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THE  
INCOME TAX SCRUTINIZED, &c.

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THE  
I N C O M E T A X

SCRUTINIZED,

AND

SOME AMENDMENTS PROPOSED

TO

RENDER IT MORE AGREEABLE

TO

THE BRITISH CONSTITUTION.

BY JOHN GRAY, LL.D.

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QUERERE VERUM.

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1802.

THE

## INCOME TAX SCRUTINIZED, &amp;c.

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**H**APPENING lately to peruse the statement of the Annual National Income of Great Britain, submitted to the consideration of the House of Commons by Mr. Pitt, on the 3d of December, 1798, it appeared to me to be in several respects imperfect; and to that circumstance I attribute the embarrassments that have occurred in the collection of the tax raised from it. The tax itself, as an attempt to revert to the true principle of Public Supply, is entitled to the firm support of every well-wisher to his country; and that the true principle of Public Supply may be more completely understood, and the tax modelled on that principle, is the purport of the following imperfect Essay.

The Income Tax professes to be founded on the National Income; and the Statement of that Income presented to the House of Commons con-

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fifts of the following articles, amounting to a capital of 102 millions, namely,

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Land Rents of England - - -	20,000,000
Lands in the hands of Tenants - -	4,000,000
Tythes - - - - -	5,000,000
Amount of Mines, Shares in Canals, Timber, &c. - - - - -	3,000,000
Rent of Houses - - - - -	6,000,000
Income arising from Possessions - -	2,000,000
Produce of the preceding articles in Scotland	5,000,000
Income from Irish Absentees - - -	1,000,000
Income from West Indian Absentees - -	4,000,000
Amount of Interest of Funds - - -	12,000,000
Profit on Foreign Trade - - - - -	12,000,000
Profit on Home Trade - - - - -	28,000,000
	102,000,000

Instead of the preceding Statement, the following appears to me to give the Financial Map with more accuracy; though to reason correctly we ought to have an actual Survey.

Of the 72 millions of acres in Great-Britain, suppose 16 millions to be totally unproductive, and the remaining 56 millions to be productive to the amount of only 2l. each, that is to say, each acre yielding one with another what would sell for 2l. which would make on the whole an income from Agriculture of - - - - -	} £ 112,000,000
To this add the Income from Fisheries.	4,000,000
The Income from Mines - - - - -	2,000,000
The Income from Irish Absentees - -	1,000,000
The Income from West India Absentees	4,000,000
The Profit from Foreign Trade - - -	12,000,000
	135,000,000

I have

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I have supposed the productive acres to yield annually one with another to the value of 2l. which from the following considerations I am inclined to think will be found to be an undervaluation. Many acres of garden ground in the vicinity of the metropolis produce annually to the value of 200l. each, which is said to be the case with many acres of hop grounds. If this be considered as a maximum, Bagshot-heath and many acres of the Highlands of Scotland furnish us with a minimum. Dr. Johnson in his tour to the Hebrides mentions, that the Laird of Coll told him that he had many hundred acres, for which he would be glad to receive 2d. per acre, of rent, which would make the produce worth 8d. per acre, supposing the rent to be one fourth of the produce\*.

But without taking these extremes into computation, let the average be formed from a general survey of the value of the arable, meadow, and pasture fields throughout the island. How many acres in England yield three quarters of wheat

\* The proportion between this maximum and minimum appears to be as 8000 to one, in pecuniary value; yet in intrinsic value (which the Politician ought chiefly to attend to) it will perhaps be found not to be more than as 10 to one. For example, one acre at Battersea now yielding 200l. a year in asparagus, would perhaps do no more than feed two sheep; and if 20 acres of the Laird of Coll's estate would likewise feed two sheep, then the proportion between the two would be as 10 to one.

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per acre, which at only 45s. per quarter, is 6l. 15s. per acre? How many acres of meadow yield as much in hay? How often does the produce of an acre of potatoes sell for 20l. sometimes for 50l. and even 60l. ?\* The value of a farm of 250 acres at Teston, in Kent, is stated at 4227l. which is within a trifle of 17l. per acre. § Three acres in Yorkshire, under the cultivation of a cottager, produced what would have sold of late years for 54l. which is at the rate of 18l. per acre. † Near the same thing may be concluded from four acres cultivated by a cottager in Airshire. ‡ One hundred acres in Fifeshire, from the information of a respectable friend, yielded two years ago to the value of 700l. In the parish of Restalrig, in the neighbourhood of Edinburgh, 160 acres are now let for 1110l. per annum, which at four rents would suppose a produce per acre of about 28l. From a general inspection of that most valuable work, the Statistical Account of Scotland, the following may be reckoned the averages of produce per acre in that part of the Island. Wheat 6l. 11s. Oats 3l. Barley 4l. 2s. Pease 3l. 3s.

\* See the Agricultural Survey of Lancashire, 2d Edit.

§ See Communications to the Board of Agriculture, Vol. 2.

† See a letter from Sir Henry Vavasour, Bart. to the Right Hon. Lord Carrington.

‡ See a letter addressed to the Right Hon. Lord Carrington by Colonel Fullerton.

Turnips

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Turnips 3l. 15s. Potatoes 8l. 12. Flax 1cl. 10s.\*

A more minute detail than is here given, would, I think, lead to the conclusion, that the average of value which I have taken is rather too low, and that we may with confidence assert, that the lands of Great Britain furnish to its inhabitants by means of Agriculture an annual income, equal in marketable value to 130 millions. But that I may not appear to exceed, I desire my readers to take only my first statement as the basis of their reflections on this very important subject, from which statement the great importance of agricultural produce as an income, or a means of supply to the inhabitants of Great Britain, and consequently to the State, appears with the fullest evidence. All the other Incomes of Great Britain (which have a

\* I have, I think, upon grounds not liable to be much controverted, estimated the National Income from Agriculture at 112 millions. But according to Dr. Adam Smith, Mr. Arthur Young, and many others, the statement I have given ought to contain another 112 millions, as the Income from Manufactures, which they make equal to that from Agriculture. The author of the *British Merchant* goes a great deal further, and reckons the Income from Manufactures three and an half times as much as that from Land, which would make the National Income upwards of 527 millions, and would consequently give an Income Tax, at one tenth, of 52 millions. If Dr. Adam Smith and his followers are shewn to be in an error, the *British Merchant* needs no refutation.

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right to be called Incomes), when compared with this Income from Agriculture, sink into insignificance, one of them alone excepted, namely, the Fisheries, which by a wise political attention might be so extended, as to be a very considerable source, not only of Income, but of Maritime strength.

I have said that the Income of Great Britain from Agriculture, greatly exceeds in value all the other Incomes, which have a right to be called Incomes; and I have added this last clause, because in the statement laid before Parliament, and upon which the Income Tax is formed, two articles particularly are mentioned, which will be found to have no right to be called National Incomes. These articles are the profits on Home Trade, stated at 28 millions, and the profits from the interest of Funds, stated at 12 millions, both of which will be found to be most improperly reckoned National Incomes. By the profits on Home Trade I presume are meant the Incomes, that individuals in society make in their dealings with each other, which Incomes are their livelihood, and, in general, little more than their livelihood, proceeding all from the original source of agriculture. Livelihood in one sense is only another word for spending, which cannot even begin or be continued without supply, and that supply agriculture furnishes annually. The Incomes then that individuals in society make in their dealings  
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with each other, are only portions of the original annual supply furnished by agriculture, and can afford no gain to one individual without a proportionate loss to another, consequently do not add to the National Income, or to that capital upon which all must live and subsist. How many politicians and political writers have maintained an opposite doctrine, which has passed so current from one to another, as not to be thought to require any particular elucidation.

As the error of reckoning that to be National Income which is not National Income, has been attended with very prejudicial consequences to the State, it particularly deserves to be investigated by all those, who wish to have a clear conception of the fundamental principles of Government and Finance; and perhaps the following elucidations may contribute in some degree to dispel it. Let us trace the origin of the Incomes of several classes in society, and it will from thence appear, that those Incomes cannot, with any propriety, be reckoned National Incomes.

The annual exhibition of the Royal Artists in Somerset-place is said to put into their pockets 3000l. Now what has filled their pockets but the shillings that have gone out of the pockets of other people who came to view their performances; consequently, though the artists should enrich themselves by this traffic or intercourse, the nation would gain nothing. The same reflection is ap-

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plicable to all the money paid at other exhibitions in the capital and other parts of the kingdom.

Genius and industry may have enabled an eminent painter to have lived handsomely, and to have accumulated a fortune of 40,000l.; but his gains cannot reasonably be stated as National gains; for whatever he received went out of the Incomes of those who employed him; and if he gave a picture and received 50 guineas, it no more increased the National Income, than if one person should give to another a crown piece and receive for it five shillings. This reflection extends to the profits of all those employed in the fine arts throughout the kingdom, when those profits are not drawn from foreign customers.

The annual receipts at the Theatres in London, probably exceed 200,000l. and enable some of the persons, principally concerned in those Theatres, to occupy elegant houses in town, to live splendidly, and to have carriages and country villas. To the 200,000l. which the Theatres in the metropolis make to change hands, perhaps four times as much may be added for the transfers which the Theatres in the rest of the kingdom occasion, in all one million; but is the National Income thereby augmented one million, or even one farthing?

The skill or the fashionable vogue of a Physician, sometimes procures to him an Income of 3000 or 4000l. a year; but all that he receives

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as a Physician, is merely a defalcation of the Incomes of his Patients; and were his Patients to enjoy good health, the Physician would have no Income at all. In either case, however, the National Income would experience neither an increase nor diminution. And what is said of one Physician applies to all others, in that profession, in Great Britain.

If it is most manifest that the fees paid to the Physicians neither augment nor diminish the National Income, it is equally true, that the fees paid to the Lawyers neither augment nor diminish the National Income; for what goes into the pocket of the Lawyer, is, precisely, what goes out of the pocket of his Client.

In like manner, if we enquire whether the Incomes of the 200,000 Retailing Shopkeepers add any thing to the National Income, we must acknowledge that their Incomes are, in this respect, on the same footing with those of Lawyers, Physicians, Painters, &c. for what forms the Income of the Shopkeeper is nothing else but subtractions from the Incomes of his Customers; so that if these be withdrawn, the Shopkeeper would have no Income at all. The following case, which the Income Act may realize, shews, very plainly, the impropriety of reckoning that an Income to A, which had previously been reckoned part of the Income of B, C, D. Suppose a  
Milliner

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Milliner, previous to the Income Tax, had made an annual gross Income of 1000l. from 50 customers, who dealt with her to the amount of 20l. each; but that each of those customers being required by the Income Act to pay 20l. to Government, are thereby prevented from having any dealings with the Milliner, the consequence would be, that the Income Tax would sweep away the whole of the Milliner's Income, and she would be reduced to mendicity.

The Retailing Shopkeeper so far from augmenting the National Income, is but too often the drone in the hive; and if instead of 200,000 Retailing Shopkeepers in Great Britain, were 100,000 to suffice, commodities in many cases would be furnished cheaper to the buyers, and 100,000 persons, a formidable army of Idlers, could be spared to the labours of agriculture, which would augment the real National Income. *Defantque manus poscentibus arvis.* It is the propensity of Idlers to employ themselves in *turning a penny* rather than in *creating a penny*, that needlessly multiplies Shopkeepers, which was remarked by the judicious Mr. Cary, of Bristol, above an hundred years ago, who complained of *the swarms that went off to idle employments.* This propensity a wise Government will ever endeavour to counteract; and in this view the Shop Tax deserved great commendation, if it had been laid in a proper

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proper manner\*. If the most impolitic and false compassion for the class of Retailers that actuated the opposers of that Tax, and which was never supported by solid argument, had been resisted with more firmness, Government would be now receiving the benefit of the Tax, and at the same time the community would be taxed less, in being exempted from the exorbitant profits made by many small Shopkeepers. On account of such extortions, the Hampshire Report on the state of the Poor earnestly recommends it to masters, to stand in the place of Shopkeepers to their labourers; and the respectable Society for bettering the condition of the Poor have given practical examples, similar to what the Hampshire Report recommends.

