

direct taxes on exports and imports as in Virginia. The fundamental characteristic of this system was the introduction of the excise system or indirect taxation of trade, which was borrowed from Holland, just as we find the excise system introduced from Holland into England and the other European countries during the seventeenth century. Each section, therefore, had a fiscal system more or less in harmony with its economic conditions. It was not until these conditions changed during the eighteenth century that the fiscal systems began somewhat to approach each other; and it was not until much later that we find throughout the country a general property tax based not on the produce, but on the market value, of the property.

The same divergence of economic conditions explains what is to-day the most marked distinction in the United States between the fiscal systems of the North, the South and the West. In the Southern states up to the civil war, the interests of the large landed proprietors were still dominant. Under the federal constitution, it was impossible for them to levy import or export duties. For a time, therefore, land, as the only source of wealth, had to defray the public charges. In the absence of industrial centres, there was little opportunity for taxation of personal property. As the need of increased revenues was felt, the landed interests attempted to secure this revenue from the few ordinary occupations carried on outside of the farms and estates. In other words, the license or privilege system was established, which levied a fixed charge on well-nigh every occupation. It was not until after the middle of the century that the general property tax was introduced; but even to-day the license or privilege taxes yield a large share of the public revenue.

In the Northern states, on the other hand, where the business interests were more powerful, the license or privilege system never attained such a firm foothold. But with the breakdown of the general property tax, the attempt of the general public to secure a taxation of the moneyed interests has taken the form of taxation of corporations and of capital. There are plainly visible the beginnings of a system of taxation of net product. Finally, in the Western states, where the economic conditions are as yet more primitive, there have been only sporadic attempts to alter the general property tax, which there is still to a great extent a tax on real estate. But with the gradual unification of economic conditions, which is slowly taking place throughout