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THE
PRINCIPLES OF TAXATION:

OR

Contribution according to Means;

IN WHICH IT IS SHEWN,

THAT IF EVERY MAN PAYS IN PROPORTION TO
THE STAKE HE HAS IN THE COUNTRY,

THE PRESENT RUINOUS AND OPPRESSIVE

SYSTEM OF TAXATION,

THE CUSTOM HOUSE, AND THE EXCISE OFFICE,

MAY BE ABOLISHED,

AND

THE NATIONAL DEBT

Gradually and easily paid off.

BY WILLIAM FREND, ESQ.

London:

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1804.

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TO

BENJAMIN TRAVERS, ESQ.

DEAR SIR,

YOUR efforts are ever directed to the general good. By calling the attention of the publick to the last Income Act, you were greatly instrumental in its overthrow: and the institution for the Extirpation of the Small Pox acknowledges you for one of its chief patrons and supporters. The extirpation of the present oppressive and ruinous system of taxation will increase the gratitude due to you from your countrymen. I need not call upon you to continue your efforts: for in delaying the meeting for taking into consideration the present falsely called Property Act, you only wished the country to have a better opportunity of understanding its nature and operation. The question is simply this: whether they, who can afford the most, shall pay to the necessities of the State only the same sum, as they

they who can afford the least: and whether, when all are testifying the most ardent love for their country, the rich and powerful should throw off the burden which they ought to bear, upon weaker shoulders? This question you will agitate at the proper time: and not only in the meeting proposed, but in the Grand Council also, I hope, of the nation. For to whom can the commercial interests of the first city in the world be better entrusted, than to him, who has stood forward with the true old English spirit in their defence? If any thing in the following pages merits your regard, and should aid in the least degree to forward your measures, it will afford the greatest pleasure to,

Dear Sir,

Your sincere Friend,

THE AUTHOR.

ERRATUM.—Page 5. line 8. for were read was.

P R E F A C E.

A Pretext for wicked and bad actions is never wanting: and, in general, the more atrocious the crime, the more plausible is the face it is made to wear. When the Inquisition was first established in Spain, the argument in its favour seduced both king and people. Heretics are odious in the sight of God: what is odious in the sight of God ought to be removed: a just king and a religious people must concur in removing these odious objects: they cannot be removed till they are discovered: an inquisition must therefore be established. An inquisition was in consequence established. The victims of its folly and cruelty languished in dungeons, unpitied by the people, or brought forward on certain times to be tortured and burnt, for the amusement of the king and his courtiers. The nobles enrolled themselves as officers of this holy institution: in every family was a spy:

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mutual confidence was lost: the nation was degraded by the vilest superstition, and youth and beauty fell a prey to the lust of the inquisitors.

To what purpose, it may be said, is it to introduce this well-known instance to our notice, when there is not an Englishman, who would not rather sacrifice his life than suffer such an institution in his country? Bravery, I reply, is unsuspecting. What would excite horror, if painted in all its consequences, may be so gently insinuated at first, that neither the oppressor nor the oppressed can be in the least aware of the tragick scenes, to which the action of the one and the submission of the other will become a precedent. A political may be as bad as a religious inquisition. The commissioners under the present act on property cannot conceive, that it is possible for them to entail an evil on posterity; for their own children must be sufferers: but I may be allowed, or rather it is my duty, to express my fears, when I know what took place on the expiration of the last act on income.

I mention the fact with satisfaction and pleasure: for it does great honour to the body
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of commissioners, who were so careful of the interests of their fellow countrymen. It proves to me, that honour still remains, and may it ever remain in the breast of an Englishman. On the expiration of the Income Act, a body of commissioners met together, to consider what was to be done with the voluminous papers in their possession relative to the affairs of so many individuals. The ill use that might be made of them was evident to all; and the danger of preserving them was so great, that their destruction became necessary, unless an opportunity was to be afforded to others of discovering those facts, which the commissioners wished to be erased for ever from their own minds. In consequence it was determined, that the papers should be destroyed in such a manner, that not a vestige of them might remain. They were carefully collected and cut into pieces with large stationers' sheers, then thrown into large bags, and conveyed with equal care to a paper manufactory, where, under the inspection of a commissioner, they were committed to the mash tub: and he did not leave them till they were reduced to a pulp.

Now, if the commissioners were so anxious,

and they were justly anxious to erase every trace of their proceedings, what can we infer with respect to these proceedings, but that they were of a most dangerous and alarming nature? In this instance they were confided to men of honour; to men, who evidently would not betray their trust, nor make a selfish advantage of the secrets committed to them. But who is there so little acquainted with the nature of man, that he will venture to predict the fame of every succeeding body of commissioners? I do not mean to assert, and far be it from me to think, that among the political inquisitors under the present act, which though less oppressive on income, is far more inquisitorial than the last, there may not be many men of honour, many men capable of acting under the same enlarged principles, as the body of commissioners I have mentioned. At this moment of writing I cannot charge my memory with the name of one single person, who has taken upon himself the office. I hope that none of my friends are in the list, for I feel too sensibly the weight of that petition, which we are exhorted to make to the great Father of the universe; Lord, lead us not into temptation.

The

The temptation is indeed too great for human nature. The political inquisitors at present will move with caution: the system is not sufficiently advanced: the pulse of the people must be felt: gentle measures must be used, or a convulsion may be apprehended. The lust of the Decemvir at Rome, and the inquisitor in Spain were kept within bounds on their first appointment to office; but, when they thought themselves sufficiently secure in their posts, the natural effect followed. What has been once done may be hereafter attempted. Every thing is to be dreaded, when a nation confers upon individuals a secret power, which cannot from its nature be brought within the controul of law.

The effects of terror are much greater than is generally imagined; and, if they are not very notorious, they are supposed not to be felt. The atrocity of Robespierre shocked every mind: the great and the powerful were affected, and all Europe resounded with their complaint; the sighs of a cottage are smothered, and the affliction of him, who can neither write nor read, is likely to be held up more as the object of ridicule than of compassion. I do not doubt, that there was
much

much oppression under the last income tax, and I infer it from the following circumstance, that came under my own notice.

A poor man received one of the papers requiring him to give an account of his income. He was as much at a loss what to do, as if he had been desired to read the act in black letter: and to ease him of his fears the officer told him, that the best thing he could do, would be to get his neighbours to fill up the paper for an income of sixty pounds a-year; and so by paying ten shillings he would be free from farther trouble. This intelligence was far from pleasant. Poor fellow! ten shillings was a serious deduction out of his earnings. However the greater evil preponderated, and the fear of a summons from such great men as the commissioners of his district, of a levy of distress on his goods, or being sent to prison, operated so forcibly on his mind, that he submitted to pay, what he was very unable to afford. The next year brought a similar scrawl before his eyes, and he had now greater reason to be appalled by the terrific vision: for the dearness of provisions, a decrease of business, and the tears of his wife and family prevented him from buying his peace of mind
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by a similar present to government with that of last year. He kept the paper, which was of as much use to him as Arabick: when, lo! in process of time a folio sheet thickly beset with printed characters and lines attacked him, and excited tenfold terrors. What was now to be done! His neighbours spelt out for him a variety of questions, which would have puzzled the Chancellor of the Exchequer: his terror was excessive, and the only mode of extricating himself from the dilemma was to apply to a friend of mine, a justice of the peace in the neighbourhood, whose door is always open to the wants of the distressed.

I happened at that time to be on a visit to my friend, and on our return from a ride we were told of the application made, and that the poor man would be with us next morning. He was not behind his time, and I undertook the arduous task of composing his mind. The cause of his uneasiness was produced, and I assured him, that if he would only give me an answer to every question as I read it, no mischief should befall him. I began then the enquiry, asked after his lands, tenements, and hereditaments, his rights in manors, fisheries, mines, and tithes; and to all my questions receiving
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the answers, none, none, none, none, I regularly wrote them down, till the paper was filled with nones; his income was stated to be under sixty pounds a-year, and he had a wife and children that ought to have given him pretensions for receiving from instead of conferring a favour on government. The paper I then doubled up, and desired him to deliver it to the commissioners, assuring him that he would have no farther trouble: he received it with the greatest joy imaginable, conceived the highest opinion of my talents, and was no longer afraid, though the chief inquisitor was parson of the parish, and wore a wig as terrific as the head of Medusa.

Instances of this kind, it is to be feared, have been numerous: and in every class of life the uneasiness excited must be balanced with the profits derived from the act. This should, indeed, be done under all revenue regulations, and in this consists a very chief part of the duty of a member of parliament. The minister, whose office it is to raise the supplies, must, from the nature of the human mind, unless he is endued with superior talents and a naturally good disposition, look more to the amount of his tax, than to the feelings of the people

people from whom it is raised: yet, if a due estimate were taken of a tax, not only the sum raised, but the frauds, the perjuries, the prevarications, the imprisonments, the ruin of families, the destruction of morals must be taken into consideration.* An obvious instance of this kind is in the recollection of every man, and the misery introduced by the Watch Tax is only one among many proofs of the little attention paid, by the late Administration, to sound principles of finance, or the feelings of the people.

