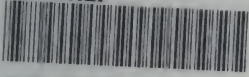
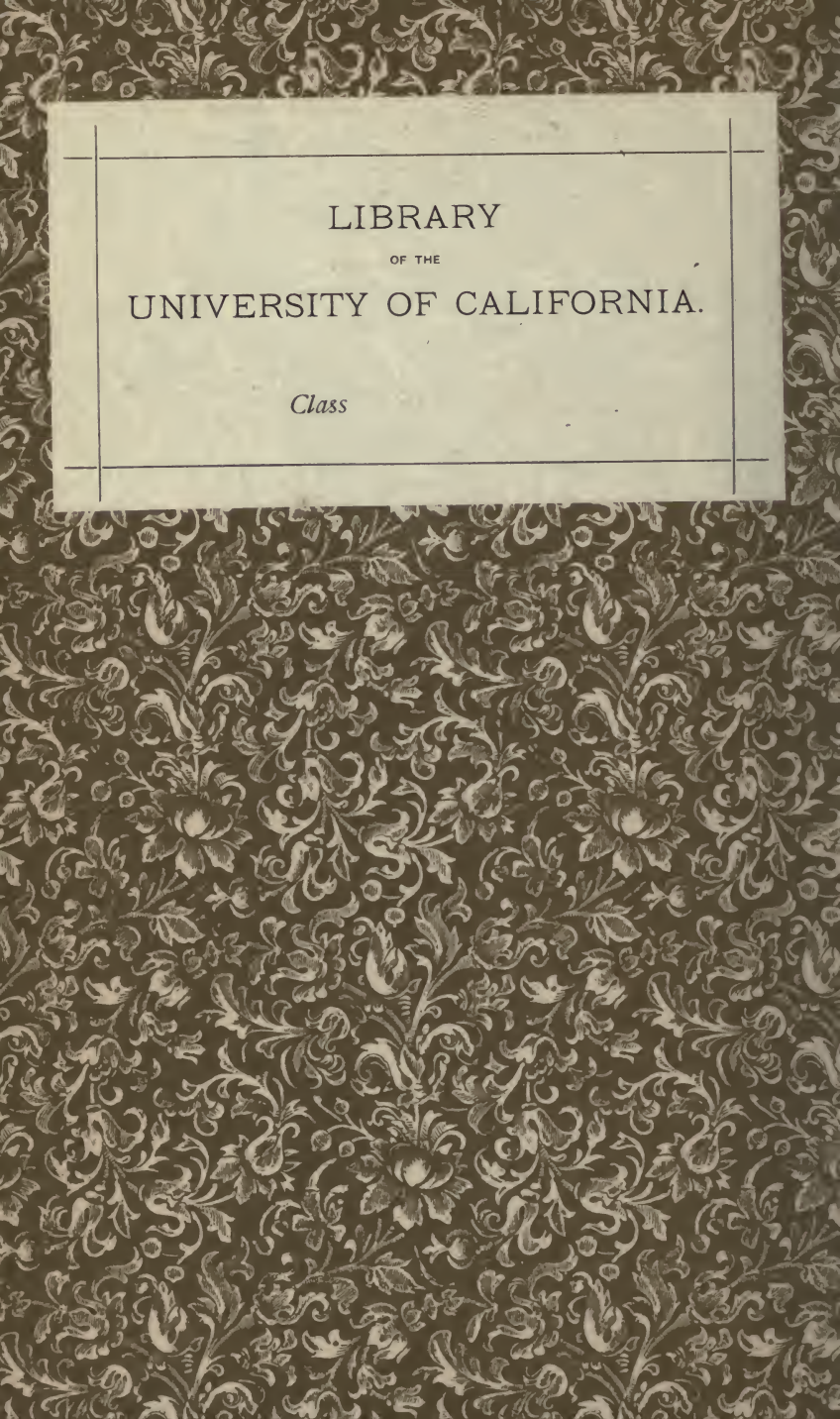


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THOUGHTS

ON

THE PRINCIPLES OF TAXATION,

WITH REFERENCE TO

A PROPERTY TAX,

AND

ITS EXCEPTIONS.

