REPORT

ON THE

STATE

OF

PUBLIC ACCOUNTS

BETWEEN

GREAT BRITAIN AND IRELAND.

BY

W. NEILSON HANCOCK, LL.D.

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Houses of the Oireachtas

Houses of the Oireachtas

CONTENTS.

PAGE

OBJECT OF THE REPORT:

To state the result of an examination of the accounts between Great Britain and Ireland, ... 1

I. TAXES AT PRESENT IMPOSED IN GREAT BRITAIN OR IN ENGLAND AND NOT IN IRELAND:

Mode in which the public accounts are now kept not sufficiently clear, ... 1, 2

Table showing the gross produce of taxes imposed in Great Britain, or in England only, and not in Ireland, 2

The amount produced by taxes, from which Ireland is exempt, is £3,785,733 a year, ... *ibid.*

II. STATUTABLE DIFFERENCES IN THE INCOME TAX:

The standard of assessment is lower in Ireland than in Great Britain by at least 12½ per cent., ... 3

The effect of this was to make Great Britain pay in 1862 a gross amount of £571,000 beyond her share, 4

The occupation rate is lower in Ireland and Scotland than in England, ... *ibid.*

The effect of this was to make England pay in 1862 £151,000 beyond her share, ... 4, 5

Tabular statement of differences, ... 5

III. TOTAL SPECIAL BRITISH TAXATION:

Tabular statement of total special British taxation, . 5

Recent estimates too low, ... 5, 6

The existing differences in favour of the wealthier classes, ... 7

Customs and Excise duties fall on the poor, and are the same in Great Britain and Ireland, ... *ibid.*

Their equalization throughout the United Kingdom necessary for facility of intercourse, . . . *ibid.*

The alleged want of progress in Ireland, as compared with England, not attributable to over-taxation, . . 7, 8

Ireland is, and has been since the Union, under-taxed relatively to Great Britain, ... 8

IV. THE DIFFERENCE IN THE AMOUNT OF TAXATION IMPOSED ON GREAT BRITAIN AND IRELAND SINCE THE UNION:

Elaborate returns made to Parliament on this subject in 1834 and 1844, ... 8

Table showing the gross receipts on certain articles charged with Excise duties in Great Britain and not in Ireland in the period 1801–1843, ... 9

The total separate taxation of Great Britain under head of Excise was £264,171,318 in 1801–1843, . *ibid.*

Houses of the Oireachtas

PAGE

IV. THE DIFFERENCE IN THE AMOUNT OF TAXATION IMPOSED ON GREAT BRITAIN AND IRELAND SINCE THE UNION—*continued.*

Table showing the gross receipts of Revenue under the management of the Commissioners of Taxes in Great Britain, ... 10

The total Revenue under foregoing head was £420,427,731 in 1801–1843, ... *ibid.*

Table showing the amount of the uncompensated taxation imposed in Great Britain, under the two foregoing heads, in each year in the period 1801–1843, ... 10, 11

Table showing the receipts from differential Excise Duties in Great Britain, in the period 1801–1843, . . . 12

The receipts under foregoing head were £103,846,470, *ibid.*

Table showing the total uncompensated taxation paid by Great Britain under the heads Taxes and Excise, . *ibid.*

The total was £788,445,519, ... *ibid.*

For many years there were higher Customs duties charged in Great Britain than in Ireland, but they are in such a form in the Returns made that they are excluded from preceding Table, ... *ibid.*

In the period 1801–1842 Great Britain paid, under the head of Stamps, about £86,638,800 more than she would have paid if the Irish Stamp rates had been paid there, . 12, 13

The Irish assessed taxes, amounting to £8,489,628, may be set off against the uncompensated British Stamp duties, ... 13

The excess of taxation imposed in Great Britain, under the heads of Excise and Taxes, amounting to £788,445,519, an under-estimate of the separate taxation of Great Britain in the period 1801–1844, ... *ibid.*

The separate or uncompensated taxation of Great Britain, from 1844 to the present time, may be estimated at £160,000,000, ... *ibid.*

The total aggregate separate or uncompensated taxation imposed on Great Britain, from the Union to the present time, is £948,445,519, ... *ibid*

Ireland, since the Union, has been favoured in taxation as compared with Great Britain, and was especially so in the years immediately succeeding the Union, . . 13, 14

The heaviest possible amount of taxation was not extracted from Ireland in the period 1801–1816, because the most productive British war taxes were not extended to Ireland, ... *ibid.*

V. DISCHARGE OF THE SEPARATE DEBT OF GREAT BRITAIN, INDEPENDENTLY OF THE ACT OF UNION, BY SEPARATE TAXATION ON GREAT BRITAIN:

Origin and progress of the National Debt of Great Britain, ... 14, 15

To no portion of it contracted prior to 1793 has Ireland been made subject, ... *ibid.*

