A Democratic Budget.

INTRODUCTION.

The Budget is the account of the national revenue and expenditure, which is presented year by year to the House of Commons by the Chancellor of the Exchequer. It is his account of the resources and liabilities of the nation, which are concealed from the ordinary taxpayer in the complex tables of statistics contained in the finance accounts and other blue books presented to Parliament.

Mr. Lowe (Lord Sherbrooke) once said that most people looked upon the Chancellor of the Exchequer as a taxing-machine, "entrusted with a certain amount of misery which it was his duty to distribute as fairly as possible," and the first thing every newspaper reader does on the morning after the Budget is to see what taxes have been repealed or reduced, and what have been increased, or what new burden has been laid on his back.

But, dry and uninteresting as figures proverbially are, every one is vitally concerned in the National Budget, for by it we know whether the country is paying its way or whether it is on the road to bankruptcy. Every one ought to know what taxes he pays, and how the money raised by taxation is spent. Who ought to pay the taxes and how the money ought to be spent are questions coming close home to every taxpayer, and touching him at a very sensitive part—his pocket.

The Chancellor of the Exchequer always likes to involve his Budget in mystery, for simplicity would damage his reputation as a skilful juggler with figures. But the growth of the democracy will necessitate the presentation of the national balance-sheet in such a simple form as to be intelligible to every citizen without the aid of a verbose and mystifying speech of four hours from the Chancellor of the Exchequer of the day. The methods of taxation, the system of expenditure, and the principles of the national book-keeping will have to be revolutionized.

In the following pages an attempt is made to give a concise account of the present system of our national finances, together with a program of reform, both in taxation and expenditure, that would clear the way for the Socialist Chancellor of the Exchequer of the future.
WHERE THE MONEY COMES FROM.

The main source of the national revenue to-day is taxation, which is of a dual character—indirect, by means of the duties of Customs and Excise, &c., and direct, by means of the Land Tax, Property and Income Tax, Death Duties, &c. The secondary sources of revenue are the profits arising out of the Postal and Telegraph Services, and the administration of the Crown Lands—public property which, according to a constitutional fiction, is surrendered by the sovereign in return for the Royal Civil List; interest on certain loans to the Sardinian Government and the Cape Railway, and dividends on the Suez Canal shares; and the miscellaneous revenue, which is a financial hotch-potch consisting of a variety of items, some trivial, some important, such as passport and naturalization fees, fees paid by peddlars and London chimney sweeps, profits on the bronze coinage, sale of waste paper, legal fees, patent fees, and money paid for admission to the National Gallery, the Tower, South Kensington Museums, &c.

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Amount Received</th>
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<tr>
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<td>Inhabited House Duty</td>
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<td>Miscellaneous</td>
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WHO SHOULD PAY THE TAXES?

While it is impossible to transform at a blow a system of taxation that is the growth of centuries, to remove every anomaly and inaugurate a new financial era, it is quite feasible to make at once some sweeping alterations both in the incidence of taxation, the methods of collection and the manner and purposes of expenditure, so that the burden now breaking the back of the workers may be shifted on to the broad shoulders of the landlord and capitalist.

The key-note of a Socialist Budget would be the taxation of property and the exemption of labor. Rent and interest would be the sources of revenue for current expenses, and the taxation imposed upon them would avowedly be directed to aid in the recovery of the land and capital for the people. A Socialist Chancellor of the Exchequer in devising new taxes would not only take into account the necessity of providing for the ordinary expenses of the public administration, but would consider his proposals especially from the point of view of their efficiency in restoring to the common purse some of the wealth which has found its way into private pockets. Consequently, his first move would be to abolish all those taxes which are not consistent with this general principle.
THE PROPER PRINCIPLES OF TAXATION.

In every civilized society some system of taxation is necessary for the maintenance of the public service in its varied forms. The growth of civilization has developed a more and more definitely organized system of finance. Systematized and compulsory taxation may be a great evil, but it cannot be dispensed with; for the voluntary system suggested by Mr. Auberon Herbert can hardly be taken as a proposal tending to facilitate the administration of the national affairs.

The four canons of a rational and equitable system of taxation laid down by Adam Smith in his "Wealth of Nations," although never fully applied, have been accepted in theory by all economists and Chancellors of the Exchequer since his time as the fundamental principles of an ideal system, and attempts have been made from time to time to make our taxes more nearly conform to this ideal.

Adam Smith asserted (1) "That the subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to the revenue which they respectively enjoy under the protection of the state; (2) that the tax which each individual is bound to pay, ought to be certain and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor and to every other person; (3) every tax ought be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay it; (4) every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state."

