

equality or inequality of taxation. Every tax, it must be observed once for all, which falls finally upon one only of the three sorts of revenue above mentioned, is necessarily unequal, in so far as it does not affect the other two. In the following examination of different taxes, I shall seldom take much farther notice of this sort of inequality; but shall, in most cases, confine my observations to that inequality which is occasioned by a particular tax falling unequally upon that particular sort of private revenue which is affected by it.

2. The tax which each individual is bound to pay, ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person. Where it is otherwise, every person subject to the tax is put more or less in the power of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such aggravation, some present or perquisite to himself. The uncertainty of taxation encourages the insolence, and favours the corruption, of an order of men who are naturally unpopular, even where they are neither insolent nor corrupt. The certainty of what each individual ought to pay is, in taxation, a matter of so great importance, that a very considerable degree of inequality, it appears, I believe, from the experience of all nations, is not near so great an evil as a very small degree of uncertainty.

3. Every tax ought to be levied at the time, or in the manner in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land or of houses, payable at the same term at which such rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay; or when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury, are all finally paid by the consumer, and generally in a manner that is very convenient for him. He pays them by little and little, as he has occasion to buy the goods. As he is at liberty, too, either to buy or not to buy, as he pleases, it must be his own fault if he ever suffers any considerable inconveniency from such taxes.

4. Every tax ought to be so contrived, as both to take

out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state. A tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury, in the four following ways. First, the levying of it may require a great number of officers, whose salaries may eat up the greater part of the produce of the tax, and whose perquisites may impose another additional tax upon the people. Secondly, it may obstruct the industry of the people, and discourage them from applying to certain branches of business which might give maintenance and employment to great multitudes. While it obliges the people to pay, it may thus diminish, or perhaps destroy, some of the funds which might enable them more easily to do so. Thirdly, by the forfeitures and other penalties which those unfortunate individuals incur, who attempt unsuccessfully to evade the tax, it may frequently ruin them, and thereby put an end to the benefit which the community might have received from the employment of their capitals. An injudicious tax offers a great temptation to smuggling. But the penalties of smuggling must rise in proportion to the temptation. The law, contrary to all the ordinary principles of justice, first creates the temptation, and then punishes those who yield to it; and it commonly enhances the punishment, too, in proportion to the very circumstance which ought certainly to alleviate it, the temptation to commit the crime.* Fourthly, by subjecting the people to the frequent visits and the odious examination of the tax-gatherers, it may expose them to much unnecessary trouble, vexation, and oppression; and though vexation is not, strictly speaking, expense, it is certainly equivalent to the expense at which every man would be willing to redeem himself from it. It is in some one or other of these four different ways, that taxes are frequently so much more burdensome to the people than they are beneficial to the sovereign.

The evident justice and utility of the foregoing maxims have recommended them, more or less, to the attention of all nations. All nations have endeavoured, to the best

* See Sketches of the History of Man, page 474, et seq.

of their judgment, to render their taxes as equal as they could contrive; as certain, as convenient to the contributor, both in the time and in the mode of payment, and in proportion to the revenue which they brought to the prince, as little burdensome to the people. The following short review of some of the principal taxes which have taken place in different ages and countries, will show, that the endeavours of all nations have not in this respect been equally successful.

ARTICLE I.

Taxes upon Rent—Taxes upon the Rent of Land.

A TAX upon the rent of land may either be imposed according to a certain canon, every district being valued at a certain rent, which valuation is not afterwards to be altered; or it may be imposed in such a manner, as to vary with every variation in the real rent of the land, and to rise or fall with the improvement or declension of its cultivation.

A land tax which, like that of Great Britain, is assessed upon each district according to a certain invariable canon, though it should be equal at the time of its first establishment, necessarily becomes unequal in process of time according to the unequal degrees of improvement or neglect in the cultivation of the different parts of the country. In England, the valuation, according to which the different counties and parishes were assessed to the land tax by the 4th of William and Mary, was very unequal even at its first establishment. This tax, therefore, so far offends against the first of the four maxims above mentioned. It is perfectly agreeable to the other three. It is perfectly certain. The time of payment for the tax, being the same as that for the rent, is as convenient as it can be to the contributor. Though the landlord is in all cases the real contributor, the tax is commonly advanced by the tenant, to whom the landlord is obliged to allow it in the payment of the rent. This tax is levied by a much smaller number of officers than any other which affords nearly the same revenue. As the tax upon each district does not rise with the rise of the rent, the sovereign does not share in the profits of

the landlord's improvements. Those improvements sometimes contribute, indeed, to the discharge of the other landlords of the district. But the aggravation of the tax, which this may sometimes occasion upon a particular estate, is always so very small, that it never can discourage those improvements, nor keep down the produce of the land below what it would otherwise rise to. As it has no tendency to diminish the quantity, it can have none to raise the price of that produce. It does not obstruct the industry of the people; it subjects the landlord to no other inconveniency besides the unavoidable one of paying the tax.

The advantage, however, which the landlord has derived from the invariable constancy of the valuation, by which all the lands of Great Britain are rated to the land tax, has been principally owing to some circumstances altogether extraneous to the nature of the tax.

It has been owing in part, to the great prosperity of almost every part of the country, the rents of almost all the estates of Great Britain having, since the time when this valuation was first established, been continually rising, and scarce any of them having fallen. The landlords, therefore, have almost all gained the difference between the tax which they would have paid, according to the present rent of their estates, and that which they actually pay according to the ancient valuation. Had the state of the country been different, had rents been gradually falling in consequence of the declension of cultivation, the landlords would almost all have lost this difference. In the state of things which has happened to take place since the revolution, the constancy of the valuation has been advantageous to the landlord and hurtful to the sovereign. In a different state of things it might have been advantageous to the sovereign and hurtful to the landlord.

As the tax is made payable in money, so the valuation of the land is expressed in money. Since the establishment of this valuation, the value of silver has been pretty uniform, and there has been no alteration in the standard of the coin, either as to weight or fineness. Had silver risen considerably in its value, as it seems to have done in the course of the two centuries which preceded the discovery of the mines of America, the constancy of

the valuation might have proved very oppressive to the landlord. Had silver fallen considerably in its value, as it certainly did for about a century at least after the discovery of those mines, the same constancy of valuation would have reduced very much this branch of the revenue of the sovereign. Had any considerable alteration been made in the standard of the money, either by sinking the same quantity of silver to a lower denomination, or by raising it to a higher; had an ounce of silver, for example, instead of being coined into five shillings and two pence, been coined either into pieces which bore so low a denomination as two shillings and seven pence, or into pieces which bore so high a one as ten shillings and four pence, it would, in the one case, have hurt the revenue of the proprietor, in the other that of the sovereign.

In circumstances, therefore, somewhat different from those which have actually taken place, this constancy of valuation might have been a very great inconveniency, either to the contributors, or to the commonwealth. In the course of ages, such circumstances, however, must at some time or other happen. But though empires, like all the other works of men, have all hitherto proved mortal, yet every empire aims at immortality. Every constitution, therefore, which it is meant should be as permanent as the empire itself, ought to be convenient, not in certain circumstances only, but in all circumstances; or ought to be suited, not to those circumstances which are transitory, occasional, or accidental, but to those which are necessary, and therefore always the same.

A tax upon the rent of land, which varies with every variation of the rent, or which rises and falls according to the improvement or neglect of cultivation, is recommended by that sect of men of letters in France, who call themselves the Economists, as the most equitable of all taxes. All taxes, they pretend, fall ultimately upon the rent of land, and ought therefore to be imposed equally upon the fund which must finally pay them. That all taxes ought to fall as equally as possible upon the fund which must finally pay them, is certainly true. But without entering into the disagreeable discussion of the metaphysical arguments by which they support their very ingenious theory, it will sufficiently appear, from

the following review, what are the taxes which fall finally upon the rent of the land, and what are those which fall finally upon some other fund.

In the Venetian territory, all the arable lands which are given in lease to farmers are taxed at a tenth of the rent.* The leases are recorded in a public register, which is kept by the officers of revenue in each province or district. When the proprietor cultivates his own lands, they are valued according to an equitable estimation, and he is allowed a deduction of one-fifth of the tax; so that for such lands he pays only eight instead of ten per cent. of the supposed rent.

A land tax of this kind is certainly more equal than the land tax of England. It might not, perhaps, be altogether so certain, and the assessment of the tax might frequently occasion a good deal more trouble to the landlord. It might, too, be a good deal more expensive in the levying.

Such a system of administration, however, might perhaps be contrived, as would in a great measure both prevent this uncertainty and moderate this expense.

The landlord and tenant, for example, might jointly be obliged to record their lease in a public register. Proper penalties might be enacted against concealing or misrepresenting any of the conditions; and if part of those penalties were to be paid to either of the two parties who informed against and convicted the other of such concealment or misrepresentation, it would effectually deter them from combining together in order to defraud the public revenue. All the conditions of the lease might be sufficiently known from such a record.

Some landlords, instead of raising the rent, take a fine for the renewal of the lease. This practice is, in most cases, the expedient of a spendthrift, who, for a sum of ready money, sells a future revenue of much greater value. It is in most cases, therefore, hurtful to the landlord. It is frequently hurtful to the tenant, and it is always hurtful to the community. It frequently takes from the tenant so great a part of his capital, and thereby diminishes so much his ability to cultivate the land, that he finds it more difficult to pay a small rent than it

* *Memoires concernant les Droits*, p. 240, 241.

would otherwise have been to pay a great one. Whatever diminishes his ability to cultivate, necessarily keeps down, below what it would otherwise have been, the most important part of the revenue of the community. By rendering the tax upon such fines a good deal heavier than upon the ordinary rent, this hurtful practice might be discouraged to the no small advantage of all the different parties concerned, of the landlord, of the tenant, of the sovereign, and of the whole community.

Some leases prescribe to the tenant a certain mode of cultivation, and a certain succession of crops, during the whole continuance of the lease. This condition, which is generally the effect of the landlord's conceit of his own superior knowledge (a conceit in most cases very ill founded,) ought always to be considered as an additional rent, as a rent in service, instead of a rent in money. In order to discourage the practice, which is generally a foolish one, this species of rent might be valued rather high, and consequently taxed somewhat higher than common money rents.

Some landlords, instead of a rent in money, require a rent in kind, in corn, cattle, poultry, wine, oil, &c.; others, again, require a rent in service. Such rents are always more hurtful to the tenant than beneficial to the landlord. They either take more or keep more out of the pocket of the former than they put into that of the latter. In every country where they take place, the tenants are poor and beggarly, pretty much according to the degree in which they take place. By valuing in the same manner such rents rather high, and consequently taxing them somewhat higher than common money rents, a practice which is hurtful to the whole community, might, perhaps, be sufficiently discouraged.

