

cents a pound and 50 per cent additional, this as under the Tariff as it was 1874-83; but all these 18 articles were put in 1883 at "pound 30 cents, and 50 per cent."

9. What are the economical reasons for an EXCISE or INTERNAL-TAX in connection with Tariff-taxes for revenue? A tariff-tax, whether for revenue or other purpose, raises the price by so much of the article subjected to it and actually imported; now, if similar articles of the same quality be made or grown at home, and be not subjected to a corresponding tax, these will inevitably rise to the price of the foreign, with the tariff-tax added, for there is no possible competition or conceivable impulse that can keep it lower than that; so that, in that case, the government gets in revenue, only the taxes paid on the part imported, while the people are compelled to pay in addition virtually the same taxes on all that part produced at home. Why should not the government have the proceeds of the last as well as of the first? The last is the direct result of the first. If now, a corresponding excise-tax be put on the domestic product also, the government will get in revenue all that the people are obliged to pay in consequence of government-tax. This is just: the other is wantonly unjust.

Take an illustration, please. The national Census of 1890 gives the Pig-iron production of the Census year as 9,579,779 tons of 2000 lbs. each. This is an increase over the production of the Census year, 1880, of 255 per centum, — 3,781,021 : 9,579,779. Fortunately the present Census adds the net imports for the two years respectively, with these results: the *per capita* consumption of Pig-iron in 1880 was 196 lbs., of which 126 was home production, and 70 of foreign import; while in 1890 the consumption was 320 lbs. *per capita*, of which 299 was domestic, and 21 foreign. That is to say, in 1880, 65% of the pig-iron con-

sumed in this country was of home production, and 35% was of foreign production. At that time the tariff-tax on imported pig was \$7 per ton. Government secured this tax on a little more than one-third of what was consumed, while a small circle of citizens banded together for that purpose secured for themselves this tax on the remaining two-thirds of all pig-iron consumed that year, and the whole people paid the tax on the entire three-thirds. As we shall see fully a little further on, our national Government has no constitutional or other right to tax the people one penny except to supply its own needs as such; if, therefore, the \$7 impost per ton were put on as a legitimate tax, there should have been an *excise* or internal-tax to the same amount put on the pig-iron produced at home. That would have cost the people no more, and the Government would have gotten twice as much more as it did get from the tax. If there be an axiom in Taxation, one point indisputable by any rational human being, it is this: *The Treasury should receive all that the people are made to give up under a public tax.*

In 1890, this particular matter came to be much more flagrant. Only 21 parts out of 320 parts were in that year foreign pig-iron; that is, a little less than 7%, while 93% was domestic pig-iron; the tariff-tax at that date was .3 of a cent per pound, or \$6.72 per ton of 2240 lbs.; the tax was sufficient practically to exclude foreign pig, although the Scotch pig as more fluent is very much desired here in some branches of the iron manufacture, particularly in making steel rails; Government received the proceeds of its own tax on only one-fourteenth of that, which really paid the tax on its whole fourteen-fourteenths; where did the tax on the thirteen-thirteenth go to? If this were a matter of genuine taxation, ought there not to have been an *excise* on the domestic corresponding to the *impost* on the foreign?

Precisely that is what we do in the case of other articles not *protectionized*. For example, in the fiscal year 1889, the excise or internal-tax on "distilled spirits and wines" realized to the Treasury \$74,312,200, and the tariff-tax on the same realized \$7,123,062, total, \$81,435,268; on "malt or fermented liquors" the same year, the excise was \$23,723,835, the impost only \$663,337, total, \$24,387,172; and on "tobacco" the excise was \$31,866,860, the impost \$11,194,486, total, \$43,061,346. These figures are official.