BY

CHARLES BABBAGE, ESQ.

''

SECOND EDITION, WITH ADDITIONS.



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1851.

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BZ

“ FIDÈLE à son caractère, Napoléon ne craignit pas, le jour même où il brigua le trône, de rétablir, sous le nom des droits-réunis, le plus impopulaire, mais le plus utile des impôts.

“ Il en fit la première proposition au Conseil d'Etat, et il y soutint avec une sagacité merveilleuse, comme si les finances avaient été l'étude de sa vie, les vrais principes de la matière. A la théorie de l'impôt unique, reposant exclusivement sur la terre, exigeant du fermier et du propriétaire la totalité de la somme nécessaire aux besoins de l'Etat, les obligeant à en faire au moins l'avance dans la supposition la plus favorable pour eux, celle où le renchérissement des produits agricoles les dédommage de cette avance,—à une théorie aussi follement exagérée, il opposa la théorie simple et vraie de l'impôt habilement diversifié, reposant à la fois sur toutes les propriétés et sur toutes les industries, ne demandant à aucune d'elles une portion trop considérable du revenu public, n'amenant par conséquent aucun mouvement forcé dans les valeurs, puisant la richesse dans tous les canaux où elle passe abondamment, et puisant dans chacun de ces canaux, de manière à ne pas produire un abaissement trop sensible.

“ Ce système, fruit du temps et de l'expérience, n'est susceptible que d'une seule objection : c'est que la diversité de l'impôt entraîne la diversité de la perception, et, des lors, une augmentation des frais : mais il présente tant d'avantages, et le contraire est si violente, que cette légère augmentation de frais ne saurait être une considération sérieuse.”—*Histoire du Consulat et de l'Empire, par M. A. Thiers, vol. v. p. 162. 8vo. ed.*

GENERAL

PRÉFACE.

THE approaching discussion respecting the income tax induces me to reprint, with a few additions, some thoughts on the principles of Taxation, which appeared about three years ago. That pamphlet, translated into Italian, has recently been published at Turin, by a gentleman who has done me the honour of appending to it many interesting comments adapted to the circumstances of his own country.

I am the more inclined to reprint this pamphlet, because of the prevalence of what I conceive to be unsound principles, even in quarters where it should be the least expected. I regard the *large exemptions* from the tax admitted in the present act as leading directly towards *Socialism*; and disapproving of the *excessive* clamour which has been raised against some taxes, in themselves sufficiently impolitic, I cannot ap-

prove of the policy of substituting for them other taxes which are unjust in principle.

The attempt in the late budget to substitute what was *called* a house-tax instead of the window-tax, was most unjust. It rendered permanent on old houses an impost which was singularly heavy and partial; whilst its imposition on new houses, at a fixed per-centage on the rent, gave a most unfair preference to different classes of the same species of property.

March 1851.

THOUGHTS,

&c. &c.

THERE are two essential grounds on which all legitimate taxation ought to rest—

1st. The Protection of property.

2d. The Protection of the person.

I. It is obvious, as a general principle, that all taxation ought to be proportioned to the cost of the service for which the taxes are paid. If it were otherwise, some portion of the people would be compelled to pay for services which they do not receive.

But it is equally obvious that the cost and difficulty of applying this general principle must put a limit to the extent to which it is politic to carry it into detail. Ships are liable to peculiar dangers from the elements, for protection against one portion of which they pay a special tax to support lighthouses, beacons, and other means of contributing to their security when near the coast. These means are useless for the protection of houses, which, therefore, are not subject to payment for

them. But both houses and ships are subject to damage and destruction by fire, and other accidents. Against such misfortunes the owners of both can insure themselves, and will pay to the Insurance Companies in proportion to the nature of their risks.