When the landlord chose to occupy himself a part of his own lands, the rent may be valued according to an equitable arbitration of the farmers and landlords in the neighbourhood, and a moderate abatement of the tax might be granted to him, in the same manner as in the Venetian territory, provided the rent of the lands which he occupied did not exceed a certain sum. It is of importance that the landlord should be encouraged to cultivate a part of his own land. His capital is generally greater than that of the tenant, and, with less skill, he

can frequently raise a greater produce. The landlord can afford to try experiments, and is generally disposed to do so. His unsuccessful experiments occasion only a moderate loss to himself. His successful ones contribute to the improvement and better cultivation of the whole country. It might be of importance, however, that the abatement of the tax should encourage him to cultivate to a certain extent only. If the landlords should, the greater part of them, be tempted to farm the whole of their own land, the country (instead of sober and industrious tenants, who are bound by their own interest to cultivate as well as their capital and skill will allow them) would be filled with idle and profligate bailiffs, whose abusive management would soon degrade the cultivation, and reduce the annual produce of the land to the diminution, not only of the revenue of their masters, but of the most important part of that of the whole society.

Such a system of administration might, perhaps, free a tax of this kind from any degree of uncertainty, which would occasion either oppression or inconveniency to the contributor; and might, at the same time, serve to introduce into the common management of land such a plan or policy as might contribute a good deal to the general improvement and good cultivation of the country.

The expense of levying a land tax, which varied with every variation of the rent, would, no doubt, be somewhat greater than that of levying one which was rated according to a fixed valuation. Some additional expense would necessarily be incurred, both by the different register offices which it would be proper to establish in the different districts of the country, and by the different valuations which might occasionally be made of the lands which the proprietor chose to occupy himself. The expense of all this, however, might be very moderate, and much below what is incurred in the levying of many other taxes, which afford a very inconsiderable revenue in comparison of what might easily be drawn from a tax of this kind.

The discouragement which a variable land tax of this kind might give to the improvement of land, seems to be the most important objection which can be made to it. The landlord would certainly be less disposed to improve,

when the sovereign, who contributed nothing to the expense, was to share in the profit of the improvement. Even this objection might perhaps be obviated, by allowing the landlord, before he began his improvement, to ascertain, in conjunction with the officers of revenue, the actual value of the lands, according to the equitable arbitration of a certain number of landlords and farmers in the neighbourhood, equally chosen by both parties; and by rating him, according to this valuation, for such a number of years as might be fully sufficient for his complete indemnification. To draw the attention of the sovereign towards the improvement of the land, from a regard to the increase of his own revenue, is one of the principal advantages proposed by this species of land tax. The term, therefore, allowed for the indemnification of the landlord, ought not to be a great deal longer than what was necessary for that purpose, lest the remoteness of the interest should discourage too much this attention. It had better, however, be somewhat too long, than in any respect too short. No incitement to the attention of the sovereign can ever counterbalance the smallest discouragement to that of the landlord. The attention of the sovereign can be, at best, but a very general and vague consideration of what is likely to contribute to the better cultivation of the greater part of his dominions. The attention of the landlord is a particular and minute consideration of what is likely to be the most advantageous application of every inch of ground upon his estate. The principal attention of the sovereign ought to be, to encourage, by every means in his power, the attention both of the landlord and of the farmer, by allowing both to pursue their own interest in their own way, and according to their own judgment; by giving to both the most perfect security that they shall enjoy the full recompense of their own industry; and by procuring to both the most extensive market for every part of their produce, in consequence of establishing the easiest and safest communications both by land and by water, through every part of his own dominions, as well as the most unbounded freedom of exportation to the dominions of all other princes.

If, by such a system of administration, a tax of this kind could be so managed as to give, not only no discour-

agement, but, on the contrary, some encouragement to the improvement of land, it does not appear likely to occasion any other inconveniency to the landlord, except always the unavoidable one of being obliged to pay the tax.

In all the variations of the state of the society, in the improvement and in the declension of agriculture; in all the variations in the value of silver, and in all those in the standard of the coin, a tax of this kind would, of its own accord, and without any attention of government, readily suit itself to the actual situation of things, and would be equally just and equitable in all those different changes. It would, therefore, be much more proper to be established as a perpetual and unalterable regulation, or as what is called a fundamental law of the commonwealth, than any tax which was always to be levied according to a certain valuation.

Some states, instead of the simple and obvious expedient of a register of leases, have had recourse to the laborious and expensive one of an actual survey and valuation of all the lands in the country. They have suspected, probably, that the lessor and lessee, in order to defraud the public revenue, might combine to conceal the real terms of the lease. Domesday-book seems to have been the result of a very accurate survey of this kind.

In the ancient dominions of the king of Prussia, the land tax is assessed according to an actual survey and valuation, which is reviewed and altered from time to time.* According to that valuation, the lay proprietors pay from twenty to twenty-five per cent. of their revenue; ecclesiastics from forty to forty-five per cent. The survey and valuation of Silesia was made by order of the present king, it is said, with great accuracy. According to that valuation, the lands belonging to the bishop of Breslaw are taxed at twenty-five per cent. of their rent. The other revenues of the ecclesiastics of both religions, at fifty per cent. The commanderies of the Teutonic order, and of that of Malta, at forty per cent. Lands held by a noble tenure, at thirty-eight and one-third per cent.

* *Memoires concernant les Droits, &c.* tom. i. p. 114, 115, 116, &c.

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Taxes which are proportioned, not to the Rent, but to the Produce of Land.

TAXES upon the produce of land are, in reality, taxes upon the rent; and though they may be originally advanced by the farmer, are finally paid by the landlord. When a certain portion of the produce is to be paid away for a tax, the farmer computes, as well as he can, what the value of this portion is, one year with another, likely to amount to, and he makes a proportionable abatement in the rent which he agrees to pay to the landlord. There is no farmer who does not compute before-hand what the church tithe, which is a land tax of this kind, is, one year with another, likely to amount to.

The tithe, and every other land tax of this kind, under the appearance of perfect equality, are very unequal taxes; a certain portion of the produce being in different situations, equivalent to a very different portion of the rent. In some very rich lands, the produce is so great, that the one half of it is fully sufficient to replace to the farmer his capital employed in cultivation, together with the ordinary profits of farming stock in the neighbourhood. The other half, or, what is the same thing, the value of the other half, he could afford to pay as rent to the landlord, if there was no tithe. But if a tenth of the produce is taken from him in the way of tithe, he must require an abatement of the fifth part of his rent, otherwise he cannot get back his capital with the ordinary profit. In this case, the rent of the landlord, instead of amounting to a half, or five-tenths of the whole produce, will amount only to four-tenths of it. In poorer lands, on the contrary, the produce is sometimes so small, and the expense of cultivation so great, that it requires four-fifths of the whole produce, to replace to the farmer his capital with the ordinary profit. In this case, though there was no tithe, the rent of the landlord could amount to no more than one-fifth or two-tenths of the whole produce. But if the farmer pays one-tenth of the produce in the way of tithe, he must

require an equal abatement of the rent of the landlord, which will thus be deducted to one-tenth only of the whole produce. Upon the rent of rich lands the tithe may sometimes be a tax of no more than one-fifth part, or four shillings in the pound; whereas upon that of poorer lands, it may sometimes be a tax of one half, or of ten shillings in the pound.

The tithe, as it is frequently a very unequal tax upon the rent, so it is always a great discouragement, both to the improvements of the landlord and to the cultivation of the farmer. The one cannot venture to make the most important, which are generally the most expensive improvements; nor the other to raise the most valuable, which are generally, too, the most expensive crops; when the church, which lays out no part of the expense, is to share so very largely in the profit. The cultivation of madder was, for a long time, confined by the tithe to the United Provinces, which, being presbyterian countries, and upon that account exempted from this destructive tax, enjoyed a sort of monopoly of that useful dyeing drug against the rest of Europe. The late attempts to introduce the culture of this plant into England, have been made only in consequence of the statute, which enacted that five shillings an acre should be received in lieu of all manner of tithe upon madder.

As through the greater part of Europe, the church, so in many different countries of Asia, the state, is principally supported by a land tax, proportioned, not to the rent, but to the produce of the land. In China, the principal revenue of the sovereign consists in a tenth part of the produce of all the lands of the empire. This tenth part, however, is estimated so very moderately, that, in many provinces, it is said not to exceed a thirtieth part of the ordinary produce. The land tax or land rent which used to be paid to the Mahometan government of Bengal, before that country fell into the hands of the English East India company, is said to have amounted to about a fifth part of the produce. The land tax of ancient Egypt is said likewise to have amounted to a fifth part.

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the generality, and must, therefore, be in a great measure arbitrary.

Taxes which are proportioned, not to the Rent, but to the Produce of Land.

TAXES upon the produce of land are, in reality, upon the rent; and though they may be originated by the farmer, are finally paid by the landlord. When a certain portion of the produce is to be taken away for a tax, the farmer computes, as well as the landlord, what the value of this portion is, one year with another, and he makes a proportionable addition in the rent which he agrees to pay to the landlord. There is no farmer who does not compute before he agrees to what the church tithe, which is a land tax of this kind, is, one year with another, likely to amount to.

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Both ground rents, and the ordinary rent of land, are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of this revenue should be taken from him in order to defray the expenses of the state, no discouragement should thereby be given to any sort of industry. The annual produce of the land and labour of the society, the wealth and revenue of the great body of the people, should be the same after such a tax as before. Ground rents, and the ordinary rent of land, are therefore, perhaps, the species of revenue which can best bear to have a tax imposed upon them.

Ground rents seem, in this respect, a more proper subject for peculiar taxation, than even the ordinary rent of land. The ordinary rent of land is, in many cases, owing at least, to the attention and good management of the landlord. A very heavy tax might discourage such this attention and good management. It is so far as they exceed the ordinary rent of land, that they are owing to the good government of the country, by protecting the industry either of the farmer, or of the inhabitants of some particular town, that they are to pay so much more than its ordinary ground which they build their houses upon. It is to its owner so much more than common, that he might sustain by this tax a loss which he might sustain by this tax. It can be more reasonable, than that a tax upon its existence to the good government of the country, should be taxed peculiarly, or should contribute more than the greater part of other taxes to the support of that government.

In different countries of Europe, taxes are levied upon the rent of houses, I do not know of any which ground rents have been considered as a subject of taxation. The contrivers of the tax have found some difficulty in ascertaining what part ought to be considered as the rent, and what part ought to be considered as the profit. They should not, however, seem very difficult to separate those two parts of the rent from one another.