An ostentatious display of private figures and price-lists is often made, with a design to show that the prices of home-made products protectionized are not lifted so high to consumers or buyers as those of foreign-made products with the tariff-taxes added. The main sophistry in these figures is this: the pure assumption, that the *quality* of the home-made products alleged to be cheaper than the tax-added price of the foreign, is *the same* as that of the foreign. Unluckily, things are often called by the same names, and even described by the same technical terms, which are very different sorts of things in reality. A subordinate sophistry in these figures, often allowed to pass, but not requiring any sharp insight to detect, is, that the selected price-lists are not the results of an average extending throughout years, but are *picked* at points when (owing to other causes than the taxes) the current prices of protectionized home products are lower than the average of the years. One easy way to expose the putters-forth of these figures, as not themselves really believing in them, is, gravely to propose to lower or remove the tariff-taxes, which (it is alleged) do not have the effect to lift much, if any, domestic prices. This simple experiment has several times been tried, with ludicrous effect upon the figure-mongers; they cannot spare one iota of present taxes on foreign products: if the smallest fraction be removed, they

can no longer make and vend their wares; indeed, heavier tariff-taxes are needed at this very moment, in order to lift the domestic prices higher; and, presto! another set of figures are forthcoming at once to prove the disabilities, either in respect to Labor or Capital, under which the poor protectionized producers are staggering in order to keep the home market!

Another complete refutation of the false position of the protectionists, namely, that the domestics are not lifted in price on the average to the price of the foreigners of the same quality with the tariff-taxes added, is their utter failure and inability to project any reason in the nature of things or the motives of men, why *the home-prices should not be thus lifted!* What impulse, pray, on the earth or under the earth, can serve to depress them on the whole average *below* that point? Does any one say, that "domestic competition" will depress and keep depressed the prices of home goods of the same grade below the prices of the foreign taxes paid? Did this astute objector ever hear of "domestic combination" to keep prices up to the highest possible point? To shut down mills and factories, to avoid depressing prices? To sell surplus stocks abroad for what can be gotten for them, in order to make prices at home up to the usual scarcity point? In July, 1890, the Boston Commercial Bulletin, the special organ of Protectionism in New England, and special spokesman for the wool-and-woollens industry, spoke thus of that industry, after 30 years of public hiring the growers and manufacturers to carry it on with a *bonus*, just at a time when the worsted tariff-taxes had been advanced, alleged custom-house frauds stopped, and still higher tariff-taxes on their way from the so-called McKinley Bill in Congress: "*The woollen goods industry was probably never in much worse condition in this country. The slowness of its development may be judged*

from the fact, that, despite an average yearly increase of over a million in population, the increase in the number of wool cards in this country is less than a hundred a year, while the proportion of woollen machinery shut down between June 1 and September 1 bids fair to be the largest ever known. The market is dull, deadly dull. The large amount of silent machinery is making its presence felt. The sluggish sales of wool are due to most of the big mills being closed. Depression in business is the cause of so many woollen mills closing, and the news comes this week of four woollen mills, three in the Bay State and one in Pennsylvania, that will close for periods ranging from two weeks to several months."

Not only is it true, that the purpose and usual effect of tariff-taxes is to hoist the price of domestics protectionized up to the limit of the corresponding foreigners with the taxes added, but it sometimes happens that the home products are carried for considerable periods at a level a good deal above that. A conspicuous instance of this, commented on at the time by all the Boston papers, was brought to notice a couple of years ago in connection with the steel beams purchased by the city for the new and noble Boston Court-House. The beams were bought in Belgium at \$28 a ton, paid at the Boston Custom-house "*one and one-fourth cents a pound,*" that is, just \$28 a ton, making their cost to the city \$56 a ton. But domestic steel beams of the same general description were selling here at \$73 a ton. Their price had been raised here twice in one summer, about fifty cents a ton each time. One of the conglomerated curses of cutting off by law the natural competition in such products is, that the unnatural competition still permitted by law is sluggish in coming into operation, and the monopoly becomes even more such than was intended by the law.

The tariff-tax on steel rails is \$17 a ton, formerly \$28 a ton, proposed in the McKinley bill to be reduced to \$11.20

a ton. That even this last is wholly needless, or any tax at all on steel rails, is proven by the fact, that in March, 1890, Pittsburg rail-makers sold 5000 tons of rails at Vera Cruz at lower prices than the corresponding European rails were offered for in Mexico. Another fact that proves the same thing is this: James M. Swank, the mouth-piece of the Pennsylvania iron and steel interests, describes the year 1885 as one of unprecedented prosperity in the steel-rail industry, and gives a formidable list of new establishments opened in that year. But steel rails were much lower in that exceptional year than in any year before or since. A tariff-tax of \$5 a ton would have been in that year absolutely prohibitory, for steel rails were worth less than \$28 a ton the greater part of that year. Yet that very year was the year of greatest prosperity, Mr. Swank being the competent witness! But the fact in general, which ought to overwhelm the iron and steel protectionists with confusion, if they were capable of any such emotion, is, that iron and steel in every form of both, owing to the unprecedented bounty of God to this good land, costs less both in labor and capital here than in any other country in the world. The official figures of the current Census demonstrate this, authentic statements of practical operators at the iron mines and furnaces and foundries throughout the Tennessee Valley confirm it, and there is not one particle of evidence to the contrary of any name or nature.