II. With respect to the expense of protecting personal liberty, some difficulties arise. It may be contended that the personal liberty of a poor man costs as much for its protection as that of a wealthy man or of a peer. If this be admitted, then it follows that a fixed sum might be charged on each individual, as a poll-tax, for his personal protection. But it would be impossible to raise any large sum by such means: because, unless the tax were very small, a considerable portion of the population would be absolutely unable to pay it.

On the other hand, it may with some plausibility be maintained, that the value to any man, of his personal liberty, is in proportion to the amount of property he possesses. It is by no means an uncommon event, that a poor man is convicted of a crime of which he is guiltless, simply from his want of money to pay for legal assistance and to bring into the presence of his judge the witnesses of his innocence. It is painful to reflect on the instances in which innocent persons have thus suffered even the extreme penalty of the law. But who ever heard of such calamities happening to a rich man?

Amongst those convicted of minor felonies, such

instances are more frequent. In a newspaper even of this morning* I observe that the innocence of a man convicted in 1845 of stealing a horse and gig is established, by the confession of another convict in Van Diemen's Land, that he alone was the real thief. In the mean time the unjustly convicted person, who had conducted himself with great propriety during his confinement in Pentonville prison, went as an exile to Australia. This deeply injured and ruined man will now probably receive a *pardon*;—a word, which in the English language means the forgiveness of an injury done *by* the person to whom it is granted—but which, to the disgrace of English law, implies in such cases an admission that a deep and an unatoned injury has been done by the institutions of the country *to* the person pardoned.†

Undoubtedly ample reparation ought to be made for such sufferings, and as far as money can be a compensation, it ought to be liberally bestowed. The law has already granted compensation to individuals injured by accidents arising from negligence—as in the instance of railroads; and in case of death, it gives the same redress even to the relatives of the sufferer. Why should not a similar relief be given, through the intervention of a jury, to men who have been wrongfully injured in their

* The first edition was published in 1848.

† “Forgiveness to the injured does belong,
But they ne'er pardon who commit the wrong.”

person, their character, and their feelings, by an unjust or a mistaken conviction?

The care taken by the legislature for the protection of property was curiously contrasted in some recent cases, with that which is bestowed on the protection of person.*

From such examples it would seem that the estimated value of the personal liberty of the poorer classes is very small. If so, any payment on this ground must also be small, and therefore might be neglected in considering the question of taxation. But if, as appears to be the more reasonable view,

* Not many months ago the public were informed, that a free pardon had been granted to a convict whose innocence had been clearly proved, *after he had suffered some part of his sentence in Van Diemen's Land*, and that on his return to this country the Government had presented him with *ten pounds!!!* Much about the same time the public were reminded that certain offices connected with the Court of Chancery, which required but little industry and small talent in their possessors, and had long been greatly overpaid, were to be abolished by a decision of the House of Commons, and compensation was of course to be made to the holders. To one of these officers *a pension of six thousand a-year for life was awarded, and an annuity of three thousand a-year to his executors for seven years after his death.*

This is unfortunately not a solitary instance of lavish extravagance on the part of a weak government, to conciliate a powerful interest. Can any reasonable being be surprised at the low estimate which is formed of the public integrity of the leaders of party, when such profligate expenditure is contrasted with the "pittance" meted out to science by those who are always ready, when pressed, to deplore the insufficiency, yet ever indisposed, when urged, to attempt its remedy.

the expense of protecting the personal liberty of the wealthy classes bears practically some definite proportion to their means, then the two grounds of taxation follow the same law.

I shall therefore assume in the following pages—

That taxation ought to be proportional to the cost of maintaining those institutions, without which neither property nor industry can be protected, or even exist.

The first question which arises in the application of this general principle is, whether a portion of the property of the country shall be taken once for all and applied to the purposes of the Government : or whether certain sums shall be collected at periodical intervals.

The objections to the first of these alternatives are insuperable. It provides only for the protection of that property and those interests which exist at the time of the first arrangement, whilst the amount requisite for protection is a continually varying sum, which no human foresight can predict. If a portion of land is set apart for this purpose, it is usually less improved than that which is in the possession of private owners. All civilized Governments have therefore adopted periodical payments of their revenue, and all their accounts are annual. We may therefore assume that taxation ought to be annual. And if so, its amount must, of course, be regulated by the sum required for the protection of property during one year.