We are happy now in a Minister of a very different disposition: and, as we are certain that he will not turn with fullen pride and haughtiness from every remonstrance, the goodness of his heart is a pledge for the adoption of a measure, which has gained the conviction of his understanding. It is said, however, that this is not the time for making an attempt, and the danger to which the coun-

* It is to be wished that some independent men would form themselves into a committee for enquiring into the real state of the customs and excise: would lay before the public the balance of fraud in various ways, of inconvenience to individuals, of loss of labour to the publick, and actual expence, with the profits said to be derived from these institutions.

try is exposed, is made an excuse for the continuance of an erroneous system. I am as alive as any person to that sensation of danger, though I never felt for a moment the least symptom of despondency; and the present situation of the country, if proper advantage is taken of it, may be the mean of not only preserving to us the rank to which we have been raised among the kingdoms of the earth, but of increasing our resources, and placing them on a fixed and permanent foundation. We are now happily disentangled from continental alliances: our money will no longer be wasted in hiring sovereigns to fight their own battles: the jargon of social order, the liberties and balance of Europe, is nearly forgotten: we are to contend single-handed with our adversary, and the country is unanimous. In this contest nothing is to be dreaded, unless there should be such palpable misconduct in the direction of our force, as might render almost futile the exertions of our bravest people, and increase unnecessarily the number of the slain.

At such a moment, we are not to let the enemy suppose, that his threats have produced any other effect upon us, than to make us take the necessary steps for our defence.

We

We are to go on in other respects in our national and domestick concerns; as if there was not the least necessity for warlike preparations. We are to imitate the Romans, who, when Hannibal was within a few miles of their city, went on as usual with their affairs; and the very ground, on which he had pitched his camp, was sold at as many years purchase, as if their generals were pursuing him over the sands of Africa. The time is the most favourable for any great national measure. There is now an energy, which renders the people capable of great exertions; and in times like these, measures must be produced and carried into execution, whose effects extend to the remotest generations.

The comprehensive and enlarged and energetick mind of the Bishop of Llandaff could not fail of seeing this in its full extent; and his well-known zeal of patriotism has given to the publick those plans, which cannot fail of making the nation respectable abroad and at home a united people. By bringing up the youth to arms, and enrolling every young man in a corps for seven years, a military force of the best kind is established. Our youth will be trained to the defence of the country, and

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if three years were assigned for each person's station in the ranks, three more in the station of corporals and serjeants, before he can be an officer, our national army, thus disciplined, will not be inferior to the best regular troops in Europe. The annihilation of all religious distinctions, and repeal of the Corporation and Test Acts, or the restoration to the King of his antient privilege, to elect from every class of his subjects fit persons, to act in any department of the state, will calm those feuds and heart-burnings, which on too many occasions disquiet private life, and are a disgrace to those, who pretend to be Christians.* The diminution of the national debt and reduction of it to a state, when it shall cease to be alarming to the Throne, the Nobility or the Commons of the empire, is another grand measure, in which I was happy to see, that the Bishop had expressed himself with such firmness. The national debt has always appeared to me a bugbear, which in the hands of the monied interest has been perverted to the basest purposes. However improperly contracted it may have been, the honour of the

* See Letters to the Bishop of Lincoln, by the author, page 71.

nation

is pledged for its discharge: and I contend, that it may be discharged without any great inconvenience to the subject, if all will set their shoulders to the work, and each will pay that proportion, which the country has a right to demand of him. I should not probably discharge it so soon as the Bishop might think it expedient. That grand measure of finance introduced by Mr. Fox, and it is almost the only measure that I have seen for many years, that deserves any credit in finance: that grand measure, by which with every loan the means of its extinction in the course of about thirty-seven years is provided: that grand measure will prevent a future accumulation of debt, and the gradual extinction of the old debt, and the diminution of the taxes, may be made to go hand in hand together.

The latter proposition will appear very paradoxical, from the habit too frequent among us of considering, as distinguished from each other, the landed interest, the monied interest, the commercial interest, and the manufacturing interest. In considering these, one interest is too apt to be neglected: an interest, paramount to them all, the interest of the country. This interest, which cannot too much

much occupy our thoughts, is promoted in the highest degree by the measure, which I defend: and the subordinate interests are not in the least injured by it. The landed interest has, unfortunately for itself, and from its preponderance in the Legislature, been constantly endeavouring to throw off the burden from itself: but the blow has recoiled, till serious alarms have possessed its members on the stability of its own tenures. These tenures, it is true, would be and ought to be insecure, if any infringement were made on the national faith: and therefore the landed interest cannot be too urgent to promote a measure, which shall dissipate its fears.

The same I would say to the other interests. The diminution of taxes, the abolition of customs and excise, the removal of temptations to fraud, cannot fail to be highly beneficial to every party: and in this work it will be seen, that by recurring to the principles of just and equitable taxation, these measures will be accomplished gradually and with general satisfaction.

The principles are not new. The application of them in practice remains a desideratum. In the preamble to the former tax bill upon

upon income, the expediency of the measure is recommended, because "many persons under a former act are not assessed in a just proportion to their means of contributing to the publick service." Thus the Legislature declares, that the means of contributing should be the measure of taxation; and this criterion I maintain to be the only true and just one, and that which is the most beneficial to the nation in all its consequences.

The city of London has maintained the same opinion in its publick resolutions of Dec. 19, 1798:

Resolved,

1. That this Court have before declared it is their opinion, "that all taxes ought to be equitably and proportionably levied, according to the property of individuals, more especially towards supporting a war, which has for its principal object the preservation of property;" which opinion they do now confirm, and which they conceive must be universally assented to.

2. That this court do approve the principle of the bill now pending in parliament for a tax upon income.

3. That in the opinion of this Court, the bill now pending in Parliament, by which it is proposed to tax the precarious and fluctuating income arising from the labour and industry of persons in trade, professions, &c. in the same proportion as the permanent annual income proceeding from landed and funded property, is most partial, cruel, and oppressive.

4. That

4. That the said bill proposes to establish an inquisitorial power unknown in this country—inconsistent with the principles of the British constitution—and repugnant to the feelings of Englishmen.

The Bishop of Llandaff asserts in his most valuable pamphlet the same doctrine. “The true principle of taxation seems to me to be this, that every man should pay for the protection of his property by the State in exact proportion to the value of the property protected; just as merchants, who risk their goods on board a vessel, pay an insurance in proportion to the value of the goods insured.”

Strengthened with these resolutions, and previously convinced in his own mind of the truth of them, from a deep consideration of the subject, Mr. Travers proposed, in the following letter, to call a meeting to consider the methods that ought to be taken for bringing the question again before the Legislature.

TO THE CITIZENS OF LONDON, ENGAGED IN COMMERCE AND PROFESSION.

GENTLEMEN,

THE tax on property, so called, is, in fact, a revival of that most hateful of all taxes—the Tax on Income, under more severe and objectionable restrictions; and which, from the experience of three years, was found to be so very oppressive

pressive and obnoxious, as to call forth the unanimous resolution of the citizens of London, in Common Hall assembled, for its repeal; and it is worthy of observation, that not one of the former commissioners have been prevailed upon to resume their office.

Those persons, therefore, who are engaged in commerce, or subsist by means of their profession, and whose feelings justly revolt at the establishment of an inquisition composed of their fellow-citizens, before whose tribunal they will be annually summoned, and required to deliver in an exact account of the state of their income arising from such trade or profession, are hereby informed, that a Meeting will be held at the London Tavern, on Friday, the 9th of December, at twelve o'clock, in order to take into consideration the expediency of presenting a Petition to Parliament to repeal so much of the Tax on Property as relates thereto.

When the odious, degrading, and injurious nature of this tax is considered, the vexatious and tyrannical inquisition it will give rise to, and more especially the immorality of its tendency, by reason of the utter impossibility of ascertaining income of this kind, but upon the mere declaration of the party (an objection which of itself alone is fatal) it is earnestly hoped, and confidently expected, that the citizens of London, engaged in commerce—the foundation of our strength and greatness, will, on this occasion, be true to themselves, and to their posterity, and by their union set an example to every commercial city and town in the British empire, of their unqualified abhorrence of a tax which, if persisted in, cannot fail to excite the most general discontent, at a time when, above all others, it is most ardently to be desired that there should be but one heart and one soul:

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Should this meeting be numerously and respectably attended, of which there can scarcely exist a doubt, it is proposed to choose a committee for the foregoing purpose. A direct appeal to the Legislature from the commercial and professional part of the community, cannot fail to produce the desired effect.

Should I be so unfortunate as to incur the censure of my fellow citizens, in the step which I have now deemed it my duty to take, and be suspected by any of them of disloyalty—it can only proceed from an ignorance of my principles and character. My supreme ambition is to deserve well of my country, and if in any degree I can serve it, by being instrumental in removing a serious ground of complaint, I shall solace myself with this reflection, that I have not wholly lived in vain.

I remain, Gentlemen, with great respect,

Your most faithful fellow citizen,

Queen-street, Nov. 29.

BENJ. TRAVERS.