In the rent of houses is supposed to be

bited by the proprietor ought to be rated, not according to the expense which they might have cost in building, but according to the rent which an equitable arbitration might judge them likely to bring if leased to a tenant. If rated according to the expense which they might have cost in building, a tax of three or four shillings in the pound, joined with other taxes, would ruin almost all the rich and great families of this, and, I believe, of every other civilized country. Whoever will examine with attention the different town and country houses of some of the richest and greatest families in this country, will find that, at the rate of only six and a half, or seven per cent. upon the original expense of building, their house rent is nearly equal to the whole neat rent of their estates. It is the accumulated expense of several successive generations, laid out upon objects of great beauty and magnificence, indeed, but, in proportion to what they cost, of very small exchangeable value.*

Ground rents are a still more proper subject of taxation than the rent of houses. A tax upon ground rents would not raise the rents of houses. It would fall altogether upon the owner of the ground rent, who acts always as a monopolist, and exacts the greatest rent which can be got for the use of his ground. More or less can be got for it according as the competitors happen to be richer or poorer, or can afford to gratify their fancy for a particular spot of ground at a greater or smaller expense. In every country, the greatest number of rich competitors is in the capital, and it is there accordingly that the highest ground rents are always to be found. As the wealth of those competitors would in no respect be increased by a tax upon ground rents, they would not probably be disposed to pay more for the use of the ground. Whether the tax was to be advanced by the inhabitant, or by the owner of the ground, would be of little importance. The more the inhabitant was obliged to pay for the tax, the less he would incline to pay for the ground; so that the final payment of the tax would fall altogether upon the owner of the ground rent. The ground rents of uninhabited houses ought to pay no tax.

* Since the first publication of this book, a tax nearly upon the above-mentioned principles has been imposed.

Both ground rents, and the ordinary rent of land, are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of this revenue should be taken from him in order to defray the expenses of the state, no discouragement will thereby be given to any sort of industry. The annual produce of the land and labour of the society, the real wealth and revenue of the great body of the people, might be the same after such a tax as before. Ground rents, and the ordinary rent of land, are therefore, perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them.

Ground rents seem, in this respect, a more proper subject of peculiar taxation, than even the ordinary rent of land. The ordinary rent of land is, in many cases, owing, partly at least, to the attention and good management of the landlord. A very heavy tax might discourage too much this attention and good management. Ground rents, so far as they exceed the ordinary rent of land, are altogether owing to the good government of the sovereign, which, by protecting the industry either of the whole people, or of the inhabitants of some particular place, enables them to pay so much more than its real value for the ground which they build their houses upon; or to make to its owner so much more than compensation for the loss which he might sustain by this use of it. Nothing can be more reasonable, than that a fund, which owes its existence to the good government of the state, should be taxed peculiarly, or should contribute something more than the greater part of other funds, towards the support of that government.

Though in many different countries of Europe, taxes have been imposed upon the rent of houses, I do not know of any in which ground rents have been considered as a separate subject of taxation. The contrivers of taxes have probably found some difficulty in ascertaining what part of the rent ought to be considered as ground rent, and what part ought to be considered as building rent. It should not, however, seem very difficult to distinguish those two parts of the rent from one another.

In Great Britain the rent of houses is supposed to be

taxed in the same proportion as the rent of land, by what is called the annual land tax. The valuation, according to which each different parish and district is assessed to this tax, is always the same. It was originally extremely unequal, and it still continues to be so. Through the greater part of the kingdom this tax falls still more lightly upon the rent of houses than upon that of land. In some few districts only, which were originally rated high, and in which the rents of houses have fallen considerably, the land tax of three or four shillings in the pound, is said to amount to an equal proportion of the real rent of houses. Untenanted houses, though by law subject to the tax, are in most districts exempted from it, by the favour of the assessors; and this exemption sometimes occasions some little variation in the rate of particular houses, though that of the district is always the same. Improvements of rent, by new buildings, repairs, &c. go to the discharge of the district, which occasions still further variations in the rate of particular houses.

In the province of Holland * every house is taxed at two and a half per cent. of its value, without any regard either to the rent which it actually pays, or to the circumstance of its being tenanted or untenanted. There seems to be a hardship in obliging the proprietor to pay a tax for an untenanted house, from which he can derive no revenue, especially so very heavy a tax. In Holland, where the market rate of interest does not exceed three per cent., two and a half per cent. upon the whole value of the house must, in most cases, amount to more than a third of the building rent, perhaps of the whole rent. The valuation, indeed, according to which the houses are rated, though very unequal, is said to be always below the real value. When a house is rebuilt, improved, or enlarged, there is a new valuation, and the tax is rated accordingly.

The contrivers of the several taxes which in England have at different times been imposed upon houses, seem to have imagined that there was some great difficulty in ascertaining, with tolerable exactness, what was the real rent of every house. They have regulated their taxes, therefore, according to some more obvious circumstance,

* *Memoires concernant les Droits, &c.* p. 223.

such as they had probably imagined would, in some cases, bear some proportion to the rent.

The first tax of this kind was hearth money ; or a tax of two shillings upon every hearth. In order to ascertain how many hearths were in the house, it was necessary that the tax-gatherer should enter every room in it. This odious visit rendered the tax odious. Soon after the revolution, therefore, it was abolished as a badge of slavery.

The next tax of this kind was a tax of two shillings upon every dwelling house inhabited. A house with ten windows to pay four shillings more. A house with twenty windows and upwards to pay eight shillings. This tax was afterwards so far altered, that houses with twenty windows, and with less than thirty, were ordered to pay ten shillings, and those with thirty windows and upwards to pay twenty shillings. The number of windows can, in most cases, be counted from the outside, and, in all cases, without entering every room in the house. The visit of the tax-gatherer, therefore, was less offensive in this tax than in the hearth money.

This tax was afterwards repealed, and in the room of it was established the window tax, which has undergone two several alterations and augmentations. The window tax, as it stands at present (January 1775,) over and above the duty of three shillings upon every house in England, and of one shilling upon every house in Scotland, lays a duty upon every window, which in England augments gradually from twopence, the lowest rate upon houses with not more than seven windows, to two shillings, the highest rate upon houses with twenty-five windows and upwards.

The principal objection to all such taxes is their inequality ; an inequality of the worst kind, as they must frequently fall much heavier upon the poor than upon the rich. A house of ten pounds rent in a country town, may sometimes have more windows than a house of five hundred pounds rent in London ; and though the inhabitant of the former is likely to be a much poorer man than that of the latter, yet, so far as his contribution is regulated by the window tax, he must contribute more to the support of the state. Such taxes are, therefore, directly contrary to the first of the four maxims above

mentioned. They do not seem to offend much against any of the other three.

The natural tendency of the window tax, and of all other taxes upon houses, is to lower rents. The more a man pays for the tax, the less, it is evident, he can afford to pay for the rent. Since the imposition of the window tax, however, the rents of houses have, upon the whole, risen more or less, in almost every town and village of Great Britain, with which I am acquainted. Such has been almost everywhere the increase of the demand for houses, that it has raised the rents more than the window tax could sink them; one of the many proofs of the great prosperity of the country, and of the increasing revenue of its inhabitants. Had it not been for the tax, rents would probably have risen still higher.

ARTICLE II.

Taxes upon Profit, or upon the Revenue arising from Stock.

THE revenue or profit arising from stock naturally divides itself into two parts; that which pays the interest, and which belongs to the owner of the stock, and that surplus part which is over and above what is necessary for paying the interest.

This latter part of profit is evidently a subject not taxable directly. It is the compensation, and, in most cases, it is no more than a very moderate compensation for the risk and trouble of employing the stock. The employer must have this compensation, otherwise he cannot, consistently with his own interest, continue the employment. If he was taxed directly, therefore, in proportion to the whole profit, he would be obliged either to raise the rate of his profit, or to charge the tax upon the interest of money; that is, to pay less interest. If he raised the rate of his profit in proportion to the tax, the whole tax, though it might be advanced by him, would be finally paid by one or other of two different sets of people, according to the different ways in which he might employ the stock of which he had the management. If he employed it as a farming stock in the cultivation of land, he could raise the rate of his profit only

by retaining a greater portion, or, what comes to the same thing, the price of a greater portion of the produce of the land ; and as this could be done only by a reduction of rent, the final payment of the tax would fall upon the landlord. If he employed it as a mercantile or manufacturing stock, he could raise the rate of his profit only by raising the price of his goods ; in which case, the final payment of the tax would fall altogether upon the consumers of those goods. If he did not raise the rate of his profit, he would be obliged to charge the whole tax upon that part of it which was allotted for the interest of money. He could afford less interest for whatever stock he borrowed, and the whole weight of the tax would, in this case, fall ultimately upon the interest of money. So far as he could not relieve himself from the tax in the one way, he would be obliged to relieve himself in the other.

The interest of money seems, at first sight, a subject equally capable of being taxed directly as the rent of land. Like the rent of land, it is a neat produce which remains, after completely compensating the whole risk and trouble of employing the stock. As a tax upon the rent of land cannot raise rents, because the neat produce which remains, after replacing the stock of the farmer, together with his reasonable profit, cannot be greater after the tax than before it ; so, for the same reason, a tax upon the interest of money could not raise the rate of interest ; the quantity of stock or money in the country, like the quantity of land, being supposed to remain the same after the tax as before it. The ordinary rate of profit, it has been shown in the first book, is everywhere regulated by the quantity of stock to be employed, in proportion to the quantity of the employment, or of the business which must be done by it. But the quantity of the employment, or of the business to be done by stock, could neither be increased nor diminished by any tax upon the interest of money. If the quantity of the stock to be employed, therefore, was neither increased nor diminished by it, the ordinary rate of profit would necessarily remain the same. But the portion of this profit, necessary for compensating the risk and trouble of the employer, would likewise remain the same ; that risk and trouble being in no respect altered. The residue, therefore, that portion which belongs to

the owner of the stock, and which pays the interest of money, would necessarily remain the same too. At first sight, therefore, the interest of money seems to be a subject as fit to be taxed directly as the rent of land.

There are, however, two different circumstances, which render the interest of money a much less proper subject of direct taxation than the rent of land.

First, the quantity and value of the land which any man possesses, can never be a secret, and can always be ascertained with great exactness. But the whole amount of the capital stock which he possesses is almost always a secret, and can scarce ever be ascertained with tolerable exactness. It is liable, besides, to almost continual variations. A year seldom passes away, frequently not a month, sometimes scarce a single day, in which it does not rise or fall more or less. An inquisition into every man's private circumstances, and an inquisition which, in order to accommodate the tax to them, watched over all the fluctuations of his fortune, would be a source of such continual and endless vexation as no people could support.