Under our present system of taxation more than two-thirds of the revenue is raised by means of taxes which flagrantly infringe these fundamental principles of equality of sacrifice, certainty and simplicity, convenience, and economy.

INDIRECT TAXATION.

In the first place the revenue from indirect enormously exceeds that which arises from direct taxes. Out of every twenty shillings we raise in taxes, 14s. 5d. is collected in the form of Customs and Excise duties. These taxes are paid not in proportion to the income received, wealth possessed, or benefit resulting therefrom, but solely depend upon the amount of certain commodities that are consumed. By abstinence from consumption the payment of the taxes can be wholly avoided.

Little more than sixty years ago nearly every necessary of life, as well as all luxuries, were taxed. Sidney Smith, writing in 1820, described the burdened state of the English citizen. "Taxes upon every article which enters into the mouth, or covers the back, or is placed under the foot—taxes upon everything which it is pleasant to see, hear, feel, smell, or taste—taxes upon warmth, light, and locomotion—taxes on everything on earth and the waters under the earth—on everything that comes from abroad or is grown at home—taxes on the raw material, taxes on every fresh value that is added to it by the industry of man—taxes on the sauce which pampers man's appetite, and the drug that restores him to health—on the ermine which decorates the judge, and the rope which hangs the criminal—on the poor man's salt and the rich man's spice—on the
brass nails of the coffin, and the ribands of the bride—at bed, or board, couchant or levant, we must pay. The schoolboy whips his taxed top—the beardless youth manages his taxed horse with a taxed bridle on a taxed road—and the dying Englishman, pouring his medicine, which has paid 7 per cent., into a spoon that has paid 15 per cent., flings himself back into his chintz bed, which has paid 22 per cent., and expires in the arms of an apothecary who has paid a licence of a hundred pounds for the privilege of putting him to death. His whole property is then immediately taxed from 2 to 10 per cent. Besides the probate, large fees are demanded for burying him in the chancel; his virtues are handed down to posterity on taxed marble; and he is then gathered to his fathers—to be taxed no more.”

Most of these taxes were levied as Custom Duties. In 1842 there were 1200 articles in the English Tariff of Import Duties. Now there are less than fifty. The principal articles which now contribute to the Customs revenue are beer, rum, spruce, chicory, cocoa, chocolate, tea, coffee, currants, figs, prunes, raisins and other dried fruits, rum, brandy, gin and other spirits, tobacco, cigars, snuff and wine—a sufficiently long list for a country boasting of its adherence to Free Trade principles. The revenue raised from Customs and Excise amounts to £15,000,000 annually: £19,000,000 from spirits, £1,000,000 from wine, £9,000,000 from beer, £9,000,000 from tobacco, and £7,000,000 from coffee, cocoa, tea, &c., and dried fruits.

**Who Pays the Taxes Now?**

Taxes upon food and other necessaries of life are prima facie objectionable, and as a general source of revenue are no longer advocated in this country by practical politicians. The present remnant of these taxes is maintained on the ground that without them the working-classes would not contribute to the taxation of the country at all. But this argument misses the crucial point of modern industrial life. The wages of the worker are reduced either absolutely down to subsistence point, when taxation is impossible, or to such a measurable distance of it that every addition to his burden in the shape of taxation necessarily tends to render his position more precarious than ever. As Mr. Gladstone once said, the taxes on the earnings of the people “form in no small degree a deduction from a scanty store, which is necessary to secure them a sufficiency, I do not say of the comforts of life, but even of the prime necessaries of clothing, of shelter, and of fuel.”

But the present Customs and Excise Duties press infinitely more heavily on the poor family than on the rich. The tea used in the poorer districts can be bought wholesale at 4d. a pound, and the tax upon it is 4d. a pound. If a moderate estimate of the quantity consumed and the price paid be taken—viz., half a pound a week at 1s. per pound—there is a consumption of 26 pounds a year, and the payment of 8s. 3d. tax on one article alone, or more than a week’s wages to thousands in the poorest parts of the country. Tea at 4d. a pound is taxed at the same rate as that sold at one guinea an ounce. The poor man who buys an ounce of tobacco pays 5d. for what would not cost 1d. were there no tax upon it. For every shillingsworth bought he pays 10½d. tax, while the rich man who smokes cigars at
Is. a piece pays a tax of 15 to 50 per cent. The same rate of duty is paid on the common tobacco as on the finest leaf for making cigars. For every shilling spent on cocoa, 1½d. goes for the tax and 10½d. for the cocoa; for every shillingworth of coffee bought, 2½d. is tax; currants 1d., raisins 2½d., and these are all articles of daily use amongst the masses.