It has been objected to this view of the question, that *annual* taxes raised for purposes of protection ought not to be expended on *permanent* structures. The answer is, that a certain portion of the expenditure being so employed, the *average* amount required *annually* will be considerably reduced.

We have now, therefore, arrived at the principle, that each person ought to be taxed *annually* for the protection of his personal liberty and property during that year. It may be observed, that the things to be protected by the taxation during that year are the income, the advantages, and the enjoyments resulting from property, or from the institutions of the State. This view directly leads to an income-tax. But without insisting on this inference, there are other reasons which show that the amount of annual taxation for securing the enjoyment of property during each year, ought to be in proportion to its produce.

The power of enjoying property of every kind, depends entirely on the conventions of Society. Whether a man derives an income from an hereditary estate,—from a permanent or a temporary annuity in the funds,—from the produce of his brain in scientific and literary productions,—from the sale of his acquired personal knowledge in medicine and in the law,—or from the same knowledge applied to the employment of capital by the merchant or the shopkeeper,—it is equally essential

for the receipt of his annual income that those laws and institutions, without which his profit could not arise, should be maintained during that year.

Although in the preceding discussion the two grounds of protection of person and of property have been assumed as comprising the whole functions of Government, this limitation is not essential to the argument. Since whatever may be the objects for which Government is instituted, it is certain that, in order to maintain it, an annual sum of money is raised, which is expended in annual payments, under various conditions; as, for example—

Annual salaries to all persons employed by the State. These are less in amount, because it has been found more economical to give retiring pensions after certain periods of service. Thus each generation pays for the past, and in return its own retired officers are paid by the next.

Another portion of revenue pays for the rent of the various buildings required for the use of Government. There again it has been found less expensive to purchase than to rent them; consequently the annual expenditure is reduced to the repairs and enlargement of public buildings.

The *materiel* of the Navy and Army is paid for in the same way. The decay and reparation are met by annual expenditure.

The result of the whole is, that through this expenditure it becomes possible for the individual

to acquire and enjoy the produce of lands, the rent of houses, fisheries, &c., and to receive the dividends of his funded property; whilst it enables the Government to protect all trades and professions, so that those occupied in them shall earn their livelihood in security during that year.

The expenditure then may fairly be considered as annual; and since all these annual consequences can be measured by one common standard, namely, money, it seems difficult to propose any other mode of contribution towards it more fair than—

That each class of persons should pay in proportion to the money value which, in consequence of these arrangements, it receives during the year.

Now, during a series of years, the annual profit of each trade, profession, or class respectively, is little less fluctuating than that arising from the rents of houses or lands, and much less so than that from railways. Some very few trades become slowly extinct, whilst new ones as slowly arise; but these changes are gradual, and easily foreseen.

The individuals who practise these trades and professions—who in fact profit by these institutions—ought of course to contribute to their support; but those contributions should terminate with the advantages they reap from them.

As to the way in which each individual may choose to expend the income he receives, it cannot legitimately be made the subject of taxation.

Each will apply his portion in that expenditure which he considers most advantageous to himself. If he possesses no other source of income, and is prudent, he will invest a considerable portion of his income, in order to support himself in illness and old age, or to leave to his surviving relatives at his death.

It is frequently urged that it is unjust to tax a man who has an annuity of £100 for a limited number of years, equally with another person who possesses the same in perpetuity. But the tax is really paid in each case for the *annual security* of the property; and if he who held the perpetual annuity were taxed more than the other, he might justly complain that he is taxed for being richer than the other. Besides, when the annuity to the temporary holder ceases, it reverts to the grantor, who then pays an equal annual sum for its protection.

If the person receiving an annuity of £100 for life from the funds, does not pay the same tax annually as the man who possesses the perpetual annuity, the following injustice will take place. Supposing the annuity has been left by will to half-a-dozen persons in succession, to each during his own life; it may then happen that, during sixty or eighty years, a portion of that money which is necessary for the annual maintenance even of the funds themselves will be unjustly charged upon other persons.