The Irish National Debt may be said to have commenced in 1793, ... 15

In the war of the French Revolution Ireland contracted debt with greater proportional rapidity than Great Britain, ... *ibid.*

The unredeemed funded debt of Great Britain was £229,951,798 in 1792, ... *ibid.*

Taking this as the simplest measure of the separate debt of Great Britain, it was paid off at par, by separate taxation in 1814, and sooner, if allowance be made for the low price of the funds, ... 16

House of Commons Papers

PAGE

VI. DISCHARGE OF SEPARATE DEBT OF GREAT BRITAIN ON AN ACCOUNT TAKEN ON THE PROPORTION OF CONTRIBUTION FIXED BY THE ACT OF UNION:

The rate of contribution between Great Britain and Ireland by the Act of Union was $\frac{15}{17}$ths for the former, and $\frac{2}{17}$ths for the latter, ... 17

The Irish Funded Debt unredeemed on the 1st January, 1801, was £26,841,219; the similar British debt on 5th January, 1801, was £420,305,944, ... *ibid.*

The Irish debt multiplied by 7½ gives a sum which, when deducted from the British debt, leaves a residue of £218,996,802 as the true separate debt of Great Britain, *ibid.*

The annual charge of the separate debt of Great Britain, similarly ascertained, is £7,172,976, ... 17, 18

Table showing that the excess of net Revenue raised by Great Britain beyond her share of contribution in 1802–1817, exceeded her separate debt by £87,003,198 (stock), 18

Table showing that if the expenses of management be included in the joint expenditure, there was a surplus in favour of Great Britain, after payment of her separate debt, of £25,669,598 (stock), ... 20

VII. RAPID INCREASE OF IRISH DEBT AFTER THE UNION, CAUSED BY COMPARATIVE UNDER-TAXATION IN IRELAND:

Full war taxes were not imposed on Ireland after the Union, ... 21

She thus was obliged to have recourse to extra-borrowing, ... *ibid.*

Great Britain had, after paying her separate debt, a large surplus of taxation, as compared with Ireland, which she applied to the expenses of the war, ... *ibid.*

Ireland had to become indebted in order to pay a share proportionate to this surplus to the amount of £32,622,186, ... 22

Great Britain increased her debt, in addition to raising a surplus amount of taxation, by £268,514,068 in 1801–1817, ... *ibid.*

Ireland, to meet her share of contribution, had to borrow in proportion to the British borrowing, and thereby became additionally indebted to the amount of £35,801,875, ... *ibid.*

Ireland was charged with sums to her separate account in the three years immediately succeeding the Union, which, improved at interest, would amount to about £10,000,000 in 1817, ... *ibid.*

Thus the increase to the Irish debt, after the Union, accounted for, ... *ibid.*

VIII. CHARGE AGAINST THE HOUSE OF COMMONS SELECT COMMITTEE OF 1815:

The Report of the Dublin Corporation Committee charges the Committee of 1815 with exaggerating the Irish Debt by about £40,000,000, ... 23

The error exists on the part of the Corporation Committee, and has arisen from inattention to the wording of the Parliamentary Paper on which the charge is based, and from taking no account of the operations of the Sinking Fund, ... 24, 25

Houses of the Oireachtas

PAGE

IX. THE REVENUE NOW PRODUCED BY IRELAND:

The net Revenue received in Ireland in 1861, was £6,842,090, ... 26, 27
There are additional sums paid in Great Britain on customable articles imported into Ireland, duty paid, . 27
The Corporation Committee estimate the amount of the taxes thus uncredited to Ireland at £1,000,000, . . *ibid*

X. THE PORTION OF THE EXPENDITURE OF THE UNITED KINGDOM FAIRLY CHARGEABLE TO IRELAND.

The Corporation Committee seem to consider Ireland to be properly chargeable (in 1861) with £3,860,585, the expenditure in Ireland, and about £1,000,000, their estimate of the sum necessary to be spent beyond the limits of the United Kingdom, ... 28
The former sum consists of £1,265,128 for the interest and management of the National Debt, and £1,025,000 for the army, the remainder being for purely Irish objects. 29
The above charge for the National Debt is deficient:— .
The charge, if estimated at 3 per cent. on the amount of the Irish debt in 1817, would be £3,221,403, . *ibid.*
If estimated on Ireland's present contribution to the general revenue it would, on the basis of the taxes received in Ireland, be £2,623,101, or, adding the estimate for uncredited taxes, £2,914,557, . . *ibid.*
It is erroneous to charge Ireland only with the dividends of stock that may be payable in Ireland, . . . 30
Table showing the variations in the amounts on which dividends were paid in Dublin in certain years, . . *ibid.*
The greater portion of the Irish debt was contracted and always held in England, ... 31
If Ireland were to be considered responsible for the charge of the National Debt that might be held at any time in Ireland, it is not impossible she might have to pay the greater portion of the annual charge of £26,231,018, *Note*, 30
Table showing the expenditure fairly chargeable to Ireland, assuming the entire Irish revenue to have been what was actually received in Ireland, ... 32
Table showing the expenditure fairly chargeable to Ireland, assuming the Corporation Committee's estimate of uncredited taxes to be added to the revenue actually received in Ireland, ... 33
Explanation of the two preceding Tables, . . . 31–35
Indicate that the expenditure fairly chargeable to Ireland is greater than her revenue, . . . *ibid.*
The chief heads of expenditure under which Ireland has an advantage, as compared with England, are Education and Police, ... 35
Special reasons for the comparatively large expenditure under these heads, ... *ibid.*