Let the reader notice carefully the following quotation from a private letter to the writer, dated July 30, 1890, written by a graduate of this college, in whom all who know him have the fullest confidence:

"We began to open the mines here just three years ago this Fall, and began shipping the following Spring. Our price for the ore was then about \$1.50 a ton, depending on the analysis. We mined in the old-fashioned way — with picks

and shovels — and I am safe in saying it cost us all we got for it. I know I was continually making drafts on my father to keep me out of debt. I did not figure on the cost at that time — I was afraid of the figures. My only thought was how to reduce the cost. We had a Steam Shovel in Pennsylvania, and I got my father to send it to me for trial in this ore. We found we could use it to advantage by using also plenty of powder, and I was soon able to buy the second shovel. Of course that reduced the cost of production still lower, and as there was a market for all I could do, I got the third, and am now putting in the fourth, and the fifth is bought and to be delivered inside of 60 days. This doubling up of the shovels made me get locomotives to carry the ore in the mines instead of mules. I have now two locomotives. You will understand how it would make a saving at that point. It would require 15 mules to do that work, and it could not be done so promptly.

During the month of May we shipped about 14,500 tons with the use of three shovels, and at a cost per ton for labor and fuel and powder of 33 cents. We have reduced the cost on a week's run, in good weather and with no lack of empty cars, to 29 cents, but it never came lower on the month's average than 33. I expect this Fall, with five shovels instead of three, and two locomotives instead of one, to lower the cost of production.

Our average price at the mines is \$1.20; we sell some higher. I have just now taken a contract for 40,000 tons to be delivered between now and the 1st of February, 1891, at \$1.12½. This is the lowest contract price we have ever made, and likely that has ever been made in this locality; but I did it to get into a different market. That ore is to go to Nashville — a distance of 120 miles. The reason for cutting the price to get the increased quantity I will not need to explain to you. You taught it to me. The freight to Nashville is

75 cents. To our other furnaces in Alabama, at Sheffield and Florence, the freight is only 35 cents. What other contracts I have at present are at \$1.25.

With three shovels we make from 600 to 800 tons a day. With one shovel we made from 150 to 250 a day. The variation from day to day depends on the quality of the material we handle.

The ore is all washed and picked and screened before it is loaded on the cars. A very important part of the work is the work done in the washer. It requires very expensive machinery, and the wear and tear is enormous.

We pay unskilled laborers ten cents an hour, skilled men as high as twenty-five. We work eleven hours a day. Our general foreman gets \$100 a month."

Sugar and Molasses brought in through the tariff in the fiscal year 1889, \$55,995,137. The quantity of domestic sugar and molasses relatively to the quantity imported is so small, that an excise upon it in accordance with the general principle of these paragraphs is not worth while, but would be far more just and rational than to offer bounties to the domestic producers out of the taxes paid by the consumers of foreign sugar. A "bounty" in this sense is at once an abuse of a good word, and an abomination in point of fact. For any Government, which is nothing but a Committee of all the citizens to attend to certain joint concerns of all, to abstract money through taxes from the pockets of a part of these citizens in order to reward another part for carrying on an unprofitable branch of business, is something equally repugnant to Economy and Equality.

10. What, then, is the BOTTOM-PRINCIPLE in the Mode of Taxation? It is this: *Relatively low taxes so adjusted on comparatively few things as not to disturb natural prices.* The principle is simple: the problem is difficult; but wonderfully less so the moment all attempts are given up to

foster any branch of industry whatever. Our legislators are not called upon to foster any industries. It is out of their beat. They cannot permanently do it, if they try; and they do immense harm while they try. Their "bounty," instead of being a gift, as the word imports, is a haphazard bestowment of other people's money extorted from them by public taxes. The problem becomes simpler every year of public experience under the practical design of so laying the public burdens as to realize to the Treasury the most money with the least possible interference with what would otherwise be the on-going of Exchanges in all directions. So relatively simple and easy has the English taxing system become, under this one leading design, that Gladstone performed without difficulty the functions of Chancellor of the Exchequer in conjunction with the far more arduous and complicated duties of Prime Minister.