What has been said of the Incomes of Artists, of Physicians, of Lawyers, and of Retailers, the scrutinizing reader will perceive, is equally applicable to the Incomes of Manufacturers, employed in what is called Manufactures of Luxury. Manufactures are only *conversions* and not *creations*; and what may be a great Income to the Manufacturer may be none at all the State. A

\* It ought to have been imposed by way of Licence as other classes of men are licenced; and all Manufacturers, who are both Makers and Sellers, ought to have been exempted.



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cart load of straw may be worth 3l. and when manufactured into straw bonnets may sell for 500l. but this conversion does not add one penny to the National Income, if the whole manufacture be sold and consumed at home. The 500l. that the manufactured straw sells for, though an *Income* to the Manufacturer, is exactly counterbalanced by the *Outgo* (if I may use the word) of those who purchase the straw bonnets; and the politician, who should think such a transfer an augmentation of the National Income, would err as widely as the housekeeper, who should think he increased his stock of furniture by transferring a dozen of chairs from the parlour to the dining-room. Such an error, however, has been committed by men of good judgment and good ability; and Sir Matthew Decker, Dr. Adam Smith, Mr. Arthur Young, and many others, argue upon the National Profit from Manufactures, from the augmented marketable value which a Manufacture acquires in the course of fabrication, and when presented for sale. They totally omit to take into their computation the *cost* of this augmented value, namely, the wages or salaries of the workmen, and the profit superadded by the master manufacturer as a recompense to himself. Now deducting these two, both of which come out of the pockets of the buyers, and the only Income remaining is the value of the first material,

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rial, consequently the idea of an additional value from Manufacture is a baseless idea\*.

To the classes in Society above mentioned, may be added the whole body of the Clergy, and of Teachers and Schoolmasters, all employed in the military and naval service, all the variety of handicraftsmen not immediately aiding the cultivator, and all menial servants of both sexes, and all children incapable of work, all of whose Incomes come out of the National Income, but do not add any thing to that Income, and consequently ought no more to be stated as making an addition to it, than the Income of the Physician, the Artist, &c. From what has been above said, I think it appears most evident, that the 28 millions stated as the Profits on Home Trade, ought not to have made an article in the statement of the National Income.

Let us next examine upon what ground the Interest of Funds, stated at 12 millions, is made an article of National Income, and I doubt not but it will be granted, that the whole of the Interest paid on the Public Debt, can no more be reckoned an additional part of the National In-

\* The reader who wishes for a discussion at greater length of the ill founded opinion of the National Income arising from Manufactures, may consult the Essay, entitled 'The Essential Principles of the Wealth of Nations illustrated, in opposition to some false doctrines of Dr. Adam Smith and others,' published by Mr. Becket in 1797.

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come, than the Interest paid on Private Debts. Should a Gentleman have an Income from land of 10,000l. a year, his estate ought, on a land tax of 4s. in the pound, to pay 2000l. per annum to Government; but if he has contracted a debt of 20,000l. at 5 per cent. or 1000l. per annum, this 1000l. per annum cannot be considered as a new Capital, on which another 4s. in the pound ought to be laid. The original Income from the land is the National Income, and this Income remains the same to the Nation, whether the possessor A enjoys the whole of the 10,000l. or if he only receives 9000l. of it, and B receives the remaining 1000l. B, from having accumulated 20,000l. and lent that sum to A, has not created an additional National Capital, he has only collected a sum to replace the Capital that A had dissipated; and if there were no person to borrow, and no land to be sold, he would find that he had collected what would yield him no Income. When the Money Lender and the Borrower are subjects of the same State, the Income of the former is in exact proportion to the Outgo of the latter, and like other transfers, makes no alteration in the National Income. And when the Lenders are subjects, and the Borrower is the State, what is paid to the former by the latter are taxes drawn from the National Income, and therefore cannot augment that Income. In the case where the Lenders are subjects of another State, the interest or taxes paid

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to them tend to diminish the National Income, by sending away out of the Kingdom, part of what is required to be expended within the Kingdom, in order to produce a future National Income. From these reflections, it may therefore be concluded, that the Interest of Funds has no more right to be stated as constituting a part of the National Income than the Profits on Home Trade.

Having thus cleared the way, by shewing what Incomes have no right to be stated as additional parts of the National Income, and consequently ought to be exempt from a Tax upon Income, I shall proceed to a more particular examination of the Real National Income; shall offer some reflections for greatly enlarging it; and propose an invariable rule for connecting the Public Supply with it for ever in a just proportion.

I have stated the National Income from Agriculture at 112 millions, but I have not noticed to whom it primarily belongs. I shall now suppose that it is the property of the Farmers who produce it, and the next enquiry will naturally be how is it primarily distributed. As it is intended for the sustenance of all, or almost all, it must be distributed to all, otherwise some would perish for want; but as it is not the object of the present Essay to trace the minute distributions, I shall only trace the primary distributions, and a few of the secondary, from whence we may soon be convinced of the great impropriety of confounding

founding these last distributions with the former, which would be to state the same article twice in the same account:

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The first primary distribution of the National Income from Agriculture is to the Landlord for leave to cultivate the soil, one fourth, or	} 28,000,000
*To the Clergy one twentieth, or	- 5,600,000
To the Poor one fortieth, or	- 2,800,000
Thrown into the ground as seed	- 10,000,000
Remains for the Producers	- 65,600,000
	112,000,000

Here we have under four articles the National Income, which Providence, aiding the labours of the husbandman, provides yearly for the sustenance of the inhabitants of Great Britain, and for the chief supply of all their wants; and if we trace but for a short way the subdivisions of the first article, it will serve as a key to decypher the whole of the annual circulations of this Kingdom, and further illustrate what has been before observed, that the Profit on Home Trade is with impropriety stated, as one of the articles of National Income.

Suppose a wealthy Land-proprietor receives annually from his tenants a rent of 10,000l. and lives nearly up to that rent, making a reserve of

\* By law, the Clergy of the Church of England are entitled to one tenth; but, in general, they hardly levy one twentieth.

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only one tenth of it, some of the chief articles of his expenditure may be presumed to be as follows, namely, to Government, on a land tax of 4s. in the pound, 2000l. for the maintenance and the education of his children, 1000l. for housekeeping, 2000l. for wages to servants, 500l. for horses and stables, 500l. for tradesmen, including coachmaker, upholsterer, carpenters, masons, smiths, &c. 2000l. and the rest in charities, journeys, and to painters, statuaries, gilders, &c. Thus in the course of 12 months, this wealthy Landlord has expended 9000l. which may justly be stated as National Income, as it is a New Creation, that did not exist the year before; but none of the articles of distribution of that rent before-mentioned can be stated a second time, as a new part, or a separate part of National Income; for were there to be twenty subsequent distributions previous to the total consumption, they would only be a continuation of the first agency, and no new agent. For example, the money the Landlord has paid to the coachmaker, upholsterer, painter, and gilder, enables them to employ carpenters, shoemakers, taylor, bakers, brewers, &c. Do the servants receive 500l.? they with that money buy shoes, stockings, and other necessaries; and at the end of 12 months are ready for another 500l. to be expended in the same manner, which the Farmer is prepared to pay to the Landlord.

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In this one example we may contemplate the whole of the circulation, which the rents of the Landlords, the tythes of the Clergy, and the incomes of the Farmers give rise to, not only within the Kingdom, but without the Kingdom; for if we were not Exporters, we could not be Importers. The Farmers may perhaps never employ statuaries, painters, or gilders; but the carpenters, masons, weavers, taylors, and shoemakers employed by them, will be found to be nearly twice as numerous as those employed both by the Land-proprietors and the Clergy, as their portion of the National Income is nearly twice as great.

I will now proceed to make some observations on another branch of our Annual National Income, namely, the Profits on Foreign Trade, stated in the account delivered to Parliament at 12 millions, arising from the present immensity of our foreign traffic. This foreign traffic, putting the Exports and Imports together, is said to amount to 90 millions per annum, yielding a profit of 12 millions to the Merchant, Exporters and Importers, which is at the rate of 13 per cent. Were this sum of 12 millions all gained from foreigners, it would have a just right to be stated to its full amount, as an article of National Income, by its increasing by so much the General Stock. But as that is far from being the case, a deduction ought to be made from it, of whatever share of it is raised upon fellow subjects, as that share is

is to be ranked with the profits of Retailers, which have been shewn to be no National Profits. Could this distinction be made with accuracy, we should then know how much of what is called the Balance of Foreign Trade could be stated as National Income. But in the impossibility of making such distinction, we can only form an uncertain conclusion from collecting circumstances. Some years ago, I think, the East India Company stated, that they were losers by their Exports to India. The whole of their profits then must have been from their Imports from thence, and what proportion of those profits arose from their home sales, their own books can only discover. Their home traffic is most widely diffused, for the 30,000 licenced tea-dealers are so many tax-gatherers for the East India Company. But should tea drinking go out of fashion, the Dividends of that Company would experience a considerable diminution, and yet the National Income not be lessened. The profits of other Merchants who export British produce and manufactures, and import wines, fruits, tobacco, &c. are, in many instances, similar to those made by the East India Company. They are profits, not wholly arising from what is exported to Foreign Countries, but partly from what is imported into this Country, and paid by the consumers here. By separating these two profits, and deducting the latter from the whole sum, the remainder only

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is what ought to be stated as Real National Income; and by applying this reflection to the article of the profits on Foreign Trade, stated at 12 millions, many will be inclined to conclude, that as a branch of National Income it is over-rated one half. What I have here said is not from the smallest wish to have the profits from our Foreign Trade undervalued; but from a wish to have them truly valued; and rather than be thought to under estimate them, I shall make the supposition that they may amount to 14 millions.\* Now even on this supposition let them be compared with the 12 millions of annual profits from Agriculture, and how unimportant do they appear. Among the many bad consequences that result from throwing the profits from Agriculture into the back ground, and bringing the profits from Foreign Trade so prominently forward, one, and not the least, is the weakening that bond of love and amity, that ought always to subsist between

\* Such a supposition, however, my readers will naturally observe, would make the profits to the Merchants of Great Britain, equal to one half of the rents of all the Land-proprietors of Great Britain, a thing not at all probable. Though there may be one or two British Merchants, who gain annually as much as one or two of our richest Land-proprietors, yet, on the whole, the Land-proprietors are quadruple to the Foreign Merchants, both as to number and to income. And besides, to make the gains of the Merchants national gains, they must be drawn, not from their fellow subjects, but from foreigners.