Property, real or personal, where it can be ascertained without fraud or evasion, is totally distinct from that which arises from the uncertain and precarious profits of trade or profession, and which cannot be considered as property until it be actually realized.

I might here insert, with the permission of Mr. Travers, a variety of communications, which he received in return upon this subject: but it will be sufficient to select one, to balance another of a different nature, which a Mayor addressed, inserted in one of the public papers.

papers. The communication from Northampton was dated the 6th of December 1803.

SIR,

Upon the reading of your letter of the first instant, at a Court of Aldermen held yesterday, it was unanimously resolved and ordered, that I should in the name of the Court assure you of every support, which they may be able to render to your laudable and patriotic exertions, for procuring a repeal of that odious and degrading part of the Property Tax Act, which relates to trade and commerce.

I am, SIR,

Your most obedient humble servant,

THEOPH. JEYES, Town Clerk.

The Mayor of Totnes, a little town in Devonshire, did not choose to consult his brethren upon the subject, but sent his decisive negative, accompanied with an attempt at argument, to the Printer of the Courier, in the following terms.

SIR,

Totnes, Dec. 3.

Having received, by this morning's post, a circular letter, signed Benjamin Travers, directed to me as the Mayor of this borough, enclosing his address to the citizens of London on the subject of the Tax on Income arising from the profits of trades and professions, and requesting my aid and co-operation to repeal so much of it as relates thereto, should my sentiments coincide with his, I take the liberty of replying to Mr. Travers, through the medium of your paper, that I shall neither lend my aid nor co-operation to effect

that which may in any manner tend to repeal that part of the tax on property which appears so obnoxious to him, namely, "the income arising from trades and professions."

I consider, Mr. Editor, that the tax, in its present form, is perfectly just and reasonable: it is just, as it affects property of every description; and it is reasonable, from its scale of taxation.

Why, in such a time as the present, should Mr. Travers endeavour to clog the wheels of Government, and obstruct its progress, by a wish to exonerate trade and professions from the tax on property, and diminish the revenue?—I see no one argument in his address to the citizens of London to induce them or me to be of his opinion. Is it his wish to make this tax unproductive, when, in its very nature, it was meant to raise the chief supplies within the year? and how can those supplies be raised, if trade and professions be exempted?—The man having a capital in trade has a double advantage of the man having a capital in land or the funds, inasmuch as he sees double the interest of that capital that the man either of landed or funded capital sees: then, is it a hardship for a man in trade to make a just return upon that capital, or such a return as might be equal to the interest of such capital was it laid out either in land or the funds?—But as to his return upon such capital, it depends on the honour of the man himself; and the man who would forfeit his honour, I have no hesitation to say, would also forfeit his oath.

The capital of the professional man is to be estimated according to the degree of celebrity he may have obtained; and, though the tax may fall heavier on him than on the man in trade, yet it is impossible for any one to imagine that any man in profession will underrate his ability, for his ability will be estimated according to his return; not that

that I believe every man who has a large extensive practice is always equal in ability to one who has less; but this will be for the judgment of the Commissioners. I observe Mr. Travers in his address outstrips the opinion of his country, on account of the solicitude he has shown for the exemption of trade and professions from this tax. He has stated, he may be suspected of disloyalty, to raise a question of such moment at a time when the country should be of one mind and one heart. The country ought to be all of one mind and one heart to overturn the evil machinations of designing men. I say that a man, having the support of his king and country at heart, as I have, would not have raised such a question.

I have only to trespass on you for a few words more, and that is to declare, that I have not thus given you my sentiments from any personal motive. I am in a profession myself; and should this question of Mr. Travers's be carried into execution, I shall be a gainer; but God forbid it should be to the detriment of the landed and funded interest!

I am, SIR,

Your most obedient servant,
GEORGE TAYLOR.

Let us consider the arguments of the Mayor of Totnes, first, as they apply to the tax itself: secondly, to the government; and thirdly to the interests, for which he seems to be so very solicitous. First, the Mayor of Totnes asserts the tax to be perfectly just and reasonable. He is not content with common justice and reason, but this tax, it seems, has attained the

the perfection of both. "It is just because "it affects property of every description." Here the good Mayor was misled by the title of the act, and finding it denominated the property act, he conceived it to be different from an income act: but, though the titles are different, the subjects of the act are the same, namely, income, not property. Consequently his criterion of justice falls to the ground. If it really did affect property of all descriptions, then we should agree with the Mayor of Totnes, that it had one criterion of justice: but it would even then fail, unless the mode of affecting this property was according to the rules of justice.

"It is reasonable," says the Mayor, "from "its scale of taxation." As the Mayor deals only in assertions, we will put the following cases to him. A. has an income of two hundred a year as a surgeon. B. the same income from the three per cent. consols. C. the same income in an annuity for life. D. the same income in annuities, expiring at the end of four years. E. the same income from a post under government. F. the same income from his commission in the army. G. the same income payable out of the profits of a lead mine. H. the same income from a farm. I. the same income

income from land entailed on him and his children. K. the same income from land at his own disposal. What scale of taxation ought to be applied to these very different kinds of property, some of which depend on the precarious events of life, others terminate at a fixed term, and others remain certain during the whole of life? Whilst the Mayor is fixing the scale, I will tell him a story.

There was once a notable gentleman of antiquity, by the name of Procrustes, who had an ingenious mode of treating those who fell in his way; and, as the African princes amuse themselves with cutting off heads, he was equally delighted with experiments upon legs. His plan was perfectly just and reasonable, and must please the Mayor of Totnes, for it affected all legs alike, and by a reasonable scale of proceeding. The scale was fixed in the following manner. There was a bed exactly six feet long. On this bed the persons were laid; they, who measured from head to heel exactly six feet, had only the terror of the experiment for their pains. They, whose legs protruded from the bed, suffered amputation, till they fitted the standard: and they, whose legs were too short, had them stretched out, till they also fitted the standard.

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The bed of Procrustes brought all, however unequal, to the same length: the scale of the Mayor of Totnes supposes unequal things to be equal, and then cuts off an equal part from each. The bed of Procrustes tried all, and few escaped: the scale of the Mayor of Totnes tries all, and they who can afford the most, pay no more than those who can afford the least of their property.

We will now consider the Mayor's arguments, as they affect the government, whose wheels and progress, it is asserted, will be stopped by the attempt of Mr. Travers. The clogging of the wheels of government is a common metaphor, and might serve very well under the late administration, which haughtily conceived, that every opposition to its will was an opposition to government. This is the argument of every tyrant, and entirely uncongenial with the principles of the English constitution, which allows every measure to be sifted, and prefers dignified submission, arising from free discussion, to the subjection of the abject slaves to arbitrary caprice. So far from clogging the wheels of government, the dirt which now hangs upon them, and makes them drag heavily, will be shaken off: the machine of state will move
more

more freely, when every one sets his shoulder to the wheel, according to his strength; and both the government and its subjects will be freed from infinite vexation, arising from the present harassing processes of taxation. How can Mr. Travers clog the wheels of government, or obstruct the raising of the supplies within the year, when his measure pours in for every pound now raised, at least twenty times as much? The capital in trade, he says, ought to be taxed: but let then also the capital in land be taxed equally;—why should a distinction be made between them? As to the insinuation thrown out in a most positive manner by the Mayor, it is more likely to create a laugh, than to deserve a serious refutation. “I say,” says he, “that a man having the support of his King and country at heart, as I have, would not have raised such a question.” On the contrary, I say, that men, who have a real regard for their King and country, shew it more by putting them in mind of, than in abetting and countenancing abuses. I will refer the Mayor to an antient book, where he will find four hundred prophets making a hurly-burly about the King, crying out King and Constitution, and
E rejoicing

rejoicing that the honest prophet, who told the truth and consulted the King's honor and security, was kicked into a dungeon.*

Lastly, the Mayor dreads the measure proposed by Mr. Travers, lest "it should be to the detriment of the landed and funded interest." The interests of the land proprietor and the fundholder are best consulted by securing the payment of the rents of the one, and the annual interest of the other. In paying off the national debt the fundholder's property rises in estimation. Thus both interests are best consulted by that measure, which seems so injurious in the Mayor's estimation. The stocks rise with every contribution for the payment of the principal debt; taxes are diminished, and the only person who is likely to be really affected by the measure, is Mr. Kearsley the bookseller, who will no longer have occasion to print his annual volume of taxes; but I am too well convinced of his patriotism and resources, to imagine that he will fly out against me in the manner that the Mayor has done against Mr. Travers, because I dare to support an opinion, which

* See 1 Kings, Chap. xxii.

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is for the benefit of the whole of the united kingdom.

The interest of the landholder and the stockholder cannot be injured, without affecting the interest of the whole community: and in benefiting both interests we do good to the whole. And herein good government consists, in looking to the benefit of the whole, and not to that of a single part. If either interest were injured, that of my own nearest relations and friends would suffer; but so far from their suffering by the measure proposed of equal taxation, they must derive comfort from the additional security and improved value of their present possessions. Is there a company in Great Britain, in which the harassing state of the taxes, and the fears on the security of landed and funded property are not subjects of almost daily conversation? I would only give a new direction to the current, and instead of fears and apprehensions, every day should diminish a portion of the debt, and bring a new source of pleasure by taking off part of a tax. Every one would say the evil is daily diminishing.

