

territory of another, to a third. If they should so collect and account, the complexity of their accounts would be next to endless. And each would further be exposed to much the same perplexities, with regard to the Mother Country and to foreign States. The diversities of the rules and regulations of the several Departments on other points would add to the embarrassment. In different Provinces, accounts would be required at different periods and in different forms. The communications from Province to Province would be all in confusion; one Province favoring one line of route or deciding on one mode of conveyance, rate of speed and time of departure, and another insisting on another. Negotiation, in course of time, would of course tend to bring all back towards something more like uniformity of system. But what would that be, but a clumsy, costly, laborious effort towards getting rid of the inherent radical vice of the supposed system?

None of these objections, as we will fully show hereafter, when treating of the subsidiary reforms of the Department, attach to the adoption of the principle of local administrative control, for which we have contended. Our system involves no abdication on the part of the supreme controlling authority; and consequently no clashing or confusion of systems. The supreme authority, administering everywhere the same fundamental Imperial law, will be abundantly able to take care that in all matters where uniformity of practice is required, it shall be carefully maintained. Wherever such uniformity is not required, we hold that it should allow free action. Whether such action be purely Executive, or to any extent Legislative also, is matter of very trifling consequence. If any Province wishes to legislate on such points, there can be no harm, that we see, in its being permitted so to do. If disposed to rest content with Executive action, we believe it will find such action fully sufficient to gain for it all the amendment in the working of its Post Office machinery, which it can require.

PRINCIPLES OF TAXATION.

A late number of the *London Westminster Review* contains a very able review of a new work published by Mr. McCulloch, the well-known author of the "Dictionary of Commerce," on the subject of Taxation. We intend to quote at some length from this review, in order that our readers may learn what are the views entertained by a certain class of political writers in England on the question of indirect taxation. We have at different times stated, in the "ECONOMIST," that however desirable in the abstract indirect taxation may be, there are obstacles in its way which render its practical attainment more than problematical, and this is the view taken by Mr. McCulloch himself. From this opinion, however, the writer in the *Westminster* dissents, and he points out a plan which he thinks would, whilst rendering taxation more fair, increase the economy, and with the economy, the future resources of the country. Government, he says, ought to be paid for, as nearly as practicable, like anything else which people require, and which they voluntarily purchase—either separately or in association; that is, it should be paid for in proportion to each person's share of the benefit. These benefits must be confined to a man's person or to his property, and consequently on both of these,—i. e. for the protection afforded to life and property,—should taxes be imposed. The tax on property would rise and fall, as far as practical, according to the amount of property; the personal tax the writer would make alike, without distinction of age or sex; and what will appear singular is, that he would make it optional, connecting it with the right of election. "In making the payment not compulsory," he observes, "there would be the incidental but important advantage of restricting, to a considerable extent, the noble privilege of election to those who appreciate its value, and who by their power to pay even the small sum required, give earnest of possessing those moral qualities of industry and self-denial which are among the surest guaranties of its safe exercise." Having set forth this part of his scheme, the writer proceeds to consider in what form it would be best to impose the tax upon property—whether first, on consumption; or secondly, on income; or thirdly, on accumulated property; and, if the latter, whether on two or more of these subjects of taxation. His remarks on this head, we shall copy in full, as they serve strongly to illustrate the ill effects of a high rate of duties, under a system of indirect taxation. We beg to draw the attention of our readers particularly to the following:—

The chief reason given for taxes on consumption is that they can be paid according to the power and convenience of the contributors. But this reason will scarcely hold as regards taxes on the necessaries of life (which are among the most productive of all), and frequently, as we shall see, fails as respects other taxes; while the reasons against taxes on consumption appear to us to be very strong.

The first objection to imposts on consumption is, that the sum paid by each person does not at all correctly indicate the amount of protection enjoyed by him, more especially, as in the present view, it is only protection to property that has to be considered. The weight of such taxes

which falls on a large and poor family, with but little property, is out of all proportion greater than that which is paid by a small and rich family. Indeed, by becoming absolute, the latter, as is well known, often evade these taxes in their direct form altogether, although indirectly they, as well as others, must suffer by the diminution caused by these taxes in the profits of capital.

Another objection to such taxes is, that the operation of them is to a considerable extent hidden. We are aware that this is often regarded as an advantage, but to us it seems a great evil.