It is a frequent subject of complaint by professional men, that their uncertain income, dependent on health and other accidental circumstances, pays the same tax as that of the landowner. But it must be observed, that, although the income is precarious to the individual, its protection is not less costly to the State; and that in whatever way the income may be distributed amongst the members of a profession, the total amount of it to the *whole profession* is in general quite as permanent as that of the landlord, and more certain in its payment. The average annual income received by the whole Bar, and by its various members who have been advanced to the innumerable places to which that profession leads, varies but little, and is certainly much better paid than the rental even of the most fortunate landlord. The income of both depends on the security of property, and the support during the year of the usual institutions of the country. Those who enter the profession of the law are aware of the permanence of its general income, and cannot fairly complain of being obliged, during the period in which they are profiting by its use, to contribute their full share towards the support of those institutions on which the existence of their profession depends.

The same argument applies, more or less in degree, and entirely in principle, to all other professions and trades. It is sometimes urged, that men will be ill and require medical aid, whether

any form of government exist or not. Certainly this is so; but unless the medical man can reach his patients and return in safety (for which protection he must sacrifice a portion of his gains), he can neither receive food from his patient to support his own life to-day, nor a fee to supply the wants of himself and his family on the morrow.

In fact, it appears that the cost of protecting the small capitalist is greater in proportion to the amount of his capital than that required by the larger holders. The Barings and the Rothschilds can with facility transfer their capital, or at least a large portion of it, to the protection of other states, the moment their keen practical eyes perceive the slightest commencing insecurity in the institutions of their own. The helpless vendor of apples at the corner of the street has no such resource. Without the protection of a powerful and expensive police, her humble store would be hopelessly exposed to the plunder of every passing vagabond. One most important step will have been made in the difficult art of government, when education shall have fully impressed this fact on the labouring classes of society.

Two questions of great importance arise in contemplating a tax upon income:—

1st. As to the amount of the tax on a given amount of income; or, in other words, its rate per cent.

2d. The amount of income, if any, which shall be exempted from taxation.

1st. If the income tax be very high, there is no doubt whatever that it will be considerably evaded in its collection. It may, therefore, become a most unequal tax, and consequently a most unjust one. It would in fact, under such circumstances, be wholly deprived of the support of that argument on which its existence has been advocated. Its injustice would be greater, because it would fall with unmitigated force upon the most helpless and the most upright members of the community.

Another evil resulting from a high rate of tax upon income is perhaps of more dangerous consequence, from its being less open to observation. Its necessary effect will be, the *transfer of capital from this to other countries*. No laws however stringent can prevent this consequence, nor follow the transported capital to its adopted home, and *there* tax its annual produce. The injustice of a government taxing capital which it does not protect, would remove from the minds of its possessors the impediment of moral wrong; and the sagacity of commercial enterprise would soon place that capital far beyond the grasp of the most rapacious chancellor of the exchequer, even with all the aids which legal ingenuity could devise.

The evil effects of such an abstraction of capital might be at first almost imperceptible; they would

be slow, but certain and cumulative. The impost itself would fall more heavily than before on the capital remaining at home, crippling the manufacturing enterprise of the country, and pressing with severity even on that labouring population whose means are so small that they are *nominally* exempt from its infliction. Extended information amongst the masses is the best antidote to these evils, as well as the most faithful trustee of the interests of truth.

2d. The second question is, *The amount of income which shall be exempt from taxation.* Here it may be observed, that there are two limits. 1. It is obviously impolitic to allow any tax to descend below the point at which the cost of collection exceeds the produce. 2. It is also hopeless to attempt to collect it from those whose entire income just enables them to subsist. The remission of the tax might in the latter case be looked upon as an act of charity.