In fact, there is no one who does not see, that the present mode of taxation is very nearly

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at its end. It may die a natural death, if prudent measures are adopted. What has happened in France, may happen here, if it is persisted in: for confusion in finances brought on that state of confusion, which has spread such an alarm over the nations of Europe. We are happy in this kingdom, that each man's private interest is more closely united to that of the publick than it was in France: and in a country, where so many thousands have volunteered their lives for its defence, it would be ridiculous to imagine that the rich and powerful would withhold that part of their property, which justice demands to remove these burdens, which will otherwise weigh down themselves and their posterity.

If I were not contending against the principle of the late Income and the present falsely called Property Act, I might here make some remarks on the late act of Parliament, by which a contribution is granted "on the profits arising from property, professions, trades, and offices." It is now before me, consisting of one hundred and fourteen folio pages. The gentleman, who is said to have drawn it up, has published an exposition of the act in a closely printed octavo pamphlet of sixty-

sixty-six pages. *Obscurum per obscurius.* If there is a single man in the kingdom who understands either one or the other, I congratulate him on his patience and attention. Sir Isaac Newton, who was deservedly celebrated for these qualities, could not have laboured so hard in the composition of his Principia. How the generality of the commissioners, if they are honest men, are to act, I cannot conceive: but they, who do act, will have a greater claim on the nation for remuneration than will be collected by the tax itself. As honest men they ought not, I think, to act till they have pledged their honor, that they have read the bill, and understood the whole of its contents. But I warn them against reading the exposition; for, if they do not understand the text by itself, they will only plunge deeper into the mire, by trusting to the comments of its author.

For my own part, I am as firmly convinced, as I am of any proposition in Euclid, that the legislature, in declaring that contribution should be proportional to means, has laid the basis of true taxation: and that Mr. Travers, in calling the attention of the public to the subject, is acting the part of a true patriot,
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and may eventually be the means of doing the greatest service to his country. It is a grand question. It involves in it the freedom of the country from alarms; will unite all firmly in its interests; will shew every man, that he has an interest to defend; that he forms a part of one great whole, whose interest is essentially connected with his own; and that by contributing his share in taxation, he is only expending a small portion of his property, to secure to himself the inestimable advantages to be derived from the happiest state of civil society.

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PRINCIPLES
OF
TAXATION.

TA**X**, derived probably from an old word meaning to touch, is a word used to express a particular charge made on the subject by the state. This charge is either for personal service, for commodities, or for money; and, since in modern times money is the great standard of worth, the tax or charge is now generally confined to money, payable in various ways by the subject.

Taxation is the act of making these charges or setting the taxes.

The principles of taxation are the principles, by which the state is guided in setting the taxes.

In taxation, three things are to be considered; the state, the subject, and the things charged or taxed.

The state proposes, by raising money from the subject, some real or fancied good to the whole or to particular members of the community.

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The subject gives up a certain good, either through fear of some real or fancied evil, or in hopes of some real or fancied good to himself.

The things charged may be any thing or every thing which is convenient, useful to, or necessary for the subject.

Subjects may be considered under two general heads.

I. Subjects, who by themselves, or their representatives have a vote in taxation.

II. Subjects, who have not either by themselves or their representatives a vote in taxation.

Subjects of the first class may be called members of the state; subjects of the second class are either simply subjects or slaves.

Subjects, who are members of the state, may have each an equal vote in fixing the taxes or an equal vote for the representatives to act for them, or the votes of some members will be superior to those of others. The simplest case is, where each member has an equal vote: and, whether we consider them as acting by themselves in a small state, or by their representatives in a large state, the result of our enquiries will be nearly the same.

In either state taxation will be equitable or inequitable.

If it is inequitable, it must be the consequence of ignorance or intention: of ignorance, when a proposed tax is considered as bearing upon all in a just

just proportion, when that is not the case; or of intention, when the majority lays a more than due proportion on any individual or class in the community.

To determine whether taxation is equitable or not, proportion is to be considered; and ignorance of the nature of proportion will most probably lead every legislature into error.

Taxation is equitable, when each member is taxed in proportion to his means of paying the tax; it is inequitable, when each member is not taxed in proportion to his means of paying the tax.

Thus, where two persons having the same means are taxed unequally, or two persons having different means are taxed equally, the taxation is not equitable.

It would not, in the state we are talking of, be difficult to point out instances of inequitable taxation: for, a poll-tax, land-tax, excise, customs, duties on law transactions, windows, houses, receipts, would be, in such a state, inequitable taxes.

To begin with the first, a poll-tax; a man of a thousand a year would pay only the same as a man of a hundred or of twenty pounds a year. They do not therefore pay in proportion to their means, and consequently the poorer man is unjustly taxed.

The land-tax; if a man had no land, he would
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pay no tax, and the landholder is charged out of his proportion.

The excise and customs; it is impossible to ascertain the precise quantity of exciseable or customable goods, which each individual ought to take, and, if he does not take any, he does not pay his proportion to the state.

Duties on law transactions are still worse; for, if a man does not go to law, he does not pay his share to the state, and the fear of legal expences might expose him to injustice.

Windows and houses labour evidently under similar disadvantages; and the tax on receipts, which seems capable of being made the most equitable, as to the charge on each receipt, might be as unjust as any; for a very great business may be carried on with very few, and a small business may require a great number of receipts.

Hence it is necessary in equitable taxation to determine the means, which each member possesses for paying his taxes, or to ascertain in the best possible manner the relative situation of one man to another.

The means, which an individual has to pay the demands of the state, must depend on the possession of the sum required by the state, or of property, which will procure that sum.

The property of an individual arises out of one, or two, or all of these three things: unproductive capital, productive capital, personal industry.

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By unproductive capital are meant certain valuables, which do not produce any increase to the possessor; as furniture of houses, carriages, pictures, and the like. By productive capital is meant property, which produces a yearly rent, or money producing annual interest. By personal industry is meant the application of mental or bodily powers to procure an annual income.

The difficulty of comparing together two persons, whose property depends in a different manner on these things, will be evident from one or two examples. Suppose a man with a wife and family to be in possession of five hundred a year, arising from productive capital, and to have besides a good house well furnished, worth three thousand pounds. Let another man with a wife and equal family have the same income, from personal industry, and an equally good and well furnished house: What is the relative situation of the one to the other? In productive capital there is no proportion between them. In unproductive capital they are equal; and in income also they are seemingly equal. But personal industry may be ruined or diminished by a thousand accidents: and, whilst the possession of the productive capital makes the one totally easy, in case of death, with respect to his wife and family, the other, if a prudent man, is endeavouring to save something for their future provision. Hence it would be very great injustice to demand from each the same sum. Suppose

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again two men to have from personal industry the same annual income of five hundred pounds, the one possessing an unproductive capital worth a thousand pounds, the other an unproductive capital worth only a hundred pounds. Let each have spent his five hundred pounds, when a tax of 50l. is demanded. To pay this, the one reduces his unproductive capital to 950l. the other to 50l. and at this moment their relative proportion to each other is that of 950 to 50, or of nineteen to one; but the moment before the tax was paid, the relative proportion to each other was that of 1000 to 100, or that of ten to one. Thus such a tax would be in a very high degree unjust, since it changes so materially their relative situation.

It is needless to accumulate instances. The great problem is to preserve, in exacting the tax, the relative proportion between the members of a state; and this problem may exercise the wisdom of the wisest and most disinterested legislature: for, how can the casual effects of industry be compared with the constant effects of productive capital? In this however we may avoid very great errors, and lay down with tolerable exactness a scale, whose defects will be but very slightly felt by any party. But, before we endeavour to form such a scale, enquiry must be made into the claims, which a subject has on the state, as well as those of the state on the subject.

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Since, in all countries, there are some depending upon charity for support, and others are in possession of every enjoyment, there must be a certain income, which will exactly keep a man, his wife, and two children; and if from this income any thing is taken away, the family is deprived of necessaries. Such a family also stands in need of unproductive capital; namely, cloaths, furniture, bed, &c. without which, the man's personal industry, and consequently the state, would be injured. On such a man the state could not consistently make any demand, much less on the man who depends on others for his support. But, if there are subjects of the state, who cannot be called on to pay towards the support of the state, common sense seems to indicate, that such men ought not, unless delegated by the real contributors, to interfere in taxation, or to determine on the expenditure of the taxes. Hence we are compelled to make a small alteration in our supposition; and, instead of supposing, that the state consists of members only, we must make an exception for those, very few indeed, who cannot pay any thing to the support of the state; and, these men, whatever right they may have to a voice in all questions, in which the funds of the state are not concerned, can hardly claim one in questions relating to property, which does not belong to them. Thus perhaps too we may make an approach towards the settling of the much
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disputed question on representation. As far as the disposal of the sums, arising from taxation, does not affect the subjects of the description above mentioned, they seem to have no claim to interfere, either by themselves or their representatives: but, if in the expenditure of these sums they are likely to be injured, they have a claim by themselves or their representatives to interfere, and to join, if they think proper, in modifying or negating the measure. In a well regulated state indeed there will be so few of the description I have mentioned, and their claims to representation upon other grounds are so strong, that it will scarcely be thought necessary, in such a state, to distinguish the legislature into two bodies, the one for general law, the other for taxation and expenditure: and consequently every man, without regard to his property, will be entitled to vote by himself or his representative in every measure proposed to or by the state. I am aware, that there is a ground for the right of every man to a vote, which a christian cannot presume to disallow, and from the nature of man it may be made perhaps satisfactory to an infidel, but this is not the place to agitate such a question.