House of Commons Archives

PAGE

XI. WAS THE ACT OF UNION VIOLATED BY THE CONSOLIDATION OF THE EXCHEQUERS OF GREAT BRITAIN AND IRELAND IN 1817?

It was provided by the Act of Union that Parliament might, should the debts come to be in the same proportion as the contributions of the two countries, consolidate the Exchequers, ... 36

After the Union the debt of Ireland increased rapidly, and in 1815 was in fact beyond the proportion, enabling Parliament to interfere, ... 36, 37

The allegations that all loans after the Union should be on joint account, and that loans on the separate account of Ireland were improperly raised, are clearly contradicted by the Act of Union, ... 37, 38

XII. DOES THE PROPORTION THAT EXISTED BETWEEN BRITISH AND IRISH DEFICITS IN THE CONTRIBUTION TO JOINT EXPENDITURE INDICATE AN EXCESSIVE CHARGE ON IRELAND OF THE DEBT CONTRACTED IN 1802–1815?

Tables published by the Corporation Committee, with a view to show that while the Irish deficit was to the British deficit as 1 to 11, the respective debts contracted were as 1 to 3, ... 39, 40

The accounts on which the Corporation Committee's Tables are founded show, when properly understood, that the Irish deficit was to the British deficit as 1 to 2·68, and the debts as 1 to 2·8, ... 40–43

XIII. THE PRECISE PROPORTION OF CONTRIBUTION FIXED BY THE ACT OF UNION NOT NOW OF MUCH PRACTICAL IMPORTANCE:

Reasons for this, ... 43, 44

XIV. CHARGE AGAINST LORD CASTLEREAGH OF EXAGGERATING AMOUNT OF EXPORTS AND IMPORTS OF IRELAND:

The justness of the proportion of contribution is of interest as regards the accuracy of Lord Castlereagh, on whose estimate the proportion was fixed, . . . 44

Lord Castlereagh took the *real* value of the exports and imports, and not the *official* value; and chose as the period of his average the three years ending 25th March, 1798, and not the three years ending 31st March, 1800, . 45, 46

XV. WERE THE YEARS CHOSEN BY LORD CASTLEREAGH UNFAIRLY SELECTED?

The average *official* value of the imports and exports in the ten years ending with 1799, was £8,823,743; that of the years selected by Lord Castlereagh, £8,784,666, . 46, 47

XVI. JUSTNESS OF THE PROPORTION OF CONTRIBUTION FIXED BY THE ACT OF UNION EVIDENCED BY THE REVENUE NOW PAID BY IRELAND:

The revenue now paid by Ireland nearly equals two-seventeenths of the total revenue of the United Kingdom, ... 48

If to the Irish Revenue were added her share of the extra taxation at present imposed on England, she would contribute more than two-seventeenths of the present imperial revenue, ... *ibid.*

Great Britain having increased more rapidly in wealth, and therefore in the power of using taxable commodities, than Ireland, the Irish share at the Union could not have been unjust, ... *ibid.*

House of the Oireachtas

PAGE

XVII. THE COMPARATIVE ABILITY OF IRELAND AND GREAT BRITAIN TO PAY TAXES NOT CORRECTLY TESTED BY THE AMOUNT OF PROPERTY ASSESSED TO THE INCOME TAX:

The valuation for Assessment of Property in Schedules A and B is lower in Ireland than in Great Britain, . 49
A larger proportion of persons in Ireland than in Great Britain are excluded from the Income Tax assessment, *ibid.*
If the Irish taxpayer is injuriously affected by taxes at present, the inference is that direct taxes are more just than indirect, ... 50
The redress of injustice in taxation affecting classes of persons, whether in Great Britain or in Ireland, is to be made by general financial changes affecting all taxpayers equally, ... *ibid.*
Though Ireland may not be contributing beyond her means, some classes may be unfairly pressed by taxes as compared with others, ... *ibid.*
The spirit duties cannot be reduced in Ireland without a corresponding reduction in England, and this involves a large loss of revenue and an increase to the rate of Income Tax, or its extension to classes now exempt, . 51, 52

XVIII. SUMMARY OF CONCLUSIONS, ... 52–58

Houses of the Oireachtas

CHIEF SECRETARY'S OFFICE
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REPORT

ON THE

STATE OF PUBLIC ACCOUNTS

BETWEEN

GREAT BRITAIN AND IRELAND.