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us and our neighbouring nations, and inspiring those States who are envious of our prosperity, with the malignant hope of giving us a deep wound, by abridging our commercial intercourse with foreigners, and in this false persuasion cherishing hostility against us? The enlightened political economist would not be terrified, were the blind envy of the French Rulers to succeed in shutting all the ports of Europe against us; but would say with the justly celebrated Bishop Berkeley, what is to hinder Great Britain, if she cultivates her fertile territory, to thrive and prosper and be happy, were she to be surrounded with a wall of brass 40 cubits high? One of the great sources of the political evils, and I may even add of the moral evils, that have afflicted the world for more than one hundred years, is the miscalculation of Statesmen in regard to the comparative importance of the Income from Agriculture and the Income from Foreign Commerce. What a mass of erroneous opinions on this subject might be collected, not only from the writings of men of eminence, but from speeches of Legislators of the first note, which have given rise to most impolitic and oppressive laws, to bloody civil dissensions, and to foreign wars; and have even directly lessened that National Income, which they wished to have augmented. How much good would result, not only to Great Britain, but to other nations, were their Rulers to give to each of those sources

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of National Income its proper estimation. Mutual good-will among nations would then succeed to envious jealousy. Each would perceive the practicability of augmenting its own prosperity without detracting from that of its neighbour, and in their mutual dealings with each other they would almost disdain to calculate, whether the balance were in their favour or not. A nation, perceiving that it could turn an Agricultural Income of 112 millions into an Income of 114 millions, or 140 millions, would not be very anxious were it to purchase conveniencies from abroad with an annual loss of 100,000l. or 200,000l. A great Landlord, whose lands yielded him 50,000l. a year, would not be forward to enter into a bloody litigation for farthings.

Another source of National Income is the Fisheries, which I have stated at only four millions; and it is on many accounts to be regretted, that it does not greatly exceed that sum. As the natural situation of Great Britain affords ample room for greatly augmenting this source, I propose in a subsequent part of this Essay to offer some reasons and suggestions, for rendering it a more important article of National Income.

Of the three other sources of National Income, namely, the Profits from Irish Absentees, the Profits from West Indian Absentees, and the Profits from Mines, the last differs in its nature from all the others. All the others may be compared to

perennial

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perennial springs, which are not diminished by what is drawn from them, as there is a continual reproduction; but Mines resemble a cistern once filled, without the means of being filled a second time. As this cistern, however, is immensely large, has been furnishing supplies for these 2000 years, and may continue to furnish annual supplies for many centuries to come, it may not improperly be considered as a perennial spring; that is, the Income from Mines may be estimated as an Income, that does not diminish the Capital which produces it.

Having thus particularized, not only those articles which constitute the National Income, but those articles which make no part of the National Income, it will immediately occur to my readers, that the latter are most improperly stated as a taxable capital, when the subject is to tax the National Income. The inconsistency would not be greater to make the beer drinkers pay a tax upon wine, or the tea drinkers pay a tax upon chocolate. A tax upon National Income ought to be confined to National Income; and having shewn that the Profits on Home Trade, and that all Mortgages, whether private or public, do not form any part of National Income, it naturally follows, that they ought to be exempted from the Income Tax. By exempting them, what a fund of vexations, and in the opinion of many, of intolerable vexations, would be removed! The ha-

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raffments that have been occasioned by the tax, have been considered by many as a heavy aggravation of the tax. The spirit of the ancient Britons, in regard to Public Burdens as described by Tacitus, is precisely the spirit of modern Britons, and I hope will ever distinguish the inhabitants of the British Isles. 'Ipsi Britanni,' he says, 'delectum et tributa, et injuncta imperii munera impigre obeunt, si injuriæ absint; has ægre tolerant;' that is, 'The Britons perform with energy and spirit all the duties that Government requires, particularly what regards the recruiting and the taxes, if injurious treatment be abstained from; that they do not like to put up with.' Now it is hardly possible, but that injurious treatment should accompany annual inquisitorial researches into annual personal profits, which in their very nature are continually fluctuating. I do not like to enlarge on this most disagreeable subject, which, in a manner, cuts the old Court of Starchamber into a thousand little Starchambers, where ignorance and insolence have an opportunity of harassing individuals by frequent summonses and by irrelative inquisitiveness, that is naturally interpreted into despotic oppression.

Nothing could have led a parental Legislature, like that of Great Britain, to have sanctioned such inquisitorial researches as are now complained of, but a neglect of investigating what was the natural Fund of both private and public supply.

Many

Many evils have flowed to the Kings and People of this Island, from the neglect of this investigation, and this neglect has particularly been promoted for above a century past, by the forwardness of money lenders and money coiners to obtrude the representative of wealth, and even the representative of that representative for wealth itself; so that at length, in the midst of a glut of imaginary wealth, we lately suffered a deficiency of natural wealth, and were obliged to apply to other nations to feed us. It is recorded as a wise saying of Queen Elizabeth, that the way to get at the purses of the people was first to win their hearts. But this maxim, though an excellent one, would, I think, have been more complete with the following addition, namely, and to contrive, by an unremitting attention to the augmentation of natural wealth by Agriculture and the Fisheries, so to fill the purses of the people as to make them overflow. Were the maxim of Queen Elizabeth, with this addition, to be acted upon by the Legislature, the amount of the Income Tax would even increase, though the Profits on Home Trade, and the Profits on the Funds, were not to be considered as making any part of the taxable Capital.

The evident consequence of having considered the Profits on Home Trade and the Profits on the Funds, as forming part of the National Income, has been a considerable augmentation of the political

litical evil attendant upon the financial system that has been adopted for above these hundred years past, of separating the Public Supplies from the Territorial Income, and drawing them from articles of consumption. This system, which originated in the reign of Charles II. instantly occasioned an artificial rise in prices, at that time the subject of complaint; and having been persevered in ever since, has dragged along with it, as a necessary consequence, a continued augmentation of prices, till at length these are become to many classes of men in society equivalent to a double taxation, particularly to the land-proprietors.

The Nation in general may be said to be now panting under the weight of this double taxation; therefore it seems an object of the highest political moment to diminish it, and to prevent it from ever again swelling to its present size. The public spirit that now distinguishes the Nation, the political knowledge that is now widely diffused, the prospect of a return of Peace, and the patriotic views of Government, all concur to give the greatest hopes, that this object will now be zealously pursued with a happy effect. The means for accomplishing it may, I think, be included under the five following heads:

- I. An attention to render the Territorial Income more productive.
- II. To render the Fisheries more productive.
- III. To render Money less productive.
- IV. To alter wholly the system of Artificial Money.

V.

V. To establish an unerring Rule for connecting for ever in a just proportion the Public Supply with the Territorial or National Income.

I shall now offer some reflections on each of these heads.

*I. An attention to render the Territorial Income more productive.*

The National Income of Great Britain, as above explained, arises from its territory of 72 millions of acres; and if all those acres were brought to their highest state of productiveness, that might be considered as the natural measure or boundary of the prosperity and strength of the British Nation, independent of its Foreign Settlements. So far, however, are the 72 millions of acres from being brought to their highest state of productiveness, that 22 millions of them are said still to remain as wastes and commons; and even what is called cultivated ground, it is acknowledged could in great part be rendered still more productive. In their present state, I have computed the marketable value of what they produce at 112 millions. Now when we take into our consideration what has been done of late years with the very worst of them, it is no great presumption to conclude, that they might be made to produce three shillings more annually, one with another, if Government would sedulously and liberally aid and encourage the farther cultivation and improvement



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provement of them. An annual addition of three shillings upon 72 millions of acres, would be an augmentation of the National Income of about 11 millions, or nearly one tenth; and should this increase cost Government 20 millions, it would be a most economical expenditure, for it would be a return of above 50 per cent. upon the capital expended.

It were to be wished that Government, in so far as it makes the advances for the territorial improvements, should take the immediate inspection of them, and either directly, or through the Board of Agriculture, superintend the particular plans and practical details; the improvements, by becoming thus a public concern, would be advanced more speedily, more skilfully, more systematically, and, consequently, more economically. That in matters of political economy, particular plans, and even practical details, may, with a happy effect, be immediately superintended by Government. We have a most useful example in the proceedings of the Prussian Government after the seven years war, as related by the King himself, some extracts of which, as extremely applicable to my present subject, I shall now lay before my readers.

'Sovereigns,' says Frederic, 'ought to resemble the lance of Achilles, which cured the wounds itself had made. Seven years war of Prussia against almost all the Powers of Europe, had nearly exhausted the Finances of the State. In order to form some idea of the general de-

vastation

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'vastation by the war, one must form to one's self countries wholly wasted, where hardly any marks or traces of former habitations could be discovered; cities ruined to their very foundations, others half destroyed by fires, 13,000 houses of which not a stone was to be found; fields unsown, and the inhabitants without corn for their nourishment; the farmers in want of 60,000 horses for their husbandry; and in the Provinces a decrease of 500,000 souls.

'It was necessary in such a deplorable situation to oppose courage to adversity. After the war of thirty years, the Great Elector not having been able to give the proper assistance, a whole age had elapsed before the re-establishment of the ruined Cities and Provinces could be accomplished. So striking an example determined the King not to lose a moment in the present disastrous circumstances, but to repair the public calamities by speedy and ample succours. To add to the calamities occasioned by the war, the City of Konigsberg was twice reduced to ashes by fires; the same fate destroyed Freistadel in Silesia, Over-Glagau, Parcherite, Hugnau, Nauenberg-am-Queis, and several other cities. To supply so many wants it was necessary to invent new resources. We were not slack. The duties upon corn were lowered; and to make up the deficiency of Revenue, the price of beer was somewhat raised. Before the year 1773,

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two hundred and sixty-four new manufactories were established in the Provinces; and in Berlin a Bank of Circulation was formed, to which was added a Public Pawning Office, the Government advancing 800,000 crowns as a fund for its operations.

Government did not limit itself to the re-establishment of what the war had destroyed. It aimed at giving perfection to every thing that was susceptible of it. Accordingly it proposed to draw some profit and revenue from every kind of soil, by draining marshes, improving lands by large stocks of cattle, and even by rendering sandy deserts useful by plantations of trees. Although we enter into immense details, we, nevertheless, flatter ourselves that they will interest posterity. 700,000 crowns were expended in draining marshes on the banks of the Netez and the Warth; and 3000 families were established in those countries. 400 families of foreigners were established in the drained marshes leading to Friedberg. In Pomerania 30,000 acres of meadow were gained by draining, and similar works and establishments were likewise executed in the neighbourhood of Stutgard, Carmin, Tueplowe, Rugewald, and Colberg in the March, and on the Rhine. In the country of Magdeburg 2000 new families were established. Of the Crown Farms 150 were changed into villages, by which the loss of Revenue was more than compensated

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compensated by the increase of Population. In Silesia the Monks were rendered useful, by ordering all the Abbeyes to establish Manufactures. Here a fabric of table linen was established; there oil-mills; in other places tanners, workers in brass, or wire drawers, &c. In Lower Silesia 4000 new families of husbandmen were established. The King deeming it his duty, as it was his great pleasure, to re-establish the credit of the Nobility, paid 300,000 crowns of the debts of the Noblesse; but the debts for which their lands were mortgaged amounted to 25 millions of crowns, and more effectual means of re-imbusement were necessary. The States were assembled, and therein the Nobility became jointly engaged for the payment of the debts. Notes to the amount of 20 millions were issued; and the King having added 200,000 crowns to assist in their circulation, credit was, by degrees, re-established. In Pomerania and the New March, Government paid 500,000 crowns of the debts of the Noblesse, and advanced 500,000 more to render their lands productive. The cities which had suffered most by the war, were eased in like manner. Lundshut received 200,000 crowns, Striegau 40,000, Hall 40,000, Croffen 24,000, Reppin 6000, Halberstad 40,000, Minded 20,000, Bielfield 15,000, and those of Hohenstein 15,000 crowns; all these expences were necessary. Too much speed could not be used

used in distributing money among the Provinces; in order that their re-establishment might be the sooner accomplished. If a rigid economy had been observed, 100 years might, perhaps, have elapsed, before the Provinces could have recovered themselves; but from the dispatch that was adopted, above 100,000 persons returned to their country. In Upper Silesia, one found means of establishing 213 new villages, the inhabitants of which amounted to 23,000, and a plan was formed for augmenting the number of husbandmen in Pomerania by 50,000; and in the Electoral March by 12,000, which was executed in 1780. To know the result of these operations, we need only compare the population of 1740 with that of 1779, which is as follows:

Prussia . . . . .	in 1740	570,000	in 1779	780,000
The Electorate . . . . .		480,000		710,000
Magdeburg and Halberst.		220,000		280,000
Silesia . . . . .		1,110,000		1,520,000
		<u>2,180,000</u>		<u>3,290,000</u>
				<u>2,180,000</u>
			Increase in 1779	1,110,000

In the year 1770, a general dearth happened over all the north of Europe, occasioned by late frosts, which destroyed vegetation: this was a new calamity to be apprehended by the people, and a new necessity for furnishing them with supply.

supply. Corn was given to the people gratis, and was also furnished for seed. The harvest likewise failed in 1778; but the King having formed large magazines, the distress was much less in his dominions than in the neighbouring countries. Saxony lost 100,000 inhabitants, partly by the famine and partly by emigration; Bohemia lost 180,000 souls at least; upwards of 20,000 peasants of Bohemia, and as many of Saxony, sought refuge from the calamity within the King's dominions. They were received with open arms, and helped to people the new establishments that had been formed.

