

therefore difficult to see how more revenue can be raised by direct taxation.

The outlook is not more hopeful if we turn to indirect taxation. The bulk of this is paid by alcoholic drinks, but as the nation is undoubtedly becoming more temperate, the returns from this source cannot be expected to increase in proportion to the population. There is no particular reason why people should drink more tea or smoke more, and nothing, therefore, remains but sugar. Mr. Asquith has already expressed a desire to lower or remove the tax on this commodity, so it seems that he will be forced to find new sources of revenue to carry on the ordinary work of Government, and that if he attempts such a great social reform as old age pensions, those sources will have to be very numerous.

It is obvious, therefore, that great changes in the whole system of taxation will have to be effected in the course of the next few years.

II

Among the many and diverse shades of opinion on the best manner of raising revenue expressed during the last few years, the following general points of agreement may be discovered: (1) That property should pay taxes increasing in proportion to its extent. (2) That it is undesirable to increase the cost of simple living. (3) That such luxuries as alcohol and tobacco, which are deleterious, should be taxed as highly as possible without decreasing their productivity. (4) That all raw products should be admitted free. (5) That no individual industries should be bolstered up, but that the trade of the country generally should be aided by the tariff laws. But public opinion has not yet decided as to the method and relative extent to which these principles should be applied. Having pointed out the weakness of the present system, we now propose to endeavour to discover such general principles as are most suitable to the present needs of the country, and so most likely to meet with general acceptance.