The proposal to remedy the admitted grievance of a disproportionate tax on tea and tobacco, by the establishment of ad valorem duties, a change which could easily be carried out, has always been met by an official non-possimus. But these taxes must not be tinkered with, they must be swept away as the last remnant of an antiquated fiscal system. They not only transgress every one of Adam Smith's canons, but are absolutely analogous to the hundreds of taxes long ago repealed in the name of Free Trade. They are unequal in their incidence, uncertain in their amount, and costly to collect—in many cases they cannot even repay the cost of collection. As a recent writer has pointed out, "it takes the same army of watchers, collectors and superintendents to prevent the revenue being defrauded when the taxes are small as when they are large. No port can be left unwatched, and the fact that so many ports do not yield enough in duties to pay the cost of the staff in charge is an argument used by many for the total abolition of import duties."

Yes, the whole posse of Custom House officials and eighteenth century red-tapists must be abolished. Only in this way can the time-honored boast that England is a Free Trade nation cease to be a standing illustration of our stupidity or our hypocrisy.

The Evils of Indirect Taxation.

The great objection to indirect taxation is that the individual taxpayer has no easy means of ascertaining exactly how much he is paying year by year, and consequently does not feel the burden. The indifference engendered by this fact is the main cause of the maladministration of public funds, and the corruption and extravagance that are more or less characteristic of every public department and other bodies which have the control of the expenditure of the national taxes. If all taxation were direct, every voter would be able to translate into £ s. d. for himself, what was the exact meaning of a war or other piece of national policy for which he had voted at an election, and thus his individual responsibility would be brought home to him. The vast incubus of our National Debt, which was placed upon our shoulders surreptitiously, has been tolerated so long and with so little grumbling because the interest on it is drawn from indirect taxation. We do not realize that year by year £3 5s. 10d. per family, or 13s. 2d. per person, is being paid as interest on a debt incurred generations ago, and still less that the debt itself has been repaid over and over again in that interest.

Although the bulk of the revenue arising from indirect taxation is collected by means of the duties of Customs and Excise upon articles in general use, there are a few other forms of this kind of tax that do not even have the merit of contributing very largely to the national revenue. The Stamp duties—other than the Death duties, which are collected by means of stamps—are many of them insignificant and pettyfogging, such as the duty of 2s. 6d. which is
payable upon indentures of apprenticeship, a term which includes every writing relating to the service or tuition of any apprentice, clerk or servant placed with any master to learn any profession, trade or employment. Others, such as the legal fees and stamps on various kinds of commercial documents, are obstacles to the free course of justice and unnecessary restrictions on the development of trade and industry. And with the abolition of private ownership of land all such documents as conveyances and mortgages will be abolished. The only stamps that should be retained are those that touch Stock Exchange speculators; though there is no reason why that form of speculation should be taxed while other forms, such as that prevailing in the Produce Exchanges, should be allowed to escape scot free. The tax on the capital of Joint Stock Companies, which is now payable on the formation of a company, should be assessed at a higher rate than £1 per £1,000, and should be made an annual payment.

**Taxed Industry.**

The host of licences that have now to be paid annually by appraisers, auctioneers, game-dealers, hawkers, pedlars, house-agents, pawnbrokers, refreshment-house keepers, tobacco manufacturers and dealers, plate-dealers, patent medicine vendors, playing-card makers, chemists, cabmen, and chimney-sweeps, are absurd restrictions on industry, and cost more to collect than they are worth. The annual certificates taken out by attorneys and solicitors might be retained, not so much for the revenue as for registration purposes; and, until the State constitutes itself the sole banker, the present Bankers’ Licence duty might be enforced.

The extent to which industry is hampered and ordinary daily occurrences obstructed by vexatious duties and licences may be illustrated in a homely way:—John Smith, the licensed pedlar, having arranged to be married to Mary Jones, the licensed refreshment-house keeper, purchases the necessary marriage licence, and agrees with a licensed house-agent to take a house—the agreement has to be stamped. On the wedding morning, after chaining up his licensed dog, he hires a licensed cab, driven by a licensed cabman, and goes to the chapel licensed for the solemnization of marriages, in the company of his best man, who is a licensed tobacco-dealer. At the chapel they meet the bride, who is accompanied by her uncle the licensed game-dealer, and her aunt the licensed pawnbroker. After the ceremony has been performed, the wedding party adjourns to a licensed hotel where a substantial meal has been prepared. They are waited on by a licensed waiter who brings taxed beer for the gentlemen and taxed wine for the ladies. The breakfast over, the gentlemen light up their taxed cigars and drink a cup of taxed coffee. The ladies prefer a cup of taxed tea and a slice of wedding cake, every raisin and currant of which has been duly taxed. The bride and groom once more have recourse to the licensed cab to be driven to the station where they take their tickets, on which Railway Passenger duty has been paid, for the place at which they are to spend their honeymoon.

