

The money-order business transacted with the British colonies and with foreign countries is about equal in importance, but the latter showed a far greater expansion in the years 1870 to 1876. The total number of colonial orders in 1870 was 143,211, transmitting £600,981; and in 1876 the number had risen to 145,838, but the amount fell to £572,752. On the other hand, the total number of foreign money orders rose from 47,431, transmitting £172,983, in 1870 to 211,163, transmitting £612,925, in 1876. In the case of both colonial and foreign money orders, the number and amount arriving from abroad are far greater than those sent away.

Post-office savings banks.

Savings Banks.—The post-office, besides issuing and paying money orders, fulfils the duties of a national savings bank, and also of an insurance institution, granting life insurance policies and annuities. The post-office savings banks, established by Act of Parliament in 1861, held a total amount of £26,996,550, standing in the names of 1,702,374 depositors, at the end of 1876. The proportion of depositors to population at that date was one to 15 in England and Wales, one to 71 in Scotland, and one to 87 in Ireland. In the whole of the United Kingdom it was one to 19. The average daily number of deposits in the year 1876 was 10,347, and the average amount standing to the credit of depositors, £15, 17s. 1d. It is a notable fact that, although the majority of depositors undoubtedly belong to the labouring classes, including servants, the transactions of the post-office savings bank are much larger in winter than in summer. The greatest number of deposits in the year 1876 occurred on the 31st January, when it reached 25,053, considerably more than double the average daily number. There were 5448 post-offices open as savings banks at the end of 1876. (See page 256 below.)

Post-office life insurance and annuities.

Life Assurance.—While the post-office savings banks proved a great success, ever growing, and evidently much appreciated by the public, the same cannot be said about the life insurance and annuity department. It showed some vitality in the first few years after its establishment, from 1865 to 1872, but after this date both the insurance and annuity contracts greatly declined. In 1872 the number of life policies granted was 757, insuring £55,982; while in 1876 the number had fallen to 270, insuring £22,875. During the same period the number of annuity contracts fell from 1057 in 1872 to 758 in 1876, the total receipts in the latter year, both for immediate and deferred annuities, not amounting to more than £111,775. The almost insignificant amount of the transactions seems to show that this department of the post-office has no vitality, the field being already fully occupied by private enterprise.

Postal telegraph system.

Telegraphs.—Subsequent to the establishment of the money order, the savings banks, and the insurance departments, a business of immense importance was added to the functions of the post-office in the control and management of all the telegraphs of the kingdom. It was not without much doubt and misgiving that parliament consented to add to the Government monopoly of conveying letters that of sending messages by electric wires; but after long discussions in 1866 and 1867, the system was approved of by the legislature the year after. An Act, 31 and 32 Vict. c. 110, authorizing the purchase of all the telegraphs by the Government, for the purpose of being added to the machinery of the post-office, was passed in the session of 1868, receiving the royal assent on the 31st of July. It was followed by another statute, 32 and 33 Vict. c. 73, establishing the monopoly. The chief reasons for passing the Act of 1868 were given in the preamble, which declared that "it would be attended with great advantage to the state, as well as to merchants and traders, and to the public generally, if a cheaper, more widely extended, and more expeditious system of telegraphy were established, and to

that end [it is recommended that] the postmaster-general be empowered to work telegraphs in connection with the administration of the post-office." It was stated in parliament during the debates on the Act that, under the then existing system of private telegraph companies, severely competing with each other for the most remunerative business, there were 700 towns in the kingdom having a surplus service, each being attended to by two, three, or more companies, with offices close together, in the central parts; while, on the other hand, there existed 486 towns with no telegraphic facilities, except, perhaps, that offered by the nearest railway station. It was this fact which weighed, more than any other, in giving the future control of the telegraphs to the post-office, to be worked as a state monopoly.

There were, when the Act of 1868 was passed, 13 telegraph companies in existence within the United Kingdom, including several which owned submarine cables for international service. There were, besides, 83 railway companies possessing electric telegraphs, for the use of the public as well as their own service. Altogether these 83 railway companies had constructed for themselves 5157 miles of lines, comprising 16,191 miles of wire, with 1226 stations for public use; while the 13 telegraph companies possessed 16,879 miles of land lines, made up of 79,646 miles of wire, besides 4688 miles of submarine cable, containing 8122 miles of wire imbedded, with 2155 stations. Under the Act of Parliament, only 3 telegraph companies, the Electric, the British and Irish Magnetic, and the United Kingdom Telegraphic, had specified sums allowed to them for their property, and with all the rest the purchase money had to be settled by agreement, if requisite through an arbitrator appointed by the Board of Trade. It necessarily took some time to settle these matters, which involved payment of over six millions sterling; but the task was accomplished, on the whole, with remarkable rapidity; and on the 5th of February 1870, the post-office commenced the working of all the telegraph lines of the United Kingdom.

