerned the increased cost may fairly be ascribed to the changes that have been going on in its organisation, and that of the navy may be due to the descriptions of vessels that have been of late years in vogue.

It is, however, impossible to account exactly for these increases on grounds like this, and we find they may to some extent, in the case of the army, be due to the imperfect control which Parliament exercises over its administration. The "War Office" and the "Horse Guards" represent to a considerable extent a divided empire. In a sense, however, it may be said that the

permanent heads of all the Departments of State are the true governors of the country, and the ultimate regulators of its expenditure. There is a point below which no economising Parliamentary chief can go.

As regards the navy, it may be said that the dominating maritime position of England compels its administrators to seem, if not to be, wasteful. That is to say, there is no improvement in construction, no change in gunnery, no new invention in the art of destruction, which the Lords of the Admiralty can afford to neglect. Our navy must be the largest and strongest of any in the world, both because of the extent of its duties and the greatness of the risks it has to insure. It is a necessity of our position that our navy should be more costly than that of any other nation. We spent upon it last year £10,703,000, which is about two millions more than the cost of the French navy, the only one with which ours can fairly be compared. Both Italy and Germany have been making great efforts to improve their fighting navies, and spending heavy amounts thereon; but neither these countries nor Russia appear to devote more than between two and three millions a year to this object. The outlay of the German empire in 1877-78 was £2,500,000, that of Italy in 1878 about £1,800,000, and that of Russia in the same year about £2,600,000, taking the rouble at 2s. The United States of North America, which have no foreign possessions to look after, no neighbours to emulate, and little merchant shipping to protect, appear to spend more on their navy than these European Powers. Formerly their navy cost from five to six millions sterling, but latterly the cost has been reduced to about £3,000,000.

What European countries lack in this respect they more than make good in the cost of their armies. Here, however, comparisons between them and ourselves are as difficult and as apt to mislead as comparisons of revenue. Our army is organised on the voluntary enlistment system, whereas every great European state raises its forces on some system of compulsory service. In our case, therefore, the cost of the army is great compared with its numbers, and it would probably be greater still but for the extent to which our military charges are thrown upon India. I do not in making this remark allude to the fact that India pays over a million sterling per annum directly to the English Exchequer towards army recruitment and other charges, but to the fact that some sixty thousand British troops are constantly maintained in India at the expense of the Indian Exchequer. Had we to pay for these troops, as we formerly had to pay in great part for the troops supplied to our English-speaking colonies, we should find out what an enormously expensive machine our numerically small army is. The men composing it have to be better fed, better paid, and better clad, than the men of armies raised on the Continental systems. Moreover, our army still suffers from the effects of the "purchase system," by which it became, and was in a manner maintained rather as, a private property of the aristocratic and wealthy classes than as an institution of police and defence controlled by the nation. It is for this reason still over-officered, and therefore overloaded with the higher classes of pensionaries — of men who have in former days bought as commissioned officers the right to an annuity for life,

or its equivalent from the public funds. As reforms are gradually worked out, a defect of this kind may tend to be minimised, but in the meantime these and other peculiarities in our military system vitiate hard-and-fast comparisons with the cost of the forces of other nations. Subject, however, to qualifications of this kind, it may be interesting to enumerate the army charges of the principal nations already mentioned. In 1877-78 the German army cost in round figures £18,800,000, the French army about £22,800,000, the Italian army (in 1879) about £7,300,000, the Austro-Hungarian about £14,000,000, including the cost of the local militia, and the Russian about £19,000,000. Here again the United States is conspicuous by the smallness of its army charges, which amount only to about £8,000,000, but then its army is merely a form of internal armed police, whereas those of the Continent and our own are instruments of offensive warfare.

No army of a great European state is so small as ours, but the basis of an intelligible comparison cannot be found unless we include India. If this be done, and the numbers and cost of the military forces of the British Empire be thus added together, we find that our regular or standing army of about 300,000 officers and men costs upwards of £30,000,000 a year. Were the reserve and volunteer forces added, the total cost would be nearly three millions more than that. For the sums above mentioned Austria-Hungary maintains on the peace footing an army of about 270,000, and upholds an organisation capable of raising the number in time of war to nearly 800,000; Germany an army of 420,000 men, with an organisation capable of raising

it to 1,300,000 in time of war; France an army of 500,000 men, expandible in war to a total of nearly two millions; Italy an army of about 200,000 men, with reserves capable of raising it to about 450,000; and Russia an army of nearly 800,000 in peace and 1,200,000 in war. The United States army is limited to 25,000 men, and is therefore the costliest for its size of all. But taken altogether this is a very remarkable catalogue, with a moral obvious enough.