It is therefore clear that the establishment of the Free Breakfast Table by the repeal of the taxes now paid on tea, coffee, chicory, chocolate, cocoa, as well as those on currants, figs, raisins, prunes and
other dried fruits, would have to be supplemented by the institution of untaxed industry.

**The Liquor Monopoly.**

The popular demand for the local control of the drink traffic is strictly on Socialist lines, but there is great need for careful definition of the extent to which Local Option and Veto should be carried. The great evil of to-day is the manufacture and consumption of strong, inferior ales. The British working-man does not prefer the adulterated heady stuff he drinks, he has no choice. Give him an opportunity of obtaining a pure, clean-drinking beer for as little money as he now spends on his bad liquor, and there is no doubt that his taste and his interest will lead him to choose the better drink.

What is wanted is the establishment of cafés and halls, where, for the expenditure of a few pence, the Englishman may sit, drink his beer, smoke his pipe, read the paper, and generally enjoy himself in the same free and comfortable manner as his continental brethren. Let the public-house be a place where a man can take his wife and children, and where he shall not be pestered to drink. There is no need to abolish the public-house, one of the few remaining incentives to social life, but the reading room and the music hall should be grafted on to it.

**Let Us Municipalize the Public-House and the Music Hall.**

The manufacture of all alcoholic liquors (wines, spirits and beers) should be a State monopoly. The number of places at which they should be sold should be left to the decision of the whole body of the people in their various localities, and the sale restricted to municipal public-houses in accordance with the Gothenburg system, which has been in operation since 1865.

The duty of preventing the introduction of smuggled spirits, &c., could be placed upon the officers of the Board of Trade, who are already engaged on the coasts as quarantine officers, registrars of shipping, wreck officers, superintendents of mercantile marine, or upon the revenue officers in the different ports. The great preventive of smuggling would, of course, be the abolition of all private drink shops, and the consequent difficulty of getting rid of the smuggled articles.

**Direct Taxation.**

Our direct taxes do not infringe the canons of Adam Smith in principle, but as viewed at the present time they fall deplorably short of the ideal. They must be simplified and levied with some degree of equity, and with some regard to convenience. The present direct taxes are the Land Tax, the Income Tax, and the Death Duties.

**Land Tax.**

The history of the Land Tax is a most damning illustration of the fraudulent way in which the Landlord parliaments of the past have relieved the burden of taxation by shifting it on to the backs of the people. There is an absolute consensus of opinion amongst constitutional authorities, that the land of the kingdom is the property of the Sovereign as the head of the State, and that it is inalienable except temporarily and on certain conditions. The right of resumption by the Crown has never been given up. Prior to 1660 the whole burden of military service fell on the landholders of the
country, who were also liable to certain payments when the
Sovereign went on a journey, if he were taken prisoner, when his
eldest son was knighted, and his eldest daughter married, and on
many other occasions.

The State-tenants in the Convention Parliament of Charles II in
1660 abolished all the conditions upon which they held their land,
and in place of the payments to which they were liable substituted
a grant to the king of Excise duties on liquors brewed or distilled
for sale, thus shifting the burden of taxation from their own shoul-
ders to the backs of the people.

Experience showed that the government of the country required
some further source of revenue, and in 1692 it was enacted that a
tax of four shillings in the pound should be paid by “every person,
body politic or corporate, etc., having any estate in ready monies, or
debts owing to them, or having estate in goods, wares, merchandise,
or chattels, or personal estate whatsoever within this realm or
without.” By the third section of the Act the profits and salaries of
all persons having office or employment of profit (except naval
and military officers) were subjected to the same tax, and then the
fourth section proceeds to enact the land tax: “And to the end
a further aid and supply for their Majesties’ occasions may be
raised by a charge upon all lands, tenements, and hereditaments with
as much equality and indifferency as is possible by an equal pound
rate of four shillings for every twenty shillings of the true yearly
value, be it enacted that all manors, messuages, lands, and tenements,
and quarries, mines, etc., tithes, tolls, etc., and all hereditaments of
what nature soever they be, shall be charged with the sum of four
shillings for every twenty shillings of the full yearly value.”

