ever, which it is impossible to define, and which must ne­cessarily vary according to the nature of the commodities on which duties are laid, and the varying tastes and cir­cumstances of society—their effect is to depress consump­tion to such an extent, as to render them less productive than if they were lower.

Variations in the amount of the duties affecting commo­dities have exactly the same effect on their price, and con­sequently on their consumption, as corresponding variations in the cost of their production. But it is clear that any re­duction in the price of commodities, whose natural cost is very considerable, and which can, therefore, be used only by the rich, will not have so powerful an effect in increas­ing consumption, as if a corresponding reduction were made from the price of cheaply-produced commodities in general demand. A fall of fifty per cent. in the price of coaches would not add greatly to the demand for them; for, notwithstanding this reduction, they would still be luxuries, which none but the rich could afford to use ; whereas a fall of fifty per cent. in the price of spirits, beer, tea, sugar, or any article in general request, would extend the demand for it in a much greater ratio. The reason is, that the middle and poorer classes form by far the most nu­merous portion of society ; and as such commodities are even now partially used by them, a fall of fifty per cent. in their price would bring them fully within their command, and would thereby add prodigiously to their consumption. The truth of this observation is strikingly exemplified in the case of cotton goods. At the accession of George III. in 1760, the price of cottons, owing to the difficulty of their production, was extremely high, and the value of the cot­ton goods annually brought to market did not exceed L.200,000. But, thanks to the genius and inventions of Hargreaves, Watt, Arkwright, Crompton, and others, the price of cottons has been so far sunk as to bring them with­in reach of the poorest individuals ; and yet such has been the vast increase of demand, that, notwithstanding this re­duction of price, the value of tire cottons annually manu­factured in Great Britain, and either disposed of at home or sent abroad, amounts, according to the lowest estimates, to the amazing sum of Thirty-four Millions! It is ob­vious, however, that if cottons had been loaded with high duties, and if that reduction in their price which has been brought about by the improvement of machinery, had been brought about by a reduction of the duties affecting them, the effect would have been the same. The demand would have equally increased ; and the greater consumption of low-taxed articles would have rendered the reduced duties more productive than the higher. Similar effects have uni­formly followed from similar causes ; low duties on com­modities in general demand being invariably found to be more productive than when they are carried to a greater height, and more productive than high duties on commodi­ties used only by the rich.

Besides diminishing the revenue by diminishing con­sumption, oppressively high duties tend to diminish it by encouraging and promoting the destructive trade of smug­gling. The risk of being detected in the smuggling of commodities, under any system of fiscal regulations, may always be valued at a certain rate ; and whenever the du­ties exceed this rate, smuggling will be practised. Now there are plainly but two ways of checking this nefarious practice ; either the temptation to smuggle must be dimi­nished by lowering the duties, or the difficulties in the way of smuggling must be increased. The first is obviously the most natural and efficient mode of effecting the object in view ; but the second has been most generally resorted to. In the great majority of cases, governments have attempt­ed to suppress smuggling, without reducing the duties, by establishing a more vigilant system of collection, and by increasing the number and severity of the penalties affect­ing the smuggler. As might have been expected, these attempts have, for the most part, proved signally unsuc­cessful. And it has been almost invariably found, that no vigilance on the part of the revenue officers, and no seve­rity of punishment, can prevent the smuggling of commo­dities loaded with oppressive duties. The smuggler is ge­nerally a popular character ; and though we have no desire to become the apologists of those who endeavour to de­fraud the revenue, and to injure the fair trader, it is idle to expect that the bulk of society should regard those who furnish them with cheap tea, gin, whisky, brandy, &c., as guilty of any very heinous offence.

“ To pretend,” says Dr Smith, “ to have any scruple about buying smuggled goods, though a manifest encou­ragement to the violation of the revenue laws, and to the perjury which almost always attends it, would, in most countries, be regarded as one of those pedantic pieces of hypocrisy, which, instead of gaining credit with any body, seems only to expose the person who affects to practise them, to the suspicion of being a greater knave than most of his neighbours. By this indulgence of the public, the smuggler is often encouraged to continue a trade, which he is thus taught to consider as in some measure innocent; and when the severity of the revenue laws is ready to fall upon him, he is frequently disposed to defend with violence what he has been accustomed to regard as his just property ; and from being at first perhaps rather imprudent than criminal, he at last too often becomes one of the har­diest and most determined violators of the laws of society.” (P. 407. See also Montesquieu, *Esprit des Loix,* liv. xiii. cap. 8.)

To create, by means of high duties, an overwhelming temp­tation to indulge in crime, and then to punish men for indulg­ing in it, is a proceeding completely subversive of every principle of justice. It revolts the natural feelings of the people, and makes them take an interest in the worst cha­racters—for such smugglers generally are—espouse their cause, and avenge their wrongs. A punishment not pro­portioned to the offence, and which does not carry the sanction of public opinion along with it, can never be pro­ductive of any good effect. The true way to suppress smuggling is to render it unprofitable ; to diminish the temptation to engage in it ; and this is not to be done by surrounding the coasts with cordons of troops, multiplying oaths and penalties, and making the country the theatre of ferocious and bloody contests in the field, and of perjury and chicanery in the courts of law, but simply by reducing the duties on smuggled commodities. We must seek in this, and in this only, for an effectual check to smuggling. Whenever the profits of the fair trader become nearly equal to those of the smuggler, the latter is forced to abandon his hazardous profession. But so long as oppressively high duties are kept up, or, which is really the same thing, so long as a high bounty is held out to encourage the adven­turous, the needy, and the profligate, to enter on this ca­reer, we may be assured that an army of excise officers, backed by the utmost severity of the revenue laws, will be insufficient to hinder them. The truth is, that the too great severity of these laws prevents their execution. “It sti­mulates the trader to corrupt the officer to conceal a fraud ; and it influences the officer to overlook what he would otherwise discover.” (Hamilton *on the Principles of Tax­ation,* p. 244.)

Heavy duties on any description of commodities will oc­casion smuggling ; but it is chiefly caused by their being laid on commodities in general demand, whose natural or necessary price is not very considerable. It is commonly said, when a proposal is made for laying a heavy duty on a low-priced article, that its lowness of price fits it to bear such a duty, and that, notwithstanding its imposition, it may still be brought to market at a sufficiently moderate rate.