Secondly, land is a subject which cannot be removed; whereas stock easily may. The proprietor of land is necessarily a citizen of the particular country in which his estate lies. The proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country. He would be apt to abandon the country in which he was exposed to a vexatious inquisition, in order to be assessed to a burdensome tax; and would remove his stock to some other country, where he could either carry on his business, or enjoy his fortune more at his ease. By removing his stock, he would put an end to all the industry which it had maintained in the country which he left. Stock cultivates land; stock employs labour. A tax which tended to drive away stock from any particular country, would so far tend to dry up every source of revenue, both to the sovereign and to the society. Not only the profits of stock, but the rent of land and the wages of labour, would necessarily be more or less diminished by its removal.

The nations, accordingly, who have attempted to tax the revenue arising from stock, instead of any severe inquisition of this kind, have been obliged to content them-

selves with some very loose, and therefore more or less arbitrary estimation. The extreme inequality and uncertainty of a tax assessed in this manner, can be compensated only by its extreme moderation ; in consequence of which, every man finds himself rated so very much below his real revenue, that he gives himself little disturbance though his neighbour should be rated somewhat lower.

By what is called the land tax in England, it was intended that the stock should be taxed in the same proportion as land. When the tax upon land was at four shillings in the pound, or at one fifth of the supposed rent, it was intended that stock should be taxed at one fifth of the supposed interest. When the present annual land tax was first imposed, the legal rate of interest was six per cent. Every hundred pounds stock, accordingly, was supposed to be taxed at twenty-four shillings, the fifth part of six pounds. Since the legal rate of interest has been reduced to five per cent. every hundred pounds stock is supposed to be taxed at twenty shillings only. The sum to be raised by what is called the land tax, was divided between the country and the principal towns. The greater part of it was laid upon the country ; and of what was laid upon the towns, the greater part was assessed upon the houses. What remained to be assessed upon the stock or trade of the towns (for the stock upon the land was not meant to be taxed) was very much below the real value of that stock or trade. Whatever inequalities, therefore, there might be in the original assessment, gave little disturbance. Every parish and district still continues to be rated for its land, its houses, and its stock, according to the original assessment ; and the almost universal prosperity of the country, which in most places has raised very much the value of all these, has rendered those inequalities of still less importance now. The rate, too, upon each district, continuing always the same, the uncertainty of this tax, so far as it might be assessed upon the stock of any individual, has been very much diminished, as well as rendered of much less consequence. If the greater part of the lands of England are not rated to the land tax at half their actual value, the greater part of the stock of England is,

perhaps, scarce rated at the fiftieth part of its actual value. In some towns, the whole land tax is assessed upon houses; as in Westminster, where stock and trade are free. It is otherwise in London.

In all countries, a severe inquisition into the circumstances of private persons has been carefully avoided.

At Hamburgh,* every inhabitant is obliged to pay to the state one fourth per cent. of all that he possesses; and as the wealth of the people of Hamburgh consists principally in stock, this tax may be considered as a tax upon stock. Every man assesses himself, and in the presence of the magistrate, puts annually into the public coffer a certain sum of money, which he declares upon oath to be one fourth per cent. of all that he possesses, but without declaring what it amounts to, or being liable to any examination upon that subject. This tax is generally supposed to be paid with great fidelity. In a small republic, where the people have entire confidence in their magistrates, are convinced of the necessity of the tax for the support of the state, and believe that it will be faithfully applied to that purpose, such conscientious and voluntary payment may sometimes be expected. It is not peculiar to the people of Hamburgh.

The canton of Underwald, in Switzerland, is frequently ravaged by storms and inundations, and it is thereby exposed to extraordinary expenses. Upon such occasions the people assemble, and every one is said to declare with the greatest frankness what he is worth, in order to be taxed accordingly. At Zurich, the law orders that, in cases of necessity, every one should be taxed in proportion to his revenue; the amount of which he is obliged to declare upon oath. They have no suspicion, it is said, that any of their fellow citizens will deceive them. At Basil, the principal revenue of the state arises from a small custom upon goods exported. All the citizens make oath, that they will pay every three months all the taxes imposed by the law. All merchants, and even all innkeepers, are trusted with keeping themselves the account of the goods which they sell, either within or without the territory. At the end of every three months, they send this account to the treasurer, with the amount of

* *Memoires concernant les Droits*, tom. i. p. 74.

the tax computed at the bottom of it. It is not suspected that the revenue suffers by this confidence.*

To oblige every citizen to declare publicly upon oath the amount of his fortune, must not, it seems, in those Swiss cantons, be reckoned a hardship. At Hamburgh it would be reckoned the greatest. Merchants engaged in the hazardous projects of trade, all tremble at the thoughts of being obliged at all times, to expose the real state of their circumstances. The ruin of their credit, and the miscarriage of their projects, they foresee, would too often be the consequence. A sober and parsimonious people, who are strangers to all such projects, do not feel that they have occasion for any such concealment.

In Holland, soon after the exaltation of the late prince of Orange to the stadtholdership, a tax of two per cent. or the fiftieth penny, as it was called, was imposed upon the whole substance of every citizen. Every citizen assessed himself, and paid his tax in the same manner as at Hamburgh; and it was in general supposed to have been paid with great fidelity. The people had at that time the greatest affection for their new government, which they had just established by a general insurrection. The tax was to be paid but once, in order to relieve the state in a particular exigency. It was, indeed, too heavy to be permanent. In a country where the market rate of interest seldom exceeds three per cent. a tax of two per cent. amounts to thirteen shillings and four pence in the pound, upon the highest neat revenue which is commonly drawn from stock. It is a tax which very few people could pay, without encroaching more or less upon their capitals. In a particular exigency, the people may, from great public zeal, make a great effort, and give up even a part of their capital, in order to relieve the state. But it is impossible that they should continue to do so for any considerable time; and if they did, the tax would soon ruin them so completely, as to render them altogether incapable of supporting the state.

The tax upon stock, imposed by the land tax bill in England, though it is proportioned to the capital, is not intended to diminish or take away any part of that capital. It is meant only to be a tax upon the interest of

* *Memoires concernant les Droits*, tom. i. p. 163, 166, 171.

money, proportioned to that upon the rent of land; so that when the latter is at four shillings in the pound, the former may be at four shillings in the pound too. The tax at Hamburgh, and the still more moderate taxes of Underwald and Zurich, are meant, in the same manner, to be taxes, not upon the capital, but upon the interest or neat revenue of stock. That of Holland was meant to be a tax upon the capital.

Taxes upon the Profit of particular Employments.

IN some countries, extraordinary taxes are imposed upon the profits of stock; sometimes when employed in particular branches of trade, and sometimes when employed in agriculture.

Of the former kind are in England the tax upon hawkers and pedlars, that upon hackney coaches and chairs, and that which the keepers of ale houses pay for a licence to retail ale and spirituous liquors. During the late war, another tax of the same kind was proposed upon shops. The war having been undertaken, it was said, in defence of the trade of the country, the merchants, who were to profit by it, ought to contribute towards the support of it.

A tax, however, upon the profits of stock employed in any particular branch of trade, can never fall finally upon the dealers, (who must in all ordinary cases have their reasonable profit, and, where the competition is free, can seldom have more than that profit), but always upon the consumers, who must be obliged to pay in the price of the goods the tax which the dealer advances; and generally with some overcharge.

A tax of this kind, when it is proportioned to the trade of the dealer, is finally paid by the consumer, and occasions no oppression to the dealer. When it is not so proportioned, but is the same upon all dealers, though in this case, too, it is finally paid by the consumer, yet it favours the great, and occasions some oppression to the small dealer. The tax of five shillings a week upon every hackney coach, and that of ten shillings a-year upon every hackney chair, so far as it is advanced by the different keepers of such coaches and chairs, is exactly

enough proportioned to the extent of their respective dealings. It neither favours the great, nor oppresses the small dealer. The tax of twenty shillings a year for a licence to sell ale; of forty shillings for a licence to sell spirituous liquors; and of forty shillings more for a licence to sell wine, being the same upon all retailers, must necessarily give some advantage to the great and occasion some oppression to the small dealers. The former must find it more easy to get back the tax in the price of their goods than the latter. The moderation of the tax, however, renders this inequality of less importance; and it may to many people appear not improper to give some discouragement to the multiplication of little ale houses. The tax upon shops, it was intended, should be the same upon all shops. It could not well have been otherwise. It would have been impossible to proportion, with tolerable exactness, the tax upon a shop to the extent of the trade carried on in it, without such an inquisition as would have been altogether insupportable in a free country. If the tax had been considerable, it would have oppressed the small, and forced almost the whole retail trade into the hands of the great dealers. The competition of the former being taken away, the latter would have enjoyed a monopoly of the trade; and, like all other monopolists, would soon have combined to raise their profits much beyond what was necessary for the payment of the tax. The final payment, instead of falling upon the shopkeeper, would have fallen upon the consumer with a considerable overcharge to the profit of the shopkeeper. For these reasons, the project of a tax upon shops was laid aside, and in the room of it was substituted the subsidy 1759.

What in France is called the personal taille, is perhaps the most important tax upon the profits of stock employed in agriculture that is levied in any part of Europe.

In the disorderly state of Europe, during the prevalence of the feudal government, the sovereign was obliged to content himself with taxing those who were too weak to refuse to pay taxes. The great lords, though willing to assist him upon particular emergencies, refused to subject themselves to any constant tax, and he was not strong enough to force them. The occupiers of land

all over Europe were, the greater part of them, originally bond-men. Through the greater part of Europe, they were gradually emancipated. Some of them acquired the property of landed estates, which they held by some base or ignoble tenure, sometimes under the king, and sometimes under some other great lord, like the ancient copyholders of England. Others, without acquiring the property, obtained leases for terms of years, of the lands which they occupied under their lord, and thus became less dependent upon him. The great lords seem to have beheld the degree of prosperity and independency, which this inferior order of men had thus come to enjoy, with a malignant and contemptuous indignation, and willingly consented that the sovereign should tax them. In some countries this tax was confined to the lands which were held in property by an ignoble tenure, and in this case the *taille* was said to be real. The land tax established by the late king of Sardinia, and the *taille* in the provinces of Languedoc, Provence, Dauphine, and Brittany; in the generality of Montauban, and in the elections of Agen and Condom, as well as in some other districts of France; are taxes upon lands held in property by an ignoble tenure. In other countries, the tax was laid upon the supposed profits of all those who held, in farm or lease, lands belonging to other people, whatever might be the tenure by which the proprietor held them; and in this case, the *taille* was said to be personal. In the greater part of those provinces of France, which are called the countries of elections, the *taille* is of this kind. The real *taille*, as it is imposed only upon a part of the lands of the country, is necessarily an unequal, but it is not always an arbitrary tax, though it is so upon some occasions. The personal *taille*, as it is intended to be proportioned to the profits of a certain class of people, which can only be guessed at, is necessarily both arbitrary and unequal.

