

The same argument applies to all commodities, whether manufactured or not. But as the duties must be small and the revenue to be raised by indirect means is large, it is necessary that a large number of articles should be taxed. This brings us again to the first principle that the basis of taxation must be broad. The whole reasoning to this point may be stated as a general principle :

- (6) As much of the revenue as possible should be collected at the ports, but the taxes should be so numerous and so small as to help trade generally without protecting any particular industries.

So far the question of taxation has been considered chiefly from the point of view of the producer and consumer in the home market, and the principles suggested have been those for organising a defensive system against foreign aggression. But a nation which exists chiefly by its manufactures must also not only maintain but constantly increase the size of its foreign markets. At present this can only be done by manufacturing such superior articles that foreigners insist upon buying them in spite of the heavy charges placed upon them when they are landed. But the strain is very great and is felt by all. Not only does the capitalist often have to work hard for little or no profit, but the wages of labour cannot be increased in anything like the proportion which the increased skill merits. It is not a simple contest between skill and hard work on both sides, for the British people are heavily weighted by foreign tariffs before they enter the arena. The problem is, therefore, how to persuade foreign countries to reduce their tariffs, and the solution is not difficult. A bargain can easily be made on the basis of reciprocal treatment. To-day a tax on imported completely manufactured articles which compete in the home market would be welcomed by the great majority of all classes, and the extent of this could easily be made to vary according to the tariff imposed on British goods by each foreign country. The principle may be thus stated :

- (7) Imported completely manufactured articles may be