The vast increase of telegraphic communication immediately after the new state organization, and its subsequent progress, is shown in the subjoined table, which gives the total number of messages forwarded from the year 1870—commencing February 5—to the 31st of March 1877, the last period comprising fifteen months, to bring, as previously explained, the postal accounts into uniformity with the general financial accounts of the kingdom:—

Year ended	Number of Messages.		
	England and Wales.	Scotland	Ireland.
31st December 1870	4,655,627	955,116	533,950
30th December 1871	6,300,867	1,305,596	800,328
28th December 1872	7,664,463	1,677,203	1,118,092
27th December 1873	8,963,818	1,942,610	1,280,731
26th December 1874	10,034,685	2,141,030	1,363,195
25th December 1875	10,775,279	2,272,465	1,434,996
15 months ended 31st March 1877	13,485,279	2,905,242	1,861,811

More than one-half of the whole number of messages of England and Wales forwarded by post-office telegraphs are metropolitan. The number of London messages was 2,462,039 in 1870, and rose to 4,398,262 in 1872, to 5,577,724 in 1874, and to 8,188,107 in the 15 months ended the 31st March 1877. The number of post-offices open for the transaction of telegraph business in the United Kingdom on the 31st of March 1877 was 3734, in addition to which messages were received at and delivered from 1636 railway stations. The staff exclusively engaged on telegraph duties numbered 11,654, comprising 21 superior officers, 6656 clerks, and 4977 messengers.

Working of postal telegraphs.

By the terms of the Act of 1868, establishing the system of postal telegraphs, all the railway companies retain the privilege of transmitting messages relating to their own service free of charge, on the wires running along their lines. To the public a uniform rate of transmission is charged, irrespective of distance. The charge was fixed, provisionally, at one shilling for every twenty words, and threepence for every additional word, the names and addresses of senders and receivers not being included in the number. The payments were originally made in postage stamps; but on the 1st of April 1876, distinctive telegraph stamps for the prepayment of messages were introduced. Forms of receipts for messages were brought into use on the 1st of February of the same year, but it was stated in the twenty-third report of the postmaster-general, dated August 4, 1877, that up to that time "very little use had been made" of this innovation by the public.

Receipts and expenditure of telegraph department.

The subjoined table gives the total receipts and the net revenue of the postal telegraphs, from their establishment, on the 5th of February 1870, to the end of the financial year 1876-77:—

Years ended 31st March.	Total Telegraph Revenue.	Telegraph Working Expenses.	Net Revenue.
1870 (2 months)	£ 100,760	£ 62,273	£ 38,487
1871	696,934	394,477	303,457
1872	751,611	591,776	159,835
1873	989,921	874,946	114,975
1874	1,083,466	967,790	115,676
1875	1,137,079	1,077,347	59,732
1876	1,276,662	1,031,524	245,116
1877	1,313,107	1,123,257	189,850

The total gross receipts of the post-office, from postage, money orders, and other sources, exclusive of telegraphs, in the financial year ending March 31, 1877, amounted to £6,017,072, and the total expenditure to £4,070,006, leaving a net revenue of £1,947,066. In the year 1840, the date of the introduction of the "penny post" and the establishment of the post-office on its present organization, the total gross receipts were £1,359,466, while the net revenue was £500,789. The gross receipts increased at a much larger rate within the period from 1840 to 1877 than the net receipts, which latter fell for some years, notably from 1867 to 1871, through great and costly improvements being made in the service. The chief branches of expenditure in the year ended March 31, 1877, were £2,046,065 for salaries, wages, and pensions; £779,632 for conveyance of letters and packets by mail boats and private ships; £684,465 for conveyance of letters by railways; and £171,370 for the same service done by coaches, carts, and other vehicles. The total expenditure of the money-order department in the year ended March 31, 1877, resulted, according to the report of the postmaster-general before cited, in a loss of £10,000, which deficit was expected to be greater in future years, owing to "the large increase in the number of inland money orders for small amounts, on which the commission is insufficient to cover the cost of the service."

Staff.—The total staff of officers and servants employed by the post-office at the end of 1876 was 45,024, inclusive of 11,654 persons attending solely to telegraph duties. Of post-office clerks there were at the date 3380; of postmasters, 13,447; and of letter carriers, sorters, and post-office messengers, 16,327. In London alone, the staff of the post-office comprised 10,380 persons, of which number 5500 were attached to the chief offices in St Martin's-le-Grand. In 1840 the total number of post-offices in the United Kingdom was 4500; and at the end of 1876 they had increased to 13,447, besides which there were 10,724 road letter-boxes. It is now an established

fact that not any other Government department of modern times has succeeded like the post-office in the double task of augmenting the welfare of the nation and at the same time increasing the public revenue.