I shall at present refer only to the *economical* ground of national charity, of poor rates, and of other similar institutions, because it is of importance that the operation of the principles of morals and of economy should be investigated separately, before their united action in any system of government is examined. Whenever, for the purposes of government, we arrive, in any state of society, at a class so miserable as to be in want of the common necessaries of life, a new principle comes into

action. The usual restraints which are sufficient for the well-fed, are often useless in checking the demands of hungry stomachs. Other and more powerful means must then be employed; a larger array of military or of police force must be maintained. Under such circumstances it may be considerably cheaper to fill empty stomachs up to the point of ready obedience, than to compel starving wretches to respect the roast-beef of their more industrious neighbours: and it may be expedient, in a mere economical point of view, to supply gratuitously the wants even of able-bodied persons, if it can be done without creating crowds of additional applicants.

In considering the minimum of income on which a tax should be imposed, the *effects of exemption* ought to be thoroughly examined. These effects have hitherto received little attention, although pregnant with danger of the most fatal kind.

The present generation have little notion of the intense feeling of antipathy with which the income tax of ten per cent., existing about a third of a century ago, was then viewed,—nor of the popularity which was acquired by its subsequent abolition, and by the measure which accompanied its extinction, of destroying as far as possible every record tending to an exposure of the circumstances of individuals.

The exemption at that time extended to all incomes under £50 ; but on its renewal in later times, far more extensive exemptions were admitted: all incomes under £150 were expressly exempted. But even this sacrifice of principle was not thought sufficient ; and by the same statute it was enacted, that *a farmer who paid £300 a-year rent for his farm should be deemed to make a clear income equal to one-half only of that sum.* So that every farmer not possessing other sources of income than a farm, whose rent is less than £300 a-year, is at this moment exempt from income tax.

The machinery for collecting the income tax is not expensive ; and whether the amount of the tax itself is five or twenty-five per cent., the cost of its collection need not be much augmented. This fact alone is a tempting inducement to a chancellor of the exchequer to have recourse to its increase whenever increased expenditure becomes necessary, or whenever a deficiency in the revenue is apprehended.

It is unfortunate, that by the very nature of the exemptions from the income tax, a large number of the electors of this country have a direct pecuniary interest in preferring its augmentation to any other mode of taxation. In consequence of these unjust and unstatesmanlike exemptions, numbers of electors will urge their representatives to pledge themselves to oppose all other taxes :—and the ultimate

result might be, that the wealthy would be unjustly plundered,—capital be driven from the land, and at last the ruined fortunes of the rich would be accompanied by the absolute starvation of the poor.

I am not aware of any data or returns by which the number of electors possessing annual incomes of given amount can be ascertained, nor is anything more than a rough approximation necessary for my argument. It is sufficient for my purpose to show that a very large proportion of the elective body in this country is exposed to an influence tending strongly to mislead its decisions from the path of justice; to corrupt the natural expression of public opinion; and in its endeavour to escape from its own fair share of taxation, to place an undue burden upon other classes.

The total number of electors is about a million, comprising persons of every variety of income, from the mere forty-shilling freeholder up to the millionaire.

Statistical inquiries have not yet supplied any tables which enable us to ascertain, even approximately, how the population of the country is divided with reference to the income of individual classes;—for example, out of the whole number of inhabitants, what number exist on an income of £20, what number on one of £30, what number on one of £50, and so on. Such a table would be of great value, and its want is continually felt by those who are much engaged on inquiries into economical

questions. In the absence of such information I shall avail myself of the returns, published in the Tables of the Board of Trade, of the number of persons receiving certain incomes from funded property.

The following table shows, for the year 1846, the number of persons receiving dividends from the various public funds of the annual amount shown in the first column. For example, there were 242,623 persons receiving dividends not exceeding £200 annually.

Annual Income 1846.	Number of persons receiving the same.	Proportion of ditto for a million of persons.
£		
10	84,613	319,000
20	125,784	472,280
100	218,243	822,900
200	242,623	914,830
400	256,548	967,320
600	260,721	983,040
1,000	263,445	993,330
2,000	264,671	997,930
4,000	265,016	999,250
4,000 and upwards.)	265,218	1,000,000

Now, if the incomes of the voters follow a similar law, and the number be one million, it would appear that there are above 850,000 electors having an income under £150 yearly.*

* I am by no means disposed to accept this as the real number, or even as any very near approximation to it. I have employed the only data at present known.