In France, the personal *taille* at present (1775) annually imposed on the twenty generalities, called the countries of elections, amounts to 40,107,239 livres 16 sous.* The proportion in which this sum is assessed upon those different provinces, varies from year to year,

* *Memoires concernant les Droits, &c.* tom. ii. p. 17.

according to the reports which are made to the king's council concerning the goodness or badness of the crops, as well as other circumstances, which may either increase or diminish their respective abilities to pay. Each generality is divided into a certain number of elections; and the proportion in which the sum imposed upon the whole generality is divided among those different elections, varies likewise from year to year, according to the reports made to the council concerning their respective abilities. It seems impossible that the council, with the best intentions, can ever proportion, with tolerable exactness, either of those two assessments to the real abilities of the province or district upon which they are respectively laid. Ignorance and misinformation must always, more or less, mislead the most upright council. The proportion which each parish ought to support of what is assessed upon the whole election, and that which each individual ought to support of what is assessed upon his particular parish, are both in the same manner varied, from year to year, according as circumstances are supposed to require. These circumstances are judged of, in the one case, by the officers of the election, in the other by those of the parish; and both the one and the other are, more or less, under the direction and influence of the intendant. Not only ignorance and misinformation, but friendship, party animosity, and private resentment, are said frequently to mislead such assessors. No man subject to such a tax, it is evident, can ever be certain, before he is assessed, of what he is to pay. He cannot even be certain after he is assessed. If any person has been taxed who ought to have been exempted, or if any person has been taxed beyond his proportion, though both must pay in the mean time, yet if they complain, and make good their complaints, the whole parish is reimposed next year, in order to reimburse them. If any of the contributors become bankrupt or insolvent, the collector is obliged to advance his tax; and the whole parish is reimposed next year, in order to reimburse the collector. If the collector himself should become bankrupt, the parish which elects him must answer for his conduct to the receiver-general of the election. But, as it might be troublesome for the receiver to prosecute the whole parish, he takes at his choice five or six of the

In France, the personal taille at present annually imposed on the twenty general countries of elections, amounts to 40,100 sous.* The proportion in which this is levied upon those different provinces, varies from

* *Memoires concernant les Droits, &c. tome 1.*

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ARTICLES I. AND II.

Value of Land, Houses, and
Stock.

The taxes which in the possession of the same
and maid servants, are never been intended to dimi-
expense; and so far respect of its capital value, but only
commodities. The tax arising from it. But when
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is of the same kind. It being, or from the living to the
rank. A man of two frequently been imposed upon it
man servant. A man some part of its capital value.
keep fifty. It does not sorts of property from the dead
Taxes upon the profits of immoveable property of lands
ments, can never affect the passing to the living, are transactions
will lend his money for use either public and notorious, or
cise the taxed, than to those concealed. Such transactions,
employments. Taxes directly, from the living to the living,
stock in all employments, is frequently a secret transac-
levy them with any degree made so. It cannot easily, there-
cases, fall upon the interest. It has been taxed indirectly in
or twentieth penny, in the first, by requiring that the deed, con-
with what is called the last to repay, should be written upon
assessed, in the same manner which had paid a certain stamp-duty,
from land, houses, and such as valid; secondly, by requiring, under
it is assessed, though not validity, that it should be recorded
much more exactness than in a secret register, and by imposing cer-
England which is imposed h registration. Stamp-duties, and
many cases, falls altogether have frequently been imposed like-
Money is frequently suitable transferring property of all kinds
ed contracts for the consideration living, and upon those transferring
petual annuities, redeemed from the living to the living; trans-
upon payment of the sum t easily have been taxed directly.
which this redemption is hereditatum, the twentieth penny of
cept in particular cases ed by Augustus upon the ancient Ro-
have raised the rate of the pon the transference of property from
actly levied upon them ing. Dion Cassius,* the author who
so Burman de Vectigalibus Pop. Rom. cap.
l'impot du vingtieme sur les successions.

unequal, and, in most cases, is both the one and the other; the former, though in some respects unequal, different slaves being of different values, is in no respect arbitrary. Every master, who knows the number of his own slaves, knows exactly what he has to pay. Those different taxes, however, being called by the same name, have been considered as of the same nature.

The taxes which in Holland are imposed upon men and maid servants, are taxes, not upon stock, but upon expense; and so far resemble the taxes upon consumable commodities. The tax of a guinea a head for every man servant, which has lately been imposed in Great Britain, is of the same kind. It falls heaviest upon the middling rank. A man of two hundred a year may keep a single man servant. A man of ten thousand a year will not keep fifty. It does not affect the poor.

Taxes upon the profits of stock, in particular employments, can never affect the interest of money. Nobody will lend his money for less interest to those who exercise the taxed, than to those who exercise the untaxed employments. Taxes upon the revenue arising from stock in all employments, where government attempts to levy them with any degree of exactness, will, in many cases, fall upon the interest of money. The *vingtieme*, or twentieth penny, in France, is a tax of the same kind with what is called the land tax in England, and is assessed, in the same manner, upon the revenue arising from land, houses, and stock. So far as it affects stock, it is assessed, though not with great rigour, yet with much more exactness than that part of the land tax of England which is imposed upon the same fund. It, in many cases, falls altogether upon the interest of money. Money is frequently sunk in France, upon what are called contracts for the constitution of a rent; that is, perpetual annuities, redeemable at any time by the debtor, upon payment of the sum originally advanced, but of which this redemption is not exigible by the creditor, except in particular cases. The *vingtieme* seems not to have raised the rate of those annuities, though it is exactly levied upon them all.

APPENDIX TO ARTICLES I. AND II.

Taxes upon the Capital Value of Land, Houses, and Stock.

WHILE property remains in the possession of the same person, whatever permanent taxes may have been imposed upon it, they have never been intended to diminish or take away any part of its capital value, but only some part of the revenue arising from it. But when property changes hands, when it is transmitted either from the dead to the living, or from the living to the living, such taxes have frequently been imposed upon it as necessarily take away some part of its capital value.

The transference of all sorts of property from the dead to the living, and that of immoveable property of lands and houses from the living to the living, are transactions which are in their nature either public and notorious, or such as cannot be long concealed. Such transactions, therefore, may be taxed directly. The transference of stock or moveable property, from the living to the living, by the lending of money, is frequently a secret transaction, and may always be made so. It cannot easily, therefore, be taxed directly. It has been taxed indirectly in two different ways; first, by requiring that the deed, containing the obligation to repay, should be written upon paper or parchment which had paid a certain stamp-duty, otherwise not to be valid; secondly, by requiring, under the like penalty of invalidity, that it should be recorded either in a public or secret register, and by imposing certain duties upon such registration. Stamp-duties, and duties of registration, have frequently been imposed likewise upon the deeds transferring property of all kinds from the dead to the living, and upon those transferring immoveable property from the living to the living; transactions which might easily have been taxed directly.

The *Vicesima Hereditatum*, the twentieth penny of inheritances, imposed by Augustus upon the ancient Romans, was a tax upon the transference of property from the dead to the living. Dion Cassius,* the author who

* Lib. 55. See also Burman de Vectigalibus Pop. Rom. cap. xi. and Bouchaud de l'impôt du vingtième sur les successions.

lation ; regulates the subsistence of the labourer, and determines in what degree it shall be either liberal, moderate, or scanty. The ordinary or average price of provisions determines the quantity of money which must be paid to the workman, in order to enable him, one year with another, to purchase this liberal, moderate, or scanty subsistence. While the demand for labour and the price of provisions, therefore, remain the same, a direct tax upon the wages of labour can have no other effect, than to raise them somewhat higher than the tax. Let us suppose, for example, that, in a particular place, the demand for labour and the price of provisions were such as to render ten shillings a-week the ordinary wages of labour ; and that a tax of one-fifth, or four shillings in the pound, was imposed upon wages. If the demand for labour and the price of provisions remained the same, it would still be necessary that the labourer should in that place earn such a subsistence as could be bought only for ten shillings a-week ; or that, after paying the tax, he should have ten shillings a-week free wages. But, in order to leave him such free wages after paying such a tax, the price of labour must in that place soon rise, not to twelve shillings a-week only, but to twelve and sixpence ; that is, in order to enable him to pay a tax of one-fifth, his wages must necessarily soon rise, not one-fifth part only, but one-fourth. Whatever was the proportion of the tax, the wages of labour must in all cases rise, not only in that proportion, but in a higher proportion. If the tax, for example, was one-tenth, the wages of labour must necessarily soon rise, not one-tenth part only, but one-eighth.

A direct tax upon the wages of labour, therefore, though the labourer might perhaps pay it out of his hand, could not properly be said to be even advanced by him ; at least, if the demand for labour and the average price of provisions remained the same after the tax as before it. In all such cases, not only the tax, but something more than the tax, would in reality be advanced by the person who immediately employed him. The final payment would, in different cases, fall upon different persons. The rise which such a tax might occasion in the wages of manufacturing labour would be advanced by the master manufacturer, who would both be entitled

and obliged to charge it, with a profit, upon the price of his goods. The final payment of this rise of wages, therefore, together with the additional profit of the master manufacturer, would fall upon the consumer. The rise which such a tax might occasion in the wages of country labour would be advanced by the farmer, who, in order to maintain the same number of labourers as before, would be obliged to employ a greater capital. In order to get back this greater capital, together with the ordinary profits of stock, it would be necessary that he should retain a larger portion, or what comes to the same thing, the price of a larger portion of the produce of the land, and consequently that he should pay less rent to the landlord. The final payment of this rise of wages, therefore, would in this case fall upon the landlord, together with the additional profit of the farmer who had advanced it. In all cases, a direct tax upon the wages of labour must, in the long run, occasion both a greater reduction in the rent of land, and a greater rise in the price of manufactured goods, than would have followed from the proper assessment of a sum equal to the produce of the tax, partly upon the rent of land, and partly upon consumable commodities.

If direct taxes upon the wages of labour have not always occasioned a proportionable rise in those wages, it is because they have generally occasioned a considerable fall in the demand for labour. The declension of industry, the decrease of employment for the poor, the diminution of the annual produce of the land and labour of the country, have generally been the effect of such taxes. In consequence of them, however, the price of labour must always be higher than it otherwise would have been in the actual state of the demand; and this enhancement of price, together with the profit of those who advance it, must always be finally paid by the landlords and consumers.

A tax upon the wages of country labour does not raise the price of the rude produce of land in proportion to the tax; for the same reason that a tax upon the farmer's profit does not raise that price in that proportion.