IX. National Revenue and Expenditure.—Taxation.

The finances of no European state are in a more admirable condition than those of the United Kingdom. Not only is the national revenue, requisite to meet the expenditure, raised with the utmost facility, but for many years the balance of them has been complete, an annual surplus being the rule, and a deficit the exception, in most financial periods. In the half century intervening between the years 1827-28 and 1876-77, both the expenditure and revenue rose to but a comparatively small degree, far below all proportion with the vastly increased wealth of the nation during the same period. In the financial year 1827-28 the total public revenue amounted to £54,932,518, and the expenditure to £53,800,291; while in the financial year 1840-41 the total revenue was £47,433,399, and the total expenditure £49,285,396. Thus, in the course of thirteen years, the fiscal burthens laid upon the population, augmented by nearly two millions in the meantime, instead of being increased, had been greatly lessened. Subsequently, from 1841 to 1877, a gradually increasing expenditure took place, together with a rising public revenue; but the upward movement was slight, and much below the growth of the population in numbers, and, still more, in wealth. At the end of the next decennial period, in the financial year 1850-51, the total revenue had risen to £53,057,053, and the expenditure to £49,882,322; and at the end of another decennial period, in the financial year 1860-61, the revenue stood at £70,283,674, and the expenditure at £72,792,059. At the end of the next decennial period, in the financial year 1870-71, the total revenue had fallen to £69,945,220, and the expenditure to £69,548,539. During the whole of the thirty years from 1840-41 to 1870-71, there were but few annual periods without a surplus of revenue over expenditure.

The subjoined table shows the total revenue and the total expenditure of the government, together with the proportion of receipts per head of population of the United Kingdom, in every fifth financial year from 1841 to 1871, and each year thereafter to 1877. Up to 1854, the financial years ended April 5; but, commencing from 1855, the financial years ended March 31. Till the year ending March 31, 1856, the net revenue and expenditure were always given in the official returns; but, commencing with the year ending March 31, 1871, the accounts furnished, more correctly, the gross expenditure and revenue, the latter including charges for its collection:—

Years ended April 5th and March 31st.	Total Revenue.	Total Expenditure.	Proportion of Revenue per Head of Population of United Kingdom.
1841	£ 47,433,399	£ 49,285,396	£ s. d. 1 15 9
1846	52,009,324	49,628,724	1 17 5
1851	53,057,053	49,882,322	1 18 6
1856	65,704,491	88,428,345	2 10 7
1861	70,283,674	72,792,059	2 8 10
1866	67,812,292	65,914,357	2 5 1
1871	69,945,220	69,548,539	2 4 5
1872	74,708,314	71,490,020	2 7 3
1873	76,608,770	70,714,448	2 8 2
1874	77,335,657	76,466,510	2 8 2
1875	74,921,873	74,328,040	2 6 3
1876	77,131,693	76,621,773	2 7 1
1877	78,565,036	78,125,227	2 7 6

The largest surplus in the course of the thirty-six years from 1840-41 to 1876-77 occurred in the financial year VIII. — 31

Surplus and deficit periods.

1869-70, when the excess of revenue over expenditure amounted to £6,569,500, and the next largest in the financial year 1844-45, when the excess of income over expenditure was £6,342,436. On the other hand, the greatest deficit showed itself in the financial year 1855-56, when unforeseen war expenses brought the revenue below the expenditure to the extent of £22,723,854. The fifteen years from 1863 to 1877 showed all, with the exception of two, 1868 and 1869, a surplus of revenue over expenditure.

Sources of revenue in 1876-77.

The following table gives the official account of the gross sources of revenue of the United Kingdom for the financial year ended March 31, 1877:—

	£	£
Customs	19,922,000	
Excise	27,736,000	
Stamps	10,890,000	
Land Tax and House Duty	2,532,000	
Property and Income Tax	5,280,000	
Post Office	6,000,000	
Telegraph Service	1,905,000	
Crown Lands (Net)	410,000	
Miscellaneous:—		£
Military and Naval extra Receipts, and Proceeds of Old Stores sold	906,769	
Amount received from the Revenues of India on account of Charges for British Troops	868,330	
Interest on Public Loans	654,572	
Interest on the Purchase Money of the Suez Canal Shares	139,110	
Allowance out of Profits of Issue received from Bank of England	138,578	
Saving on vote of credit for Ashantee war	12,197	
Other Miscellaneous Receipts	1,770,480	
	4,490,034	
Total Revenue	78,565,036	

Branches of expenditure in 1876-77.

