

at the time, and elicited such warm discussion, deals of course both with the excise and customs duties, as well as with the income tax and estate duties. These latter duties are so important that they alone, roughly speaking, represent an annual receipt of £10,000,000, and this large receipt will, it is expected, be increased 25 per cent. by the legislation of 1894. By the English Act of 1894 the death duties were remodelled and simplified; inequalities were removed, important exemptions done away with, and all this led, of course, to considerable discussion in the press and in Parliament.

The most important changes made were these: There had been no fewer than five kinds of duties. These have been merged into two. The one class now called "estate duties" reaches all property of whatever kind, including, of course, realty and settled personalty, the amount depending on the aggregate amount of the property passing at death. Prior to 1894 this kind of duty had been limited to personalty, and the exemption of realty, therefore, had been much complained of. The second class consists of legacy and succession duties, and its amount depends upon the extent of the interest acquired by each individual, and varies according to his relationship to the deceased. The application of the principle of graduation, to which I may again refer, to estate duties is also considered a great reform.

I particularly wish to point out, Mr. Speaker, that in the thorough discussion in England of this very important Finance Act of 1894 it is very noticeable that no party or leader ever even questioned the propriety or the fairness of meeting the incessant demands of an ever-increasing public outlay by making further and still further calls upon accumulated wealth.

This, perhaps, need not surprise us when we remember that all writers on political economy and finance are agreed that the true principle of sound taxation is relative ability to pay, or equality of sacrifice; that, in other words, all taxation should be proportionate to the ability to bear it by those on whom it is imposed. I may here well quote the words of the Chancellor of the Exchequer, who last session, in speaking of his remodelled and simplified estate duties, said: "The governing principle is this: Upon the devolution of property of all descriptions the State takes its share first, before any of the successors in title or the beneficiaries. The reason upon which this is founded is plain. The title of the State to a share in accumulated property of the deceased is an anterior title to that of the interest to be taken by those who are to share in it. The State has the first title upon the estate, and those who take afterwards have a subsequent and a subordinate title. Nature gives a man no power over his earthly goods beyond the term of his life. The right of a dead hand to dispose of his property is a pure creation of the law, and the State has the right to prescribe the conditions and the limitations under which that power shall be exercised." The promoter of the English Finance Act of 1894 expressed his belief that, as a result of his remodelling the estate duties, there would be an ultimate increase of revenue from that source of from £3,000,000 to £4,000,000.