Let us now suppose the country, in which the subjects are, with a very few exceptions, members of the state, to be, with respect to the value of labour, money, and capital, like our own; and, that an income of thirty pounds a year from personal industry, with twenty pounds unproductive capital,

capital, distinguishes the class of non-contributors to the state. The contributors then, or they whose means are greater, may be compared with ease to each other. From the yearly income of any individual deduct thirty pounds, the remainder is a fit object for taxation, a taxable mean. From his unproductive capital deduct twenty pounds, and the remainder is a fit object of taxation, a taxable mean. Then, if the taxes on these means are made proportional to the means, the relative situation of the parties taxed is preserved, and they are after the payment of the tax in the same proportion to each other, as they were before the payment of the tax.

Thus let two persons possess from personal industry, the one an income of 130 pounds a year, the other an income of 530 pounds a year. From their respective incomes deduct thirty pounds, then their proportion in taxable means is that of 100 to 500, or one to five. Let the state exact one per cent. on taxable means arising from personal industry, then the one has 99 pounds left, and the other 495 pounds. Therefore the parties having paid the tax, are in the same proportion to each other, as to taxable means, as they were before the payment of the tax.

If the one had 220% in unproductive capital, the other 1020% in unproductive capital; then, after deducting 20% from each capital, there remains to the one 200% to the other 1000%. that is, their taxable means in unproductive capital are in the

the ratio of 200 to 1000, or one to five. Let one per cent. on these superfluities be required by the state; then, after the payment of this tax, the one has 198% the other 990%. that is, their taxable means are now in the proportion of 198 to 990, or of one to five; that is, their taxable means after the payment of the tax are in the same proportion in which they were immediately before the payment of the tax.

If the income arose from productive capital, a similar deduction might be made as in the preceding instance; namely, thirty pounds from the income, and then the same proportion per cent. as was required before by the state.

Let us recur to our first principle. Taxation, to be equitable, must leave the subjects, when the tax is taken from them, precisely in the same relative situation to each other, in which they were the moment before the tax was paid. Now the value of productive capital at any period may be assigned, the value of unproductive capital also at any period may be assigned, and the value of income from personal industry or productive capital within a given period, a year for example, may be assigned. Hence the taxable worth of a man, if we may so term it, may be assigned.

To tax equitably, the subject's property must be ascertained. This property arises from three things, productive capital, income from personal industry or productive capital, and unproductive capital. For these three species of property a
value

value may be assigned: on that value a tax per cent. may be laid, and the relative situation of the members of the state before and after the tax will be the same.

To this principle of taxation, an objection will be instantly started—"The theory may be good, but it cannot be reduced to practice." This is the usual objection, made by ignorant men against the establishment of every principle founded on right reasoning. Thus it may be said, that the sublime principles of Christianity, "Love God" and "Love your enemies," are good in theory, but it is in vain to expect the practice of them in a world like ours. True it is, that in England, constituted as it is at present, they cannot be realised in practice: yet even in a nation, bending the knee to Mammon like our own, who can tell what noble conquests have been made by some over their bad dispositions, and with what aspirations of love others have looked up to the Supreme Being, who have embraced these principles as the precepts of heavenly wisdom, as the endearing commands of their Saviour? In all cases it is a great point to establish a just theory, and to an enquiry into the causes of deviation from it, some of the most valuable discoveries in the world are indebted. Sir Isaac Newton began with the true theory of conical reflecters, he improved the telescope, though he used only spherical surfaces, the errors of refraction were discovered, and the achromatic glass is now in every box at the opera.

The theory here laid down for taxation is suited to people with high notions of honour, who would consider the withholding of the state's demand as a fraud on their neighbours: but then it must be considered, that they are identified with the state, and have authorised the demand by their own votes. Still in such a country there must be individuals without this sense of honour, and the question is, whether, on account of their dishonesty, another mode of taxation should be adopted.

Let us try the case.

In the Legislature of the nation, which is actuated by principles of honour, from a fear of some individual instances of dishonesty a member might propose the introduction of a custom-house into the country. He would state the advantages to be, that no one would pay, who does not use the commodity taxed; that, since the commodity is the production of a foreign state and consequently a luxury, no one will be injured by his inability to pay the tax, and, that, each man, who pays the tax, will pay in proportion to his consumption. Against these advantages a simple answer will be given by the majority and a very great majority of the other members. They, who do not purchase the commodities taxed, will see the demands of the state supplied by the purchasers; that is, the non-purchasers, who may be the richer men, will pay nothing. We the non-purchasers, they will say, cannot consent to burden other men with
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our proportion to the State's demand; it is unjust, inequitable, dishonourable. But a greater objection remains; this mode of taxation is recommended under the apprehension, that equitable taxation will be abused by a few dishonest men amongst us; and, on account of their supposed dishonesty, the State must infuse suspicions into the subject's breast, and run the risque of encouraging every species of immorality. If customs are to be levied, custom-houses must be built, officers must be appointed. The State will be at a certain expence in levying the tax. The tax being laid upon a commodity, the merchant, who imports it, must, before he sells it, add to its price the amount of the tax, and his rate of interest upon that tax. The shop-keeper must add to the merchant's price his rate of interest upon the whole. Thus the consumer, instead of paying to Government a pound for instance, must pay that pound, the merchant's interest on the pound, and the shop-keeper's interest on both; and, when the Government has got this pound, a part must be deducted for the expence of levying the tax. The consumer then pays more than the pound required by the State, and the State receives less than the pound it demands on a commodity. Encouragement is now held out to smugglers, merchants, shop-keepers, consumers, to defraud each other and the State: oaths are introduced: perjury becomes a thing of course. Fraud, vexation,

tion, deceit, lawyers, judges, prisoners, murder, crimes innumerable detected or suspected, injure the free intercourse of society. By a custom-house we destroy equitable proportion in the payment of the State's demands; we increase unreasonably the price of foreign commodities, we sanction fraud and perjury.

The excise would in this Legislature meet with similar objections. The poll tax does not involve in it the plagues of courts of law or mercantile increase, but its injustice is flagrant, as every one would be obliged to pay, and no law of proportion whatever is observed. Less inequitable would taxation on houses and windows be esteemed on the side of proportion, but more prejudicial to morals. Stamps violate the law of proportion, but are attended with less risque to morals. In short, if we go through the taxes levied in the civilised portions of the globe, scarcely any would meet with the consent of a State, consisting of subjects with equal votes in the Legislature.

Having thus considered taxation in one point of view, we might go to the more complicated question, to its nature in a State, where the political relation of subjects is different: where one alone possesses the supreme power, as in monarchy, or where it is divided, as in republics. Thus in the Russian empire the Czar alone regulates and controuls taxation. In the American States, England, France, Sweden, this power is possessed by
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the President, King, Directors, and different members of the State. In the pure monarchical form one alone governs: in the pure republican, every man has an equal vote in the government. Where the monarch is limited by laws or customs, it is a limited monarchy: where the subjects have unequal votes, it is a limited republick. As these limitations may be modified in so many ways, it would be endless to examine taxation under each form: but, as we have considered it in a State, where every subject has a vote, if we go to the other extreme, to that country where not an individual has a vote, we may perhaps lay down some principles of service to States, which have not the high notions of honour of the one, nor are so basely degraded as the other, in which every subject cannot strictly be called a freeman or a slave; to States, in whose constitution there is more of slavery than of freedom, or more of freedom than of slavery.

The State, in which the subject has not a vote, and yet is compelled to pay taxes, must be subject to another state of superiour force; and to make the reasoning clearer, we will suppose in the first instance that the superiour State is guided by no other principle, than that of the basest self-interest, and has no other end in view, but to get as much as possible from the slaves its subjects.

The taxable means of the slaves arise, as was stated before of freemen, from three things; from
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unproductive capital; from productive capital, and from income of either productive capital or personal industry. By sweeping the country, and taking from it the whole of the productive and unproductive capital and the income of every slave, the superiour power, according to a vulgar proverb, is destroying the goose that laid the golden eggs. If the superiour State farmed out the country to tax-gatherers, the profits from the slaves must be necessarily diminished, and the farmers general might without very strong conditions, not easily in such a case to be enforced, return the farm at the end of the lease, worn out and incapable without great expence of farther produce. Bailiffs, lord lieutenants, proconsuls, bishops, governors, might be sent to make their fortunes in the conquered lands: but then the profits of these lands will not be equally divided among the members of the superiour state. Many means of this kind may be devised, and history is full of the plans, which tyranny has adopted, and to which base slaves or brave men for a time have been forced to submit: but a cool investigation of the subject will convince us perhaps, that even here by equitable taxation the superiour state will obtain the greatest advantage. The chief objection in this case will be, that the subject nation will not be prevented from having several rich individuals in it: there will be some slaves worth ten, twenty, thirty thousand pounds a year: the temptation

temptation to rob them in a greater proportion than their poorer neighbours will be considerable, and it will be difficult to persuade the superiour state, that the richer its slaves are, the more may by an equitable proportion be drawn from them.