The following table gives the official account of the gross expenditure of the United Kingdom for the financial year ended March 31, 1877:—

	£	£
<i>Debt.</i>		
Interest and Management of the Permanent Debt	21,538,982	
Terminable Annuities	5,374,198	
Interest of Exchequer Bills	103,912	
Interest of Bank Advances for Deficiency	8,127	
New Sinking Fund	624,781	
	27,700,000	
Interest on Local Loans	142,921	
Interest, &c., on Exchequer Bonds (Suez)	149,912	
<i>Charges on Consolidated Fund.</i>		
Civil List	406,710	
Annuities and Pensions	316,669	
Salaries and Allowances	96,850	
Courts of Justice	631,791	
Miscellaneous Charges	143,018	
	1,595,039	
<i>Supply Services.</i>		
Army	15,251,355	
Charges for troops in India	170,000	
Army Purchase Commission	498,362	
Navy	11,364,383	
Ashantee Expedition	2,017	
Miscellaneous Civil Services	13,333,851	
Customs and Inland Revenue	2,766,279	
Post-Office	3,159,218	
Telegraph Service	1,141,000	
Packet Service	850,890	
	48,537,355	
Total Expenditure	78,125,227	

The surplus for the financial year 1876-77 amounted to £439,809, being less than in any of the preceding five years. In the budget estimates for 1877-78 the total revenue was calculated at £79,020,000, and the total expenditure at £78,794,044, leaving a surplus of £225,956. About three-fourths of the total revenue of the United

Kingdom are derived from three sources of income—excise, customs duties, and stamps. In the sixteen financial years from 1861-62 the revenue from the excise increased greatly, and that from customs declined, while that from stamps increased moderately. The following table shows the receipts from these main sources of revenue for every third year from 1861-62 to 1876-77:—

Years ended 31st March.	Excise.	Customs.	Stamps.
1862	18,332,000	23,674,000	8,590,945
1865	19,558,000	22,572,000	9,530,000
1868	20,162,000	22,650,000	9,541,000
1871	22,788,000	20,191,000	9,007,000
1874	27,172,000	20,339,000	10,550,000
1877	27,736,000	19,922,000	10,890,000

Excise.—The vast increase in the receipts from the excise during the sixteen years from 1862 to 1877 was due solely to the corresponding increase in the consumption of spirituous liquors. The increase was greatest in the receipts from spirits, which rose from £9,618,291 in 1861-62 to £14,873,165 in 1876-77. The excise receipts from malt grew from £5,866,302 in 1861-62 to £8,040,378; and those from licences to make and sell spirits and malt liquors from £1,500,613 in 1861-62 to £3,548,557 in 1876-77. In the latter financial year the receipts from the excise had come to represent already considerably more than one-third of the total revenue, and should the growth, very steady and regular from year to year, continue at the rate shown in the preceding table, it will not be long before one-half of the national income will be raised by the voluntary taxation of the consumers of alcoholic liquors.

Customs.—The decline in the receipts from customs during the period 1862 to 1877 was due entirely to a constant reduction of duties. Those on tea were reduced in 1862, causing a loss to the revenue of £1,641,541; and again in 1864, when the loss was £2,214,981. The duties on sugar were also greatly reduced in 1863, the loss to the customs being £1,741,272; and again in 1872, with a loss of £1,612,882; while the small remnant of the old duties on corn was repealed in 1868, at a loss of £855,581; and the example was followed in the case of the sugar duties, the last of which was abolished in 1875. Thus the sugar duties, producing £6,383,289 in 1861-62, brought nothing in 1876-77, while the tea duties fell from £5,516,584 to £3,723,147. Alone of all the customs duties, those on foreign spirits and wine increased during the period, notwithstanding the latter article also underwent a reduction of duties. Together, the foreign wine and spirits duties produced £3,753,785 in the financial year 1840-41, and £7,507,807 in 1876-77. Adding this sum to the excise receipts, the total revenue derived from spirituous liquors in the financial year 1876-77 was no less than £35,243,807, or nearly three-sevenths of the national revenue.

The subjoined table exhibits the changes effected in the national revenue by either the repeal or reduction of taxes, and the imposition or re-imposition of old and new ones, during the period from 1861-62 to 1876-77:—

	Repealed or Reduced.	Imposed.	Actual Diminution (−) or Addition (+)
Customs	14,263,282	11,034	−14,252,248
Excise	1,381,000	1,870,000	+ 489,000
Property and Income Tax	17,158,000	7,916,000	−9,242,000
Other Taxes	1,272,933	...	−1,272,933
Stamps (including Succession Duty)	2,427,400	20,500	−2,406,900
Total	36,502,615	9,817,534	−26,685,081

The excise as source of revenue.