64, Upper Gardiner-street,
Dublin, 15th March, 1864.

My dear Sir,—In pursuance of His Excellency's commands, I have investigated the Public Accounts between Great Britain and Ireland, with a view to exhibit the real state of the case. I now have the honour to report for His Excellency's information the result of my investigations.

I.—*Taxes at present imposed in Great Britain or in England and not in Ireland.*

Before entering upon an examination of the Accounts between Great Britain and Ireland, it seems desirable to ascertain the present difference in the taxation affecting the two countries. Are there any taxes imposed in Great Britain and not in Ireland?

The exact differences in this respect might be shown more clearly in the public accounts each year than is done at present. If this were so, a great deal

Houses of the Oireachtas

of the prevalent ignorance and misapprehension on the subject would be removed.

The taxes which exist in Great Britain, or in England only, with no corresponding tax in Ireland, are the following:—

GROSS AMOUNT COLLECTED IN YEAR ENDING 31ST MARCH, 1863.

—	England and Wales.	Scotland.	Total.
EXCISE:	£	£	£
Railways, ...	353,159	29,898	383,057
Stage Carriages, . . .	123,513	9,085	132,598
Hackney Carriages, . .	97,692	—	97,692
Race-horses, . . .	6,422	—	6,422
	580,786	38,983	619,769
TAXES:			
Land Tax, ...	1,092,950	35,189	1,128,139
ASSESSED TAXES:			
Schedules—			
B. Inhabited houses, . .	788,471	56,286	844,757
C. Servants, . . .	186,210	17,781	203,991
D. Carriages, . . .	310,741	29,492	340,233
E. Horses for riding, . .	223,265	20,397	243,662
F. Other Horses and Mules,	116,152	14,005	130,157
G. Dogs, ...	179,691	20,304	199,995
H. Horse dealers, . .	12,640	1,513	14,153
I. Hair Powder, . .	1,020	52	1,072
K. Armorial Bearings, .	53,116	5,274	58,390
L. Game Duties, . . .	—	—	—
Additional 10 per cent. by 3 Victoria, c. 17, . .	1,264	151	1,415
Total, ...	1,872,570	165,255	2,037,825
Grand Total, . .	3,546,306	239,427	3,785,733

The only one of these taxes which has anything analogous to it in Ireland is the tax on hackney carriages in Dublin. This is, however, a local tax; and it is practically applied to defray the expenses of the metropolitan police.

It is plain, therefore, that there are taxes producing £3,785,733 imposed in Great Britain or in England with no corresponding tax in Ireland.

Houses of the Oireachtas

II.—*Statutable differences in the Income Tax.*

Besides the distinct taxes raised in Great Britain there are some important differences in the Income Tax as it affects the owners and occupiers of land in England and Ireland.

The amount of property and income assessed in Ireland in the year ended 5th April, 1862,* was—

	£	£
Schedule A, Land, &c., . . .	13,398,938	
„ B, Occupation of Land, .	2,937,899	
		16,336,837
„ C, Funded Property, . .	1,139,334	
„ D, Trades and Professions,	4,677,568	
„ E, Profits of Office, . .	1,245,282	
		7,062,184
		£23,399,021

There are two differences under the Statute. The first relates to Schedules A and B, which comprise more than two-thirds of the income assessed in Ireland. The Statute provides that the assessment shall be in Ireland on the Poor Law Valuation (16 and 17 Vic. c. 34, s. 13). In England and Scotland the general rule of assessment is the annual value.

There is reason to believe that the value of land in Ireland is considerably above the Poor Law Valuation : in many cases a third may be added to the Poor Law Valuation in order to get the true letting value, or, in other words, the Poor Law Valuation is in such cases 25 per cent. under the letting value.

In the revision of Valuation in Ireland this is being corrected, but at present it may be safely assumed that the Poor Law Valuation is generally 12½ per cent., at least, below the true letting value, as used in the English and Scottish assessments.

If 12½ per cent. be a correct estimate of the dif-

* I take this year as it is the latest in the last Report of the Commissioners of Inland Revenue.

House of the Oireachtas

ference, the Statute in making the assessment in Ireland on the Poor Law Valuation, involves an overtaxation in Great Britain on Schedules A and B, as compared with Ireland, of 12½ per cent.

The duty charged in the United Kingdom in Schedule A, in year ended 5th April, 1862, was £5,193,014; about one-tenth of this would appear to have been paid in Ireland, leaving about £4,600,000 paid in Great Britain. Assuming that £4,000,000 of this was assessed on houses and lands, 12½ per cent. on this would be £500,000.

In Schedule B there was £607,578 charged, and of this about £520,000 was paid in England, £50,000 in Scotland, and £35,000 in Ireland; 12½ per cent. on what was paid in England and Scotland would be £71,000.