When the taxes are laid proportionably, the slaves may like freemen be daily increasing their capital, and adding to the few comforts, of which they cannot without injury to their oppressors be entirely deprived. If, at any point of wealth, the overplus is taken by the superiour power, at that point all exertion on the part of the slave is removed, his industry slackens, the superiour state gains no advantage. Thus under the old government of France, the peasant or tradesman, who had by dint of industry accumulated between twenty and thirty thousand pounds, began to feel uneasiness at his rank in life, purchased letters of nobility, made no farther additions to his fortune, and his industry ceased at the moment, when the Englishman makes the greatest efforts, and adds to his own wealth and that of the community. The effect of the silly notion of nobility on a Frenchman is similar to that, which would take place in a subject state, if, at a particular point of taxable means, the overplus was demanded by the superiour power.

It is needless to examine the effect from making the poorer slaves pay in a greater proportion than the rich. The superiour state could have no motive

tive for making such a distinction. Its great object is, that the exertions of the subject state should be as productive as possible; and the exertions of the poor must be diminished by disproportion in taxation.

Among slaves also the notions of justice and injustice, not entirely obliterated, have some influence; and they would pay with greater cheerfulness, when they saw, that the superiour state acted upon principles of equity. Indeed all the arguments except one, that apply to proportionable or equitable taxation among freemen, are of equal force, when the subjects are slaves: and here, if we want the principle of freemen, another principle comes in nearly as efficacious. The freeman is actuated by the principle of honour, a slave by the baseness necessarily attached to his situation. A slave is a monster in nature, he is fallen from the dignity of man; he has the outward form; but the principle of fear, the fear of a fellow creature, contaminates his soul with every vice. The freeman pays his quota, because he disdains to burden others with his debt to the state: the slave parts with his quota with reluctance; but envy, jealousy, malice, keep him brooding over his taxes, and perpetually on the watch, that the miserable slave his neighbour should not be enriched in a greater proportion than himself. What honour produces in the free state, cowardice effects among slaves: when the tax has
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been laid proportionably, it will be paid honourably by the one, dishonourably by the other.

Thus all the arguments, that apply to equitable taxation among freemen, are of equal force, when the state consists of slaves; but the arguments against the introduction of other modes of taxation are of greater force in the subject than in the superiour state. The plea, for introducing the customs or excise in a free nation, is the fear of the dishonesty of a few under an equitable mode of taxation, but in that state the name of smuggler will be held in contempt; and the man, who violates the laws, will wish to conceal his crime not only from those, who have power to punish, but from all his neighbours. The slave has no particle of honour in his frame: his whole aim will be to evade the laws. A greater force will be necessary to protect them, and the superiour state will be at a much greater expence in collecting the supplies from indirect taxation in the subject than in its own nation. Under the old Government of France, the laws against smuggling were excessively severe: the punishments could not once have been heard by Englishmen without horror; yet the profit was so great, and the principle of honour in that country so small, that, notwithstanding the utmost vigilance of government, the provinces were overrun with hordes of smugglers. Concealment, evasion, deceit will be ten-fold greater among slaves; and the
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time of both parties, the superiour and the subject state, will be taken up, the one in increasing its restrictions, the other in devising plans to break through them: the slave will increase in cunning, the freeman will be degraded into a jail-keeper.

If it is true then, that the principles of taxation are the same in the extreme cases, a nation of freemen and a nation of slaves, it will be true in all the intermediate cases, where any of the intermediate constitutions known in the world are adopted. The real worth also of a constitution may be discovered from its mode of taxation: the nearer it approaches to the state of equal representation, the higher will be the principle of honour in that country, the more equitable will be its taxation: the nearer the constitution approaches to that of slavery, or the greater inequality there is in the votes of the subjects, the higher will be the principle of baseness in that country, the more inequitable will be its taxation. Thus in the old Government of France on examining the taxation, it appears, that the class of subjects, the most able to contribute, was exempt from several taxes. This class evidently then had great power in the state; and its relation to the other subjects approached nearly to that of tyrant and slave; the nobles must have been in a great degree tyrannical, the people base and slavish. The taxation is altered: the nobles are giving up some of their privileges; it is evident then,

then, that the slaves are beginning to think, and their masters are losing ground: the exemptions of the nobles are removed; the slave then is put on the footing of a freeman. I am not sufficiently acquainted with the present state of taxation in France to form any conjecture of its consequences, but, if the taxation is very inequitable, after a certain number of years one class of citizens will enslave the other.

Since such a relation subsists between the taxation and constitution of a country, the best planned constitution may be gradually undermined and overthrown by an erroneous taxation. For wherever the disproportion consists, one class of subjects will have an advantage beyond that prescribed by the constitution over the rest; the consequence of which will be, that the rising class will either regain the rights, of which it was deprived by the constitution, or take away the privileges, which the constitution had bestowed on the other classes.

The principles of honour and baseness are also materially affected by taxation. We have considered two ideal states, the one actuated solely by principles of honour, the other by those of meanness and fear. The nations of the world may all be ranged somewhere between these two states, but, wherever this or any other nation is placed, the great aim of its Legislature should be to raise it in the scale of honour. Whatever tends to lower

that principle acts with great force, and the nation sinks much faster than it rose before. History holds out sufficient warnings for constant watchfulness. The Egyptians have for above two thousand years been fulfilling a scripture prophecy, and in the last form of their government, exemplifying in a literal sense the Hebrew idiom: they have been the basest of nations, the slaves of slaves: about a thousand years before the conquest of their country by the Greeks, they were honoured for science, literature, virtue. Two thousand years ago the British youth were sold in the Roman markets, and our Saxon ancestors were roaming in the wilds of Germany: now the daughters and unmanned descendants of the lords of the world are hired, by the children of the barbarian and the slave, for singers, fidlers, and opera dancers. Nothing stands still in nature, and the laws of nature are immutable.

It may be asked then, whether equitable taxation could be introduced into this kingdom. Without doubt it might: but persons, who have gone far out of the right road, cannot return to it without loss of time and some little fatigue. I should certainly recommend equitable taxation, but it requires some little time to remove inequitable taxation: and throughout this period the subjects ought to see, that they are gradually removing a burthen, and benefiting themselves. Inequitable taxation has for some years past increased with

with rapid strides. It may be diminished perhaps more rapidly without injury to any one, and the greater the diminution each year the greater may be our approaches to equitable taxation, that is, to justice, honour, and national prosperity.

I should propose then first, that a five hundredth part of taxable means should be required by the state. This tax will produce much more than the present income act, and therefore, at the same time that this tax is laid, one million a year should be taken off from the excise, and thus a diminution is begun in that very injurious and inequitable mode of taxation. Thus let the duties on malt, beer, hops, leather, soap, candles, salt, be diminished in the proportion nearly of the amount of the whole duties upon each commodity. At the end of the first year it may be presumed, what equitable taxation will produce, and the overplus of the produce of the first year above the million, and the money wanted by the present income act should be applied to the purchase and abolition of the national debt; not exactly on the present plan, in which the injustice and disadvantage to the present generation is too apparent. At the end of the first year the subject will have felt his burthen somewhat lighter: he will have had his shoes, candles, soap, beer, salt, somewhat cheaper, and he cannot grudge a small addition, when he finds his real advantage in the compensation derived from it, and a greater diminution made in exciseable

exciseable duties. His taxes would be diminished by the interest ceasing on each purchase of the national debt, for with each purchase the tax to pay its interest should cease.

We have supposed, that after the first tax of a five-hundredth part of taxable means, it should be increased annually, and this brings me to consider the nature of prudent and imprudent taxation: Taxation is prudent, when by the increase of a tax, the produce of that tax is increased in a proportion not less than that of the increase of the tax. Taxation is imprudent, when the increase of the produce of a tax is in a less proportion than the increase of the tax. If a tax is laid upon consumable commodities, the greater the number of persons to consume and the greater the tax on the article, the greater will be the produce of the tax: but, if the sum laid on the commodity is so great as to diminish considerably the quantity consumed, the produce, instead of being increased, may be diminished. Thus it is a problem to find the exact point, where the duty upon a commodity will produce the greatest revenue, where, whether you increase or decrease the duty, the revenue is diminished. An unwise statesman is indifferent about this point, and he increases the duty, though he diminishes both individual comfort and the revenue of the state. This point may be very nearly found by gradual approaches; but the unwise statesman despises the proper methods

thods of gaining knowledge. Actuated by the mere impulse of a rash and overbearing disposition he lays on a tax, without calculating its exact effect, injures the revenue, and exposes himself to the laughter or contempt of every man of sense and reflection.

