certain licence taxes upon traders, although such licences in France are reckoned direct taxes.

This division into direct and indirect is, however, far from logical. To take first the direct taxes. The income tax itself is not, in all cases, really paid to the state directly by the person out of whose income it comes. It is paid, in the first instance, in the case of land or houses, by the occupier, and where the occupier is a tenant it is recovered by him from the owner. In the case of joint-stock companies the company pays the state, and deducts the amount from the individual owners of stocks and shares out of whose incomes the amount comes. The ultimate payer in these cases is no doubt reached without delay or many steps, but the process is not quite direct. It is the same with rates. A householder is assessed as occupier, but he may be “ compounded for,” and really know nothing of the payment, though it is supposed to come out of his income. In the case, again, of a long-established land tax or rate many questions may arise as to whether the person who is considered to bear the burden in the first instance really bears it in the end. It is contended by some that the tax becomes in the nature of a rent-charge upon the property affected, and that the state really acts as landowner in levying the charge just as it does in receiving the rent of crown lands, and with similar economic incidents and consequences. Thus the direct taxes so called may frequently be no more direct than any others.

As regards indirect taxes, again, there appear to be some cases at least where it is by no means certain that the charge is passed on; stamp duties, for instance, especially where moderate in amount, may have the effect of diminishing *pro tanto* the profits in business of the person paying them, or the income which he enjoys. Where they are heavy, as, for instance, with the French registration duties on the transfer of property, there appears to be little doubt that they constitute a deduc­tion from the price which a seller receives, and thus they are direct enough. Sometimes also, when a charge upon a com­modity is not of such a figure as to be easily divisible among the ordinary units of retail consumption, so that it can be passed on to a consumer of the articles in the form of an increased price, it may remain fixed upon those who first pay it, at least for a time. This is supposed to have actually happened with the increase of the beer duty in the British budget of 1894 by 6d. per *barrel—*a sum which would not when divided by the pints in a barrel amount to the smallest coin of the realm. When the multure tax, a tax upon milling grain, was imposed in Italy many years ago, it was found that no corresponding increase took place in the price of flour and bread. The trade fell into the hands of the millers on a large scale, who paid the tax out of their increased profits from larger business, while the smaller millers were crushed out; so that this was mani­festly the case of a tax, so called indirect, where the whole burden really fell on those who paid the charge in the first instance, and who in theory were supposed to pass it on to others. Even in the case of indirect taxes, therefore, there are important exceptions to the rule that they arc indirect.

The division of taxes into direct and indirect is thus based on no real intrinsic difference. It is a classification for con­venience’ sake, adopted upon a rough observation of conspicuous, or apparently conspicuous, differences in the mode of levying taxes, and nothing more. The division, nevertheless, cannot be passed over without mention, as it is not only a common one in economic writing, but it figures largely in budget statements, financial accounts, and finance ministers’ speeches—especially in the United Kingdom and France. In the United Kingdom the distinction has been made familiar by free-trade discussions. Direct taxation in the shape of income tax was substituted for indirect taxation previously levied, in order to relieve trade from the shackles of duties and charges which had become all- embracing. In France the direct taxes above referred to are described officially as direct, having been originally, there is little doubt, the main sources of government income; and there is equally an official designation of certain heads of revenue as *“ contributions et taxes indirectes."* Recently in budget debates in England there has been much comparison of the amounts yielded at different times by direct and indirect taxes respectively.

Other general classifications of taxes have also been attempted, as, for instance, taxes upon real property, and taxes upon personal property, and so on. Classification is indeed only too easy. Applying a characteristic common to some taxes, we can make a group of them, and set them against a group of all the other taxes lumped together. Such classifications are, however, uninstructive, and it has been found practically necessary in financial writing to take the principal taxes by name, or by such a general grouping as that of import or stamp duties, and then describe their nature, characteristics and incidence. In this way each country has a grouping of its own, though there is a common likeness, and the experience and practice of one country assist the financial study of another. As Adam Smith remarks, there is nothing in which govern­ments have been so ready to learn of one another as in the matter of new taxes.

*Descriptions of Taxes.—*Following the practice of authors on finance, we may give a short account of the principal taxes in the United Kingdom, with references in passing to points of comparison or contrast with the taxes of other countries. See, however, also the article on English Finance.

The income tax (q.v.) for many years has been the most prominent, and latterly it has been the most productive, single tax. Its technical name is the property and income tax, but it is essentially a charge upon all incomes or profits, whether arising from property, or from the remuneration of personal services, or from annuities, income being applied with the widest possible meaning. As originally instituted in April 1798, during the great war with France, under the name of a “ tripli­cate assessment,” it was rather a consolidation of various assessed taxes levied upon the luxuries of the rich and upon property, than a wholly new tax. In December of the same year this impost was repealed, and a true income tax of 10 per cent, established on all incomes over £60, with abatements between £60 and £200. It was intended as a temporary tax for war purposes only, and was repealed in 1802, but was re­imposed when the war recommenced in 1803, with the limit of abatement reduced to £150. So odious was it that parlia­ment in 1815, when the war came to an end, ordered the destruc­tion of the documents relating to it. Its efficiency as an instru­ment of producing revenue was, however, so great as to lead to its revival in 1842, when Sir Robert Peel inaugurated his great free-trade reform and swept away duties on exports, duties on imported raw material, and other imposts hampering the trade of the country. The intention again was that the tax should be temporary, but although the free-trade work was practi­cally completed in the early ’sixties, and Mr Gladstone went so far as to dissolve parliament in 1874 with a promise that he would abolish the tax if his party were returned to power, it has become a permanent impost. The reasons are that with the tax at a low rate it has been found much less intolerable than during the Napoleonic War, when it was at the rate of 10 per cent., while the pressure of the tax has also been greatly mitigated by placing very high the minimum income subject to it, and giving abatements upon the lower taxable incomes. These expedients have since been carried much farther. The tax, if kept at a low rate, undoubtedly fulfils a useful function as a revenue reserve for emergencies, on account of the ease with which it can be put up and down without disturbing trade. But in recent years, by rising to the rate of 1s. 2d. per £, it has been felt more heavily, and at this height is decidedly less elastic. As regards this tax at least there is no question of its “ directness ” in a sense, as it is so contrived that it can hardly be passed on by those who are struck at, though they are not always the same as those who pay in the first instance, as has already been pointed out. There have been great complaints also of injustice by the possessors of temporary and precarious incomes, who have to pay the same rate of tax as the owners of permanent incomes from property, although these complaints have been diminished to some small extent by the raising of