Low taxes on few things. The opposite of this principle at either of its two points becomes at once pernicious. High taxes in general prevent exchanges altogether, by cutting in too deeply in the gain of them, which is the sole motive to them; high imposts prevent importations, and of course destroy the profitable exportations consequent to, and conditioned on, such importations; high taxes even on few things are apt to raise prices of other articles than those on which they are directly levied, and so become objectionable always, and unbearable whenever it is their purpose to raise such prices: taxes on many things, and even on few things every time they change hands, throw an indefinite burden on Exchange, whose weight cannot well be calculated beforehand, either by the consumer or by the government, through uncertainty as to the number of transfers. Once for all, and then an end. Exchanges are indeed the only legitimate subject of taxation, but not every specific and subordinate exchange. An attempt to tax all sales what-

ever was followed in Spain, and will be followed everywhere, by a sluggish indisposition to trade at all. Let the amount of the tax be definite, and let everybody be sure that when it is once paid government will produce no further claim, and industry will go along under heavy taxes better than under those nominally lighter to which uncertainty as to time or amount attaches. All the more advanced governments have been simplifying of late years their systems of taxation, and collecting their revenue at fewer points, and under more tangible conditions, in order to interfere as little as possible with a free industry and free exchange.

The subsidiary principle is important, namely, that all taxes should be collected by the government in as economical a manner as possible, inasmuch as all direct and indirect costs of collection are so much added to the burdens of the People. This covers two practical points: (1) the number and efficiency of the tax-gatherers, and the whole outward machinery of collection, such as the custom-houses, offices of internal revenue, and so on. These, as they concern the whole people equally, should be separated as far as possible from party politics, and the inevitable corruptions thereupon attendant. All the fiscal officers of the United States, from the Secretary of the Treasury down to the lowest tide-waiter, are liable to be changed every four years, and as a matter of fact are usually to a very large extent so changed, to the great detriment of the service and ultimate expense of the people, to say nothing of the moral losses and crevasses involved. (2) The tax-money should be kept out of the pockets of the people as short a time as possible, disbursement following quick upon collection. It is poor policy to gather taxes at the beginning of the year which will not be disbursed till the end of the year. Let the people use their funds till they are wanted at the

treasury; and if the taxes do not then come in as fast as wanted, it is better to issue what are called in England exchequer-bills, and in the United States certificates of indebtedness, to be redeemed at the end of the year from the proceeds of the taxes, than to let the people's money lie idle in the treasury. The Secretary of the Treasury should have nothing to do or say about the circulating medium of the country, or the loanable price of the units of it, under any circumstances whatever. He is neither competent enough in Knowledge nor enough established in Integrity to be trusted with any such functions.

11. Should there be any EXEMPTIONS from Taxation? If the necessities of the State require it, government has the right to demand from all persons who are capable of making exchanges, and who do make them, something in the form of taxes. But it is every way better, when possible, that people of very moderate means should be exempted altogether from direct taxes; and the payment of indirect taxes is a matter more in their own option, since they are at liberty to buy much or little of those commodities subjected to an indirect tax. In the State of Massachusetts, incomes not exceeding \$2000 are exempted by the law. If a house-tax should be levied, all houses below a certain grade of style and comfort should be exempted, and the tax pass up by easy gradations from those just taxed to the palatial residences of the rich. In the present age of the world, the well-to-do citizens of every country are able to bear without too great difficulty the burdens of the government, and nothing tests better the degree of civilization which a nation has reached than the care and solicitude it displays for the welfare of its poorer citizens.