These calamities did not prevent Government from attending, with the same earnestness, to the improvement of the country, the plan for which had been previously arranged. From the attention given to know the amount of all the foreign productions introduced into the country, one found that foreign butter had been imported to the value of 200,000 crowns annually. To be supplied with such a necessary article of consumption at home, a calculation was made of what the new improvements might be able to furnish: the milk of one cow, when made into butter, generally produced five crowns; and by the improvements, which were then in forwardness, it was computed that 48,000 cows might be fed by them; but upon reckoning the whole of the consumption,

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62,000

' 62,000 cows appeared to be necessary, and,  
 ' consequently, a further provision for their pastu-  
 ' rage was to be furnished. Government, which  
 ' had proposed to itself to reform whatever was  
 ' defective in ancient customs, examining with  
 ' attention the different parts of rural economy,  
 ' found that what are generally called Commons  
 ' are very prejudicial to the public welfare. It  
 ' was not till after the division of Commons,  
 ' that the Agriculture of England began to flou-  
 ' rish: commissioners were appointed to make di-  
 ' vision and appropriation of the Pastures and  
 ' Arable Fields, that were either intermixed or  
 ' common. This, in the beginning, met with  
 ' great difficulties, because Custom, queen of the  
 ' world, reigns imperiously over narrow minds;  
 ' but some examples of such divisions, executed  
 ' to the satisfaction of the proprietors, made an  
 ' impression upon the Public, and the plan was  
 ' soon after very generally adopted through all the  
 ' Provinces,

' In some parts of Pomerania and Brandenburg,  
 ' are high and sandy grounds of little fertility;  
 ' and, although it is not given to man to change  
 ' the nature of things, we had a mind to hazard  
 ' some trials, to learn by experience what was  
 ' practicable and what not: for this purpose we  
 ' had recourse to an English Farmer, and, by his  
 ' means, an essay was made in one of the Bail-  
 ' liages of the Crown. His method was to sow  
 ' turnips

' turnips in the sandy soil, which he there suf-  
 ' fered to rot; after which he sowed clover and  
 ' other artificial grasses. These lands, thus turned  
 ' into artificial meadows, fed three times the  
 ' number of cattle; and the experiment having  
 ' so well succeeded, care was taken to render such  
 ' an advantageous system general throughout the  
 ' Province, &c.'

These extracts display great and successful plans  
 of improvement, accomplished under the imme-  
 diate inspection and superintendance of Govern-  
 ment; plans, which may be considered as the very  
 seed or source of the present power and preponde-  
 rance of Prussia. The King himself seems to  
 have justly appreciated their great importance;  
 for he finishes his narrative with the following  
 reflection:—' Thus a System of Finance conti-  
 ' nually improving from one generation to ano-  
 ' ther, may change a State, and render it from  
 ' poor, which it once was, rich enough to add its  
 ' grain to the balance of power held by the first  
 ' Monarchs of Europe.'

To what power and prosperity might not Great  
 Britain advance, by pursuing a System of Finance  
 continually improving from one generation to ano-  
 ther; a system having for its fundamental princi-  
 ple to fill the King's exchequer, not by tricks and  
 artifices, and diving into the subjects pockets by  
 guels, but by augmenting the National Income  
 arising from the territorial produce, and connect-

ing that Income in a proportionate manner with the Public Supply. When the views of the Legislature are zealously and steadily turned to the great object of rendering the National Territory more productive, they may, in a few years, effect more than the slack endeavours of individuals would accomplish in a century. Why are so many wastes, and such tracks of desert, to be found scattered over this fine island, but because their cultivation and improvement have been left to the slack endeavours of individuals, while the Legislature was impolitically narrowing its views to the means of advancing Foreign Commerce, and to the colonization of deserts in America?

How many proofs does not every county in this island afford of the falacy of the maxim, that self-interest will stimulate land-owners to take sufficient care of their own property, and that the cultivation of their Estates may safely be trusted to their own endeavours. The millions of mismanaged acres in the possession of families, who have inherited them for many successive generations, shew plainly that their possessors either have not cared to make the most of them, or have not known how; nay, in many instances, Ignorance and Carelessness have united, from one generation to another, to keep the lands naturally improveable in a state of nearly absolute unproductiveness, which robs the Nation of part of its Income as well as robs themselves. The ancient Romans

Romans deemed this ignorance and carelessness of Land Proprietors most worthy of reprehension, for with them, Pliny tells us, ' *agrum male colere censorium probrum* ; that is, ill cultivated fields drew upon their owners the animadversion of the Censor; and we learn from Sir George Staunton, that in China lands suffered to remain uncultivated escheat to the Province.

To remove the reproach from Great Britain of uncultivated fields, two things are principally necessary, wise regulations and ample advances; and where can these be looked for, with greater propriety, than in the British Legislature? General regulations, flowing from Parliament in regard to the improvement of the territory, would soon have an operation to the remotest corners of the Island, and would rouse many proprietors of Estates to imitate upon their own funds, what they saw accomplished with success upon the funds of Government. When turnpike roads were introduced in one part of the Island, how quickly was the example imitated by the whole nation, who effected more in that branch of improvement, in a few years, than had been done for two thousand years before. In like manner, were Government directly and liberally to promote territorial improvement, many wastes, now covered with stones, heath, or water, would, in a few years, furnish more produce, that is, more wealth to the State, than what has cost the Nation 14 millions, D. 3 paid



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paid to foreigners within these two years.—(See Lord Carrington's speech in the House of Lords.)

The liberality of Government in this instance, as the King of Prussia has justly observed, would be the greatest economy; and supposing the Board of Agriculture to be made the centre of operations, the thousands it now annually receives ought to be turned into hundreds of thousands, which would give to it a more animating spirit, and enable it to call into action genius and experience over the whole united Kingdoms. Preparatory to such action, or to any practical operations, it would, perhaps, not be improper to draw from the Agricultural Surveys of Counties, from the Statistical account of Scotland and from other sources, a summary view of what may be therein observed on unimproved districts; and on the means of improving them. Every one is ready to acknowledge the advantages which the military art has received from professed military engineers; but a corps of civil engineers (which has long been known in France) is still a desideratum in this Country; and were such a corps formed, and connected with the Board of Agriculture, its members might, as missionary improvers, greatly promote the right execution of the designs of the Board. A Marshall, an Anderson, a Kent, or pupils properly instructed by them, would in one week's perambulation, discover, in a clearer manner, what ought to be done or what could be done

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done for the amelioration of a district, than many drudging cultivators would find out during their whole lives.

A class of Civil Engineers or Surveyors, making their circuits over the Kingdom, would serve as Eyes to the Board of Agriculture, and would soon be able to particularize the very spots in each County most requiring to be improved, and most susceptible of improvement, and would also suggest the best means to be employed in the improving them. The reports of those Surveyors being registered, would become to the Board a general index, from whence to select in succession the districts or wastes to be improved under leases from the Proprietors of them. As the Board would be the Improver, the profits of the improvements would consequently belong to the Board as Trustees for Government, till the leases should expire; but, ultimately, they would, as in all other leases, redound to the Proprietors, and, from the beginning, the Nation would benefit from them.

The improvements of the Board would be as so many experimental farms scattered over the Kingdom, serving as exemplars to be copied by those living in their vicinity, who would have ocular demonstration, that their soil could produce what, in their narrow ideas, they had before deemed impossible. Of this we have a very pleasing and striking instance in the elegant narrative of the Earl of

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Kinnoul,

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Kinnoul, on the State of the Society for extending the British Fisheries: his Lordship having noticed, that when the 57 acres of Arable Land, at Ullapool, came into the possession of the Society, they were cultivated in a miserable manner, but, nevertheless, equally well with the other Arable Land of that part of the country; he adds, 'Now they are not only filled with good inclosures, but are, in a considerable degree, covered with crops formerly unknown in those parts, such as turnips, cabbages, and grasses, which, to the surprize of the natives; who deemed such things the produce of happier climates than their own, are found to succeed remarkably well at Ullapool.'

The patriotic efforts of this Society may, in many points, serve as models for conducting the improvements under the Board of Agriculture; and if we draw a conclusion from what the British Society has done in little, to what the Legislature may do in great, the money that it has cost the Nation within these two years for foreign corn would more than suffice to establish 126,000 new families, which, at five persons to a family, would give an augmentation of upwards of half a million of inhabitants, and probably a surplus supply of food for another half million, which surplus would have either of the two following effects. It would either contribute to prevent our indigent poor from suffering by a short allowance of

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of food, or would enable the Nation to resume the most profitable of all exportations, the exportation of corn, to the amount of near a million annually.

These general suggestions for rendering the natural source of the Income of Great Britain more productive, may easily be branched out into minute details; but as these are not proper for the present consideration, I shall abstain from entering upon them here. If the system of territorial improvement under the inspection of Government be adopted, and liberally supported by Parliament, hints regarding minute details will flow in from many quarters, and will naturally occur to those, to whom the chief management or direction is intrusted. It has been well observed by a judicious author, that it is not by details that one ought to serve the cause of Agriculture, meaning, no doubt, that details, though absolutely necessary, are only entitled to a secondary consideration, and that the Legislator or Statesman will begin with considering Agriculture politically as regarding the national prosperity, which will enable him to form such regulations concerning it as may best promote that end, and prepare the way for details.