It is true that many of the wealthier electors will have more than one vote. A certain deduction must be admitted on this ground. But it is also true, especially at general elections, that many votes can very rarely be given by the same individual at different places. On the other hand, there can be scarcely any doubt that a large number of persons, the rents of whose farms are between £150 and £300 a-year, have really clear incomes above £150, although they are exempted from the income tax. This number, whatever it may amount to, ought, therefore, to be added to the number of those electors who have a pecuniary interest in the selection of representatives who will vote for the increase of that tax.

However slow the progress of this evil may at first be, the result is inevitable. Public opinion so corrupted, taxation thus unjustly charged, will ultimately work out its natural and necessary consequences. Amidst the political errors of the present century, I know of none possessing so truly revolutionary a character,—none so calculated to accelerate its destructive course by its own accumulated momentum,—none which, although seemingly fatal only to the rich, is in reality more fatal to all industry.

The remedy of these anticipated evils is neither difficult nor obscure. Abolish all exemptions—or else reduce the exemption to the lowest possible point, and disqualify from voting all electors who claim the ex-

emption. Public opinion has already been tampered with;—this change is necessary in order to restore it to a wholesome state on the subject of taxation, and enable it to become the fair representative of the intellect of the country, unbiassed by selfish interests. Such an effort is worthy of a statesman who looks beyond the temporary views and compromises of party. It would possess a character peculiarly its own—for it would be disinterested. Winning for its author no present triumph, it would only be duly appreciated when sounder principles of economy shall have worked their slow progress through the opening mind of the nation.

Few, perhaps, will be inclined to deny the evils which I have pointed out as resulting from exemption, although they may differ from me in the extent of its effects, or doubt the soundness of the principles of taxation on which my reasoning rests. Those who hold the latter opinion, I would request to point out other principles which they propose as the basis of taxation; and I would further entreat them to unite with me in refuting some common and prevailing errors on this question.

“Tax luxuries,” is the maxim of some. But where is there any consistent and admitted definition of a luxury? The luxuries of one class constitute the necessaries of the class above it. Besides, the desire to possess the luxuries of life and to enjoy them in idleness, is the most active principle of

industrial excitement. Fortunately for our happiness, those habits of energetic employment which our minds have acquired in the pursuit of wealth, indispose us to enjoy that luxurious inactivity to which we had looked forward as the end of our labour; and thus a double blessing crowns our exertions.

“Tax those who can afford to pay taxes,” is the fallacy of another class of the thoughtless. But who, except the individual himself, can judge how much he can afford to spend? All his apparent means, his exact income, even to a fraction, may be known to his neighbours: but unless all the claims to which he is liable, and all the duties by which he is bound, are equally known, no just opinion can be formed of what he can or cannot afford.

It is not at present my intention to enter on the question of *indirect* taxation. I may, however, be permitted to relate an anecdote which singularly illustrates its effects.

An Irish proprietor, whose country residence was much frequented by beggars, resolved to establish a test for discriminating between the idle and the industrious, and also to obtain some small return for the alms he was in the habit of bestowing. He accordingly added to the pump by which the upper part of his house was supplied with water, a piece of mechanism so contrived, that at the

end of a certain number of strokes of the pump-handle, a penny fell out from an aperture to repay the labourer for his work. This was so arranged, that labourers who continued at the work, obtained very nearly the usual daily wages of labour in that part of the country. The idlest of the vagabonds of course refused this new labour test: but the greater part of the beggars, whose constant tale was that "*they could not earn a fair day's wages for a fair day's work,*" after earning a few pence, usually went away *cursing* the hardness of their taskmaster.