The effect of the Irish Valuation being 12½ per cent. too low, would thus be an excessive taxation in Great Britain as compared with Ireland in 1862 of £570,000. If the Irish Valuation were 25 per cent. too low, this excess would be £1,140,000.

The second statutable difference as to the Income Tax affects England unfavourably as compared with both Scotland and Ireland. By the Customs and Inland Revenue Act of 1863, whilst incomes in general are assessed at 7*d.*, and the rate for the occupation of land in England is 3½*d.* on the annual value, the rate for the occupation of land in Scotland and Ireland is only 2½*d.* on the annual value.

In 1862, when the general rate was 9*d.*, the rate on the occupation of land in England was 4½*d.*, and the rate for the occupation of land in Ireland and Scotland was only 3*d.*

In 1862 there was about £520,000 paid in England under Schedule B, at 4½*d.* If we suppose this reduced by 12½ per cent., for the difference of valua-

Houses of the Oireachtas

tion, we get £455,000. If the income which produced this at 4½*d.* had been assessed at 3*d.* only as in Scotland and Ireland, it would have produced only £304,000, giving an excess of taxation in England of £151,000.

The differences I have referred to arising from the rate, or mode, of assessment of the Income Tax, may be briefly tabulated as follows:—

	£
Schedule A (12½ per cent. on £4,000,000),	500,000
„ B (same on £570,000), . .	71,000
„ B, 3*d.* instead of 4½*d.*, . .	151,000
Separate taxation in Great Britain or in England in 1862 from statutable differences in the Income Tax, . . .	£722,000

III.—*Total special British Taxation.*

If we add the separate taxes imposed on Great Britain, or on England only, to the extra taxation paid owing to the above differences in Income Tax, we get the following result:—

	£
Railways, Stage Carriages, &c., . . .	619,769
Land Tax, ...	1,128,139
Assessed Taxes, ...	2,037,825
	3,785,733
Income Tax (estimate), ...	722,000
Total special British Taxation, . .	£4,507,733

The estimates of separate taxation of Great Britain which have been recently relied on, are all much too low. Thus, Mr. Staunton, when asked by the Special Committee of the Dublin Corporation, "What is the present separate taxation of Great Britain?" answers, "According to the last accounts, the Land and Assessed Taxes amount to £3,140,405." He omits all mention of the taxes on Railways and Stage Carriages, and all notice of the statutable differences in the Income Tax.

Houses of the Oireachtas

The Corporation Committee in their recent Report state, "that £3,000,000 is the present produce of the separate taxes of Great Britain."

The Quit and Crown Rents of Ireland are referred to by Mr. Staunton as corresponding to the Land Tax in England, and he notices the sales of Quit and Crown Rents in Ireland ; but these rents in Ireland have their equivalent in the revenue from the Crown Lands in England ; and the following figures indicate that the income from these sources applied to the purposes of the State is in a fair proportion. In the accounts of Public Income and Expenditure for the United Kingdom under the head Crown Lands, (which includes the income from the Irish Crown Property,) the income is, for years ended 31st March,

	1860.	1861.	1862.
United Kingdom,	£416,031	£412,457	£417,408

In Ireland the income from Crown Property was—

Rents, . .	£48,358	£47,661	£47,057
Sales, . .	15,537	9,810	18,878
Total, Ireland,	63,895	57,471	65,935
Great Britain,	£352,136	£354,986	£351,473

The Quit and Crown Rents in Ireland being thus set off against the produce of Crown Lands in England and Scotland, they are no equivalent for the Land Tax.

There are no taxes levied in Ireland without similar taxes in England.

In the accounts as published, there would appear to be Law, Chancery, Judgment, Registry, and Civil Bill Fund stamps in Ireland, and no similar law taxes in England. But this is not really so. There are Chancery Fund stamps in England, out of which the

House of the Oireachtas

Chancery officers are paid, only they are carried direct to the account of the Court of Chancery and not to the general taxes. The law taxes in the Common Law Courts in England are still levied by fees, and the officers paid out of them, and the balance only brought to the public account.

It will be observed that nearly all the differences that exist are in favour of the wealthier classes in Ireland.

The Customs and Excise, which are the taxes that fall with comparatively greatest weight on the poor, are the same in both countries. The chief customs duties have been equalized ever since 1814.

This equalization has been not alone a matter of account, but of obvious necessity. With the progress of intercourse between the two countries it would be the greatest folly to interpose the custom-house regulations which any difference of duties would necessarily give rise to.

The great fiscal reform now advocated on the Continent is the mitigation or abolition of the evils which customs duties impose on trade, and the Zollverein is a league of independent States in Germany, to obviate the many evils of different customs duties in distinct States nearly connected together.

On a recent occasion it was stated in the House of Commons—

"That there was a striking and a painful contrast between the condition of England and Ireland. In England, there was no end to the accumulation of wealth and the development of prosperity. Let them cross the channel, however, and all was changed. The Irish people believed that one great cause of the evil was over-taxation; and when a country was taxed beyond its means, its capital must diminish, and its condition become retrograde."