The express enactment, coupled with the rules for assessment, show
that the tax was levied as much upon personal estate as upon land,
in fact that it was a property and income tax. The valuation of
1692 was most imperfectly made, and is not above suspicion of fraud.

Although the Act of 1692 was the first of the Land Tax Acts, it
was not until 1697 that the tax was imposed precisely in the form
which has been preserved to the present day.

Up to 1798 the tax was continued by annual Acts of Parliament,
the rate varying from four shillings to one shilling in the pound. By
two Acts passed in the reign of George III. (38 Geo. III., c. 5 & c. 60)
the Land Tax was made perpetual, at four shillings in the pound on
the valuation of 1692, on all “manors, lands, tenements, heredi-
taments, mines, ironworks, salt springs and works, parks, chases,
warrens, woods, fisheries, tithes, tolls, annuities,” that is on all
profits arising out of real property. The amount to be raised was
put at £2,037,627. The apportionment of the tax to the various
counties of England, Wales, and Scotland is still maintained. Each
parish is now charged with precisely the same amount of land tax
as was imposed upon it in 1798, except in so far as the tax has been
redeemed.

In no case is the original four shillings in the pound paid at the
present time. The amount paid varies from 9d. in the £ in
Buckinghamshire to a 0d. in Lancashire, or if the proportion is
taken by parishes, there are cases in which the rate is as low as a
hundredth of a penny in the pound.
Under the provisions of redemption the receipts have dwindled down to little more than £1,000,000. The old tax must be got rid of by an immediate and compulsory redemption of the outstanding quotas, and the way left clear for dealing with the whole question of the land in the light of modern ideas and knowledge.

THE UNEARNED INCREMENT.

The most pressing point in the land question to-day is how to divert the flow of the unearned increment from the landlords to the community. The increased value of land caused by the growth and concentration of population, local improvements, the discovery of minerals, &c., must be brought into the public pockets.

It is obvious that the only final method of appropriating the unearned increment is by the nationalization or municipalization of the land. But as the fee-simple of all the land cannot be purchased or appropriated at once, and the matter is one of extreme urgency, some other plan must be put into operation.

Taxation is the only immediately practicable means of tapping the unearned increment. There is no need to wait for a general revaluation of the land, which would be the work of years. Let every landlord at once value his own land, and let this valuation be the basis of taxation and rating, with one condition, that at any time the community (state or local authority) can step in and buy him out at so many years' purchase of the declared annual value. Of course, where it was obvious that an under-estimate had been made, it would be a perfectly sound financial transaction for the locality to borrow money to buy up the property in question. If an over-estimate were made, taxes and rates would be paid upon the higher basis, but it would be necessary for the community to have power to make a revaluation in the event of the purchase of the fee simple. A landlord might be willing to pay more taxes and rates in order to keep a prohibitive price on his property, but this power of revaluation on the eve of purchase would tend to keep the valuation down to a moderate and fair amount.

The landlord should have no power to demand a revaluation unless he undertook to recoup the community for any under-payment of taxes and rates owing to an under-valuation in the first instance.

The application of this plan in the case of local improvements would put a stop to such robbery of the public as was contemplated by the opponents of the betterment principle in the Strand Improvement Bill of 1890, and would prevent the iniquitous under-assessment of mansions and parks to the local rates which is so prevalent. Hatfield House, assessed at £900 a year, would be a cheap purchase by the nation for £18,000, and £20,000 for Chatsworth would be a wonderfully good bargain. The small sum of £9,200 would purchase Blenheim Palace out and out.

DEATH DUTIES.

The restoration of the national property to the community can be materially assisted by means of death duties, which would be the most unobjectionable of means to be used. The fundamental principle of the limitation of the right of bequest by the taxation of property changing hands at death needs no justification. It has been recog-
nised as a legitimate source of revenue for the last three hundred years. In 1694 there was a fixed payment of 5s. in the case of every estate over the value of £20, which four years later was increased to 10s. In 1779 an ad valorem scale was first introduced.

Drastic reform is, however, required to make the present death duties equitable. For, notwithstanding the fact that the commercial classes had the political power in their own hands for fifty years and used that power to aggrandize themselves, the landlords managed to keep the tax on land down to the lowest possible point. Personal property is taxed at death, but the land practically escapes scot free. There are now five death duties going by the names of probate, legacy, succession, account and estate duties. Personal property is charged with probate duty of from 2 to 3 per cent., while land escapes. An estate consisting of £15,000 in personal property and descending to lineal descendants, pays £600 in death duties; but if the property be in land, the succession duty only amounts to £189 where one successor inherits the whole, or to £293 if two successors inherit in equal shares.