It is difficult to give an intelligible description of the great variety of heads of expenditure included in the civil service estimates proper, and at first sight they suggest an urgent necessity for a new classification. In a country like ours, however, where the centralisation of public business has, perhaps, too great a tendency to increase in any case, and where public interests steadily multiply, anything like scientific classification must be very difficult. Still it is not easy to see why the salaries of Scotch sheriffs should be included in the Consolidated Fund charges, while those of the English county and police courts are for the most part included under civil service; or why the cost of the Scotch criminal business, the salary of the Lord Advocate, and the law court charges in Ireland, should not be all under the one head of judicial expenditure in these countries. As matters of account it would be better to systematise these items, and one suspects also as a matter of public economy, for the multiplication of heads of account nearly always means increased cost of administration. The "Consolidated Fund" system, in short, ought to be abolished, and the whole of the charges of the public service in every department as much as pos-

sible classified and simplified. One may, in short, say that the "Consolidated Fund" charges here mentioned are just those old charges that subsisted before the modern Civil Service estimates and heads of expenditure were elaborated. The Scotch Sheriffs, for example, are a much more older body than the English county court judges, and have therefore in a manner a prescriptive right to be included in the "first charges" upon the revenue. But it is a right, and involves a distinction, of no practical value. No item of expenditure can in reality be a first charge upon national revenue. It has to bear the general administrative charges, of necessity, as an equally pressing burden. At most, therefore, the "Consolidated Fund" ought to be limited to the funded debt charges and the annuities payable to the Crown, since the former represent obligations contracted with the public, and the latter the arrangement entered into with the reigning monarch. This would enable all legal and administrative charges to be classified under their proper heads.

This anomaly apart, the "civil service" expenditure includes every department of the public service, other than the army and navy, and the customs, inland revenue, and post office, with its appendages. In the £15,779,000 appropriated to it are included the charges for maintaining the royal and public buildings and parks, the royal palaces, the salaries of officials connected with the Houses of Parliament, except that of the Speaker and a portion of that of the Lord Chancellor, the expenses of the various minor public departments, local Government Board, Lunacy Commissioners, Record Office, Public Works Loan Office, National Debt Office, Paymaster-

General's Office, etc., as well as those of the great departments of State. Here we find the charges of the Irish Lord Lieutenant's household, and of the foreign diplomatic and consular services, the payments out of the imperial exchequer to county prisons, the outlay on public museums, on the National Gallery, on university education, grants in aid to the colonies and to Cyprus, together with all the expenditure on the education of the people, and a host of minor items, including eleemosynary doles of considerable amounts. To give a detailed account of them within the limits of this work is impossible, nor would it be of much value if given.

One practical point is to show how this expenditure grows, as grow it unquestionably does, at an enormous pace. Fifteen years ago, in 1866, the total charges under this head amounted to but about £9,000,000, including every item, or fully £6,500,000 less than they do now. What is the reason of this great expansion? Speaking broadly, the two main causes are to be found in the lamentable absence of local government in this country, and in the tendency which has arisen, partly from that want, to grant large sums out of imperial revenue in aid of local expenditure. In calling the absence of local government lamentable, I by no means wish to imply that local government would be inexpensive. It might be, and where it does exist often is, extravagant. What I think, however, is that the imperial tax-payer ought to be, as little as possible, responsible for expenditure over which he can have no control. Neither the imperial credit nor the imperial budget ought to be charged with the consequences of expenditure purely local in origin and object. Even

where imperial aid may be legitimately given to local objects, it ought, I think, to be given through responsible local bodies. But be this as it may, of the facts there can be no doubt. Since 1870, for example, a heavy and increasing charge has been imposed on the public exchequer for education alone. Exclusive of the Science and Art Department, the grants in aid of local education for the people have risen from £2,000,000 in the year 1873-74 to £3,720,000 odd in 1880-81—an increment of fully £1,700,000; and the probability is that this item must still increase. It is, however, an item against which no valid objection can be raised, except, perhaps, on the responsibility side.¹ Of a different complexion are some of the grants which now appear in the civil service estimates, as a result of a policy begun in 1874. We now, for instance, find £571,000 paid for pauper lunatics in relief of local rates, a sum that had no place in the accounts seven years ago. Within the same period £550,000 additional per annum has been added to the imperial contribution towards the maintenance of county and borough police, and £220,000 towards that of the metropolitan force, while about £400,000 has been added to the charge for local prisons. These sums represent together £1,742,000, which must be considered as almost wholly grants in aid of local expenditure, and I fear it must be looked upon as the result of a