Receipt from customs.

Change in taxation.

The income tax.

Income Tax.—The basis and principle of the system of levying the national revenue is indirect taxation, or, as it may very properly be called, voluntary taxation, since at present no impost lies upon any article of prime necessity. To this system the only exception is the income tax, which, however, has many opponents, and is barely considered by the legislature a permanent tax, as it has to undergo constant changes, all tending to its repeal at a favourable opportunity. Originally granted by parliament, against great opposition, in 1798, as “an aid for the prosecution of the war” against France, the old income tax was repealed in 1816. But it was re-imposed, under modified forms, in 1842, nominally for only three years, the amount being fixed at 7d. in the pound. Subsequently parliament consented to new prolongations, alternately of three years, of one year, and of seven years; and in the course of the Crimean war, the impost was raised, first to 14d., and then to 16d., in the pound. In 1857 the income tax was again reduced to 7d., and in 1858 to 8d., in the pound. In the following year it was once more raised to 9d., and to 10d. in 1860; but was again reduced to 9d. in the pound in 1861, to 7d. in 1863, to 6d. in 1864, and to 4d. in 1865. In 1867 the tax was again raised to 5d., and in 1868 to 6d., but in the following year once more lowered to 5d., and in 1870 to 4d., in the pound. The tax was again brought up to 6d. in 1871, but lowered to 4d. in 1872, to 3d. in 1873, and to 2d. in 1874. Finally, in 1876 it was once more raised to 3d. in the pound, but at the same time restricted to incomes of over £150 per annum, with a deduction of £120 for all incomes between £150 and £400, thus affecting mainly the so-called “upper” and “upper middle” classes of the population. The total receipts of the income tax amounted to £10,365,000 in the financial year 1861-62, and had sunk to £5,280,000, or little more than one-half, in the year 1876-77.

An indication of the proportions of the revenue derived from taxation in England, Scotland, and Ireland respectively is given in the following table. The figures, which are for the year ending March 31, 1877, do not include the post-office returns, and in the case of the income tax are exclusive of the returns from the incomes of Government officials.

Revenue, 1876-77	England.	Scotland.	Ireland.
Spirits	13,078,101	4,056,331	3,507,985
Malt	7,220,089	368,343	451,950
Wine and beer (customs)	1,894,856	124,309	211,078
Excise licences	3,034,395	308,599	205,563
Tobacco	6,014,114	737,227	1,024,234
Tea and coffee	3,206,765	322,156	394,644
Land and house duty	2,404,792	133,382	...
Income tax	4,342,410	518,149	269,889
Stamps	8,581,581	1,110,807	589,173
Miscellaneous items	1,324,787	77,910	10,208
Total	51,101,890	7,757,213	6,664,724
Per head of population	£2 1 8½	£2 3 6½	£1 4 11½

Expenditure.—As the main sources of national revenue are but few, so are the principal branches of expenditure. They may be reduced to three, namely,—first, the interest and management of the national debt; secondly, the charges for the army and navy; and thirdly, the cost of the general government, entered in the financial accounts under the headings of “Civil List,” “Miscellaneous Civil Services,” and other charges placed to the Consolidated Fund. The following table exhibits the annual disbursement under each of these three principal branches of national expenditure, during every third financial year from 1861-62 to 1876-77:—

Financial Years ended 31st March.	Interest and Management of Debt.	Army and Navy.	Civil List and Civil Charges of all kinds.
1862	26,330,684	29,452,342	10,821,956
1865	26,369,398	25,250,925	10,205,412
1868	26,571,750	28,587,531	11,193,758
1871	26,826,437	24,237,041	13,176,659
1874	26,706,726	26,220,864	17,067,609
1877	27,092,834	27,286,117	16,779,779

National Debt.—It will be seen that, leaving alone the cost of the army and navy—of which more in the next chapter—the charges for the interest and management of the debt form by far the most important branch of national expenditure. The foundation of this debt, larger than that of any other country in the world, and the burthen of which could be safely borne only by the wealthiest of nations, was laid at the time of the Revolution, in 1689, and its growth since that time, both as regards capital and interest, is shown in the following table:—