The second article above proposed for advancing the national prosperity, is an attention to render the Fisheries more productive: these, in my Statement of National Income, are estimated at

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at four millions; but by a proper attention they might be rendered four or five times more profitable to the Nation, and become an additional nursery of population and maritime strength. In *the Essential Principles of the Wealth of Nations illustrated*, to which I consider the present Essay as a Supplement, I have given several urgent reasons for multiplying the number of maritime cities, and drawing a greater Income from our prolific seas. I shall here further add, that there never was a period when Maritime Settlements and the Fisheries ought to be so great objects of Parliamentary attention and encouragement as the present; for never had Government so many sailors and marines to be discharged; never, likewise, had the British Nation more convincing proofs where her most efficient strength lies, than what the late years of hostility have afforded; therefore, in carefully nursing this strength, she will adopt the wise policy of following Nature, sure always of being accompanied with good effects. Since Government will soon cease to give subsistence to above 100,000 sailors, marines, and soldiers, humanity and policy would unite in pursuing such measures as would enable them to procure a subsistence for themselves, at nobody's expence: these last words may justly be added; for though Government should make considerable advances for Maritime Settlements in different parts of Great Britain and Ireland, which are now destitute

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destitute of inhabitants, those Settlements, even in a financial view, would in time amply repay those advances to Government. In the very article of children, should the new Settlements occasion the begetting and rearing of 20,000 children that would not otherwise be reared, that, in a political view, would be equivalent to a reimbursement of two millions sterling, reckoning each child, brought to man's estate, worth 100l. to the Nation; add to this the value of the houses built, the improved value of the lands in the neighbourhood of each Settlement by better cultivation, the new sustenance to be drawn from the Ocean; inviting *Aquaculture*; if I may use the expression, from its great fecundity, the additional demands for manufactures, and the profits to the Exchequer from the consumption of beer and other exciseable commodities, and the new Maritime Settlements founded and fostered by Parliament, might justly be affirmed to repay tenfold the advances that would be required for their establishment. A sinking fund, that would more than redeem the capital mortgaged in twenty years, would be acknowledged to be a most valuable sinking fund; but it would be detracting from the importance of these Maritime Settlements, to compare them with such a sinking fund. Has Great Britain within these ten years expended 300 millions in defending herself, and would it be an unwise or uneconomical policy to expend a few millions



millions during peace, in laying different foundations for greatly augmenting her power of defence in future wars? It is, if I remember right, reported of two rich Dutch merchants, that, trusting to their maritime strength, they asked leave of their Government to make war upon Denmark at their own expence. There would, seemingly, be less presumption in such a bravado from a single town in Great Britain, I mean Liverpool, which, in the war before the last, fitted out no less than eighty armed vessels against the enemy, a naval force probably more than equal to the whole of the Royal Navy of Denmark.

What naval exertions might not Great Britain and Ireland be expected to make, had they on their sea frontier thirty or forty Liverpools, which the political foresight of the present Parliament may lay the foundation of, by establishing Fishing Settlements to be peopled, not only by discharged sailors and soldiers, but by many of those foreign Protestants, who have sought an asylum in this Country from the confusions and distractions on the Continent, and who have been subsisted for years past by the bounty of Parliament? How many thousands of other foreign Protestants would soon crowd our shores, instead of emigrating to the American States, were they, by a general naturalization act, invited to people those Maritime Settlements!

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If Liverpool gives an example of maritime power, the City of Gottenbourg, in Sweden, furnishes a second example of the opulence that might be expected to flow from multiplying Fishing Settlements upon our coasts. The fish annually caught by the inhabitants of Gottenbourg, produce to Sweden an Income of above half a million sterling, which probably Sweden would lose, were it to have no Gottenbourg upon its coast. To produce this half million of Income to Sweden, the presence of fishermen is as necessary as the presence of fish; and it merits the consideration of our Legislature, how many half millions of Income Great Britain and Ireland annually lose, not by the want of the presence of fish, but from the want of the presence of fishermen. By multiplying and encouraging Maritime Settlements, the British Government would remove this want, and would, at the same time, provide for many half invalids more comfortably to themselves, than by planting them as idlers in the Hospitals of Greenwich and Chelsea. In this branch of national improvement, the superintendance of details might be committed to a Board of Fishery to be nominated by his Majesty, which would receive many instructive models of proceeding from the prudent and judicious management of the Directors of the British Society for extending the Fisheries.

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The third and fourth general heads proposed for reducing the colossus of our double taxation, and thereby advancing the prosperity of the State, are an attention to render money less productive, and to alter wholly the system of artificial money. As the effecting the former of these depends upon effecting the latter, I shall consider them conjointly, and offer some reflections that may lead to correct the abuses in these branches of political economy, which are at present loudly complained of; nay, have been the subject of complaint for many years back, and, nevertheless, have been suffered to augment annually.

Money of gold and silver is not only a medium of daily commercial circulation, but is likewise a pledge or substitute for accumulations, which arise primarily from the productions of the earth not consumed. These accumulations are procured in general by persevering and successful industry; and by the invention of money of gold and silver, industry may in a length of time make great accumulations. By means of money 100,000 quarters of wheat may be preserved an hundred years, not in a barn, but in a small chest; and this facility of securing accumulations is no small inducement to the pursuit of them, and consequently to the acquisition of their substitute gold and silver. As this substitute is acknowledged for such by all civilized nations, it may

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be deemed wise policy for any State to have laid in a good store of accumulations, converted into gold and silver, as a supply in case of necessity both of private and public wants.

Though a desire of making accumulations naturally excites a spirit of industry among a people, which is a spirit beneficial to a State, and ought, therefore, to be encouraged; yet it has been found, by long experience, that a wish to make accumulations from accumulations has a direct contrary effect, and tends to slacken industry, and to diminish the number of the industrious, consequently to retard the prosperity of a Nation. The Legislature of Great Britain therefore has, for more than two centuries past, directed its views to diminish the profits made from accumulations, and by different acts has reduced the rate of the interest of money from 10 per cent. the rate in the beginning of the reign of James I. to 5 per cent.

If the Legislature, however, had narrowly considered the nature of a modern invention in regard to money, and applied it politically to the State of Great Britain, they would have observed that this modern invention afforded great facilities for diminishing still further the profits to be made from accumulations, or in other words, for further reducing the interest of money, the political advantages from which would be the augmentation

tion of the marketable value of lands, and the increasing the stock of national industry\*.

The gold and silver are excellent substitutes for real riches, or convenient representatives of riches; yet in the total want of those precious metals, the English Colonists, on the shores of North America, soon learned that real riches might conveniently be represented by something else than gold and silver. Having obtained possession of the natural fund of real riches, they, by labour, quickly made that fund yield a variety of productions fit for the use of man. The mutual exchange of these productions was, for several

\* I refer my readers, who would wish to see the political advantages arising from the reduction of the interest of money most elaborately and clearly illustrated, to a treatise published in 1620, by Mr. Culpeper, then one of the Members of Parliament for the County of Kent; to two others published forty years afterwards by his son, Sir Thomas Culpeper; and to a treatise by Sir Josiah Child, who, with his own, republished the treatise of Mr. Culpeper, without knowing the author of it, and adds in a Postscript, *I am sorry I know not the ingenious Author of the tract here re-published, that I might do right to his memory, who hath done more for his country than would have been the gift of some millions of pounds sterling into the Public Exchequer.* I find Sir John Culpeper, one of the Members for the County of Kent, was Chancellor of the Exchequer in 1642. This gentleman, I presume, is the author thus zealously commended by Sir Josiah Child, on account of the Treatise on the Reduction of Interest, published in 1620. See Considerations for regulating the Exchequer, by C. Vernon 1642.

years,

years, effected by bartering, so much tobacco being given for so much dried fish, so much for a week's labour, so much for the clergymen's stipend, &c.; but this mode being attended with much inconveniency, they, in imitation of a recent invention in Europe, had recourse to money of paper †, but coined by the authority of their Legislatures, having in each colony the Legislative good faith pledged for its security.

The Colonists with this medium of Exchanges made rapid advances in prosperity, their population and their real wealth increasing annually. This great prosperity, however, added to the fraudulent views of some leading men, rendered the Colonists inattentive to maintain the purity of the system, and in process of time great abuses crept into it. Private persons, reflecting on the profits that might be made by paper circulation, took upon them to issue notes upon their own credit,

† By the following quotation it appears, that the very ingenious invention may also be claimed by a nation where such an advance in political science would not be expected. 'Tartari Cathaini non habent alios quam chartaceos nummos, quadratos, Regisque Sigillo impressos, quos ubi vetustate absumi ceperunt, in aulam referunt, et pro vetustis novos recipiunt;' that is, the Cathay Tartars have no other money but paper money, which is of a square form, stamped with the King's seal. These square notes, when worn with use, they carry to the palace, and in exchange for them receive new ones. See Ioan Guliel. Phœnigk de rei nummaria mutatione.

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and for a considerable time this abuse was not animadverted upon. Its bad effects, however, at length drawing the attention of the Legislature, the Colony of Massachusetts Bay, above fifty years ago, proceeded to the radical extirpation of it by enacting, *That every private person, who should issue Bills of Credit to pass as money, should be considered and punished as a Forger.*

The Daughter has here given an example to the Mother, both in regard to the use and the correction of the abuse of paper money; but in neither case has the example been imitated by the Mother, though, if it had been properly imitated, the British Government might have borrowed money at 3 per cent, and the Colossus of double taxation would not have swoln to one-fourth of its present size. The reflecting reader will discover various causes that may have contributed to this tardiness on the part of the British Legislature, to apply the modern invention, in a proper manner, to the care and service of the State, such as the over-estimation of gold and silver, as exclusive mediums of circulation, an opinion deeply rooted in the minds, not of the illiterate alone; the timid apprehension that paper money would not be found a proper medium of circulation; the watchful attention of money-lenders to bring their money into activity; and the less watchful attention of those at the helm of Government, to scrutinize the self-interested schemes of the money-lenders.

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On new subjects, clearness of perception diffuses itself in Society by slow degrees. Though among the English Colonists in America, notes had been in circulation as money for many years, upon the best of all securities, the security of land, and though Mr. Briscoe published a most ingenious treatise in 1696, demonstrating, in a clear and convincing manner, the great advantages that would result to the Nation in general, and to the Gentlemen of landed property in particular, in establishing a Bank, upon the security of their estates, to lend to Government at three per cent. yet the doctrines of the money-lenders, who were then getting eight and nine per cent. for their money, overpowered his reasoning; his proposal met with ignorant censure; and even Mr. Addison, some years afterwards, took occasion to give a stroke of ridicule to the notion of circulating notes upon the security of land; so dark and obscure was then, even in the minds of the intelligent, what it now, to common understandings, a self-evident maxim.

In modern times, it will be confessed, that ridicule may be applied, with more justness, to those who circulate notes upon no security at all, or upon a security that is doubtful, and not publicly ascertained. But it is not ridicule alone that ought to be applied to such issuers of paper money. Their proceedings call loudly for the investigation and regulation of the Legislature.

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False

Falſe and fraudulent credits have long been ſuffered to ravage Great Britain and Ireland with impunity\*; and now every day affords more preſſing reaſons for not delaying to ſet bounds to the evils ariſing from ſuch credits, and to put the ſyſtem of private credit upon as ſolid a foundation as that of Public Credit.

So far is land ſecurity from being an improper fund for notes of credit to paſs as money, that it ought to be an abſolute condition, or ſine qua non of all ſuch notes, that are not immediately upon mercantile credit. Is not the whole of the Public Debt of Great Britain upon land ſecurity pledged by Parliament? Nay, is not the greateſt part of the circulation of the Bank of England upon land ſecurity at ſecond hand, leaning upon Parliamentary faith? What does a lender upon a mortgage firſt enquire after? Is it not the ſolidity of the ſecurity? and will he lend unleſs he can get clear landed ſecurity? If landed ſecurity be the preferable ſecurity for ten thouſand pounds lent on mortgage, why ſhould it not be the preferable ſecurity for a million of ſhillings, or a million of nominal pounds, which circulate in daily payments, in confidence of ſome ſecurity or other?

\* In the great bankruptcy of ſeveral of the firſt Bankers in Dublin, in 1762, it was ſaid, that one of their 100l. notes would have been reſuſed for a ſixpenny loaf. Great Britain has ſince afforded more than one example of the ſame kind.  
Why

Why was the right of coinage annexed to the Crown, but to give a ſure baſis to the confidence of the people, that falſe values in gold and ſilver ſhould not be allowed to circulate as mediums of exchange? But ſince ſo many individuals have tacitly uſurped the prerogative of the Crown, in circulating mediums of exchange that are not of gold and ſilver, it becomes doubly neceſſary that thoſe new mediums ſhould have the moſt complete ſecurity. Gold and ſilver have ſome intrinsic value in themſelves; but paper mediums of exchange have no value, but from the ſecurity pledged for them. The iſſuer of theſe paper mediums, though he appears to be a Lender, is, in fact, a Borrower. He borrows the credulity of thoſe who condeſcend to circulate his notes, and binds himſelf to refund the real phyſical value, or its equivalent in gold and ſilver, for all the ſums that float upon the public under his name. This moſt eſſential diſtinction ought ever to be kept in mind; and ſince every iſſuer of notes of credit to paſs as money, is, in fact, a Borrower, the ſecurity of every ſuch iſſuer ought to be clearly aſcertained to the public to be of the beſt kind, that is, to be a ſecurity upon land.

