die consumption of the labouring class, or on those exclu­sively consumed by the higher classes. But before pro­ceeding to inquire into the influence of particular taxes, we shall make a few observations on the following maxims laid down by Dr Smith with regard to all taxes, and which are drawn up with singular judgment and comprehension.

*First* maxim. “ The subjects of every state ought to contribute towards the support of the government, as near­ly as possible in proportion to their respective abilities ; that is, *in proportion to the. revenue which they respectively enjoy under the protection of the state.* The expense of go­vernment to the individuals of a great nation is like the ex­pense of management to the joint tenants of a great estate. In the observation or neglect of this maxim consists what is called the equality or inequality of taxation.”

*Second.* “ 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. When it is otherwise, every person subject to the tax is put, more or less, in the power of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, by the terror of such ag­gravation, some present or perquisite to himself. The un­certainty of taxation encourages the insolence and favours the corruption of an order of men who are naturally un­popular even where they are neither insolent nor corrupt. The certainty of what each individual ought to pay is, in taxation, of so great importance, that a very considerable degree of inequality, it appears, I believe, from the expe­rience of all nations, is not near so great an evil as a very small degree of uncertainty.”

*Third.* “ Every tax ought to be levied at the time and in the manner in which it is most likely to be convenient for the contributor to pay it. A tax upon the rent of land, or of houses, payable at the same term at which rents are usually paid, is levied at the time when it is most likely to be convenient for the contributor to pay, or when he is most likely to have wherewithal to pay. Taxes upon such consumable goods as are articles of luxury are all finally paid by the consumer, and generally in a manner that is very convenient for him. He buys them by little and little, as he has occasion to buy the goods ; and as he is at liberty, too, either to buy or not to buy as he pleases, it must be his own fault if he ever suffers any considerable in- conveniency from such taxes.”

*Fourth.* “ 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.” *(Wealth of Nations,* M’Culloch’s ed. 1 vol. 8vo, p. 371.)

A system of taxation may be pronounced to be good or bad, according as it approaches to or recedes from these maxims. For example, the great defect in the system of taxation in France under the old *regime,* consisted not so much in its magnitude, or in the oppressive manner in which it was collected, as in its inequality. Instead of all the citizens contributing to the wants of the state in pro­portion to their respective abilities, those who had the largest fortunes, and who consequently derived the great­est advantage from the security and protection afforded by government, were entirely relieved from the burden of di­rect taxation. The nobility and clergy, while they en­grossed every situation of power and emolument, were, in as far as possible, exempted from taxation. And it is no •longer a question, that the disgust occasioned by this in­equality of taxation, the impatience of the feudal privileges of the nobility, and the desire of equal rights, were the leading causes of those revolutions which have made so much havoc amongst the ancient institutions of the conti­nent.

The system of taxation generally established in eastern countries has the defect of not corresponding with the se­cond maxim laid down by Smith. The amount of the con­tribution is fluctuating and arbitrary, not fixed and certain. In despotic countries, all the agents of government are despots in their own peculiar sphere ; and though the sum demanded by the sultan should be defined and ascertain­ed, there are no limits to the extortion and rapacity of his agents. An individual who has paid the tax imposed by the sultan has no guarantee against being called upon to pay three or four times as much to the pacha of the pro­vince. The security of property is thus completely sub­verted ; and the arbitrary nature of the public burdens is entirely destructive of that spirit of industry which might have supported and extended itself under a far greater weight of equable and well-defined taxes.@@1

The establishment of the *warehousing* system, or the granting of liberty to the merchant, on payment of a mode­rate rent, to deposit his imported goods in public warehouses, under the king’s lock and his own, without being obliged to pay the duties until he find it convenient to withdraw them, has made a large branch of our taxation corre­spond very closely with the third maxim laid down by Smith ; that is, it has made a large class of duties be levied at the time and in the manner most convenient for the contributors. Previously to the act of the 43d of George III., establishing the warehousing system, the customs-duties on imported articles, which amount to a very large proportion of the public revenue, had either to be paid at the moment when the goods were imported, or a *bond,* with sufficient security, for their future payment, had to be given to the revenue officers. The hardship and incon­venience of such a system are obvious. Sureties were often difficult to be obtained, and the merchant, in order to raise funds to pay the duties, was frequently reduced to the ruinous necessity of selling his goods immediately on their arrival, when perhaps the market was already glutted. Neither was this the only injury entailed on the country by such a system ; for the duties being payable at once, and not by degrees, as the goods were sold for consumption, their price was raised by the amount of the profit accruing on the capital advanced to pay the duties. Competition, too, was diminished in consequence of the greater com­mand of funds required to carry on trade under such dis­advantages ; and a few rich individuals were thus, in a great measure, enabled to monopolize the business of im­porting commodities charged with heavy duties. The system had, besides, an obvious tendency to discourage the carrying trade of the country, and to endanger the se­curity of the revenue. For the necessity of paying import duties even on those commodities which were destined for re-exportation, deprived us of all chance of ever becoming considerable as an *entrepôt;* by preventing the importation of most foreign commodities, except those colonial products of which we had a monopoly, that were not likely to be speedily required for home consumption ; at the same time that the difficulties attending the granting of a really equi­valent drawback to the exporters of such as had paid the duty, opened a door for the commission of every species of fraud.

Sir Robert Walpole appears to have had a very clear conception of the injurious consequences of this system ; and it was the object of tire famous *Excise Scheme,* pro­posed by him in 1733, to allow the importers of tobacco and wine to deposit them in public warehouses, and to re­lieve them from the necessity of paying the duties chargeable on these articles till they withdrew them for home

@@@\* For a good account of the effects of the arbitrary nature of eastern taxation, see Volney, *Voyage en Syrie,* tom. ii. cap. xxriii. xxxvii.