To make this plain to my readers an obvious instance shall be used, which may be applied to all sorts of taxation. Let us suppose, that in a country, before any tax was laid upon newspapers, two millions were annually printed, and that the sale was, from the increasing cultivation and improving circumstances of the people, rapidly increasing. The Minister seizes them as a good article of taxation, and lays upon each a tax of one halfpenny. Consequently the produce is 4166l. 13s. 4d. The subject did not feel this tax, and the sale next year was 2500000, though the Minister had laid on another halfpenny, and increased his tax to 10416l. 13s. 4d. The Minister lays on another halfpenny, yet next year 3000000 were sold, and the tax amounted to 18750l. Another halfpenny is added, yet the sale is not hurt, for it increased to 3500000, and consequently the revenue from it was 29166l. 13s. The Minister proceeds; adds another halfpenny, which the subject feels, and though the sale is increased it amounts only to 3700000, and consequently the revenue to 38541l. 13s. 4d. Flushed with the apparent success, the Minister lays on another halfpenny, diminishes the sale

sale to 3500000, and produces for the revenue 43750l. Heedless of his danger he adds another halfpenny, diminishes the sale to 3000000, diminishes individual comfort, and does not add one farthing to the State, for the tax now produces 43750l. If the Minister is afraid of the press, he lays on another halfpenny, diminishes the sale to 2500000 and the revenue to 41666l. 13s. 4d. During this process a prudent Minister would have observed attentively the rise and decrease in the annual number of papers: a presumptuous and imprudent Minister would not have contented himself with the addition of a halfpenny, but would have laid on a penny, three halfpence, or even two pence at one time.

It is the same with all other commodities. A wise Minister will feel the ground in every instance, and attend particularly to the point in his taxation, which prevents the farther increase of his tax. A rash and inconsiderate Minister will despise all these prudent cautions, will just look at the produce of a tax in one year and double it for the next, will consider every commodity as taxable, and never trouble himself with a thought, whether the consumption increases or decreases: his whole mind will be bent upon immediate gain, will be filled with new plans of taxation, and at last after repeated failures he will be at the end of his resources, and find himself at a loss for another mode to plunder the nation.

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There is no country perhaps so capable of affording useful lessons to a legislature on taxation as our own. Whether we eat, we drink, we feel, we see, in almost all cases we are reminded of a tax. Hence the produce of the taxes on various articles from the revolution to the present times, might be so arranged, that we might see the annual variation, determine the causes of the variation, and learn how to conduct ourselves for the future.

We have considered the theory of equitable taxation: it remains now to enquire, whether it is possible to be, and with what modifications it may be put in practice. The question then is, whether we can value the taxable means in any man's possession with precision, or whether we must not make some allowances for the usual deviations in human existence. Let us consider each branch separately.

1st. On unproductive capital. Property unproductive has a real and an ideal value. Thus to a lover the portrait of his mistress is cheap at a hundred guineas; to another person it may not be worth as many farthings. An old play, that sold for sixpence for the first hundred years after its publication, may on a sudden become worth in some circles twenty guineas. In these cases it is difficult to ascertain the real worth of each species of property, and in other cases the difficulty though not so apparent is considerable. Thus gold may

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be said to have a real value in England, yet in another part of the globe iron may be more valuable: water in one place will be given to every passenger, at another it may be sold for its weight in gold. In our enquiry however it will be sufficient, since the law of valuation will be the same to every one, and for the benefit of the State ought to be made as favorable as possible to the production of new worth to a raw material, to ascertain the value of unproductive capital by some general laws, which the legislature would alter as circumstances require. Thus the real value of the raw material or its value in the market should be considered only in some articles, as books, pictures, gold and silver plate, clothes, and the like. In furniture removable with ease, as chairs, tables, and the like, somewhat less than the broker's valuation might be assigned: in articles also, whose value is indeed increased by their situation, the broker's valuation of those articles, on the presumption, that they are to be removed at his own expence, should be taken. By such regulations and others, which would occur in practice to a free legislature, the difficulties in valuing unproductive capital would be obviated, and throughout it will evidently be for the interest of the State, that every arrangement should be made with a view, that the quantity of unproductive capital in the state, which is furnished by laudable industry, should not be diminished.

2. In

2. In estimating productive capital, there are some difficulties. If it is in money, the question is, what is the rate of interest? This must be determined by the legislature, not as it is at present in England, by the strange infatuation of limiting the rate of interest, and conniving at or permitting the breach of the law by the minister; but by taking the value of money daily in the market; and averaging it for every month or longer period. The value of land is to be determined in the same manner from the value of its rents, and the number of years purchase depending on the rate of interest: and, if the productive capital is vested in uncertain or dangerous undertakings, as in mines, fens, canals, &c. proper limitations would be made by a free legislature.

3. The estimation of personal income is not without some difficulty, for though the sum is more easily ascertained, yet some allowances might be made even here according to the nature of the occupation or profession. Thus, if the occupation is of a dangerous nature, such that it cannot be followed above five or six years, it seems reasonable, that some indulgence might be allowed; but in all these cases the difficulties are not of such a nature, as to appall the members of a free legislature. Where it is the obvious wish and intention of all to do justice, the regulations will be easily made; and correctives will be as easily employed, wherever they are necessary.

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The subjects difficulty in obeying the regulations will not be considerable. A schedule will be delivered to him, and it will be his part to mention only his income, and the nature of the capital or the occupation from which it arises: the calculations will be made by the assessors of the parish according to the rules laid down by the legislature. An oath indeed should never be required, nor will it be thought of, when the press is held in that estimation by the legislature, which it deserves. If the schedule returned is false, the purchase of the property at one tenth more than the actual valuation, will be sufficient in one or two instances to prevent the state from receiving material injury, but government alone should be allowed to be the purchaser: any other plan produces those pests of society, which abound only in a declining state, spies and informers.

The expence of equitable taxation is trifling, as it consists chiefly in paper, printing, and postage. The money would be collected by the assessors of each parish, and at a very small per centage: and the receivers general of the districts, who should always be shopkeepers, perhaps banking shops are to be preferred, might receive small salaries. Thus the whole expence, for a country like Great Britain, need not amount to forty thousand pounds a year.

I have placed in my calculations the annual sum necessary for a family consisting of a man, his wife
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and two children at thirty pounds, because it is the income nearly of the small cottager in the midland counties: but this valuation is to be considered as very variable, and a free legislature would easily fix the grounds from price of provisions, clothes, firing, and house rent, on which it ought to be annually settled. Perhaps the deduction for a single man might be twenty pounds, for a man and his wife thirty pounds, and for every child under twenty-one five pounds. Thus a man and his wife and six children with an income of sixty pounds a year would be free from taxation. And here I must run the risque of incurring from my readers, particularly if they should be rich, the same ridicule and contempt with which a respectable Baronet was treated for his opinion of our nation. I agree with him entirely, that much may be done by a proper application to the generous principle in man, and which not many years ago was peculiarly strong in an Englishman. From my experience of the middle classes in life I am convinced, that a state, which expends honourably the sums derived from equitable taxation, will receive, from many thousands of its subjects, a sum considerably above the tax; and on this account, there should be a space left in the printed form of a receipt, that each individual might have the opportunity of filling it up with any sum above his rate of taxation, that he pleased: and, if this sum increased with the increasing wealth
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of the country, it would argue strongly, that that country was rising in the scale of honour.

It is impossible to consider taxation without some reflections on the effects produced by it. Taxation gives a physical power to the state, which may be exerted for the good or injury of its subjects, for the good or injury of its neighbours. In one case the state will enjoy true glory, in the other it will on the pages of history, be infamous. This is not only in these times a peculiarly delicate subject, but in times more favourable to the liberty and happiness of man, is enveloped in considerable difficulties. According as true or false notions of glory prevail in a state, its wealth will be wisely or unwisely employed. If the state, like that of the ancient Romans from the time of Romulus to the removal of the seat of empire to Constantinople, is grovelling in the basest views of sordid self-interest, it will be a curse instead of a blessing to mankind: and, when a state gets out of this unmanly situation, and comes into the next process of human existence, to be actuated only by motives of refined self-interest, its existence will be a blessing to its own subjects and its neighbours. It is needless to mention the next process in the political affairs of the world: but in future times the last mentioned state, honourable as it must be in these days esteemed, will be placed very low in the scale of honour by its neighbours.