12. Who pays the INDIRECT TAXES? At a court ball, Napoleon the First once observed a lady noticeable as

richly dressed and as wearing splendid diamonds, and on asking her name, found that she was the wife of a tobacco manufacturer of Paris; it occurred at once to the quick mind of the French ruler, that the State might just as well have those profits as an individual; and the sale of tobacco in all its forms became accordingly a State monopoly, which now yields about 400,000,000 francs a year. That is indirect taxation. So is the British and United States tariff and excise on tobacco. Producers and dealers and bankers and companies add the tax demanded from them, and sometimes more than the tax under color of it, to the price of their wares. But it is not true that they can always realize the whole of this enhanced price. Generally they can, sometimes they cannot. If the article be one of necessity, or a luxury that has become equivalent to a necessity, and there be no other source of supply than the taxed one, then, as a rule, the tax falls wholly on the consumer, and is a matter of indifference to the producer or dealer. But the usual effect of an enhanced price is to lessen demand, and if the article is dispensable, or its consumption can be lessened, or it can be obtained elsewhere, the market will be sluggish under the tax, and producers or dealers will be likely to tempt it by lowering prices, in other words, by sharing the tax with consumers, and paying that share out of profits. This is the principle. Producers and dealers would rather the tax were off. Consumers generally, but do not always, pay the whole of it.

13. What is to be said about the DIFFUSION of Taxes? David A. Wells, an admirable and indefatigable authority on all practical questions in Economics, though perhaps less skilled in scientific classification and generalizations, several years ago made somewhat prominent in public discussion the tendency of Taxes to *diffuse themselves*. Much more has been written about this than is actually

known about it. By Diffusion is meant that it does not make so much difference upon what or upon whom a tax is originally levied, because the tendency of things is to *diffuse it*, that is, to compel others to assist in paying the tax. The result of much personal reading and reflection on this point is the conclusion that taxes do not "diffuse themselves" nearly so much as has been sometimes supposed; and that, at any rate, it is a good deal better to take the taxes from those who ought to pay them, than to lay them at random, and then to trust some unknown forces to make them afterwards just. It is certain that *some* unjust taxes cannot be diffused; for example, the protective tariff-taxes paid by the farmers upon articles of necessary consumption. These taxes have no tendency to raise the price of the farmers' produce, for *that* is determined by the foreign market, to which large parts of the produce are exported. For such taxes the farmers cannot reimburse themselves. Taxes that affect no prices are the best of all; taxes that affect prices the least are the next best; and taxes that are *designed* to affect prices are the very worst.

14. What are the bearings of the UNITED STATES CONSTITUTION on the whole matter of Taxation in this country? We have now seen pretty fully, what the science of Economics has to say about the sources and modes and results of tax-laying: but we are bound to tell also, what the kindred but much less developed science of Politics, and particularly what the Constitution of the Fathers, has to say upon the same vitally important topics.

(1) The first power granted by the People to Congress, which is simply their agent, in that Instrument from which each of the three great Departments of Government derives all its authority, is in these words, exactly copied from the original and official parchment in every par-

ticular: "*The Congress shall have Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States.*" This grant of power, which stands first in order, is followed by seventeen other express powers granted to Congress in the same eighth Section of the first Article.

There never has been any difference of opinion, and there cannot be under such completely explicit language as this, among competent Statesmen and Commentators, as to the exact meaning of this clause, namely, Congress is given power to lay taxes in order to get money, with which to pay the debts and provide for the common defence and general welfare of the United States. That was the opinion and purpose of every member of the Federal Convention, that framed the Constitution in the summer of 1787; of Alexander Hamilton, who was first called on as Secretary of the Treasury officially to interpret it; of Daniel Webster, often called the "great expounder" of the Constitution; of John Marshall, the great Chief Justice of the Supreme Court; of Judge Story, the first copious and most distinguished commentator upon the Text; of George Bancroft and George T. Curtis, the learned and elaborate historians of the Text; and in short, of everybody else, who has earned any right in any way to have an opinion on any such matter of political interpretation.

