

obvious. It simply means that some pay less and others pay more than their fair share to the revenue according to their means.

The present method of raising money by direct taxation on property is regulated according to its extent either by a sliding scale or by allowing arbitrary abatements. The direct taxes are the Income, Land and House Taxes and the Legacy and Estate Duties.

When the Income Tax was first imposed by Mr. Pitt in 1798 a higher rate was charged on large than on small incomes. The scale commenced at £60 on which  $\frac{1}{120}$  or 10s. was charged, and continued to increase in proportion up to £200, on and above which sum 10 per cent. was levied. The owner of £600 per annum did not pay, therefore, ten times as much as the one who possessed £60, but 120 times the amount. The sliding scale has been superseded by a fixed charge on all incomes, but abatement is granted on those under £700, and this year a remission of taxation is to be allowed on all earned incomes up to £2000.

The Income Tax has always been regarded as a war tax by which an easily estimated amount of revenue could be raised at once without disorganising any trade. All the greatest political economists have been opposed to its maintenance at a high level during times of peace because thereby its utility as an emergency tax is impaired. The fact that Mr. Asquith has been compelled to leave it at 1s. is therefore further proof of the bankrupt condition of his resources.

It is difficult also to discover either the object or the justice of the new resolution to allow an abatement of 3d. on earned incomes under £2000. It is irrational in the extreme to make a person pay the full tax on what he has earned and invested as a provision for his old age and to allow him an abatement on what he earns but spends. Again, it is absolutely impossible to estimate with any approach to accuracy what proportion a man who works his own capital ought to pay in full and what at the lower rate. An enormous amount