Legacy duty is charged on the full value of personal property, and has to be paid at once. Succession duty is only charged on the life-interest of the successor. On an estate of the capital value of £10,000, producing £800 after payment of all outgoings, if the successor be 4 years old, duty will be charged on a capital value of £5,786 8s.; if 21, on £5,159 11s.; if 40, on £4,462 10s.; if 50, on £3,728 13s. 6d.; if 70, on £2,032 7s.; if 90, on £400 7s. In the case of personality, the Legacy duty would in all these cases be charged on the full £10,000. And, above all, the payment of Succession duty is spread over 4½ years, so that if a second death occurred before the expiration of that time there would be a loss to the revenue of the unpaid installments.

Mr. Goschen, in introducing the new Estate duty in 1889, said: "The new duty will be charged similarly on realty as on personality." But, as a matter of fact, if one man leaves £10,000 in personal property to any number of beneficiaries, the additional tax is £100; but if another man leaves £10,000 in land to more than one successor, the Estate duty amounts to nothing. That is Mr. Goschen's idea of similar treatment.

But from Philip drunk we may appeal to Philip sober. Mr. Goschen said in his report to the House of Commons on Local Taxation in 1870: "The amount paid by land alone towards imperial taxation in England is 5½ per cent.; in Holland, 9 per cent.; in Austria, 17½ per cent.; in France, 16½ per cent.; in Belgium, 20½ per cent.; and in Hungary 32½ per cent. What do these facts prove? They prove that, as regards imperial taxation, land in this country is in an infinitely better position than land in any other European state." The death duties now produce only £7,500,000 per annum.

**Graduated Death Duties.**

All the anomalies of the present death duties must be swept away and a simple duty applicable equally in cases both of real and personal property must be substituted, and must in every instance be levied upon the capital value of the property. By applying the principle which has been suggested in regard to the unearned increment, an almost automatic certainty of a fair valuation of property
would be assured. It would be interesting to know whether the Duke of Marlborough would have valued the Madonna of Raphael at £70,000, and the Charles I. at £17,000 if this scheme had been in operation. Probably the National Gallery would have reaped the benefit.

The principle of graduation should be extended to the death duties and a limit placed on the value of estates exempted from duty. The question of the relationship of the deceased and the beneficiaries should be abolished. All property left to the nation or to any national institution should be exempt, and all the other existing exemptions, such as that of the Royal family, should be abolished.

The following scale of duties would perhaps suffice as a preliminary measure, but the ultimate goal would be 20s. in the £.

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<td>£50,000 and over</td>
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**Property and Income Tax.**

This tax, which is generally called simply the Income Tax, was first imposed in 1798 at the instance of Mr. Pitt, as an “aid and contribution” for the prosecution of the war with Napoleon Bonaparte. In the following year a duty on incomes was imposed at the rate of 10 per cent., all persons were required to make returns of the whole of their income from all sources; exemption was granted to all whose incomes were under £60 a year, and was graduated above that amount. In 1816 the tax was dropped, and not revived until 1842, when Sir Robert Peel reimposed it, not as a war tax, but as a means of meeting a deficit, and in order to afford some relief to the manufacturing industry, or in other words to benefit the capitalist classes.

The Income Tax, which is in principle one of the most equitable taxes in existence, is surrounded by so many vexatious red-tape regulations that it is perhaps one of the most unpopular, and the most evaded. Although in its present application it contravenes the principle of equality of sacrifice, it may easily be brought into complete harmony with it.

It is now assessed under various heads or schedules:—

A. Lands, tenements, hereditaments, payable by the owner.
B. Occupation of all lands, tenements, &c.
C. Annuities, dividends, &c.
D. Trades, professions, employments, &c.
E. Public Officers, salaries, pensions, &c.

All incomes of £150 a year are assessed, but up to £400 an allowance is made in respect of £120.

The Income Tax now brings in £13,250,000. The first Income Tax brought in £750,000 for every 1d., but now 1d. produces £2,300,000.

**TAXATION OF UNEARNED INCOMES.**

The principle of equality of sacrifice demands that the income and property-tax should be graduated and differentiated. A distinction must be made between those incomes that are earned and
those that are unearned, between the workers and the idlers, the rich and the poor. "On the whole," said Mr. Goschen in 1889, "I think it will be generally recognized that it is the men whose fortunes are considerable who pay least in proportion to their aggregate income and property." This disproportion must be remedied.

A fair margin of income, say £300, should be exempted in accordance with the principle already adopted, under which no tax is paid on incomes of less than £150 a year, and the present practice of allowing the deduction of life insurance premiums should be continued.