Why, then, has there been from the first until now, a feeble flutter of butterfly wings around the clause, as if, somehow or other, it gave Congress by hook or by crook some power or other to do something *else* than to lay taxes in order to get money for the maintenance of the national Government? As if there lay concealed in the language somewhere a power to lay taxes for a purpose precisely

opposite to that expressed in the text, namely, *nominal taxes designed to prohibit any money being gotten under them?* And why did Hamilton himself, whose wings were those of an eagle, sweep low and hover uncertainly about these words, and so give color to the political historians of our time to say: "*Once more laying hold of the "general welfare" clause of the Constitution, Hamilton here argued, under color of giving bounties to manufactures, as though Congress might take under its own management every thing which that body should pronounce to be for the general welfare, provided only it was susceptible of the application of money. Though he limited this central discretion to the application of money, and stated some restrictions rather vaguely, the insidious tenor of his report was to show that the Federal power of raising money was plenary and indefinitely great.*"

The true answer to these questions is a point of Grammar. The simple English infinitive, unlike the simple infinitive of any other language with which the writer is acquainted, *often expresses purpose*, as well as the action of the verb without limitation of person or number; so that, it is perfectly good English to say, "To lay taxes to pay," when the only possible sense of it is, "To lay taxes *in order to pay.*" Greek, Latin, and German would use here with the infinitive the particle expressing the purpose: the English language does not. It is not true to say, that ambiguity enters this clause, through the common and elegant use of the simple infinitive in English to express the purpose; but it is true to say, that superficial confusion has entered here, and a mess of bad logic. What makes it absolutely certain, beyond the possibility of a controversy, that Congress can levy taxes only in order to get money by means of them, is, (a) that is the only English of the clause; (b) the "debts" of the United States can

only be paid in money; and (c) if this be *not* the meaning of the clause, its meaning must then be plenary, and there would be no need or place for the remaining seventeen powers, "and all other powers vested by this Constitution in the Government of the United States or in any Department or Officer thereof"; in other words, any other interpretation of the taxing clause than the plain one would destroy the Constitution root and branch; for, if Congress have the general power "to pay the debts and provide for the common defence and general welfare of the United States," all other possible powers are included in this, and President and Court disappear, and all other clauses of the Text are a nullity.

If the above course of reasoning be sound, and he would be a bold logician who should openly dispute it, then taxes laid for any other end than revenue are clearly unconstitutional. The Supreme Court has never passed upon this bald point, for it has never been mooted in this form; but one would think, there can be little doubt how the judges would decide in any "case" directly involving the constitutional power of Congress to levy prohibitory tariff-taxes, whose avowed or clearly inferrible design it is, *not* to get money with which to pay the debts and so on, but to cut off the possibility of getting any money thereby. The general trend of the decisions of the Supreme Court has wisely been, to leave in their interpretations of the Text the widest margin of discretion to the Legislative branch as to the best means of *raising* revenue; but when it comes to face the question of allowing as constitutional the best means of *preventing* revenue, — well, may we be there to see and hear!

(2) There are prohibitions on Congress in the Constitution, as well as powers conferred, and among these this: "*No tax or duty shall be laid on Articles exported from any*

State." This is a part of the third great Compromise of the Constitution, and was a concession to the southern and planting States to make more palatable to them the power "to regulate commerce," that was expected to be used (and was used) in behalf of the northern and navigating States. But the concession was more nominal than real, as the southerners found out in time to their vexation. To prohibit taxes on exports, and to leave in full vigor the power to tax imports, though consonant with the then prevailing delusion of Mercantilism, is no boon to commerce in general; because, any restriction on buying products is equally and instantly a restriction on selling products. Exemption from taxes on exports is a good thing in itself, but the only reason for selling exports is to take in profitable pay the imports naturally offered against them; and if these be restricted or prohibited, the restriction or prohibition applies instantaneously and inevitably to the would-be exports. A reasonable liberty of exporting is nothing, unless accompanied by a reasonable liberty of importing, because the imports pay for the exports and the exports buy the imports.

The southern States rejoiced for a time in this exemption-clause of the Constitution, for their rice and cotton and indigo found no obstacles in going out; but the only motive in sending them out was to buy something with them to bring back; and after the snare of Protectionism entangled the People in 1816, 1824, and specially in 1828, when the "Tariff of Abominations" was passed, the southern people saw only too distinctly, that taxes on imports which they wished to bring in were the same in effect as taxes on their own exports would have been. Mr. Calhoun and the others were effectually undeceived by the customary on-goings of commerce; and as the northern statesmen unwisely and unpatriotically deter-

mined to crowd this iron home in 1828, the party of the other part developed under great provocation the doctrines of Nullification and Secession, which have since caused a plenty of tears and bloodshed. One wrong ever begets other wrongs. The wretched Greed of one section of the country was own father to the wrongful Secession of the other section.