It is plain, however, that Ireland, as compared with England and Scotland, enjoys exemptions from taxation. There is no single article taxed at a higher

rate in Ireland than in Great Britain. On the contrary, the landlords of Ireland, the capitalist farmers of Ireland, the railway proprietors of Ireland—the wealthy classes generally, enjoy exemptions which similar classes in Great Britain do not enjoy.

These exemptions are not confined to the present day, but have existed to a greater or less extent in every year since the Union; so that if England has progressed more rapidly than Ireland since the Union, no part of the difference in the rate of progress can be ascribed to any extra-taxation affecting capital in Ireland as compared with Great Britain.

IV.—*The difference in the amount of Taxation imposed on Great Britain and Ireland since the Union.*

The difference in the amount of taxation affecting Great Britain and Ireland since 1801 is a matter which seems to have attracted a good deal of attention in 1834, and again in 1844. Most elaborate returns, relative to the income, expenditure, commerce, and trade of Ireland, were made to Parliament in both these years. Those referring to taxation which were made in 1844, are, practically, a continuation of those made in 1834.

I shall first describe some of these returns, and then state their effect upon the Accounts between Great Britain and Ireland.

There is a return up to 1844 by the General Accountant of the Excise, showing the articles subject to Excise Duty in Great Britain, and not subject to Excise Duty in Ireland. The following articles are enumerated, viz., beer, bricks and tiles, candles, cider and perry, glass (exclusive of bottle glass), hops, printed calicoes, salt, soap, starch, stone bottles, and wire; and the produce of the Excise Duty on each is

Houses of the Oireachtas

given for each year, from 1801 to 1844, or until the duty ceased.

The total amount received under each of these heads for the period referred to, is shown in the following table:—

AN ACCOUNT of the Gross Receipts on the undermentioned Articles charged with Duties of Excise in Great Britain, but which were not subject to Duty in Ireland, in the period 1801–1833:—

	£	£
Beer,	91,252,592	
Bricks and tiles,	10,854,968	
Candles,	11,891,684	
Cider and perry,	821,212	
Glass (exclusive of bottle glass),	14,623,952	
Hops,	7,146,479	
Printed calicoes, &c.,	40,358,466	
Salt,	33,173,632	
Soap,	32,441,797	
Starch,	2,210,780	
Stone bottles,	67,131	
Wire,	267,419	
		245,110,112

Continuation of preceding table to 1843:—

Bricks,	4,318,336	
Hops,	2,967,189	
Post horses,	1,457,579	
Soap,	10,240,297	
Starch,	72,952	
Stone bottles,	4,853	
		19,061,206
Total, 1801–1843,		£264,171,318

There is a return of revenue under the Commissioners of Taxes in England, under the following heads:—Land Tax, Assessed Taxes, One Shilling and Six Pence Duties, Four Shilling Duty on Offices, and duty on Personal Estates, Property Duty, Income Duty, and Contribution Duty.

The total amount received under each of these heads, from 1800 to the end of 1833, and from 1834 to 1843, is given in the following table:—

Houses of the Oireachtas

GROSS RECEIPT of REVENUE under Management of Commissioners of Taxes in Great Britain, from the Union to end of 1833 :—

	£	£
Land Tax, ...	43,497,297	
Assessed Taxes :—		
House and Window Duties, .	97,756,709	
Other Assessed Taxes, . .	73,493,449	
One Shilling and Sixpence Duties,	1,660,489	
Four Shillings Duty on Offices and duty on Personal Estates, . .	433,715	
Property Duty, ...	145,833,019	
Income Duty, ...	9,613,991	
Aid and Contribution Duty, .	67,892	
		372,356,561
Continuation of preceding table to 1843 :—		
Land Tax, ...	11,923,050	
Assessed Taxes :—		
House and Window Duties, .	14,549,659	
Other Assessed Taxes, . .	15,505,029	
One Shilling and Sixpence Duties,	7,395	
Four Shillings Duty on Offices and duty on Personal Estates, .	66,566	
Property Duty, ...	6,019,472	
Income Duty, ...	—	
Aid and Contribution Duty, .	—	
		48,071,170
Total, 1801–1843, . . .		£420,427,731

In the following Table I give the amount received, in each of the years 1801–1843, of the Taxes included in the two preceding Tables.

TABLE showing the Amount of EXCISE DUTIES paid on Articles in GREAT BRITAIN exempt from duty in IRELAND, and the Amount of the TAXES UNDER THE COMMISSIONERS OF TAXES in GREAT BRITAIN, in each year of the period 1801–1843.