The most feasible method of gradually the tax, and one which would remove the necessity for an elaborate system of repayments, would be an extension of the present abatements. From all incomes proved to depend for their continuance upon the continued personal labor, in any form, of the recipient, an abatement of one-third of such incomes might be allowed. From the incomes received by persons whose total incomes from every source do not amount to £1,000 per annum, an abatement of one-third of such incomes might be allowed. Thus a person receiving £500 per annum from his own exertions will be entitled to an abatement of one-third in respect of the source of his income, and of another one-third in respect of its amount. The rate of taxation might be 2s. in the £ for earned, and 4s. in the £ on unearned, incomes. For example, a man having an earned income of £900 per annum would now pay £22 10s. as income tax, while under the proposed new tax, being entitled to deduct £300 for income free from taxation and £300 in respect of its being earned, he would pay £30 tax, and a man in receipt of a similar income unearned would be taxed £180.

**Local Taxation.**

The modern system of rating needs thorough revision. Owing to the great increase of local activity, and the continually enlarging functions of local authorities, some additional source of income has been found necessary.

The contrivance adopted by Mr. Goschen, of allotting half the probate duty in aid of local taxation, is open to the gravest objection. The system of grants in aid is a transparent fraud upon the people, for they are nothing more than sops in relief of the landlords, instead of the mass of the ratepayers. Imperial and local taxation should be kept quite distinct, though in many cases the machinery for the collection of the State taxes should also be used for the collection of the local revenue.

A new source of local revenue would be found in the imposition of a local death duty levied on all estates changing hands at death. This duty should be collected by the same machinery and at the same time as the State death duty, and should be handed over to the various County Councils by the Inland Revenue Department in the same way as the licence duties, already allotted to the relief of local taxation, are paid into the county funds.

The local rates now paid by the householder should be chargeable on the landlord, and the tenant should be empowered to deduct them from the rent, as is already done in the case of the Income Tax (Schedule A). The Inhabited House Duty should be abolished.
THE NATIONAL CHURCH—THE TITHE AND CHARITIES.

The disestablishment and disendowment of the so-called National Church would set free a large amount of national property which would be available for public purposes. The tithe would be nationalized, and all charitable funds placed under the control of a reformed body of Charity Commissioners.

HOW THE MONEY IS SPENT, AND HOW IT MIGHT BE SPENT.

The way the money is now spent may be concisely stated. Out of twenty shillings spent by the Government out of the taxes, no less than fifteen shillings goes for the support of the army and navy and for the payment of the interest on the national debt. Only five shillings in the pound is left for expenditure on education, justice and other popular wants.

The way the money is spent is of equal importance to the way it is raised. We must cut down the war expenditure to the lowest possible point, by so reforming the army and navy as to make them serve real national ends. In short, we must abolish what John Bright called "a gigantic system of out-door relief for the aristocracy of Great Britain," and establish a system under which the people's money will be spent to supply the people's needs.

HOW THE MONEY GOES.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount per Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Debt</td>
<td>£25,200,000</td>
</tr>
<tr>
<td>Army and Navy</td>
<td>£32,900,000</td>
</tr>
<tr>
<td>Civil List</td>
<td>£400,000</td>
</tr>
<tr>
<td>Annuities, Allowances, etc.</td>
<td>£2,000,000</td>
</tr>
<tr>
<td>Civil, &amp;c., Services</td>
<td>£15,300,000</td>
</tr>
<tr>
<td>Education, Science and Art</td>
<td>£5,800,000</td>
</tr>
<tr>
<td>Law and Justice</td>
<td>£4,600,000</td>
</tr>
</tbody>
</table>

Free Education.

One of the first steps in the rational expenditure of the people's money will be to abolish all school fees, so that every boy and girl may go to school without handicapping their parents. The cultivation of good citizens is the true end of all education. The whole system of national education must therefore lie in the hands of the State. Public money must be spent by public bodies; and private voluntary schools, often the hotbeds of intolerance and class prejudice, must give way to truly national schools in which every child shall have equal chance of obtaining the best education of which he is capable. From the Kindergarten to the University there should be no obstacle placed in the way of any capable scholar. As the expenditure on guns and ironclads decreases so will that on education increase. An enlightened nation will recognize that, next to feeding the existing body of workers, comes without doubt the efficient education of the rising generation, and no necessary sacrifice will be grudged in order that the nation may consist of truly cultured individuals.

The abolition of school fees in the lower standards is assured; but the higher standards must also be freed, and these reforms must be followed by complete public control of all State-aided schools and must be accompanied by
ONE FREE MEAL A DAY.