Absurd and destructive as such taxes are, however, they take place in many countries. In France, that part of the *taille* which is charged upon the industry of work-

lation; regulates the subsistence of the labourer; determines in what degree it shall be either liberal, or scanty. The ordinary or average price of provisions determines the quantity of money which will be paid to the workman, in order to enable him to purchase this liberal, moderate, or scanty subsistence. While the demand for labour is great, the price of provisions, therefore, remain the same, and the tax upon the wages of labour can have no other effect than to raise them somewhat higher than they would otherwise be. Thus suppose, for example, that, in a particular place, the demand for labour and the price of provisions are such as to render ten shillings a-week the ordinary price of labour; and that a tax of one-fifth, or four shillings, was imposed upon wages. If the demand for labour and the price of provisions remained the same, it would still be necessary that the labourer should earn such a subsistence as could be bought with ten shillings a-week; or that, after paying the tax, he should have ten shillings a-week free wages. In order to leave him such free wages after paying the tax, the price of labour must in that place rise to twelve shillings a-week only, but to twelve shillings and four pence; that is, in order to enable him to purchase the same subsistence, his wages must necessarily soon rise to one-fifth part only, but one-fourth. Whatever was the proportion of the tax, the wages of labour must in that place rise in that proportion, but in a higher proportion. If the tax, for example, was one-tenth, the wages of labour must necessarily soon rise, not one-tenth but one-eighth.

A direct tax upon the wages of labour, though the labourer might perhaps pay it in his own hand, could not properly be said to be even levied upon him; at least, if the demand for labour and the price of provisions remained the same after the tax. In all such cases, not only the tax, but something more than the tax, would in reality be paid by the person who immediately employs the labourer. The final payment would, in different cases, fall upon different persons. The rise which such a tax would produce in the wages of manufacturing labour would be paid by the master manufacturer, who would be

that, instead of being useful to society by their industry, they become public nuisances by their vices and disorders. Though the advanced price of the luxuries of the poor, therefore, might increase somewhat the distress of such disorderly families, and thereby diminish somewhat their ability to bring up children, it would not probably diminish much the useful population of the country.

A rise in the average price of necessaries, unless it is compensated by a proportionable rise in the wages of labour, must necessarily diminish, more or less, the ability of the poor to bring up numerous families, and, consequently, to supply the demand for useful labour; whether the state of that demand, whether increasing, stationary, or declining; or such as requires an increasing, stationary, or declining population.

Taxes upon luxuries have no tendency to raise the price of any other commodities, except that of the commodities taxed. Taxes upon necessaries, by raising the price of labour, necessarily tend to raise the price of all commodities, and consequently to diminish the extent of sale and consumption. Taxes upon luxuries are paid by the consumers of the commodities taxed, and require no retribution. They fall indifferently upon the profits of revenue, the wages of labour, the profits of trade, and the rent of land. Taxes upon necessaries, which they affect the labouring poor, are finally paid, not by the labouring poor, but by the landlords, in the diminished rent of their lands, or by rich consumers, whether landlords or not, in the advanced price of manufactured goods; and in a considerable overcharge. The advanced price of manufactures as are real necessities of life, destined for the consumption of the poor, of necessaries, for example, must be compensated to the labouring poor by a farther advancement of their wages. The interest of the superior ranks of people, if they understood it, ought always to oppose all taxes upon the necessities of life, as well as all direct taxes upon the labour. The final payment of both one and the other falls altogether upon themselves, and always with a considerable overcharge. They fall heaviest upon the poor, who always pay in a double capacity; in that they pay for the commodities themselves, and in that they pay by the reduction of their rent; and in that

rise in the wages of labour. A tax upon tobacco, for example, though a luxury of the poor, as well as of the rich, will not raise wages. Though it is taxed in England at three times, and in France at fifteen times its original price, those high duties seem to have no effect upon the wages of labour. The same thing may be said of the taxes upon tea and sugar, which, in England and Holland, have become luxuries of the lowest ranks of people; and of those upon chocolate, which, in Spain, is said to have become so.

The different taxes which, in Great Britain, have, in the course of the present century, been imposed upon spirituous liquors, are not supposed to have had any effect upon the wages of labour. The rise in the price of porter, occasioned by an additional tax of three shillings upon the barrel of strong beer, has not raised the wages of common labour in London. These were about eighteen pence or twenty pence a-day before the tax, and they are not more now.

The high price of such commodities does not necessarily diminish the ability of the inferior ranks of people to bring up families. Upon the sober and industrious poor, taxes upon such commodities act as sumptuary laws, and dispose them either to moderate, or to refrain altogether from the use of superfluities which they can no longer easily afford. Their ability to bring up families, in consequence of this forced frugality, instead of being diminished, is frequently, perhaps, increased by the tax. It is the sober and industrious poor who generally bring up the most numerous families, and who principally supply the demand for useful labour. All the poor, indeed, are not sober and industrious; and the dissolute and disorderly might continue to indulge themselves in the use of such commodities, after this rise of price, in the same manner as before, without regarding the distress which this indulgence might bring upon their families. Such disorderly persons, however, seldom rear up numerous families, their children generally perishing from neglect, mismanagement, and the scantiness or unwholesomeness of their food. If, by the strength of their constitution, they survive the hardships to which the bad conduct of their parents exposes them, yet the example of that bad conduct commonly corrupts their morals;

so that, instead of being useful to society by their industry, they become public nuisances by their vices and disorders. Though the advanced price of the luxuries of the poor, therefore, might increase somewhat the distress of such disorderly families, and thereby diminish somewhat their ability to bring up children, it would not probably diminish much the useful population of the country.

Any rise in the average price of necessities, unless it is compensated by a proportionable rise in the wages of labour, must necessarily diminish, more or less, the ability of the poor to bring up numerous families, and, consequently, to supply the demand for useful labour; whatever may be the state of that demand, whether increasing, stationary, or declining; or such as requires an increasing, stationary, or declining population.

Taxes upon luxuries have no tendency to raise the price of any other commodities, except that of the commodities taxed. Taxes upon necessities, by raising the wages of labour, necessarily tend to raise the price of all manufactures, and consequently to diminish the extent of their sale and consumption. Taxes upon luxuries are finally paid by the consumers of the commodities taxed, without any retribution. They fall indifferently upon every species of revenue, the wages of labour, the profits of stock, and the rent of land. Taxes upon necessities, so far as they affect the labouring poor, are finally paid, partly by landlords, in the diminished rent of their lands, and partly by rich consumers, whether landlords or others, in the advanced price of manufactured goods; and always with a considerable overcharge. The advanced price of such manufactures as are real necessities of life, and are destined for the consumption of the poor, of coarse woollens, for example, must be compensated to the poor by a farther advancement of their wages. The middling and superior ranks of people, if they understood their own interest, ought always to oppose all taxes upon the necessities of life, as well as all direct taxes upon the wages of labour. The final payment of both one and the other falls altogether upon themselves, and always with a considerable overcharge. They fall heaviest upon the landlords, who always pay in a double capacity; in that of landlords, by the reduction of their rent; and in that

of rich consumers, by the increase of their expense. The observation of Sir Matthew Decker, that certain taxes are, in the price of certain goods, sometimes repeated and accumulated four or five times, is perfectly just with regard to taxes upon the necessities of life. In the price of leather, for example, you must pay not only for the tax upon the leather of your own shoes, but for a part of that upon those of the shoemaker and the tanner. You must pay, too, for the tax upon the salt, upon the soap, and upon the candles which those workmen consume while employed in your service; and for the tax upon the leather which the saltmaker, the soapmaker, and the candlemaker consume, while employed in their service.

In Great Britain, the principal taxes upon the necessities of life, are those upon the four commodities just now mentioned, salt, leather, soap, and candles.

Salt is a very ancient and a very universal subject of taxation. It was taxed among the Romans, and it is so at present in, I believe, every part of Europe. The quantity annually consumed by any individual is so small, and may be purchased so gradually, that nobody, it seems to have been thought, could feel very sensibly even a pretty heavy tax upon it. It is in England taxed at three shillings and fourpence a bushel; about three times the original price of the commodity. In some other countries, the tax is still higher. Leather is a real necessary of life. The use of linen renders soap such. In countries where the winter nights are long, candles are a necessary instrument of trade. Leather and soap are in Great Britain taxed at three halfpence a pound; candles at a penny; taxes which, upon the original price of leather, may amount to about eight or ten per cent.; upon that of soap to about twenty or five-and-twenty per cent.; and upon that of candles, to about fourteen or fifteen per cent.; taxes which, though lighter than that upon salt, are still very heavy. As all those four commodities are real necessities of life, such heavy taxes upon them must increase somewhat the expense of the sober and industrious poor, and must consequently raise more or less the wages of their labour.

In a country where the winters are so cold as in Great Britain, fuel is, during that season, in the strictest sense

of the word, a necessary of life, not only for the purpose of dressing victuals, but for the comfortable subsistence of many different sorts of workmen who work within doors; and coals are the cheapest of all fuel. The price of fuel has so important an influence upon that of labour, that all over Great Britain manufactures have confined themselves principally to the coal counties; other parts of the country, on account of the high price of this necessary article, not being able to work so cheap. In some manufactures, besides, coal is a necessary instrument of trade; as in those of glass, iron, and all other metals. If a bounty could in any case be reasonable, it might perhaps be so upon the transportation of coals from those parts of the country in which they abound, to those in which they are wanted. But the legislature, instead of a bounty, has imposed a tax of three shillings and threepence a ton upon coal carried coastways; which, upon most sorts of coal, is more than sixty per cent. of the original price at the coal pit. Coals carried, either by land, or by inland navigation, pay no duty. Where they are naturally cheap, they are consumed duty free; where they are naturally dear, they are loaded with a heavy duty.

Such taxes, though they raise the price of subsistence, and consequently the wages of labour, yet they afford a considerable revenue to government, which it might not be easy to find in any other way. There may, therefore, be good reasons for continuing them. The bounty upon the exportation of corn, so far as it tends, in the actual state of tillage, to raise the price of that necessary article, produces all the like bad effects; and instead of affording any revenue, frequently occasions a very great expense to government. The high duties upon the importation of foreign corn, which, in years of moderate plenty, amount to a prohibition; and the absolute prohibition of the importation, either of live cattle, or of salt provisions, which takes place in the ordinary state of the law, and which, on account of the scarcity, is at present suspended for a limited time with regard to Ireland and the British plantations, have all had the bad effects of taxes upon the necessaries of life, and produce no revenue to government. Nothing seems necessary for the repeal of such regulations, but to convince the public of the

futility of that system in consequence of which they have been established.