An Italian gentleman, with greater sagacity, devised a more productive pump, and kept it in action at far less expense. The garden wall of his villa adjoined the great high road leading from one of the capitals of northern Italy, from which it was distant but a few miles. Possessing within his garden a fine spring of water, he erected on the outside of the wall a pump for public use, and chaining to it a small iron ladle, he placed near it some rude seats for the weary traveller, and by a slight roof of climbing plants protected the whole from the mid-day sun. In this delightful shade the tired and thirsty travellers on that well-beaten road ever and anon reposed and refreshed themselves, and did not fail to put in requisition the service of the pump so opportunely presented to them. From morning till night many a dusty and way-worn pilgrim plied the handle, and went on

his way, *blessing* the liberal proprietor for his kind consideration of the passing stranger.

But the owner of the villa was deeply acquainted with human nature. He knew in that sultry climate that the liquid would be more valued from its scarcity, and from the difficulty of acquiring it. He therefore, to enhance the value of the gift, wisely arranged the pump, so that its spout was of rather contracted dimensions, and the handle required a moderate application of force to work it. Under these circumstances the pump raised far more water than could pass through its spout; and, to prevent its being wasted, the surplus was conveyed by an invisible channel to a large reservoir judiciously placed for watering the proprietor's own house, stables, and garden,—into which about five pints were poured for every spoonful passing out of the spout for the benefit of the weary traveller. Even this latter portion was not entirely neglected, for the waste-pipe conveyed the part which ran over from the ladle to some delicious strawberry beds at a lower level. Perhaps, by a small addition to this ingenious arrangement, some kind-hearted travellers might be enabled to indulge their mules and asses with a taste of the same cool and refreshing fluid; thus paying an additional tribute to the skill and sagacity of the benevolent proprietor. My accomplished friend would doubtless make a most popular Chancellor of the Exchequer, should his Sardinian Majesty require his services in that department of administration.

It has sometimes been objected to indirect taxation, that the people are deceived by it. But to attempt deceit is here quite superfluous: the facility with which such taxes are paid arising in a great measure from the ignorance of those who pay them, and from their conviction that they are, in many cases, at liberty to avoid the payment altogether, as well as from the fact that each pays in proportion to the quantity he consumes.

The result of this inquiry leads to a conclusion perpetually forced upon our conviction in the complicated affairs of human society. No single principle can *alone* explain or be safely applied to all the relations which it influences. In almost all cases, more than one or even than two or three general principles, combine to govern important consequences; and the statesman must be ever on the watch to discover those other limiting principles which influence, and sometimes even thrust aside the dominant one. Thus the *principle* of direct taxation by an income tax has been shown to be consistent with justice; but it has been well remarked, that in order to render it *practically* just, it would require angels for commissioners, and other angels for its collectors.

Amidst conflicting and concurring principles acting upon the welfare of a people, it is the duty of the statesman to choose and to propose, not that combination which is in itself the best, but the best amongst those combinations which the nation can be induced to adopt. This line of policy differs

entirely from that of compromise : it needs no concealment ; it requires no delusion. Whether opposed by the ignorance of the many, or by the erroneous convictions of the few, it is yet possible for a minister to be honest—for a statesman to be sincere. But to reach this elevation, he must have cast off the conventionalities of party.—Whilst advocating that course which he thinks the best amongst the practicable, he must still boldly proclaim his belief in a better.—Above all things, no temptation must induce him ever to prostitute his talents, by attempting to convince feebler minds of the truth of principles which his own clearer understanding rejects as unsound. This stern moral courage may, perhaps, retard the progress of his earlier reputation, but will add to the solidity of his maturer fame, and contribute to the success of his latest efforts. Misleading no followers,—deceiving no friends,—betraying no party, he will also be equally free from the graver charges of sacrificing right to expediency—of apostatizing from truth for power. With a reputation unimpeached even by suspicion, commanding the admiration of his friends and the confidence of the nation, he will bequeath to his countrymen an example of *intellectual integrity* more valuable to them even than the greatest advantages his political sagacity might have achieved.

R. CLAY, PRINTER, BREAD STREET HILL.



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