Empty stomachs are not aids to knowledge. To every school should be attached a dining hall, in which every day should be provided, for every child, one good meal.

By educating the boys and girls of the rich and the poor, of the classes and the masses, in the common school, by letting them eat side by side in the common hall, and play together in the common playground, much will be done to wipe out in the coming generations that unsocial class spirit which is the mainspring of the social disorder of to-day. Let the seeds of democratic comradeship be safely sown in all our schools, for thus alone can a nation be reared recognizing in its life a true social equality.

FREE JUSTICE.

The simplification and enlargement of the existing power to remit all legal fees whenever a suitor can show that he has a prima facie case and cannot pay the ordinary fees, would be a great instalment of justice for the poor. The Scotch system of appointing an advocate for the poor should be put on a sound basis and extended to all the Courts. Oppression of individuals, and those forms of robbery that, although illegal, are difficult to resist or prevent, such as the theft of public rights of way, common land, fishing rights, &c., would be stopped. The law should be simplified and codified, and the fundamental safeguards of the Great Charter once more restored to the people. It should be re-enacted with all the added power of modern ideas "that no freeman shall be seized, or imprisoned, or dispossessed, or outlawed, or in any way brought to ruin. We will not go against any man nor send against him, save by legal judgment of his peers, or by the law of the land. To no man will we sell, or deny, or delay, right or justice."

FREE HOSPITALS AND DISPENSARIES.

The existing hospitals and dispensaries are largely maintained out of public funds. They must be placed entirely under public control. The various sanitary regulations and precautions the performance of which is now placed by law on the private individual, supervised by public medical officers and sanitary inspectors, have rendered it necessary that they should be supplemented by the municipalization of all hospitals, dispensaries, &c., and the recognition of the necessity for each town to collectively take charge of its own sick folk. The preservation of the health of a district, and the prevention or speedy rooting out of an epidemic will, by this means, be enormously facilitated.

FREE WATER.

The water supply in many provincial towns has already been placed in the hands of the inhabitants, who are no longer exploited for the profit of private companies, and London will soon follow suit with a municipal water supply.

The next reform to be called for is that there shall be a constant supply laid on to every house, and that there shall be no more charge for water than there is for air. The health of the people demands that the water supply shall be pure and plentiful, and there is no reason
why the safety of the community should be endangered by the maintenance of the present system of doing out so many gallons a day, when, at a small extra cost, a free supply might be furnished to every household.

**FREE TRAVELLING.**

In the old turnpike days the idea of nationalizing the highways was considered a wild revolutionary dream. To us it is so obviously convenient and economical, that the most frantic individualists have not suggested any retrogression. The nationalization and freeing of the railways and all other means of communication is one of the plans for the wise expenditure of the national income that would be of immediate and lasting benefit to the community. It would be one of the first practical proposals of a Socialist Chancellor of the Exchequer, for it would at once turn the tide of migration from the large towns to the country. The towns should contain the workshops and the country the homes of the people.

**A REFORMED POST OFFICE.**

One of the most unsatisfactory items in the nation's financial accounts is the profit made by the Post Office, for it is notorious that the long-continued series of surpluses has transformed that institution from one of the most useful, and in many respects the best organized and managed departments in the public service, into a mere profit-making commercial establishment seething with discontent. All reform is burked as long as possible on the score of expense; the wages of the workers at the bottom of the ladder are kept low for the benefit of the over-paid and under-worked officials in the higher ranks. State-sweating is daily illustrated in the Post Office. The profit must no longer be reckoned as part of the general revenue; it must be expended in improving the service, in giving increased wages and shorter hours to the men and women by whose labor this vast organization is maintained.

A uniform Penny Postage must be established throughout the world, whether the other countries in the Postal Union agree to follow suit or not. Red-tape regulations about circulars and newspapers, &c., must be abolished. The practice in vogue in some of the Australian colonies of allowing free postage of all newspapers might be extended to this country. The charge for inland letters might be reduced to one halfpenny, and the charges for parcels and telegrams still further reduced.

The organization of the Post Office, with which the country is completely honeycombed, points to the advisability of utilizing it as much as possible in the collection of the State taxes and local rates, in the carrying out of a reformed system of State Annuities, and in any other way that may appear practicable or useful to the community.

The whole Civil Service should be radically reorganized from without, for reorganization from within is a fraud both upon the public and the general body of hardworking officials.

In these and a hundred other ways the national income might be spent for the enrichment of the nation, for the improvement of the lot of the masses instead of for their impoverishment and degradation. With the abolition of an unjust and antiquated system of taxation, which may be swept away when the people so will it, these reforms will be immediately possible.