Year.	Gross Receipts; Excise on Articles in Great Britain, not subject to duty in Ireland.	Gross Receipts of Revenue, under Commissioners of Taxes in Great Britain.	Total.
	£	£	£
1801	5,091,876	10,451,921	15,543,797
1802	5,606,309	8,506,739	14,113,048
1803	6,266,922	6,152,307	12,419,229
1804	6,834,204	9,670,060	16,504,264
1805	7,163,243	10,764,389	17,927,632
1806	7,335,044	12,591,265	19,926,309
1807	7,749,888	17,200,461	24,950,349
1808	7,457,000	19,145,232	26,602,232

Houses of the Oireachtas

UNCOMPENSATED TAXATION paid in GREAT BRITAIN, &c.—*continued.*

Year.	Gross Receipts; Excise on Articles in Great Britain, not subject to duty in Ireland.	Gross Receipts of Revenue, under Commissioners of Taxes in Great Britain.	Total.
	£	£	£
1809	8,035,899	20,979,679	29,015,578
1810	7,871,245	21,185,994	29,057,239
1811	7,856,232	20,671,276	28,527,508
1812	7,813,057	20,621,407	28,434,464
1813	7,969,843	22,236,654	30,206,497
1814	8,301,737	22,500,784	30,802,521
1815	8,821,424	22,426,193	31,247,617
1816	8,363,982	18,996,855	27,360,837
1817	7,744,713	9,937,659	17,682,372
1818	8,848,509	8,324,405	17,172,914
1819	9,004,932	7,943,716	16,948,648
1820	9,056,604	7,921,921	16,978,525
1821	9,288,125	7,796,878	17,085,003
1822	9,432,907	7,329,727	16,762,634
1823	8,620,006	6,604,539	15,224,545
1824	8,989,262	5,290,730	14,279,992
1825	9,061,183	5,240,970	14,302,153
1826	7,897,365	5,079,615	12,976,980
1827	8,573,964	5,155,920	13,729,884
1828	8,026,341	5,226,239	13,252,580
1829	7,569,541	5,268,505	12,838,046
1830	7,085,203	5,353,628	12,438,831
1831	3,104,962	5,268,192	8,373,154
1832	2,345,772	5,367,179	7,712,951
1833	1,922,818	5,145,522	7,068,340
	245,110,112	372,356,561	617,466,673
1834	1,633,346	4,681,068	6,314,414
1835	1,711,981	3,896,345	5,608,326
1836	1,857,466	3,934,214	5,791,680
1837	1,946,067	3,902,134	5,848,201
1838	2,010,104	3,914,024	5,924,128
1839	2,042,325	3,945,363	5,987,688
1840	2,177,245	4,162,888	6,340,133
1841	1,801,574	4,726,209	6,527,783
1842	1,907,959	5,077,836	6,985,795
1843	1,973,139	9,831,089	11,804,228
	19,061,206	48,071,170	67,132,376
Total, 1801–1843, .	264,171,318	420,427,731	684,599,049

The foregoing tables do not show the entire difference in the taxation affecting Great Britain and Ireland in the period included in them. There was a large

amount of Excise duty paid by Great Britain upon subjects of taxation liable to duty in both countries beyond what would have been paid had the rates in Great Britain been the same as in Ireland. The following table will show the subjects and amount of this taxation:—

AN ACCOUNT of the Receipts from DIFFERENTIAL Excise Duties in Great Britain in the period 1801–1833:—

	£	£
Auctions,	1,603,640	
Glass bottles,	2,390,366	
Hides and skins (estimate),	3,869,611	
Malt,	29,251,946	
Paper,	627,165	
Spirits,	42,897,695	
Vinegar,	726,624	
		81,367,047
Continuation of preceding table to 1843:—		
Auctions,	424,266	
Spirits,	22,055,157	
		22,479,423
		£103,846,470

The following table shows in one view the total uncompensated taxation paid by Great Britain under the heads Taxes and Excise in the period 1801–1843:—

	£	£
TAXES,	—	420,427,731
EXCISE, Distinct Duties,	264,171,318	
Do., Differential Duties,	103,846,470	
		368,017,778
Total, 1801–1843,		£788,445,519

There are also estimates in the 1844 Returns which show that Ireland would have had to contribute much more than she did from the Union to 1843, if the Irish Custom duties had been the same as the British duties on barilla and ashes, bar iron, foreign salt, foreign spirits, sugar, tea, tobacco, wine, wool, British salt, coals, and other articles. The calculations are not, however, in such a form as to allow of their being added to the difference of taxation I have already noticed.

Besides the differential duties of Excise and Cus-

toms, there were differential Stamp duties. It appears from the returns already referred to that the over-taxation of Great Britain under the head of Stamps amounted in the period 1801 – 1842 to about £86,638,800. I shall not notice this taxation further than to say that I have set off against it the Irish assessed taxes, which ceased, except for arrears, about 1825, and amounted in all, from 1801 to 1833, to £8,489,628. They were at a different rate from the British assessed taxes, and included hearth money, which was not levied in Great Britain, and so they did not admit of being specially set off against the British assessed taxes.