¹ Subject always to the limitations set forth in the text, it may be of interest to state that the sum spent out of national revenue for education is, according to recent budgets, about £3,000,000 in France, £1,600,000 in Russia, £1,250,000 in Italy, £1,900,000 in Austria-Hungary, and £2,000,000 in Prussia, including fine arts, science, and medicine.

very unwise policy—a policy sure to lead to waste, nay, as the next chapter will show, actually doing so. Added to the increased charges for education, we can therefore account, within half the period that has elapsed since 1866, for about £3,500,000 of the additional internal imperial expenditure which has come into being since then. But all through the numerous administrative departments we find the same tendency to expansion visible. Hardly an item of any consequence shows a decrease compared with seven years ago. The Board of Trade absorbs £72,000 a year more now than it did then, the Foreign Office £18,000 more, the Charity Commission £12,000 more, the Stationery Department £61,000 more, the Local Government Board £30,000 more, reformatory and industrial schools £45,000 more, the Science and Art Department £73,000 more, superannuations £21,000 more, and £160,000 more is contributed, perhaps fairly, to local rates from imperial taxes in the shape of increased rates on Government property. Minor spending institutions tell the same story, and making every allowance for the expanding necessities of the population, as well as for the tendency of every office to enlarge its requirements, one cannot but think that these figures speak to a tendency towards extravagance.

At all events, increases of this kind teach one lesson—that the Imperial Parliament should exercise a rigorous supervision over all departments of public outgoings. Theoretically this, of course, is done now, but practically the supervision both of Parliament itself and of the Parliamentary heads of departments is rather loose. The conditions of Parliamentary life and govern-

ment inevitably have this effect. It is interesting, however, to see how carefully the rules of Parliament now provide for the thrifty, and above all the honest, management of public moneys. Even were he willing, no first Lord of the Treasury or Chancellor of the Exchequer could now misapply public funds for any purpose whatsoever, and the charges of this kind sometimes heard of in the heat of party strife may be set aside as utterly groundless. That is not where Parliament fails, or where the rules guiding income and expenditure are inefficient. It is in the mastery of details, the grasp of the proportions of things, and the general absence of knowledge of departmental requirements.

The general method of preparing the annual budget is indeed about as thorough as it well could be. Every item of outlay has to be laid before the House of Commons early in the year. Each department prepares a huge volume called the "Estimates" for the coming year, which is laid before the House at a date antecedent to that of the budget statement. These volumes are called the "Army estimates," the "Navy estimates," and the "Civil Service estimates," huge quartos all crammed with figures and minute entries of moneys wanted for the forthcoming year. Upon these estimates the Chancellor of the Exchequer—the Finance Minister as he would be called on the Continent—bases his estimates of what money will be required for the public services in the coming year,—upon these, and upon the actual revenue of the past year. If taxes have to be imposed, the House of Commons alone has the power to decide what these taxes shall be. A power of veto is indeed vested in the Lords, they can reject a money

bill *en bloc*, that is; but once the House of Commons has given its sanction to a particular kind of tax, the Lords cannot alter it. Usually, but by no means always, the proposals of the Chancellor of the Exchequer are accepted by the Commons, and even when they are not in detail it is seldom that the items of expenditure are objected to. The House is supposed to go through the "estimates" in detail; it forms itself into a "Committee of Supply," and sanctions every item in the three bulky volumes, but its members have not as a rule knowledge enough of the details to offer effective criticism, and the utmost the Committee can be said to do on the average is to render flagrant abuses impossible. On the average perhaps that is enough.

One very powerful check upon phenomenal extravagances is the strictness with which the accounts of each financial year are made to end with that year. The moment the 31st of March ends the balance is struck on both sides, and credit is taken only for the actual money received within the twelve months, while all authority to spend money for any purpose, except the Consolidated Fund, immediately lapses. If an extra credit has been given, and, as may often happen, has not been all spent within the financial year, the Government has no power to continue to draw upon it. Parliament must renew it before another penny can be used, and the same is the case with ordinary unexpended balances. By this rigorous proviso all concealment of debt and confusion of amount of income and expenditure are avoided. Each year tells its own tale, and each year the Government in power has anew to submit its estimates *de novo* to Parliament.

A different system prevails on some parts of the Continent, notably in France and Spain. There a tax voted for one year, and whose arrears may not come in for twelve or eighteen months after the year closes, is all credited to the year in which it was imposed, and a credit once opened continues open till it is spent, the expenditure being often in the end debited entire to the year in which it was sanctioned. Under arrangements of this kind the greatest confusion may easily prevail, and it is always three or four years before the nation can know what the definitive expenditure of a given year is. Indeed it is quite possible to hide that important fact from the people altogether, and I believe this is not unfrequently done in Spain. But where nothing of the kind happens it is a system which always keeps the way of concealment open, and even in France with its carefully-chosen Budget Committees the true state of the national balance-sheet is often hard to discover. Arrears of taxes in one year overlap with those of other years, credits old jostle credits new, and amid the confusion the truth is smothered. In this respect the English system is a model upon which it would be very difficult to improve; but the German Government, which has to some extent copied it, is restive under its control, and seeks to approach the French plan by a system of biennial budgets.