Taxes upon the necessities of life are much higher in many other countries than in Great Britain. Duties upon flour and meal when ground at the mill, and upon bread when baked at the oven, take place in many countries. In Holland, the money price of the bread consumed in towns is supposed to be double by means of such taxes. In lieu of a part of them, the people who live in the country pay every year so much a head, according to the sort of bread they are supposed to consume. Those who consume wheaten bread pay three guilders fifteen stivers; about six shillings and nine pence half-penny. These, and some other taxes of the same kind, by raising the price of labour, are said to have ruined the greater part of the manufactures of Holland.* Similar taxes, though not quite so heavy, take place in the Milanese, in the states of Genoa, in the duchy of Modena, in the duchies of Parma, Placentia, and Guastalla, and in the ecclesiastical state.† A French author of some note has proposed to reform the finances of his country, by substituting in the room of the greater part of other taxes, this most ruinous of all taxes. There is nothing so absurd, says Cicero, which has not sometimes been asserted by some philosophers.

Taxes upon butchers' meat are still more common than those upon bread. It may indeed be doubted, whether butchers' meat is any where a necessary of life. Grain and other vegetables, with the help of milk, cheese, and butter, or oil where butter is not to be had, it is known from experience, can, without any butchers' meat, afford the most plentiful, the most wholesome, the most nourishing, and the most invigorating diet. Decency nowhere requires that any man should eat butchers' meat, as it in most places requires that he should wear a linen shirt or a pair of leather shoes.

Consumable commodities, whether necessities or luxuries, may be taxed in two different ways. The consumer may either pay an annual sum on account of his using or consuming goods of a certain kind; or the goods may

* *Memoires concernant les Droits, &c.* p. 210, 211.

† *Le Reformateur.*

be taxed while they remain in the hands of the dealer, and before they are delivered to the consumer. The consumable goods which last a considerable time before they are consumed altogether, are most properly taxed in the one way. Those of which the consumption is either immediate, or more speedy, in the other. The coach tax and plate tax are examples of the former method of imposing; the greater part of the other duties of excise and customs, of the latter.

A coach may, with good management, last ten or twelve years. It might be taxed, once for all, before it comes out of the hands of the coachmaker. But it is certainly more convenient for the buyer to pay four pounds a year for the privilege of keeping a coach, than to pay all at once forty or forty-eight pounds additional price to the coachmaker; or a sum equivalent to what the tax is likely to cost him during the time he uses the same coach. A service of plate, in the same manner, may last more than a century. It is certainly easier for the consumer to pay five shillings a year for every hundred ounces of plate, near one per cent. of the value, than to redeem this long annuity at five-and-twenty or thirty years purchase, which would enhance the price at least five-and-twenty or thirty per cent. The different taxes which affect houses, are certainly more conveniently paid by moderate annual payments, than by a heavy tax of equal value upon the first building or sale of the house.

It was the well known proposal of Sir Matthew Decker, that all commodities, even those of which the consumption is either immediate or very speedy, should be taxed in this manner; the dealer advancing nothing, but the consumer paying a certain annual sum for the licence to consume certain goods. The object of his scheme was to promote all the different branches of foreign trade, particularly the carrying trade, by taking away all duties upon importation and exportation, and thereby enabling the merchant to employ his whole capital and credit in the purchase of goods and the freight of ships, no part of either being diverted towards the advancing of taxes. The project, however, of taxing, in this manner, goods of immediate or speedy consumption, seems liable to the four following very important objections. First, the tax would be more unequal, or not so well proportioned to

have been thought, be more favoured than those in another? or why should the merchant exporter be more favoured than the merchant importer?

The ancient customs were divided into three branches. The first, and perhaps the most ancient of all those duties, was that upon wool and leather. It seems to have been chiefly or altogether an exportation duty. When the woollen manufacture came to be established in England, lest the king should lose any part of his customs upon wool, by the exportation of woollen cloths, a like duty was imposed upon them. The other two branches were, first, a duty upon wine, which being imposed at so much a ton, was called a tonnage; and, secondly, a duty upon all other goods, which being imposed at so much a pound of their supposed value, was called a poundage. In the forty-seventh year of Edward III. a duty of sixpence in the pound was imposed upon all goods exported and imported, except wools, wool-fells, leather, and wines, which were subject to particular duties. In the fourteenth of Richard II. this duty was raised to one shilling in the pound; but, three years afterwards, it was again reduced to sixpence. it was raised to eightpence in the second year of Henry IV.; and, in the fourth of the same Prince, to one shilling. From this time to the ninth year of William III. this duty continued at one shilling in the pound. The duties of tonnage and poundage were generally granted to the king by one and the same act of parliament, and were called the subsidy of tonnage and poundage. The subsidy of poundage having continued for so long a time at one shilling in the pound, or at five per cent. a subsidy came, in the language of the customs, to denote a general duty of this kind of five per cent. This subsidy, which is now called the old subsidy, still continues to be levied, according to the book of rates established in the twelfth of Charles II. The method of ascertaining, by a book of rates, the value of goods subject to this duty, is said to be older than the time of James I. The new subsidy, imposed by the ninth and tenth of William III. was an additional five per cent. upon the greater part of goods. The one-third and the two-third subsidy made up between them another five per cent. of which they were proportionable parts. The subsidy of 1747 made a fourth five per cent. upon the

greater part of goods ; and that of 1759, a fifth upon some particular sorts of goods. Besides those five subsidies, a great variety of other duties have occasionally been imposed upon particular sorts of goods, in order sometimes to relieve the exigencies of the state, and sometimes to regulate the trade of the country, according to the principles of the mercantile system.

That system has come gradually more and more into fashion. The old subsidy was imposed indifferently upon exportation as well as importation. The four subsequent subsidies, as well as the other duties which have since been occasionally imposed upon particular sorts of goods, have, with a few exceptions, been laid altogether upon importation. The greater part of the ancient duties which had been imposed upon the exportation of the goods of home produce and manufacture, have either been lightened, or taken away altogether. In most cases, they have been taken away. Bounties have even been given upon the exportation of some of them. Drawbacks, too, sometimes of the whole, and, in most cases, of a part of the duties which are paid upon the importation of foreign goods, have been granted upon their exportation. Only half the duties imposed by the old subsidy upon importation, are drawn back upon exportation ; but the whole of those imposed by the latter subsidies and other imposts, are, upon the greater part of the goods, drawn back in the same manner. This growing favour of exportation, and discouragement of importation, have suffered only a few exceptions, which chiefly concern the materials of some manufactures. These our merchants and manufacturers are willing should come as cheap as possible to themselves, and as dear as possible to their rivals and competitors in other countries. Foreign materials are, upon this account, sometimes allowed to be imported duty free ; Spanish wool, for example, flax, and raw linen yarn. The exportation of the materials of home produce, and of those which are the particular produce of our colonies, has sometimes been prohibited, and sometimes subjected to higher duties. The exportation of English wool has been prohibited. That of beaver skins, of beaver wool, and of gum-senega, has been subjected to higher duties ; Great Britain, by the conquest

tobacco, a system not very unlike that which is here proposed. But though the bill which was then brought into parliament, comprehended those two commodities only, it was generally supposed to be meant as an introduction to a more extensive scheme of the same kind. Faction, combined with the interest of smuggling merchants, raised so violent, though so unjust a clamour against that bill, that the minister thought proper to drop it; and from a dread of exciting a clamour of the same kind, none of his successors have dared to resume the project.

The duties upon foreign luxuries, imported for home consumption, though they sometimes fall upon the poor, fall principally upon people of middling or more than middling fortune. Such are, for example, the duties upon foreign wines, upon coffee, chocolate, tea, sugar, &c.

The duties upon the cheaper luxuries of home produce, destined for home consumption, fall pretty equally upon people of all ranks, in proportion to their respective expense. The poor pay the duties upon malt, hops, beer, and ale, upon their own consumption: the rich, upon both their own consumption and that of their servants.

The whole consumption of the inferior ranks of people, or of those below the middling rank, it must be observed, is in every country much greater, not only in quantity, but in value, than that of the middling, and of those above the middling rank. The whole expense of the inferior is much greater than that of the superior ranks. In the first place, almost the whole capital of every country is annually distributed among the inferior ranks of people, as the wages of productive labour. Secondly, a great part of the revenue, arising from both the rent of land and the profits of stock, is annually distributed among the same rank, in the wages and maintenance of menial servants, and other unproductive labourers. Thirdly, some part of the profits of stock belongs to the same rank, as a revenue arising from the employment of their small capitals. The amount of the profits annually made by small shopkeepers, tradesmen, and retailers of all kinds, is everywhere very considerable, and makes a very considerable portion of the annual produce. Fourthly and lastly, some part even of the rent of land belongs to the same rank; a considerable part of those who are some-

what below the middling rank, and a small part even to the lowest rank; common labourers sometimes possessing in property an acre or two of land. Though the expense of those inferior ranks of people, therefore, taking them individually, is very small, yet the whole mass of it, taking them collectively, amounts always to by much the largest portion of the whole expense of the society; what remains of the annual produce of the land and labour of the country, for the consumption of the superior ranks, being always much less, not only in quantity but in value. The taxes upon expense, therefore, which fall chiefly upon that of the superior ranks of people, upon the smaller portion of the annual produce, are likely to be much less productive than either those which fall indifferently upon the expense of all ranks, or even those which fall chiefly upon that of the inferior ranks, than either those which fall indifferently upon the whole annual produce, or those which fall chiefly upon the larger portion of it. The excise upon the materials and manufacture of home-made fermented and spirituous liquors, is, accordingly, of all the different taxes upon expense, by far the most productive; and this branch of the excise falls very much, perhaps principally, upon the expense of the common people. In the year which ended on the 5th of July 1775, the gross produce of this branch of the excise amounted to £3,341,837 : 9 : 9.

It must always be remembered, however, that it is the luxuries, and not the necessary expense of the inferior ranks of people, that ought ever to be taxed. The final payment of any tax upon their necessary expense, would fall altogether upon the superior ranks of people; upon the smaller portion of the annual produce, and not upon the greater. Such a tax must, in all cases, either raise the wages of labour, or lessen the demand for it. It could not raise the wages of labour, without throwing the final payment of the tax upon the superior ranks of people. It could not lessen the demand for labour, without lessening the annual produce of the land and labour of the country, the fund upon which all taxes must be finally paid. Whatever might be the state to which a tax of this kind reduced the demand for labour, it must always raise wages higher than they otherwise would be

tobacco, a system not very unlike that which is proposed. But though the bill which was the into parliament, comprehended those two only, it was generally supposed to be meant as a prelude to a more extensive scheme of the same kind. The Opposition, combined with the interest of smugglers, raised so violent, though so unavailing, a cry against that bill, that the minister thought it prudent to drop it; and from a dread of exciting a similar opposition of the same kind, none of his successors have since attempted the project.