Historical Periods.	Capital of Debt.	Interest and Management.
Debt at the Revolution, in 1689	£ 664,263	£ 39,855
Excess of debt contracted during the reign of William III. above debt paid off	15,730,439	1,271,087
Debt at the accession of Queen Anne, in 1702	16,394,702	1,310,942
Debt contracted during Queen Anne's reign	37,750,661	2,040,416
Debt at the accession of George I., in 1714	54,145,363	3,351,358
Debt paid off during the reign of George I., above debt contracted	2,053,125	1,133,807
Debt at the accession of George II., in 1727	52,092,238	2,217,551
Debt contracted from the accession of George II. till the peace of Paris in 1763, three years after the accession of George III.	86,773,192	2,634,500
Debt in 1763	138,865,430	4,852,051
Paid during peace, from 1763 to 1775	10,281,795	380,480
Debt at the commencement of the American war, in 1775	128,583,635	4,471,571
Debt contracted during the American war	121,267,993	4,980,201
Debt at the conclusion of the American war, in 1784	249,851,628	9,451,772
Paid during peace from 1784 to 1793	10,501,380	243,277
Debt at the commencement of the French war, in 1793	239,350,148	9,208,495
Debt contracted during the French war	601,500,343	22,629,696
Total funded and unfunded debt on the 1st of February 1817, when the English and Irish Exchequers were consolidated	840,850,491	32,038,191
Debt cancelled from the 1st of February 1817 to 5th of January 1836	53,211,675	2,894,674
Debt and charge thereon on 5th of January 1836	787,638,816	29,143,517
Debt and charge thereon on 31st of March 1861	824,607,459	26,335,114

Capital of the national debt from 1862 to 1877.

The following table exhibits the amounts of capital of the debt, distinguishing funded and unfunded, during each of the sixteen years from 1861-62 to 1876-77:—

Financial Years ended 31st March.	Capital of Funded Debt.	Capital of Unfunded Debt.	Total Capital of National Debt, inclusive of Terminable Annuities.
1862	788,229,618	16,517,900	824,136,394
1863	787,422,928	16,495,400	824,635,055
1864	781,712,401	13,136,000	821,290,829
1865	780,202,104	10,742,500	816,352,974
1866	778,941,190	8,187,700	807,563,924
1867	770,188,625	7,956,800	805,666,938
1868	741,844,981	7,911,100	806,572,884
1869	741,112,640	8,896,100	805,480,164
1870	741,514,681	6,761,500	801,406,561
1871	732,043,270	6,091,000	796,104,155
1872	731,756,962	5,155,100	792,661,132
1873	727,374,082	4,829,100	785,761,762
1874	723,514,005	4,479,600	779,233,245
1875	714,797,715	5,239,000	775,348,386
1876	713,657,517	11,401,800	776,970,544
1877	712,621,355	13,943,800	775,873,713

Terminable annuities and sinking fund.

The amount of terminable annuities, included in the total capital of the debt, by computation in 3 per cent. stock, varied considerably in different years, through additions being made to them, as in 1864, when £5,000,000 of the funded debt were converted into terminable annuities, and again in 1875, when £4,000,000 of Suez Canal bonds were added. The total computed capital of them amounted to £49,308,558 on the 31st of March 1877. By the provisions of an Act of Parliament passed in the session of 1875, the national debt will be gradually reduced by the establishment of a new permanent sinking fund, maintained by annual grants. The grants, by the same Act, were fixed at £27,400,000 for the financial year 1875-76, at £27,700,000 for the year 1876-77, and at £28,000,000 for every subsequent year after 1877.

Comparison of revenue and expenditure.

There is a somewhat remarkable harmony between the chief sources of revenue and the principal branches of expenditure. Thus in the financial year 1876-77 the first source of revenue, excise, productive of £27,736,000, almost exactly covered the first branch of expenditure, interest and management of debt, amounting to £27,992,834. Again, in the same financial year, the receipts from customs and stamps paid, with a surplus left, for the cost of the army and navy; while the produce of the taxes, including income tax, together with the post-office, discharged the expenses of the general government.

Local taxation.

Local Taxation.—Besides the national or so-called imperial taxation, a sum considerably surpassing the total receipts from the excise is raised annually by local taxation. In the financial year ended March 31, 1874—the last for which returns were published at the end of 1877—the total amount raised by taxes, and from other sources of income, for the purposes of local government, in each of the three divisions of the United Kingdom, was as follows:—

Divisions.	Local Taxes		
	Levied by Rates.	From Tolls, Dues, &c.	Total of Taxes.
England and Wales.....	£ 19,773,122	£ 4,105,907	£ 23,879,029
Scotland (partly estimated)	1,903,210	464,347	2,372,557
Ireland	2,640,737	355,272	2,996,009
Total for United Kingdom	24,322,069	4,925,526	29,247,595

In addition to the sums here specified, the local authorities raised in the financial year 1873-74 the amount of £1,552,555 from sales and rents of property, £2,404,675 from Government contributions, £8,480,486 by loans, and £3,848,504 from miscellaneous sources. The total local

receipts, including taxes, amounted in the year to £45,533,815,—of which £37,731,193 was contributed by England and Wales, £3,202,714 by Scotland, and £4,599,908 by Ireland.

