

It is a matter of opinion to what extent indirect taxation should be applied, but there can be no doubt both that an Income Tax at 1*s.* in times of peace is too high, and that there is no possibility of reducing it to any great extent under the present system. Under a reformed system it should be possible to keep it at 6*d.* during peace. If any differentiation is made at all according to the sources of incomes much can be said in favour of taxing those derived from property held abroad at a higher rate. It cannot be denied that a large amount of capital is now invested in foreign countries more profitably than it could be here, owing to the free importation of foreign produce and manufactures. The income spent in this country benefits a certain section of people, but if the capital were also employed here occupation would be found for many more. The fact that there are unemployed shows indeed that more capital is needed, and one way to attract it is to give a preference on the Income Tax to home-made incomes. Another way is to aid trade generally by tariff laws, but this subject will be discussed later.

The Estate and Succession Duties were originally imposed when Mr. Pitt could find no other sources of revenue, and they have been raised whenever succeeding Chancellors of the Exchequer have been in a similar unfortunate position. It would be much fairer to make a distinction between the productive and unproductive property which is inherited than between earned and unearned incomes. It seems illogical that personal property of such a nature that it can yield no income nor appreciate in value with age—such as household furniture and most works of art—should pay as highly as capital invested in a good paying business. Family portraits and heirlooms have little value in the open market, and this is certainly paid over and over again in the course of a few generations. Heirs to real property have the privilege of paying the duties by instalments extending over eight years. The realisation of large sums of money from certain businesses is often also very difficult without disorganising their