The Legislature will effect this moſt ſalutary reformation, by imitating the forementioned law of the Colony of Maſſachuſets Bay, by enacting, *That every private perſon, who ſhall iſſue Bills of Credit to paſs as money, without the full eſt real ſecurity*



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*security for such Bills, shall be considered and punished as a Forger.* Let us now examine the consequences of this Law. It would give an invitation to all the land proprietors of Great Britain and Ireland to supercede the 500 Country Banks, which have now filled the United Kingdoms with notes of credit upon unknown and uncertain security. The present notes of credit would then be cried down as the clipped money formerly was, and a new coinage would appear of equal value, as a medium of circulation with gold and silver, as supported by the good faith of the possessors of the territory. To those who now issue notes of credit, and could not give real security for such notes, six months might be allowed for calling in their notes, after which time it should be penal to offer them in circulation. This would, no doubt, make a considerable diminution in the revenue of many persons; but those persons would have no more reason to complain on that account, than he who had been feeding his horse and cow in another man's field would have reason to complain when the horse and cow were turned out.

Should it be judged expedient not to diminish, for the present, the quantity or sum total of the paper money now in circulation upon uncertain security, the New Land Banks, established in the different Counties of Great Britain and Ireland, may issue their notes to an equal amount with those

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those now in currency, with the fixed resolution, however, of liquidating a small part of them annually, till the exuberance shall be gradually pared down to little more than barely to defray the expence of management, at which standard they should always remain during times of peace.

By thus establishing notes of credit upon a solid security, instead of a precarious security, the important object of rendering money less productive, that is, of lowering the rate of interest, would be made easily attainable. Cheapness has always been deemed the necessary consequence of the abundance of any thing marketable, more especially when that abundance is procured with little or no labour. A glut of fish never fails to lower their marketable price; but though Great Britain and Ireland have at present, by the confession of every one, a glut of real and nominal money conjoined, yet the price of it has been of late years, and is now kept as high, as though we actually laboured under a scarcity of it. The paper coiner, though he can, in two or three hours, create as much money as would require perhaps a thousand miners a twelvemonth by hard labour to procure in gold and silver, yet brings his commodity to market as dear, as if it were the slow-earned profits of many years of industry. Though the quantity of money, real and nominal, in the nation at present, may be seven or eight times as great as in the time of Queen Anne,

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yet the price of it to the Borrower is hardly diminished one-fourth, nay, in many cases, not one-twentieth; and if the causes of this be enquired into, the chief of them will be found to be the monopoly of money, that has inadvertently been suffered to remain in the hands of the self-created monied men.

The new Banks, established in the different Counties of Great Britain and Ireland by the Proprietors of land, upon the security of their Estates, would most completely break this burdensome monopoly, by issuing their notes at an interest of three per cent. the other land proprietors declaring publicly, in each County throughout the United Kingdom, that they will accept of such notes in payment of rent, and will refuse all notes of credit that have not land security, except those of the Bank of England, the Bank of Scotland, and the Bank of Ireland. In one most essential particular the new Banks would differ from all others. Contrary to other Banks, they would be gainers in making loans at a low interest rather than at a high interest; and the benefit thence arising to them would not be confined to them, but would redound to the whole Kingdom. A few words will suffice clearly to explain this seeming paradox. The marketable price of land is regulated by the rate of the interest of money. When money was at 10 per cent. estates sold for 12 years purchase. When 6 per cent. was the rate

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rate of interest, estates rose to 24 years purchase; and since the farther lowering the rate of interest, lands are risen to above 30 years purchase. From Bishop Burnet's Travels we learn, that in some places of Italy, where money was at 2 per cent. lands were sold at 50 years purchase. Would the land proprietors of Great Britain and Ireland then wish to see their estates rise in marketable value to 50 years purchase, they ought zealously to unite their endeavours to have the interest of money at 2 per cent. and nothing would more contribute to produce this good effect, and be more deserving of their support, than the establishment of the Land Banks here proposed. The Partners of these Banks being also land proprietors, would, by lending at low interest, gain in their latter character, in proportion as they lost in their former.

We have seen before, in page 31, that the Prussian nobility, when indebted 25 millions of crowns, became a joint security for that debt, and relieved themselves by issuing circulating notes for 20 millions, the King adding 200,000 crowns to assist in their circulation. This example shews what may be done by the nobility and gentry of Great and Ireland, if they wish to free themselves and the Nation from the thralldom of high interest, and support the exertions of Government at a small expence.

Whatever

Whatever objections might formerly have been made to the system of Banks upon land security, from the popular persuasion, that deposits in cash were absolutely necessary for the circulation of notes of credit, time, experience, and modern practice, have all concurred in totally removing those objections. The Nation is now so accustomed to great and small payments in paper, that hardly any person boggles at being presented with a Banker's note in payment instead of cash. Nay, a few years ago, when the Nation was over-run with light guineas; a shilling with a one pound note, even of uncertain security, has been accepted in fairs in preference to a guinea. How much more then might notes of credit, whose security was of the best kind, be expected to pass freely in circulation? In the present mode of paper currency, the receiver often runs a double risk, the risk of a forged note, and the risk of an insolvent Banker; but the last of these risks would be totally removed by the establishment of the New Banks, and the former might also be removed by making the notes transferable by endorsement.

I shall proceed to offer some reflections on the fifth and last head above proposed for advancing the National Prosperity, namely, an attention to to establish an unerring rule for connecting for ever, in a just proportion, the Public Supply with the

the Territorial or National Income; and I shall propose such a rule.

Nothing can well be conceived more chaotic than our present system of furnishing the Public Supply, which may date its origin from the most unconstitutional act of the 12th of Charles II. for the abolition of Feudal Tenures. These tenures, no doubt, greatly merited to be abolished; but the transferring the Public Supply from land to an excise on beer and ale, was no necessary consequence of their abolition, and may justly be deemed an unconstitutional and most impolitic part of the act. It may in a manner be said to have been an attempt to separate the Body of the State from its Head. By ignorantly separating the Public Supply from the Territorial Income, it opened a door for all those irregularities and inconsistencies in our financial system that have since taken place, neither to the ease of the Landholder, nor to the lessening the burden upon the Territorial Income; for the Landholder, in consequence of that act, now pays, indirectly, more than by the old system he would have paid directly; and all those Public Creditors, whose whole support is the interest of money lent to Government, are in a certain degree a burden upon the Territorial Income.

This breaking down of the old frame of Government, when it ought only to have been reformed, must have chiefly proceeded from a total inad-



inadvertence to the true principle of taxation, the abandonment of which, in the science of politics, is like the rejection of the mariner's compass in the science of navigation. An instance of this inadvertence occurs in that excellent work, the *History of the Public Revenue*, by Sir John Sinclair; and while I notice it, I should not satisfy my own mind, if I did not declare my admiration of the judgment, penetration, labour, and public spirit, which that work manifests, so much to the credit of the author, who has thereby laid a claim to the esteem of his fellow subjects. Having remarked, that in 1673 the form of taxation by subsidies ceased, when four subsidies produced only 282,000*l.* King Charles declaring in a speech to Parliament, that estates from 3000 to 4000*l.* a year did not pay above 16*l.* for all the four subsidies, Sir John observes, *That it was full time to give up a system of taxation, which was become so very unproductive.* Now, had the true and constitutional principle of taxation been adverted to by the judicious author, I am fully persuaded the following reflection would rather have occurred to him, namely, that it was full time for Parliament to have enquired narrowly into the abuse, to have punished the defaulters, and to have established such regulations as might render the levying of the tax easy, and always proportionate to the value of the estate upon which it was raised. That the

same reflection did not occur to that Parliament of Charles II. must, I think, be attributed, in a great degree, to the ignorance of the true principle of Public Supply, which had induced the Parliament of 1660 to introduce excises upon articles of consumption, with the vain hope of exempting land from taxation.

We have seen above, that the Territorial Income and the National Income are nearly synonymous terms. To obtain any tax, without in the end obtaining it from the National Income, is impossible. One might as well expect to make a wax candle without wax, or a razor without steel. Since therefore all taxes must be drawn from the National Income, it is a point of great economy in the possessors of that Income to pay them directly rather than circuitously, and likewise to the Exchequer, as Receiver, to receive them without the intervention of twenty middle-men. Merchandize that passes through twenty turnpike-gates, and over twenty ferries, must come dearer to the Buyer, than if it were to be transported only a few miles. Were the cattle that come to Smithfield market from Lincolnshire, to be driven first into Somersetshire, then into Hampshire, Suffex, Kent and Surry, in their way to London, they would arrive in much worse condition, and be much dearer, than if they came by the most direct road. The conducting them by the circuitous road would be deemed a most injudicious method

method of furnishing the supply to the London market. This, however, for above these hundred years, has been but too much the method of conducting the supply to the King's Exchequer. In some cases, where the King has received only one penny, the subject has paid sixpence, on account of the circuitous road through which the tax has travelled; and in all cases where the road of the tax is circuitous, the burden of the tax necessarily rests heavier on the last payer, or on the original fund for payment, which fund is the National Income.

Soon after the Revolution, necessity, joined to public spirit, rather than a distinct knowledge of scientific principles, induced the Parliament to have recourse to the natural source of Public Supply, and to impose four shillings in the pound upon the rents of land. That the Parliament did not then act upon the knowledge of scientific principles, may be concluded from their having omitted to ascertain, with exactness, the amount of the capital upon which the four shillings were assessed, and consequently suffering them to be levied disproportionately. The same inattention to principles, added to the habit of imposing taxes by guess, has continued the abuse to modern times; and in considering many late political treatises, it would seem from them, that Government had some more essential and abundant source of Public Supply than the Territorial

torial Income; nay, even that it is wise policy not to consider that Income as a source of Supply; witness what has lately been written on the redemption of the Land Tax.

What has contributed, in no small degree, to this mode of reasoning and acting, is some very general but unconstitutional ideas adopted without examination, that the whole of the land rents of the whole Kingdom is exclusively the property of the Land-holders; that the Land-holders in paying to the State, four shillings in the pound, *are particularly burdened*; that in removing taxes from rents to mercantile profits and to excises on consumption, *the landed interest is eased, &c. &c.* Such ideas, however, are no less unconstitutional than they are erroneous. From the nature of man, the Defence of the State is a burden that must be borne, and all those employed in this Defence must be fed and maintained out of that National Income, which feeds and maintains every other person in Society. The Defenders, therefore, require their appropriate portion to be set aside for this purpose, and this appropriate portion was the military services formerly imposed upon the possessors of land, *quæ nulli unquam relaxari possunt*, which can be forgiven to no man, and are, by the British Constitution, fundamentally adherent to land.

A political examination of the Book of Domesday will shew, that so far were the whole of the land rents

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rents of the whole Kingdom from being the property of the Land-holders, to be disposed of as they pleased, that a great part of them were, for the purpose of the defence of the State, and the maintenance of the Royal Dignity, constitutionally tied to the Crown, forming the Royal Domains; and if we add to these lands of the King, denominated *Terræ Regis*, the revenue accruing to the King's Exchequer by Reliefs and other constitutional payments, we shall probably find an Income Tax of four shillings in the pound perpetually accruing to Government from all the lands in the Kingdom, in return for which, the State was defended without any other tax, the small revenue from Customs excepted.