The Farmers of this country have often been congratulated on their privilege under the constitution of exporting their agricultural products without a tax. The congratulation is hollow. Of what use is it to go out free and come back manacled? The ultimate is always the return-service. The farmers are cheated. Their agricultural exports are falling off year by year solely in consequence of outrageous tariff-taxes on imports. In 1881, farmers' produce was exported to the amount of \$730,394,943, and that was not one-half what it would have been under a simple and adequate Tariff for Revenues; but in 1889, these exports only reached \$532,141,490, a falling off of nearly \$200,000,000. This decline was chiefly in meats and breadstuffs. No wonder the farmers have been complaining of terribly hard times of late years: no wonder they are organizing "Alliances" and other machinery for reaching a remedy: they must see clearly first where the disease lies: the truth is, they are tariff-taxed to death: their foes are they of their own household: Vermont, a purely agricultural State, is the only one in the Union, that has actually *retrograded* in property and population in the last census-decade: those excellent people have hugged the Tariff-delusion to their ruin; their senior Senator, whose name is unpleasantly connected with the national tax-laws of a generation, has never yet in the course of a long and reputable life gained a glimmer of the commercial truth, — if men *will* not buy they *can* not sell.

(3) The only other clause of the Constitution, which, as students of Taxation, we are bound to examine, is the following: "*No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.*" A capitation tax is a poll-tax, which may be easily "proportioned" to the Census. It is not clear, what is the meaning of the words "or other direct tax"; the Supreme Court early struggled with that question, to this apparent result, that *lands*, as the only form of property that can be "proportioned" in their appraised value to population with any considerable degree of accuracy, are the only "other" subject of "direct" Taxation. However this may be, it is of considerable consequence to note, that the term, "direct tax," as used in the Constitution, does not correspond in its meaning to the significance of the same term as employed in Economics. With us, a "direct tax" means one demanded from and paid by the person on whom it is ostensibly levied, and cannot be thrown off or forward on anybody else; while an "indirect tax" is one which can be so thrown off or forward.

Attention is called to the distinction here, in order to show that an Income-tax, while in the Economical sense it is a "direct tax," is not such in the sense of the Constitution. Objections were urged against the late Income-tax in this country, that it was a "direct tax," and so, because it could not be proportioned to the population, was unconstitutional. The point is not well taken. It remains, and will remain, after the most searching scrutiny, that an universal Income-tax, all other taxes being abolished, is the form most consonant with the principles of Political Economy, and not at all repugnant to the Constitution of the United States.

15. Finally, are there any hints and guides to thought

and legislation in the matter of Taxation through an extremely brief summary of the HISTORY of Taxes? So far as the Greeks are concerned, they showed a practical good sense in their laws of Property in general, and in their laws relating to Taxes in particular. The natural march of industry and commerce was not hindered by taxation: there was no forbidding the export of raw materials or specie; no favoring of manufactures at the expense of agriculture; no hint of the future Mercantilism in any efforts to preserve an artificial balance of trade; and no taxes on imports except for purposes of Revenue. These at Athens itself were usually 2% of the value of the goods, at the ports of her subject-allies 5%, and exceptional cases of higher rates than these were regarded as extortionate.

The Romans also were sensible and moderate in their modes of Taxation. They laid taxes for the sake of getting money for the public treasury, and had no other end in view. They knew nothing of what has since become famous under the name of "Protectionism." Their taxes were both direct and indirect, but especially the latter. The chief direct tax was the land-tax, that is, a claim to the tenth part of the sheaves and of other field produce, such as grapes and olives; and also pasture-money (*scriptura*) demanded of those who made use of the public pastures and woods. In Macedonia and the other larger Provinces, in lieu of the land-tax a fixed sum of money (*tributum*) was paid to Rome each year by each community in its own way. The grain-tenths and pasture-moneys were always farmed out to private contractors or companies on condition of their paying fixed quantities of grain or fixed sums of money. The chief indirect tax was customs-duties. There never was at any time a general tariff for the whole empire, but there were customs-districts, such as Italy, Sicily, proconsular Asia, the province of Narbo in