towards the expense of Government so that he shall feel neither more nor less inconvenience from his share of the payment than every other person experiences from his." Mill doubts the practicability of this standard, as well he may, for it involves both the impossible, and the unascertainable. How can the extent of the inconvenience caused to any man by a tax payment be measured? There is no formula known to man for ascertaining the exact degree of either a convenience, or an inconvenience so that what these are to one person may be compared with what they are to another person.

The fallacy of Adam Smith's maxim, or principle, is in assuming that the revenue of a person is the exact ratio of his ability to pay such taxes as the Government, or other lawful ruling authority imposes. This is not the case, for the revenue of one citizen may be so clear of encumbrances, so free from obligations, as to render the taxation he has to pay an insignificant trifle. On the other hand, another citizen who has the same revenue may have it so heavily encumbered by legal, or imperative moral obligations, or, so drawn upon by family necessities, as to render the tax payments that are a bagatelle to his fellow citizen a grievous burthen to him.

The income of a taxpayer is no measure of his ability to pay taxes, so that great inequality in the burthen of a tax may be caused by imposing the same amount of taxation on two persons who each have the same income, or revenue.

The burden of a tax is not all in its mere amount. The lower class of barons in King John's time were well able to pay certain taxes imposed, but they regarded all taxation as inequitable unless they had shared in the work of imposing it. In 1637 John Hampden, a wealthy landowner, was levied on by the Crown for 20 shillings as ship-money. He defied the Crown, which act led to the civil war that brought Charles I. to the scaffold. Now, 20 shillings was a trifling impost. In a monetary sense it could not be regarded, under Adam Smith's principle, as a specimen of the *inequality* of taxation by its disproportion to the ability of the person levied upon, but Hampden, to his immortal honour, set the Crown of England at defiance rather than pay 20 shillings as a ship-money tax. Clearly then there is something very seriously lacking, some fallacy, in the theory that a tax is equitable and equal if it is regulated "in proportion to the revenue which the taxpayers respectively enjoy under the protection of the State."

It is a fallacy also to assume that, the services of a State, or other ruling power, such as a Municipal Government, are proportionate to and measurable by the taxpayer's revenue. The argumentative *nexus* connecting the services of a Government and a citizen's revenue is purely imaginery. As a matter of fact a large proportion of the services rendered by any form of Government, national or local, are called for by those whose incomes are too highly attenuated to provide a margin for the payment of any taxes.

The taxes imposed by a municipality to maintain common schools are strongly objected to by many ratepayers to whom such schools render no direct and some think no necessarily indirect service. To say that, a citizen who pays a school tax on, say a revenue of $10,000, who has no use for such institutions, is equally, or as equitably taxed as the citizen with a tenth of that income who has a number of children at the public schools, it too absurd for argument. Yet, under the Adam Smith maxim or principle, if the richer of these two citizens is as able to pay the school tax as the poorer citizen, the taxation has no "inequality."

The doctrine that, the "ability" of the taxpayer to pay taxation is the true basis of taxation is open to very grave objections, a main one being the utter incompetence of any organized power authorized by law to judge of any man's ability to pay a certain tax, so as to enable such tax to be levied with a scientifically exact regard to the respective financial, tax-paying abilities of every class and every individual citizen.

The taxation of a number of institutions which are the outcome of modern life, such as banks, railways, insurance, telephone, loan and other companies, is a question which has never been thoroughly discussed by any English writer of eminence on political economy. In dealing with this phase of the intricate taxation problem there is usually an attempt, as it were, to put "new wine into old bottles" by applying phrases and formulas to conditions which differ from those to which those phrases and formulas were originally applied and to which alone they are strictly applicable. Hence, the taxing of these modern corporations is very eccentric, based on no sound economic principle, often very unjust, as, in the absence of definite information as to the conditions of such forms of business, a "rule of thumb," or some other wholly arbitrary rule is adopted as the basis of taxation for banks, railways, insurance and other corporations. Their financial *"ability"* to pay a tax is very generally regarded as a sufficient justification of such tax being imposed. The tendency to confiscate capital by taxation is much too marked a feature of the times, but it is supported by the theory that, where there is the ability to pay a tax, such a tax is equitable.

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	Net premiums.	Policies new and taken up.	Total in force.
General bu-iness......	$ 347,872	$ 3,513,255	$ 8,897,380
Industrial do	873,244	10,593,661	25,761,481
	$1,22[illegible],116	$14,106,916	$34,658,861