It would then be to take a false and unconstitutional view of the subject, to consider the Land-proprietors as *partially burdened* in paying an Income Tax of four shillings in the pound. What the nature of man renders necessary to be imposed, and what the fundamental principles of the Constitution have annexed to Government for the public defence, cannot with any justice or propriety be reckoned to belong to another. Can any Land-proprietor in England justly say, that the tithes paid to the Clergy are a part of his income, which he is deprived of?

The National or Territorial Income is the only fountain, out of which all the different professions of the State have to drink; and as the Clergy have  
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their share out of it, at no man's loss; so the defenders of the State are entitled to have their share out of it, at no man's loss; for what of right belongs to them cannot belong to another. The Income of the Land-proprietors is no more partially burdened in paying four shillings in the pound to the crown for the defence of the State, than is the Territorial Income burdened in paying one-tenth to the Clergy. So far otherwise, if the Land-proprietors had wisely and providently always considered this four shillings in the pound as *not theirs*, but *the King's*, they would not now be burdened with additional shillings in the pound, which the monied interest has contrived to establish upon their incomes. Let them examine how much the 20 millions now paid annually to the public creditors, which has heightened the prices of things vendible by 40 millions more, must press upon their estates, and they will find that their incomes, by the modern financial system, are rendered less efficient, than if six shillings in the pound had directly gone from them to the King's Exchequer. This is strongly confirmed by what the English History records of the great affluence of Landholders, when no taxes were known but those paid by themselves. Persons now possessing the same estates as their grandfathers possessed, maintain, with difficulty, the same stile of living as their ancestors maintained; and for what reason? because they not  
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only subsidize the state as their ancestors did; but subsidize the monied interest over and above.

If a landed gentleman, at present, of 1500l. a year Income, cannot effect more than his ancestor would have done with an Income of 1000l. a year, then he is now taxed six shillings and eightpence in the pound; and, if 2000l. a year in land will not now purchase more than 1000l. a year would have done an hundred years ago, then the possessor is actually taxed ten shillings in the pound, of which only one-half goes to the support of the State, and the other to the support of the monied interest\*.

To

\* Since I began my Essay, I have met with the following passage in the British Merchant, a work of considerable reputation, published about the end of Queen Anne's reign.—  
 'The value of labour,' he says, 'is to that of land in England as seven to two. The people of England are about seven millions, and the expence of each person at a medium about seven pounds, making the whole annual consumption of England 49 millions; of this 45 millions are our own products, and 4 millions foreign commodities. The rents of lands are 14 millions.' The first part of this extract is to me unintelligible. In a cultivated country, the lands receive their value from fertility and labour conjoined; but he will be a magnus Apollo who will assign separately the just proportions of each of these. I am inclined to think that the author, by the word *labour*, means the industry bestowed in manufactures, which he estimates at three times and a half more than the produce of land. How dangerously erroneous this popular belief is about the augmentation of the National Income by manufacture, I have shewn in a former work. If by labour he means manufacturing industry, the

attentive

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To have avoided this system the land proprietors, for their own sakes, ought rather, than to have adopted excises, to have established it as a principle that three shillings or four shillings in the pound of their rents should always, according to the determination of Parliament, be deemed *not theirs*, but *the king's*. I have, on a former occasion, proved that a rate of four shillings in the pound on land rents, adhered to since the Revolution, would have entirely prevented the

attentive reader will observe how inconsistent he is with himself in estimating the total consumption of the people at 49 millions, and the rents of lands at 14 millions; for if the rents of lands were 14 millions, the total produce at only  $3\frac{1}{2}$  rents would be 49 millions, which excludes manufacturing industry altogether. His statement suggests another important remark. The land rents are estimated by him at 14 millions, and the annual payments to the Public Creditors were then about 4 millions; I have, I think, upon solid data, computed the land rents of Great Britain, at the present period, to be double what they were when the author wrote, or 28 millions, and the annual payments to the Public Creditors are now about five times as much as in Queen Anne's time. From this it appears, that the monied interest has now a much greater preponderance over the landed interest than it had one hundred years ago. The alteration in the system of paper money, which I have above proposed, would aid greatly in regaining the preponderance to the landed interest; for by that alteration land proprietors, who are now often borrowers at 5 per cent. would become lenders at 3 per cent., and besides, five or six years purchase would be added to the marketable value of all the lands of Great Britain and Ireland.

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accumulation

accumulation of the National Debt previous to the year 1792; that is, it would have completely sufficed for the expences of Government for the last 100 years, which, considering the five long wars in that period, were, probably, as great as in any preceding 100 years, consequently may be supposed would suffice in any time coming.

The ancient proverb says, that in many cases the half is more than the whole, and if the constitutional system of drawing the supplies to the State directly from the rents of lands had not been abandoned by the Parliament of Charles the Second, the proprietors of land, at this day, would, by considering the four shillings in the pound of their rents as *not theirs*, but *the king's*, have found themselves richer than now they are under the actual System of Finance.

The following reflection shews, that by this appropriation of four shillings in the pound to the State, the class of land-proprietors would still have been what it ought to be, the first class in civil society, in regard to opulence and consideration. The National Income, which is the support of all, we have seen amounts to 112 millions; and supposing the land rents to be one-fourth of this, and that one-fifth of this fourth or four shillings in the pound, is paid to the State, there would remain, as the neat Income of the proprietors, one-fifth of the whole. Now one-fifth of what supports all possessed by a class not making one-

one-fortieth part of the whole population, must certainly rank that class the foremost of any other class in society in point of opulence. The numerical value of the National Income, whether high or low, would not alter the proportion\*.

The erroneous principle that Taxes are paid by persons and not by produce, has carried us into our present labyrinth of Finance, which, as I have above observed, so far from exempting landholders, rather presses heavier upon them than if they had been the direct payers. An additional proof of this the Income Tax affords us. This Tax imposes one-tenth upon the Incomes

\* The power of a State is not to be estimated arithmetically but physically; for as all those who are at one time sellers are at another time buyers, the more or the less in an arithmetical computation makes on the whole no difference; but the more or the less physically effects, as a natural consequence, an increase or diminution of resources or power. A quantity of gunpowder will have the same force or efficacy, whether sold for sixpence a pound or half a guinea a pound; a bushel of wheat will nourish as many persons when sold at one shilling as when sold for twenty shillings. If the Excises in Great Britain at this time amount to nine millions, and an hundred years ago were only one million, it would be a most false conclusion to allege from thence, that we are now nine times more powerful than we were before the Revolution. This kind of reasoning runs through a great many late disquisitions on finance, which tends to draw off the Public Attention from the necessity and policy of augmenting the Physical or real wealth of the Country, by the produce of our lands and seas.



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from landed property; but obliquely, and in its consequences, it will be found to impose more than two-tenths upon that kind of property, so that the land-proprietors are, in fact, losers by the seeming indulgence. The Income Act not confining itself to the National Income as the Fund of the Tax, has demanded one-tenth from the *profits on home trade*; but by this demand it has not diminished those profits one-tenth, which, at first view, would seem to be the effect of the Act; on the contrary, it has occasioned an additional enlargement of those profits, each seller, in order to shove the burden from his own shoulders, adding considerably more than one-tenth to the price of what he sells, with the view, not only of indemnifying himself for the tenth he pays to Government, but for the rise of the prices of the other sellers from whom he is obliged to buy. All these rises of price form an additional weight upon the last buyer, that is, upon him who stands nearest the source of National Income, which is to pay for all. The profits on home trade then, though professed to be taxed one-tenth by the Income Act, contribute, in fact, nothing towards the Tax, the sums set down under that article really coming out of the pockets of those who are buyers, but who have it not in their power to be immediate sellers, and such are the proprietors of land and many other classes of men. For a proof that the Income Act, instead of taxing the profits on home trade,

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trade, is instrumental in heightening those profits many millions, by which Government, in the character of buyer, is a sufferer, as well as the individual buyers, we need only appeal to sellers in general. Where is the shopkeeper, manufacturer, or seller of any kind, who would not readily declare, that he would sell his wares for more than one-tenth less than what he now demands, if he and other sellers were to be exempted from the Income Tax?

If the Income Act, therefore, instead of requiring one-tenth from the profits on home trade, were to require two-tenths from the rents of land, the land-proprietors would be considerable gainers by the exchange, especially if another amendment were to be made to the Act, which would approximate it nearer to the ancient and fundamental principles of the Constitution. The amendment, I mean, is, that whatever is now demanded by the Income Act from farmers, should, in future, be paid by them, not to the King's Exchequer, but to their respective landlords. If the farmers are really able to pay what the Income Act requires from them, they are able to pay it to their landlords, and it ought to come from these last into the Exchequer, and make part of their four shillings in the pound; this would be to the landlords equivalent to an increase of rent, and would be an additional source of that four shillings in the pound. I have said that every

Tea-detler is, in fact, a Tax-gatherer for the East India Company; and our ancient Constitution rendered every Land-holder a Tax-payer to the King's Exchequer, and not the Tenants of the Land-holder; they were only the Tenants of the Tenants of the Crown, and were expressly excluded from military service under the appellation of *Socmen*. The payments made by land-proprietors to the State would certainly not be made by them, unless they were first to receive their rents from their Tenants; but their Tenants, upon paying those rents, ought not to be required to pay a second rent elsewhere for the same object. This needlessly renders the machine of finance (which ought to be simple) complete and intricate, without gaining one grain more of power or force. As what the Income Act requires from the farmer is not taken from him but from his landlord, let it be restored to the landlord, and through him be paid to the State; add to this the advantage the landlord would receive, in the character of a buyer, from the lowering the prices in consequence of the Tax being removed from the profits on home trade, and add also the increased value, which the lowering the rate of interest would give to his lands, and the four shillings in the pound would leave to him a greater remainder than what the Income Act, in its present form, allows to him.

The

The Income Act, though in the highest degree commendable for reverting to the natural and constitutional principle of drawing the Public Supply from produce, and not from consumption, yet labours under the radical defect of having omitted to give directions for ascertaining, with accuracy, the annual amount of the produce to be taxed. In regard to land, it taxes an unknown Capital, or a Capital formed from mere conjecture, thereby leaving a door open for various frauds, which the English history shews were but too common when the whole of the Public Supplies were drawn from lands.—See p. 60. Since the Income Act has imposed a Tax upon landed Income, which (with the exception of the profits from foreign trade and fisheries) I have shewn is only another term for National Income, it ought to prescribe the means of preventing a fraudulent concealment of this Income, or to establish an unerring rule for connecting for ever, in a just proportion, the Public Supply with it.

In order to prevent a fraudulent concealment of this Income, not only for the sake of the King's Exchequer, but of honest contributors, it is necessary to have it accurately known, which was the wise purpose of the survey recorded in the Book of Domesday. A survey in that form, however, would not now be requisite; for the annual amount of the produce of the lands of Great Britain would be ascertained with sufficient exactness for

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for taxation, by the registration of the rents of those lands, and an estimation of the computed Income from lands not rented. It may always be presumed, that the rents are an index of the value of the land's produce, that is, of the power of the Nation, consequently the registration of the rents might be held as a registration of the National Income, the Capital on which the Income Tax is to be raised. Could all the articles of produce which the soil yields be ascertained as easily as the produce in hops, the manner in which this produce is taxed, applied to them, would give a most desirable exactness and facility to the Income Tax; but as such an ascertainment is impossible, the Legislature can only estimate the National Income at second hand, the farmer being the first estimator, and the landlord the second.