I must not pursue this subject farther: yet as these

these pages will fall into the hands of several friends of mine, who attach a degree of value to my sentiments, I am unwilling to leave them without a clue to my ideas. Our favour is worthy of the highest honour which can be ascribed by man to man: and this honour is due to him on two accounts: First, because his whole life was spent in doing good to mankind without injury to any one: Secondly, because in his pursuit he did not shrink from danger, nor employ the powers, given to him by God for the good of others, for the destruction even of his enemies. The highest degree of glory then I attribute to him, who benefits all, and never injures a human creature; and, who in pursuit of good can suffer evil. Caesar is a common instance of glory, but his path to honour is smeared with the blood of millions: the end proposed was the good of his own country merely, and that from the basest principle, to enjoy himself the greatest good in it. At the cross of our favour, independently of the advantages we derive from his death, we shed tears for the sufferings of a good man, doomed by his countrymen to what they called infamy: at the statue of Pompey humanity feels a pang at the sight of blood, but sheds no tears for a villain destroyed by villains. According to the estimation in which these opposite characters are held by the ruling people of a nation, we may collect the use which they will make of the national treasure:

treasure: and, if that use were fairly stated to each generation, political science would be much enlarged. Thus the history of our own nation, from the revolution to the present times, might be made very instructive. At that period a king was dismissed by his subjects, and the crown was given to his successor on certain conditions, which are the bonds of allegiance between the king and the people. A new system was about that time adopted of borrowing money, on the faith of posterity, to carry on the views of the existing generation. Here our wars should be enumerated; the pretended and if possible the real cause of those wars should be given; their supposed good or ill success, and the expence, with which they were carried on, should be pointed out; and the real or supposed benefits, together with the value of these benefits, to the existing or subsequent generations, should be clearly explained. In the same manner the peace establishment of the nation is to be considered, and the real benefit derived by the nation from that establishment should be explained, and the real value of that benefit should be estimated. Hence a fund of political knowledge might be collected, and instead of idly talking on the motives of princes and ministers, generally without any foundation, history would be employed in stating facts, and the effects of them on society.

But I despair of seeing such a history, and return

turn to my subject. I have considered the nature of taxation, and laid down the principles of that, which is just and good and equitable. To be equitable, the subjects must pay in proportion to their taxable means, and these means should be to each other, in the moments before and after the payment of the tax, in the same relative situation. They cannot be in the same relative situation, unless their taxable means of income, productive and unproductive capital, are diminished in the same proportion. This is done by assigning the value of productive and unproductive capital, and taking the income for one year: then, after the deduction from the whole of a certain sum, a certain part of the remainder is to be taken for the tax. The sum raised may be employed for the good of the country or for the good of a few only in it, and this with or without the injury of other countries. Where the sum is employed to the greatest good of the whole country, without injury to foreign nations, the state is worthy of great praise; and, where it is employed for the greatest good of the whole country, and as opportunity offers for the good of foreign nations, that state will be honourable in the sight of God and of man.

APPENDIX I.

On the Mode and Advantages of gradually paying off the National Debt.

IN paying off the national debt, it is to be observed, that the contributors will by no means contribute so much as might be imagined. Suppose a hundred millions of the three per cent. consols paid off, and the taxes diminished by the interest paid on this principal, that is by three millions a-year. There is consequently a reduction in the prices of a variety of commodities, by which every contributor is a gainer, and as the national debt is decreased a fifth, the other four-fifths will be raised in value, and with it the value of estates. I wish every body to weigh well this argument, that they may see still farther the advantages gained by a resolute measure to overcome the present difficulties. I would propose a five hundredth part of property to be levied in the approaching sessions: the next year a four hundred and fiftieth: the next year a four hundredth: the next year a three hundred and fiftieth, and so on till a hundredth part was levied,

levied, which point it would not be necessary most probably to go beyond.

Let us try the effect upon a man with a thousand pound capital in the funds. The first year he will pay two pounds: the second, two pounds four and sixpence, and so on till at the end of ten years, he will have paid fifty-four pounds. At this time so many millions of the debt will have been paid off, that his principal will have been increasing in value during the whole of this process; so that he will be a considerable gainer.

Supposing the capital of one thousand pounds to have been vested in land, bringing in forty pounds a year. The landholder during this process will have paid exactly the same sum as the stockholder; but when the millions are paid off, and the taxes are diminished, his land will rise in value just as the stocks did.

We come now to the person who has neither lands nor stocks: he will be a gainer by the reduction of the taxes, and consequent prices of every article he consumes.

That the country may be in good humour at the beginning of this process, I would propose, that the same act, which establishes the tax of a five hundredth of property, should abolish taxes on soap, candles, leather, and similar articles of prime necessity, to the amount of two millions a-year: this sum to be supplied from the produce of the new tax. It will then be seen what the

new mode of taxation will produce: and the next year two millions more of taxes may probably be taken off. As a farther encouragement to the plan, a million more of taxes might be taken off in the first instance, by annihilating the taxes, which now go to the payment of one million of the interest of the redeemed debt; and consequently we diminish in a slight degree the payment of the debt by the present mode. Thus three millions of taxes might be taken off by the next sessions of parliament: by taking off each year half a million of taxes for the interest of the present redeemed debt, as also the taxes for the interest of the debt redeemed under the new act, there will be a constantly increasing diminution of taxes, to the great joy and security of King, Lords, and Commons.

II.

On the Mode of valuing Property.

I have excluded pictures from a valuation beyond that of the frames and the canvas, and I think with reason: they are an ornament to a country, and the man, who possesses a hundred thousand pounds worth would pay probably not more than two pounds a-year upon them. The same for books, they are to be valued at the price of waste paper: thus the arts will receive no detriment

triment from the proposed plan. But secrecy is to be preserved also. A schedule may be left at each house, in the following manner.

A. B.'s Valuation of his Property.

In productive capital

Unproductive capital

The income of the last year

On returning this schedule A. B. delivers a sealed paper, containing a description of his property. For example—

In productive capital my estate in

Berkshire rents	-	£. 450	0	0
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In Norfolk	-	300	0	0
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Value of mines in Cornwall		30,000	0	0
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Unproductive capital

Carriages and horses	-	£. 1200	0	0
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Furniture as per schedule annexed		4000	0	0
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Income not derived from land		5000	0	0
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If no objection is made by Government to the valuation of property under the three articles of the first paper, then the sealed paper is returned to A. B. If it is questioned by Government, the sealed paper is retained, and on a certain day opened by A. B., when government is to pay him down his own valuation and one-tenth more of the unproductive capital, and takes the estates to itself.

It points out the objectionable articles, if there are any in the statement of unproductive capital, which

which are to be referred to arbitration. If the income is questioned, then Government is to prove that it amounted to more than the sum delivered; and if it should appear to amount to six thousand pounds, then Government adds one-tenth to the valuation given in by A. B., namely, one-tenth of five thousand pounds or five hundred pounds. That is Government gives five thousand five hundred pounds to A. B. and receives in return from him six thousand pounds.

As another inducement to the proper payment of the tax, we may make use of the love of rank and pre-eminence, observable in some people: and they who have no distinct place in society, marked by other causes, should be ranked according to their own estimation of their property, that is according to the sum they pay to the necessities of the State. Thus all may be distributed into classes; and the classification, which takes place upon the exchange, may be made universally beneficial. The hundred thousand pound man will rank before the ten thousand: the ten thousand before the five thousand, and so on: and all this is done without infringement upon the present established ranks in society, for, much as I value the great proprietary, I would not give him rank merely on that account, till we come to that part of the community which has no other title to pre-eminence.

QUES-

QUESTIONS.

Do you understand the act called the Property Act? 29.
Does any man in England understand it? 29.

Does the person, who is said to have drawn it up, understand either the act itself or his own expositions of it? 29.

What are the odds, that a person in the profession of the law can indite an act of parliament, that shall be intelligible?

Should laws be written in a plain and clear stile, or be filled with technical jargon?

What is a tax? 31.

What is taxation? 31.

How many kinds of taxation are there? 32.

What is equitable or inequitable taxation? 16. 32. 40.

If exceptions are made in taxation, should they be in favour of the richer or the poorer class?

Whence are the means derived of paying taxes? 34.

What is the great principle of equitable taxation? 40.

What mode of taxation is best suited to every form of government? 49, 50.

In what manner is the mode of taxation calculated to give just ideas of the real value of a constitution? 50.

What is the annual amount of the taxes, the oaths, the perjuries, the prevarications, the imprisonments, the loss and damage of property, the outlawries, the fines, the loss of labour to the State, arising out of the present system of taxation? 9.

What is the amount of the sums expended by Government in salaries to officers, in buildings, in vessels and other articles necessary for collecting the revenue in its present state?

How much does the Government derive from every pound collected by taxes from the subject? 43.

How

How much does the subject lose by every pound collected by Government from him? 43.

What is the value of the property and annual produce of the property and labour of the united kingdom?

What proportion does the National Debt bear to this value?

What would be the expence of collecting the revenue upon the principles of equitable taxation?

May not the whole of the National Debt be paid off, and all the present taxes be abolished in less than thirty years; during which time the comforts of every class in society would be increasing, and the principles of honesty and morality every day also increasing in strength? 66.

Under the present system of taxation does not dishonesty daily receive additional strength?

Why are the present times the best adapted for beginning to abolish the present system of taxation, and for introducing equitable taxation? 11

The person, who will give himself the trouble of reflecting on these questions, and then writing down his answers, and comparing those answers with the principles laid down in this book, will, whether he agrees or disagrees with the author, have collected a fund of information on a very important subject, on which he will hear every body in company talking, all entertaining some floating ideas of right and wrong, and very few, who see in their true colours the present erroneous system, and the advantages of a better system of taxation. This exercise is particularly recommended to the Members of the Legislature.

FINIS.

T. Gillet, Printer, Crown-court, Fleet-street.