revenue from the duty. To make the matter plain, let us put a hypothetical A country imports foreign manufactured goods to the extent, say, of case. one million sterling annually, all of which are admitted duty free. As these goods cannot, at present, be produced at home for less than ten per cent. above what they can be imported for, it is proposed to levy on them a ten per cent. ad valorem duty, primarily for revenne, and secondarily for the encouragement of local competition. The duty we fix at ten per cent., as that is the estimated aggregated amount of the taxes borne by the local producers. Ten per cent, on one million sterling is exactly $\pounds 100,000$, and that, political economists tell us, is the precise amount that would be filched out of the pockets of consumers for the benefit of producers, if the local took the place of the imported product with the duty added. Let us see, then, how the figures work out. We must first ascertain how this million sterling is disposed of-how much expended in raw material, and how much in wages, interest, and profit. With regard to the first, the proportion expended in raw material, the question will be much simplified if we assume that this can be had in unlimited quantities at home, and that there is no demand for it abroad in its unmanufactured state, such, for instance, as barley and hops (for beer-making), sugar-beet, porcelain clay, iron ore, or, in fact, any agricultural or mineral product. If we assume, also, that there is an abundance of land from which to obtain these products, which would otherwise be unproductive if not used in the manuer indicated (as in Australia, for instance), then the raising of the raw material may fairly be reckoned as part of the process of manufacture. Suppose, therefore, that of this million sterling fifteen per cent., or £150,000, represented interest and profit on capital, and the other eighty-five per cent., or £850,000, represented wages; and suppose that we take Mr. Dudley Baxter's estimate of the income of a working man in Great Britain^{*} as our standard, namely, £70, the family consisting of four persons; and the same writer's estimate of the amount of taxes paid ont of that income, at ten per cent.; then we have the materials on which we may base a calculation. The above sum of £850,000 would, therefore, if expended in wages, give employment to 12,1424 workmen, each of whom would contribute in the shape of taxes to the State £7, making altogether £85,000 out of the £100,00C. Thus eighty-five per cent. of the duty, which was alleged to be filched out of the pockets of consumers, has already been returned to the coffers of the State; and as the remaining fifteen per cent. allowed for interest and profit on capital has not been wasted or hoarded, but expended again, chiefly in labor in one shape or another, and as that labor likewise pays taxes at the same rate as the other, we may consider the whole £100,000 has been returned. But that is not all. The money paid for wages has not, as we have said,

^{*} In a paper read before the Statistical Society of London, in Jannary, 1869, on the Taxation of the United Kingdom, Mr. Baxter estimated that a man with an income of $\pounds10,000$ a year, and a household of fourteen persons, pair b per cent, in taxes; a man with an income of $\pounds500$ a year, and a family of seven persons, pair b) per cent, in taxes; a man with an income of $\pounds70$ a year, and a family of four persons, pair 7 per cent. This latter amount, however, he estimates, is only what a working man of temperate habits pays, and over and above this there is a residue of taxation of $\pounds10,000,000$ a year, derived from alcoholic drinks, which are consumed chiefty by the working classes, which, in his estimation, brings the working man's taxes fally up to 10 per cent.