stranger who has no right in the matter except that which the state gives him, so that it is hardly a tax at all, as the word is usually understood; but when the estate is received by the near relatives of the deceased who were subsisting upon it even before his death, it is undoubtedly felt as a tax by them, and operates as a tax. It is even at times a very burdensome tax, falling upon a family when its sources of income are other­wise diminished, while it has the demerit of striking a small number annually instead of being diffused equally. Death duties also raise the question as to their being taxes upon capital. They are of large amount, even at the lowest rates of 1 to 4 per cent, upon the capital charged, and they have to be paid at such times as to cause their being paid out of capital and not out of income, so that their tendency is to diminish the capital available for productive enterprises.

*Local Taxation.—*Besides the above revenue from taxation for imperial purposes, large amounts are raised for local pur­poses. The local authorities derive a large income from private property, and from monopolies such as water, gas, electric light, telephones and tramway service, which they carry on, and on which the same observations may be made as on the post office and telegraph services; but in addition there is a large amount of taxation. The principal portion of this taxa­tion consists of rates, that is, a direct charge upon the income or rental of real property, such as lands, houses, railways and mines, but mainly lands and houses. Rates are even a more important factor in direct taxation than the income tax, and they have given rise to even greater complaints and discussion. In 1896 a special royal commission was appointed, under the chairmanship of Lord Balfour of Burleigh, to consider the problems of the rates; it made several elaborate reports, the final one appearing in 1901. The most important questions raised in a scientific view' appear to be the misconception of the whole problem of local taxation by governments. Rates were originally imposed, there is little question, when the intention was to tax all local incomes equally, and this is still the intention in the local taxation of the United States as well as the United Kingdom. Rates were imposed, therefore, on all kinds of property and the income arising from them, just as they are imposed in the United States on the capital of the property itself. But it has been found in practice that for various reasons only real property, which is visibly local and cannot be moved away, can be assessed and made to pay. The owners of real property, however, continually urge that they are unfairly treated, and that other property should be rated. Next there has been misconception, arising from the same cause, in the constant attempt to charge the occupier of lands and houses with rates, although the real effect of the rates must be, as a rule, to diminish the value of the property affected like an old-established land tax, so that rates, properly speaking, do not fall upon either owner or occupier. It would be hard, however, to persuade the mass of occupiers in England that they do not pay the rates, so that the expedient of dividing the rates between owner and occupier, though it cannot affect their real incidence to a substantial extent, constantly finds favour. The confusion has been further increased of late years by attempts, as far as towns are concerned, to find a new sub­ject of taxation in what are called *site values,* as if rates them­selves were not in reality an appropriation by the state of a portion of the whole value of the property, subject to which all the other interests exist. It would be impossible here even to state all the questions that have arisen about rates; but the essential confusion caused by the neglect of practical men to study the natural history of taxation, as it may be called, must be obvious to every student. The frank recognition that local income taxes are impossible, and that taxation on property for local purposes can only be applied to real property, where it becomes, usually or frequently, in the nature of a rent-charge, would have saved the legislature and the public an infinity of laborious discussion.

Other taxes for local purposes comprise dues and tolls, such as harbour dues, where the money is required for such a definite purpose as a harbour, maintained at the expense of the traffic accommodated. Here again the question arises as to whether the tax is a mere compulsory charge or payment for a service rendered. Among these tolls may perhaps be included some charges in the nature of *octroi* dues, imposed on commodities entering a town, but not to a great extent. Such dues, in the nature of customs, are very common in continental cities, and yield large revenue to the local authorities, although they have been very generally, if not quite universally, abolished in the United Kingdom. They have been regarded with much dislike by most economists, and some dues of the kind which existed in London, viz., dues on coal and wine imported, and metage dues on grain, were much imposed until their final abolition in recent years. When of moderate account, however, dues of this sort appear no more objectionable than harbour dues already mentioned, or any other moderate charges on transac­tions. If of large amount and very numerous, they hamper trade, as all taxation tends to do, but that is no reason for condemning them specially when the choice lies between them and other forms of taxation.

In addition, we have to notice certain taxes which up to 1910-11 were levied by the British government and distributed to the local authorities, just as in France the government levies certain direct taxes, or *centimes additionnelles,* added to its own direct taxes for the benefit of the local authorities. These taxes were additional beer and spirit dues (customs and excise), excise licences, and share of probate and estate duty. The remarks already made on the corresponding taxes levied for imperial purposes of course apply to these. Exceptionally, it may be added, as regards the licence taxes, which occupy quite an inferior place in the British system of taxation for imperial purposes, that the question whether some of them are not really direct in their incidence on the first person charged may also be raised, although they are classed with indirect taxes. Many of the licences are those of brewers, distillers and publicans, and others in trade, and are paid out of the general profits of the business, so that they can hardly be passed on to the consumers, while other licences are for shooting, for employ­ing carriages and men-servants, and for similar objects, where the charge on the payer is direct. This may be the place to mention that in other countries, as in France, the licence duties on traders are more general than in the United Kingdom, and are levied on an elaborate scale, according to the size of popula­tion of the town where the business is carried on, and the rent paid for the premises. They take the place, to some extent, of the income tax, and are usually classed with the direct taxes.

The peculiarity of taxes which are levied by the imperial authority and distributed among the local authorities for dis­bursement deserves notice. There must be a general cause for such an arrangement when we find it to have been in existence in France and other countries, and to have been introduced into the United Kingdom. And this cause no doubt is the need of the local authorities, and the difficulty of letting them have taxes of their own to levy which do not interfere with the imperial monopoly. The arrangement is obviously objec­tionable on the score of its conducing to local extravagance, as local authorities are not likely to be so economical with money that comes to them from the outside, as it were, as they would be with money directly taken from their own pockets. Local authorities receive other subventions and aids from the central government besides the proceeds of these taxes, so that their appropriation for local needs is related to a large question which belongs, however, to the general subject of local government, and not so much to the special subject of taxation.

*Incidence of Taxation.—*In describing the principal taxes which are employed in the United Kingdom to provide for the national expenditure, observations have necessarily been made upon the incidence, probable or assumed, upon the tax­payer, and on the question how far they may fall equally on the whole community without any special incidence being traceable. The incidence of taxation is, however, a special subject for discussion, and is connected with , various large