From a parliamentary paper, comparing imperial and local taxation in the United Kingdom, issued in the session of 1876, it appears that the burthen of local taxation is much higher in England and Wales than either in Scotland or in Ireland. If spread evenly over the three divisions of the United Kingdom, it amounted in 1873-4 to £2, 18s. 11d. per head of the total population.

X. Army and Navy.

About one-fifth of the entire national expenditure is for the maintenance of the army, and an additional one-seventh for that of the navy. In the army estimates for the financial year ending the 31st March 1878, sanctioned by parliament, the total amount to be expended on account of the army was fixed at £14,583,700, of which £12,643,900 was for "effective services," that is, the actual maintenance of the regular army, as well as auxiliary and reserve forces, and £1,894,800 for "auxiliary services," comprising rewards, pensions, and superannuation allowances.

The regular army was composed, according to the army estimates of 1877-78, of 7153 commissioned officers, 16,968 non-commissioned officers, and 109,599 rank and file, being a total of 133,720 men of all ranks, as follows:—

Branches of the Military Service.	Officers.	Non-commissioned officers, trumpeters, and drummers.	Rank and file.
Officers on the General and Departmental Staff:—			
General staff	91	90	..
Army accountants.....	288
Chaplain's department	78
Medical department.....	531
Commissariat department, &c.	448
Total Staff	1,436	90	..
Regiments:—			
Royal horse artillery, including riding establishment.....	129	226	2,738
Cavalry, including life and horse guards	620	1,378	10,928
Royal artillery	694	1,638	17,144
Royal engineers	392	722	4,162
Army service corps.....	8	500	2,506
Infantry, including foot guards... 3,304	6,842	68,590	
Army hospital corps	45	262	1,288
West India regiments	102	150	1,580
Colonial corps	22	61	566
Total Regiments	5,316	11,779	109,502
Staff of Militia:—			
Artillery	32	575	..
Infantry	264	3,960	..
Total Militia Staff.....	296	4,535	..
Miscellaneous Establishments:—			
Instruction in gunnery, &c.	10	63	69
Royal academy, Woolwich	7	22	9
Royal military college, Sandhurst	28	19	17
Staff college	6	2	2
Regimental schools	14	76	..
Manufacturing establishments ..	16	45	..
Various ditto	24	137	..
Total Miscellaneous	105	464	97
Total force, officers and men, the cost of which is defrayed from Army Grants.....	7,153	16,968	109,599

Taxation per head of population.

Cost of the army and navy

Army estimates for 1877-78.

Numbers of the army at home from 1800 to 1876.

The numbers of the regular army, maintained for service in the United Kingdom, have varied much in the course of the present century. In the year 1800 the total was 70,745; and it rose to 106,331 in 1805, and to 112,518 in 1810. Within the next three quinquennial periods, the number decreased, that is, to 80,731 in 1815, to 61,116 in 1820, and to 46,264 in 1825. In 1830 the number rose again to 48,094, but fell to 47,214 in 1835. There was another rise to 50,476 in 1840, to 59,870 in 1845, and to 67,077 in 1850. In 1855 the number had fallen once more to 49,342, but this was the lowest point it reached. The strength of the army rose again to 89,507 in 1860; it stood at 78,410 in 1865, and at 84,361 in 1870. There were considerable fluctuations in the number of men maintained for home service in each of the years from 1871 to 1876. The number was 82,472 at the end of 1871, 94,402 in 1872, 101,145 in 1873, 98,719 in 1874, 92,386 in 1875, and 96,275 in 1876. Of the total force in the United Kingdom in 1876, there were 68,253 men in England and Wales, 3895 in Scotland, 22,414 in Ireland, and 1713 in the Channel Islands.

Troops on colonial service.

The numbers of regular troops on colonial service were gradually diminished in recent years. They were entirely withdrawn from Australia and New Zealand, and partly from British North America, a small force only being left in Nova Scotia. The chief military stations left were Malta, Gibraltar, the Cape of Good Hope, Ceylon, Bermuda, and Hong Kong. The total number of the British forces in India was given at 62,652 men of all ranks in the army estimates of 1877-78.

Recruits.

The recruits for the regular army were raised as follows from each of the divisions of the United Kingdom in the years 1871 to 1873:—

Years.	England and Wales.	Scotland.	Ireland.	United Kingdom.
1871	18,015	1,547	2,365	21,927
1872	14,525	1,096	1,886	17,507
1873	13,431	1,057	2,114	16,602

Desertions.