In another respect also the control of Parliament is thoroughly provided for. There is a special Audit Department of the Civil Service, whose business it is to examine the accounts and vouchers of the entire expenditure; but, lest this supervision should not be sufficient, there is nominated each year by the House a

special committee of its members, which may be said to in its turn audit the Audit Department. Before this committee all the accounts of the completed financial year are passed in review. Usually some of the most experienced business men in the Commons are upon this committee, and its reports often contain valuable information regarding the spending departments, as well as useful suggestions. A body of this kind sometimes does more good, in short, than the House itself sitting in "Committee of Supply" and hurrying the votes through with express speed in the small hours of the morning. Minute inquiries are occasionally made by it into the reasons why certain items of expenditure have occurred ; it discusses claims for compensation, grants and special disbursements, in addition to the ordinary outgoings of the department, mainly, to be sure, upon the information and advice of the departments themselves, but still with a certain independence of view and judgment which must be valuable. Even this body, however, can hope to master only fragments of the huge volume of business, so to speak, transacted by the departments, and as a judge of the great bulk of the departmental requirements is almost powerless. But that is only another way of stating a defect common to all representative institutions.

The expenditure of the post-office and of the telegraph service comes under a different category from that of the ordinary services, but it is also nominally just as much in the control and under the supervision of Parliament as any of them. It is an expenditure that must grow, of course, with the growth of business ; and, all things considered, it is probably a sign of cheap administration that the expenses of these departments

together should be only 56 per cent of the gross income. The true economy here, perhaps, would be a higher rather than a lower ratio, and recent changes must, at least temporarily, cause it to go up. In the above proportion it should be stated that the cost of the packet service is not included. That is a thing by itself, and partakes, so far as the India, China, and Australian services are concerned, of the bounties-on-shipping system now in full operation in France. The sum paid, that is, bears no adequate proportion to the services rendered, and it ought to be possible for the nation to save two or three hundred thousand per annum at least under this head alone.

This brief review will perhaps enable the reader to understand how the money comes and where it goes; but in order to show exactly how we stand to-day in the matter of imperial taxation as compared with a generation ago, I append here a valuable table extracted from the finance and revenue accounts for 1880-81:—

INCOME.	1880-81.	1857-8. *
Customs	£19,180,000	£23,110,000
Excise	25,300,000	17,830,000
Stamps (less Fee Stamps, etc.)	11,080,000	7,280,000
Land-Tax and House-Duty	2,740,000	3,150,000
Property and Income Tax	10,650,000	11,580,000
	£68,950,000	£62,950,000
Excess of Expenditure over Income in 1857-8 . . . . .	.....	*240,000
	£68,950,000	£63,190,000

EXPENDITURE.	1880-81.	1857-8.
Army and Navy.	£25,280,000	£21,450,000
National Debt	28,170,000	28,560,000
Civil Services, viz.—		
{ Imperial, including Civil Con- solidated Fund Charges	5,900,000	5,920,000
{ Public Education	3,700,000	820,000
{ Grants in aid of Local Taxation	4,940,000	1,430,000
Afghan War (Grant to India)	500,000	.....
Persian Expedition . . . . .	.....	900,000
China War Expenses . . . . .	.....	590,000
Compensation for Abolition of the Sound Dues . . . . .	.....	1,120,000
Revenue Departments, viz.—		
{ Customs and Inland Revenue	2,765,000	2,640,000
{ Post-Office, Telegraph Service, and Packet Service— <i>Excess of Receipts over Expenditure</i>	71,255,000	63,430,000
	3,235,000	240,000
	£68,020,000	£63,190,000
Excess of Income over Ex- penditure in 1880-81	930,000	.....
	£68,950,000	£63,190,000

This account gives, on the income side, the produce of taxes only; excluding all receipts which the Treasury consider not to be in the nature of taxation. On the expenditure side it deducts from the gross cost of each service the receipts which the Treasury consider to belong to that head of service, the net remainder only being paid out of taxes. Thus the account shows the *Cost of Government defrayed out of Taxes.*

The year 1857-8 is taken as the basis of comparison, because it was the first year of peace expenditure after the Crimean War.

A discrepancy will be noticed between the debt charges given in this table and that given on page 132. It probably arises almost wholly from the fact that the interest of the capital expended on the telegraph system is not chargeable on taxation, but on the income of that department.