The duties upon foreign luxuries, in consumption, though they sometimes fall principally upon people of middling fortune. Such are, for example, upon foreign wines, upon coffee, chocolate

The duties upon the cheaper luxuries destined for home consumption, fall upon people of all ranks, in proportion to the expense. The poor pay the duties upon rum and ale, upon their own consumption: both their own consumption and that of

The whole consumption of the inferior or of those below the middling rank, it must be in every country much greater, not only in value, than that of the middling, but above the middling rank. The whole consumption of the inferior is much greater than that of the middling. In the first place, almost the whole capital of the country is annually distributed among the inferior people, as the wages of productive labour form a great part of the revenue, arising from the land and the profits of stock, is annually distributed to the same rank, in the wages and maintenance of servants, and other unproductive labour. Some part of the profits of stock belongs to the middling rank, as a revenue arising from the employment of capitals. The amount of the profits and wages of small shopkeepers, tradesmen, and retailers is everywhere very considerable, and makes up a considerable portion of the annual produce. At last, some part even of the rent of land belongs to the same rank; a considerable part of those

land which grows it. A tax upon the produce of those precious vineyards, of which the wine falls so much short of the effectual demand, that its price is always above the natural proportion to that of the produce of other equally fertile and equally well cultivated land, would necessarily reduce the rent and profit of those vineyards. The price of the wines being already the highest that could be got for the quantity commonly sent to market, it could not be raised higher without diminishing that quantity; and the quantity could not be diminished without still greater loss, because the lands could not be turned to any other equally valuable produce. The whole weight of the tax, therefore, would fall upon the rent and profit; properly upon the rent of the vineyard. When it has been proposed to lay any new tax upon sugar, our sugar planters have frequently complained that the whole weight of such taxes fell, not upon the consumer, but upon the producer; they never having been able to raise the price of their sugar after the tax higher than it was before. The price had, it seems, before the tax, been a monopoly price; and the argument adduced to show that sugar was an improper subject of taxation, demonstrated, perhaps, that it was a proper one; the gains of monopolists, whenever they can be come at, being certainly of all subjects the most proper. But the ordinary price of barley has never been a monopoly price; and the rent and profit of barley land have never been above their natural proportion to those of other equally fertile and equally well cultivated land. The different taxes which have been imposed upon malt, beer, and ale, have never lowered the price of barley; have never reduced the rent and profit of barley land. The price of malt to the brewer has constantly risen in proportion to the taxes imposed upon it; and those taxes, together with the different duties upon beer and ale, have constantly either raised the price, or, what comes to the same thing, reduced the quality of those commodities to the consumer. The final payment of those taxes has fallen constantly upon the consumer, and not upon the producer.

The only people likely to suffer by the change of system here proposed, are those who brew for their own

private use. But the exemption, which this superior rank of people at present enjoy, from very heavy taxes which are paid by the poor labourer and artificer, is surely most unjust and unequal, and ought to be taken away, even though this change was never to take place. It has probably been the interest of this superior order of people, however, which has hitherto prevented a change of system that could not well fail both to increase the revenue and to relieve the people.

Besides such duties as those of customs and excise above mentioned, there are several others which affect the price of goods more unequally and more indirectly. Of this kind are the duties which in French are called *peages*, which in old Saxon times were called the duties of passage, and which seem to have been originally established for the same purpose as our turnpike tolls, or the tolls upon our canals and navigable rivers, for the maintenance of the road or of the navigation. Those duties, when applied to such purposes, are most properly imposed according to the bulk or weight of the goods. As they were originally local and provincial duties, applicable to local and provincial purposes, the administration of them was, in most cases, entrusted to the particular town, parish, or lordship, in which they were levied; such communities being, in some way or other, supposed to be accountable for the application. The sovereign, who is altogether unaccountable, has in many countries assumed to himself the administration of those duties; and though he has in most cases enhanced very much the duty, he has in many entirely neglected the application. If the turnpike tolls of Great Britain should ever become one of the resources of government, we may learn, by the example of many other nations, what would probably be the consequence. Such tolls, no doubt, are finally paid by the consumer; but the consumer is not taxed in proportion to his expense, when he pays, not according to the value, but according to the bulk or weight of what he consumes. When such duties are imposed, not according to the bulk or weight, but according to the supposed value of the goods, they become properly a sort of inland customs or excises, which obstruct very much the most important of all branches of commerce, the interior commerce of the country.

In some small states, duties similar to those passage duties are imposed upon goods carried across the territory, either by land or by water, from one foreign country to another. These are in some countries called transit-duties. Some of the little Italian states which are situated upon the Po, and the rivers which run into it, derive some revenue from duties of this kind, which are paid altogether by foreigners, and which, perhaps, are the only duties that one state can impose upon the subjects of another, without obstructing in any respect the industry or commerce of its own. The most important transit-duty in the world, is that levied by the king of Denmark upon all merchant ships which pass through the Sound.

Such taxes upon luxuries, as the greater part of the duties of customs and excise, though they all fall indifferently upon every different species of revenue, and are paid finally, or without any retribution, by whoever consumes the commodities upon which they are imposed; yet they do not always fall equally or proportionally upon the revenue of every individual. As every man's humour regulates the degree of his consumption, every man contributes rather according to his humour, than in proportion to his revenue: the profuse contribute more, the parsimonious less, than their proper proportion. During the minority of a man of great fortune, he contributes commonly very little, by his consumption, towards the support of that state from whose protection he derives a great revenue. Those who live in another country, contribute nothing by their consumption towards the support of the government of that country, in which is situated the source of their revenue. If in this latter country there should be no land tax, nor any considerable duty upon the transference either of moveable or immoveable property, as is the case in Ireland, such absentees may derive a great revenue from the protection of a government, to the support of which they do not contribute a single shilling. This inequality is likely to be greatest in a country of which the government is, in some respects, subordinate and dependent upon that of some other. The people who possess the most extensive property in the dependent, will, in this case, generally

chuse to live in the governing country. Ireland is precisely in this situation ; and we cannot therefore wonder, that the proposal of a tax upon absentees should be so very popular in that country. It might, perhaps, be a little difficult to ascertain either what sort, or what degree of absence would subject a man to be taxed as an absentee, or at what precise time the tax should either begin or end. If you except, however, this very peculiar situation, any inequality in the contribution of individuals which can arise from such taxes, is much more than compensated by the very circumstance which occasions that inequality ; the circumstance that every man's contribution is altogether voluntary ; it being altogether in his power either to consume, or not to consume the commodity taxed. Where such taxes, therefore, are properly assessed, and upon proper commodities, they are paid with less grumbling than any other. When they are advanced by the merchant or manufacturer, the consumer, who finally pays them, soon comes to confound them with the price of the commodities, and almost forgets that he pays any tax.

Such taxes are, or may be, perfectly certain ; or may be assessed, so as to leave no doubt concerning either what ought to be paid, or when it ought to be paid ; concerning either the quantity or the time of payment. Whatever uncertainty there may sometimes be, either in the duties of customs in Great Britain, or in other duties of the same kind in other countries, it cannot arise from the nature of those duties, but from the inaccurate or unskilful manner in which the law that imposes them is expressed.

Taxes upon luxuries generally are, and always may be, paid piece-meal, or in proportion as the contributors have occasion to purchase the goods upon which they are imposed. In the time and mode of payment, they are, or may be, of all taxes the most convenient. Upon the whole, such taxes, therefore, are perhaps as agreeable to the three first of the four general maxims concerning taxation, as any other. They offend in every respect against the fourth.

Such taxes, in proportion to what they bring into the public treasury of the state, always take out, or keep out

of the pockets of the people, more than almost any other taxes. They seem to do this in all the four different ways in which it is possible to do it.

First, the levying of such taxes, even when imposed in the most judicious manner, requires a great number of custom-house and excise-officers, whose salaries and perquisites are a real tax upon the people, which brings nothing into the treasury of the state. This expense, however, it must be acknowledged, is more moderate in Great Britain than in most other countries. In the year which ended on the 5th of July 1775, the gross produce of the different duties, under the management of the commissioners of excise in England, amounted to the sum of £5,507,308 : 18 : 8 $\frac{1}{4}$, which was levied at an expense of little more than five and a half per cent. From this gross produce, however, there must be deducted what was paid away in bounties and drawbacks upon the exportation of exciseable goods, which will reduce the neat produce below five millions.* The levying of the salt duty, and excise duty, but under a different management, is much more expensive. The neat revenue of the customs does not amount to two millions and a half, which is levied at an expense of more than ten per cent. in the salaries of officers and other incidents. But the perquisites of custom-house officers are everywhere much greater than their salaries; at some ports more than double or triple those salaries. If the salaries of officers, and other incidents, therefore, amount to more than ten per cent. upon the neat revenue of the customs, the whole expense of levying that revenue may amount, in salaries and perquisites together, to more than twenty or thirty per cent. The officers of excise receive few or no perquisites; and the administration of that branch of the revenue being of more recent establishment, is in general less corrupted than that of the customs, into which length of time has introduced and authorised many abuses. By charging upon malt the whole revenue which is at present levied by the different duties upon malt and malt-liquors, a saving, it is supposed, of more than £50,000

* The neat produce of that year, after deducting all expenses and allowances, amounted to £4,975,652 : 19 : 6.

might be made in the annual expense of the excise. By confining the duties of customs to a few sorts of goods, and by levying those duties according to the excise laws, a much greater saving might probably be made in the annual expense of the customs.

Secondly, such taxes necessarily occasion some obstruction or discouragement to certain branches of industry. As they always raise the price of the commodity taxed, they so far discourage its consumption, and consequently its production. If it is a commodity of home growth or manufacture, less labour comes to be employed in raising and producing it. If it is a foreign commodity of which the tax increases in this manner the price, the commodities of the same kind which are made at home may thereby, indeed, gain some advantage in the home market, and a greater quantity of domestic industry may thereby be turned toward preparing them. But though this rise of price in a foreign commodity may encourage domestic industry in one particular branch, it necessarily discourages that industry in almost every other. The dearer the Birmingham manufacturer buys his foreign wine, the cheaper he necessarily sells that part of his hardware with which, or, what comes to the same thing, with the price of which he buys it. That part of his hardware, therefore, becomes of less value to him, and he has less encouragement to work at it. The dearer the consumers in one country pay for the surplus produce of another, the cheaper they necessarily sell that part of their own surplus produce with which, or, what comes to the same thing, with the price of which they buy it. That part of their own surplus produce becomes of less value to them, and they have less encouragement to increase its quantity. All taxes upon consumable commodities, therefore, tend to reduce the quantity of productive labour below what it otherwise would be, either in preparing the commodities taxed, if they are home commodities, or in preparing those with which they are purchased, if they are foreign commodities. Such taxes, too, always alter, more or less, the natural direction of national industry, and turn it into a channel always different from, and generally less advantageous, than that in which it would have run of its own accord.