Desertions from the army, mainly if not entirely by recruits, were formerly extremely numerous. But they tended to diminish in recent years, partly on account of improved organization, under which better treatment is secured to the rank and file of soldiers, and partly by the option given to recruits to enlist either for "long" service of twelve years, or for "short" service of six years. In the year 1862 there were 4624 recruits approved, and among them there were no fewer than 2895 desertions being more than one-half of the total; but from among the 21,927 recruits of 1871 there were but 5861 desertions; while from 20,640 recruits enlisted in the year 1874 there were only 5572 desertions. Of the recruits of 1874, there enlisted 7784 on "long" service, and 12,856 on "short" service.

Militia, yeomanry, and volunteers.

The army estimates enumerate, as constituting the forces of the United Kingdom, besides the regular troops, four other bodies, classified as reserves, or auxiliary troops. These are—the militia, the yeomanry cavalry, the volunteer corps, and the enrolled pensioners and army reserve force. The total number of the militia in 1877-78 was returned at 139,331, comprising a permanent staff of 4831, and 134,500 men in training service. For the same period the total number of yeomanry cavalry was 14,830, there being a permanent staff of 282, and 14,548 yeomen. The total number of volunteers provided for in the army estimates of 1877-78 was 174,241, comprising 32,393 artillery volunteers, and 148,848 light horse, engineers, and rifle volunteers. Since its establishment, under a new organization, in the year 1859, down to the end of 1876, the total

number of volunteers who joined and passed through the force was as follows, according to a report laid before parliament in the session of 1877:—

Volunteers.	Total Number from 1859 to 1876.
Light Horse	515
Artillery	124,897
Engineers.....	20,739
Mounted Rifles.....	262
Rifle Volunteers.....	486,498
Total.....	632,911

The fourth and last branch of the reserves or auxiliary troops of the United Kingdom, the enrolled pensioners, were returned as numbering 36,000 in the army estimates of 1877-78. The enrolled pensioners are divided into two classes, 15,000 men forming the first, and 21,000 men the second division.

Army Expenditure.—The expenditure for the army, after nearly doubling from 1840-41 to 1861-62, remained almost stationary in the sixteen financial years from 1861-62 to 1876-77. It amounted to £15,570,869 in 1861-62, and, gradually decreasing, fell to £13,804,450 in 1865-66, after which it rose again to £15,482,582. It sank once more to £13,430,400 in 1870-71, but rose in the financial year 1872-73 to £14,824,500; and changed little till the year 1876-77, when the disbursements for the army amounted to £15,749,717. The largest branch of expenditure is that for the general staff and regimental pay, for which £4,565,800 was set down in the army estimates of 1877-78; and the next largest branch for provisions, transport, and other services, fixed at £2,986,000 for the same year. The total cost of the auxiliary and reserve forces for the year 1877-78 was not more than £1,209,100, of which £534,000 was for the militia, £74,400 for the yeomanry cavalry, £468,700 for the volunteer corps, and £132,000 for the enrolled pensioners and army reserve force.

Naval Expenditure.—Although considered "the bulwark of the nation," and more important for the defence of the kingdom than its land forces, the navy is maintained at much less expense. However, the disbursements for the navy increased very largely since the year 1840, when the old wooden "three-deckers," formerly the pride of the seas, had to disappear, to give way, first, to iron ships propelled by steam, and, not long after, to armour-clad men-of-war, gradually assuming the shape of floating fortresses. In the financial year 1840-41 the total expenditure on account of the navy, including transport service, was £5,597,511; and in the next year, 1841-42, the cost rose to £6,489,074. In 1845-46 the naval expenditure had risen to £6,809,872, in 1846-47 to £7,803,465, and in 1847-48 to £8,013,873. After 1848 the expenditure for the navy remained nearly stationary for six years, till 1854, when it suddenly rose, with the setting in of the era of armour-clad ships. In the financial year 1854-55 the naval expenditure went up, with a leap, to £14,490,105; and in the next year, 1855-56, it reached the large sum of £19,654,585, an amount unparalleled before or since. The next few years showed a great reduction in naval expenditure, which fell to £13,459,013 in 1856-57, to £10,590,000 in 1857-58, and to £9,215,487 in 1858-59. There was another rise to £11,823,859 in 1859-60, and to £13,331,668 in 1860-61; but this was followed by a decrease to £12,598,042 in 1861-62, and to £11,370,588 in 1862-63. At the latter amount the expenditure for the navy remained, with unimportant fluctuations, till 1877, never rising much above 12 millions, nor sinking much below 10 millions. The naval expenditure amounted to £11,364,383 in the financial year ended March 31, 1877.

Navy.—In the naval estimates for the financial year