In the first place, we object altogether to disguise and mystery in carrying on public business, especially pecuniary affairs. No power is so likely to be abused, and none has in fact been so much abused, as that of taking people's money without their cognizance. Secondly, we think that proneness to war, which seems the besetting sin of all nations, requires a strong countervailing power. There ought to be no misunderstanding as to the cost of this direful calamity; and what argument against war and the preparations for war can be more potent than a heavy, direct, and undisguised demand upon every man's pocket, a demand far exceeding that for all other government purposes put together? In an especial manner, this argument is wanted to be set in strong opposition amongst the people generally, to the greedy expectations of profitable contracts, military promotion, prize money, peerages, and pensions, on the part of those who, from their influence and their situation near the seat of government, may be able to realize such expectations in their own behalf, if they can succeed in hallooing the people on to war.

Had it not been for the two-fold power of concealing for a time the effect of heavy taxation, and of delaying the payment of a large portion of it, how much more cautious the country would have shown itself of hurrying into war, and what a vast quantity of bloodshed, waste, and misery, might have been avoided!

Again, the indirect taxes from their multiplicity and complexity, and the precautions necessary to prevent evasion, are expensive in collection. The coast-guard, Mr. McCulloch states, costs half a million a year; and Sir Robert Peel has lately mentioned in parliament, that the abolition of the single duty on glass has produced a saving in salaries of £52,000 a year. And it must be remembered, that the evil does not consist merely in the waste of money, but is very injurious to the true interests of the country, by the opportunities given for the exercise of patronage and corruption.

Independently, too, of the cost of collection, taxes on consumption do much more injury by stinting people in the necessaries of life, and debarring them from many of the comforts, than they benefit the Exchequer. If, for example, by a heavy tax, a poor family is prevented from using sugar, all the members of the family are deprived of the enjoyment of a nutritious and pleasant article of food, without the public Exchequer reaping one penny of benefit. How widely this principle acts is shown by the great increase in the consumption of an article upon the abolition, or even vigorous reduction, of the tax upon it.

Speaking of the late tax on leather, Mr. McCulloch says—

"Could anything be more impolitic than to lay a duty on an article so indispensable to the labouring class, and to the prosecution of most branches of industry, and to subject a most important and valuable manufacture, furnishing the raw material of many others, to a vexatious system of revenue laws, for the sake of a revenue of £100,000, or even £600,000 a year? Happily, however, these are matters of history. The leather trade, relieved from every sort of trammel and restraint, has been vastly extended since 1830, and the customs duties on foreign hides being now merely nominal, their importation has rapidly increased, and the public have not merely profited by the abolition of the duty, but by the many improvements it has allowed to be made in the tanning and dressing of leather."—P. 203.

So great has already been the increase in the demand for glass since the abolition of the tax, that one of the principal manufacturers, who formerly paid a considerable fraction of the whole duty, and who actually opposed the abolition of the tax, in the belief that its withdrawal would not lead to any increase of consumption, has lately stated, that, since the act passed, he has been compelled so rapidly to increase his buildings, that his number of furnaces will soon be doubled.

In referring to the tax on salt, Mr. McCulloch observes:—

"It certainly took directly and indirectly from four to five times the sum from the pockets of the public, which it brought into the coffers of the treasury."—P. 260.

And he adds—

"But independently of its exorbitance, and the stimulus it gave to smuggling, the great expense of its collection, and the innumerable ways in which it interferes with industrious undertakings, and with the subsistence of the poor, made it in the last degree objectionable. Hence, though various taxes, which produced a greater amount of revenue, have been repealed since 1815, the abolition of the salt tax is believed to have been followed with the greatest benefit."—P. 261.

In the case of letters, the late large reduction in the charge of postage may be regarded as an almost abolition of the tax; the present postage being but little if any more than the charge which would be made for the conveyance of letters by an indifferent party, if the business were thrown open to general competition, without any reference to taxation. And how great has been the increase in the number of letters in the few years since the reduction took place! An increase, which, in the London district at least, has been most marked, be it observed, in the poorest neighborhoods; showing to how large an extent the labouring classes had hitherto been prevented, by an excessive charge on postage, from communicating with each other on matters relating to their well-being, and from keeping up those ties of affection which are so important for morality and general happiness.

So vast has been the general increase in the number of letters that it has been ascertained that, exclusive of franked letters, there are now as many received in the London district alone as there were, before the reduction of the charge, in the whole of Great Britain and Ireland.