The fundamental principle of the Income Tax, and indeed of every assessment, is, *no concealment*; therefore, in order to prevent concealment, let it be enacted, That the value of the rent of land, in all existing leases of whatever kind, should be registered in the County Towns of the Counties where the lands are situated, and that the rent specified in all new leases should be registered within a month after their date in those Towns, and be published three times in the newspapers of the County Town, or in the London Gazette, with penalties upon those who should omit to comply faithfully with such clauses, and

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rewards to those who should discover any fraud either in the Lessor or Lessee. The Capital of the National Income being thus ascertained, a Tax ad valorem on this Capital, at the discretion of Parliament, would, from year to year, connect the Public Supply with it in a just proportion. By this Constitutional Law, which might justly be titled *The Golden Rule of Finance*, the Legislature would have a real Politicometer constantly and truly indicating the rise or the decline of the National Prosperity, sought for in vain from the amount of the Exports and Imports. What Trigonometry is to the perfection of navigation, this Politicometer would prove to the right Government of States, to the ease of Governors, and to the tranquillity and cordial affection of the governed.

The following very judicious reflection of James Harrington may, with very little alteration, be applied to such a financial Law:—'Agriculture,' he says, 'is the bread of the Nation: we are  
' hung upon it by the teeth; it is a mighty nursery of strength; the best army, and the most  
' assured knapsack. It is managed with the  
' least turbulent or ambitious, and the most  
' innocent hands of all other arts; therefore I am  
' of Aristotle's opinion, that a Commonwealth of  
' Husbandmen, and such is ours, must be the  
' best of all others. I could wish I were husband  
' good enough to direct something to this end,  
' but



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‘ but racking of rents is a vile thing in the richer  
 ‘ fort, an uncharitable one to the poorer: on the  
 ‘ other side, if there should be too much ease  
 ‘ given in this kind, it would occasion sloth, and  
 ‘ so destroy industry, the principal nerve of a  
 ‘ Commonwealth; but if ought might be done  
 ‘ to hold the balance even between these two, it  
 ‘ would be a work in this Nation equal to that  
 ‘ for which Fabius was surnamed *Maximus* by the  
 ‘ Romans.’

If the author of a plan to hold the balance even, so that the rents of farms should never be either too high or too low, would deserve the title of *Maximus*, much more will that Minister deserve such a title who shall be instrumental in procuring a Law, by which the balance may be kept for ever even between the rents of lands and the supply those lands should yield to Government.

Such a Law, by tying the private and public income inseparably together, would tie the private and public interest together. The first could never rise, either really or nominally, without occasioning the second to rise either really or nominally. It would for ever suppress ill-founded contentions about public supplies, which the English history shews have been the cause of many calamities to the Nation\*, and it would enable the National  
 Council

\* What did the civil war in the time of Charles I. originate from, but from an ill-founded contention about Public Supplies.

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Council to regulate in six days, more than is now regulated in six weeks. It would raise the possessors of land to the rank they formerly held in society, by bringing the monied interest in subordination to the landed interest, and would, in time, free them from vexatious inquisitions about window lights, armorial bearings, malt duty, coach duty, horse duty, servants duty, and a long et cetera of other taxes. It would enable the farmers, by freeing them from many present taxes, either to sell their produce cheaper, or to give a higher rent to their landlords. It would render it unnecessary to encourage consumption for the benefit of the Exchequer, or to multiply ale-houses for the benefit of the Exchequer. It would give a

plies, the King having talked of his affairs in contradistinction to the Nation's affairs, as if they were two things different. Grant me Supplies and I will redress your Grievances, was urged by the King; and the Parliament, on the other hand, said, Redress the National Grievances, and we will grant you Supplies. It is but too evident, that the ends of Government and the nature of Publick Supplies were misunderstood by both parties. In a civil community, the first of all grievances is the withholding Supplies from the Rulers; and the second may well be considered to be the granting those Supplies without account, or a neglect of inspection into the appropriation of them. The reign of Charles I. was not the only reign in which the unsystematic mode of raising Supplies occasioned civil disturbances. All Europe has recently felt the sad consequences flowing from the single word *deficit*.

stability

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stability to wages and salaries, so that with flow alterations they would always maintain their sufficiency for procuring a subsistence. It would render Change-alley resources unnecessary, and oblige many, who now support themselves by keeping money at a high interest to the public loss, to support themselves by industry to the public advantage. It would give a practical and satisfactory solution of the great financial problem, which has been the *crux politicorum* for centuries past, namely, what is the most proper fund for taxation; and it would render 20 volumes on that subject waste paper. It would disembarraß the Financial Minister of three-fourths of his present harassing occupations, and give him leisure to form and digest plans for the public prosperity. It would turn the stream of finance into its natural channel, where it might flow for ages undisturbed and undisturbing.

I shall here endeavour to obviate an objection to the efficacy of the Income Tax as above proposed, that has served as a stumbling block to men of ingenuity, and which, I think, arises from considering the national resources arithmetically rather than physically. You have, they say, estimated the National Income from Agriculture at 112 millions, of which one-fourth, or 28 millions, is paid to the Land-proprietors, and one-fifth of this fourth, which is one twentieth of the whole, or 5,600,000l. were to be always appropriated

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appropriated to the defence of the State, no other tax whatever would be necessary. But how is this possible, since even our Peace Establishment is computed to require triple this sum? Much more then would it be insufficient for the expences of a war. This appears a formidable objection; but when scrutinized, it will, I think, be found to have no solidity. That ten times as much money is now requisite for the support of government as was necessary an hundred ago, is not owing to government's being more wasteful or more powerful, but to the present absurd structure of taxation, with all its scaffolding, which is more expensive than the structure itself. This scaffolding of our present system of taxation has quite encumbered the Nation with superfluous circulations, which, instead of contributing to the opulence either of the State or of individuals, have a tendency to undermine that of both. To descend to particulars in regard to these superfluous circulations would fill a folio volume; but from one or two instances, as from a sample of corn one may form a judgment of the heap. A gentleman of 9000l. a year has a place under Government, I shall suppose of 1000l. a year, making his whole income 10,000l. out of which, in consequence of the Income Act, he pays 1000l. to the Exchequer. Here is an example of 2000l. of useless circulations, 1000l. paid and 1000l. paid back, and both payer and receiver remain

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in the same situation as if no circulation at all had taken place. The annual sums paid to the public creditors amount to about twenty millions; but those sums arise from twenty millions of taxes, consequently here are 40 millions paid and received, which would have no existence were there no National Debt. But when it is considered that taxes on consumption have the effect of superadding to the price of the thing consumed twice or thrice, or four times as much as the taxes themselves had, these 40 millions of superfluous circulations, which the National Debt occasions, may well be presumed to add 80 millions more to the general mass of circulations. Were the Nation then to be without debt, these 120 millions of superfluous circulations would be annihilated; and the people in general might eat and drink, and be clothed and lodged, just as well as at present.

The following example proves very evidently, that superfluous circulations arising from taxes on consumption add greatly to the price, without adding at all to the intrinsic value; and shews the possibility of the State's effecting with small sums, what it is now obliged to effect with great sums, from the weight of the monied interest hanging on the wheels of Government.

In Dean Swift's time, Faulkner's Journal was cried about the streets of Dublin for a farthing. English newspapers, at present, are sold for 24 farthings

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things each, without containing more political or domestic intelligence than Faulkner's Journal contained. The Editors of English newspapers cannot pretend to say, that they furnish more for their 24 farthings than Faulkner furnished for his one farthing; but they may say, 'Put us in the same situation in regard to taxes and the prices of things vendible as Mr. Faulkner was placed in, and we also will furnish our newspapers for one farthing each.'

In like manner a Financial Minister of Great Britain and Ireland may say, 'Rid me of the burden of the monied interest, and I will undertake to provide amply for the defence of the State and the maintenance of Government, with an annual supply of one shilling in the pound of the National Income of both islands;' and I will prove, that upon this supply, made permanent in time of peace as well as in time of war, Great Britain and Ireland, should they in the course of the present century be afflicted with five such wars as they sustained during the last century, will be able to make the same or greater efforts, and the people shall know no other tax\*.

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\* A Nation that can be defended at so small an expence, ought to be the cheapest Nation in Europe, and probably would be so were its nominal money diminished, and no tax known but an Income Tax, with the revenue from Stamps and the Post Office, a revenue not so much a tax, as the result

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result

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In the general statement of National Income which I have given in the third article, is the profit from Mines, stated at 2,000,000*l.* One-tenth of this, demanded by the Income Act, would produce to the Exchequer 200,000*l.* a very considerable sum. Nevertheless, as this capital is in its nature very precarious, as the means of ascertaining its yearly amount with accuracy, would, perhaps, be found to be both difficult and expensive, I am inclined to think it would be politic to overlook it altogether as an object of taxation. Were it to be taxed, the price of coals would consequently be enhanced to the consumers, by many of whom it is already complained of on account of dearness.

In regard to the two next articles of the Annual National Income, namely, the profit from Irish Absentees, and the profit from West Indian Absentees, stated together at 5,000,000*l.* though they, as a capital, certainly contribute to the opulence and strength of Great Britain, yet, in

result of regulation. Though Peace be not yet concluded, it is said, that 6000 persons have applied for passports to go to France. It will be thought very moderate, to rate the expence of each of these at 300*l.* which will make 1,800,000*l.* minus to Great Britain, and 1,800,000*l.* plus to France, giving a preponderance to the latter country equal to 3,600,000*l.* a balance of commerce without the risks of storms and shipwrecks. Were living dearer in France than in Great Britain, this propensity to expatriate would not be so strong.

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strict propriety, they would seem not to be taxable capitals in Great Britain. Considered as Territorial Incomes, they ought properly to be taxed in the districts that produce them; and as the Income Tax has a right to a preference of all other taxes in Great Britain, it has the same right to a preference in Ireland and the West Indies. In Ireland, the mode of levying it might correspond exactly with the mode in Great Britain; but in the West Indies, probably the most correct mode, and the most easy for the payer and receiver, would be to levy it immediately from the crops, as the tax upon hops is levied in England.

The next and last article of National Income, namely, the profit from Foreign Trade, stated at 12 millions, is a capital that might be expected to contribute its proportion to the exigencies of the State, and at one-tenth it ought to yield 1,200,000*l.* However, as the disclosure of this capital cannot in policy be enforced by penalties, it would, I think, be expedient, not to levy the tax upon it under the name of an Income Tax, but as a voluntary tythe from the Merchant Exporters, which would supersede the present inquisitorial mode of attempting to ascertain it. If the profit of the Merchant Exporters is so considerable, their generosity should be left to keep pace with it. I see many reasons for not entering into much discussion on this article, and therefore shall not enlarge further upon it.

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To conclude, the sum of the whole is, that whatever affords an income to one person, without detracting from the income of another person, is both a Private Income and a National Income; that what affords an income to one person by detracting from the income of another person, is a Private Income without being a National Income; and of this kind are the incomes of every person in society, excepting those of the farmer, the fisherman, and the merchant, in so far as his profits are not made upon his fellow subjects; that it ought to be one of the first cares of Government, that the National Income should superabound, and consequently that storing and exportation of corn are both good things; that sound policy as well as plain sense dictates, that *production*, and not *consumption*, is the natural source of Public Supply; that the Income Tax is a tax that ought never to be departed from; but that it ought to be drawn from the Real National Income, and not from imaginary National Incomes; that a possessor of real income, who should withhold his just proportion of supply for the defence of the State, would act as dishonourably as a military man, who in a day of battle should contend for the privilege of standing in the hindmost rank.