Bearing in mind that no account has been made of the excessive taxation of Great Britain under the head of Customs, it follows that the £788,445,519 excess of taxation, under the heads of Excise and Taxes in Great Britain, is an under-estimate of the aggregate uncompensated taxation of Great Britain from 1801 to 1844.

I have not before me any complete returns of the separate or uncompensated taxation of Great Britain from 1844 to the present time ; but I have had an estimate of it made out, and find that, exclusive of any consideration of differential duties, it amounts to upwards of £160,000,000. This added to £788,445,519 gives the entire aggregate separate or uncompensated taxation of Great Britain, from the Union to the present time, as £948,445,519.

The foregoing tables thus appear to me to establish beyond a doubt that Ireland has, ever since the Union, been very considerably favoured in taxation as compared with Great Britain, this being especially the case in the years immediately succeeding the Union.

It has indeed been represented that from 1800 to 1817 the greatest sums were levied by taxation in Ireland, which it was possible to extract by the heaviest impositions. But no reference is made to

Houses of the Oireachtas

the fact that the chief of the really productive war taxes levied in Great Britain, were not extended to Ireland.*

It has also been represented that Ireland experienced no indulgence in the matter of taxation at the hands of the Imperial Parliament, during the sixteen years from 1800 to 1817. But this is inconsistent with the facts which appear in every one of the tables I have given, and is incorrect as to every description of taxation whether Excise, Customs, Assessed Taxes, Property Tax, or Stamps.

V.—*Discharge of the separate Debt of Great Britain independently of the Act of Union by separate taxation on Great Britain.*

When we see that the separate taxation of Great Britain has been so great since the Union, the question naturally arises, has it been sufficient to redeem whatever portion of the National Debt is properly chargeable to the separate account of Great Britain, so as to make it perfectly just to charge Ireland with her share of the interest on the entire existing debt, by imposing on her taxes at the same rate as those levied in Great Britain?

Before ascertaining the portion of the National Debt, which is properly chargeable to Great Britain alone, it is necessary to say a few words as to the growth of the National Debt.

The National Debt of Great Britain may be said to have commenced with the accession of King William III.; the first considerable portion of it was incurred for paying the expenses of the Revolution of 1688, and a large part of it to maintain the House of Hanover on the throne. Another portion was contracted in the American War.

With no portion of the British debt contracted

* In comparing the increase of the Irish and British Debts between the Union and 1817, it is sometimes forgotten that heavy war taxes were imposed on England about 1798. Taking this year as a starting point, in the period 1798–1817 the British Revenue was increased in a much greater proportion than the Irish.

prior to 1793 can it possibly be maintained that any class in Ireland has been charged, not even the owners of property who in a special manner were benefited by the events which led to its being incurred.

The Irish National Debt may be said to have commenced in 1793. The Irish Parliament, from that period to the Union, embarked with the British Parliament in the war against the French Revolution, and contracted debts with greater proportionate rapidity than the British Parliament. The increase of the Irish Debt in this period may, therefore, be safely set off against the increase of that of Great Britain.

After the Union, the National Debts of Great Britain and of Ireland continued to increase up to the end of the war, the Irish Debt in this period increasing more rapidly than the British. The consolidation of the two debts took place in 1817. And from this consolidation no really distinct and separate accounts have been kept between the two countries.

I shall, in the first instance, take as the simplest measure of the separate debt of Great Britain with which Ireland ought not to be charged, the amount of the unredeemed funded debt of Great Britain in 1792, £229,951,798 ; and not to anticipate the question as to proportional charges between the two countries, I have made no abatement* from this for the then Irish Debt of £1,586,067.

From 1792 to the Union, Great Britain was subject to many taxes not imposed in Ireland ; and, in the case of most articles that were taxed, there was a higher scale in Great Britain than in Ireland, but the entire amount I have not before me. I do not, therefore, for these years take any account of an excess of taxation, further than to assume that it would pay interest on the debt.

The charge of the unredeemed funded debt of Great Britain in 1792 amounted, according to a return in Parliamentary Paper No. 256 of 1824,

* If an abatement were made the separate debt would be £218,056,296. *Vide note, p.* 54, *infra.*

Houses of the Oireachtas

to £8,858,459. Now, assuming the separate debt of 1792, as above, to have remained unreduced at the time of the Union, the question is, was the uncompensated taxation of Great Britain, after the Union, under the heads of separate Excise Duties and Taxes under the Commissioners of Taxes, and excluding all notice of differential Excise and Customs Duties, sufficient, on an account properly taken, to keep down the interest on this debt, and to redeem it? and if so, within what period?

This question of redemption involves a calculation in compound interest, and I have had the calculation made. The result of the account taken in the manner before indicated will be seen from the following table:—

	Uncompensated Taxation of Great Britain under the heads Excise and Taxes. 1800 to 1814.	Annual Charge of Separate Debt (1792) of Great Britain.
	£	£
1801,	15,543,797	8,858,459
1802,	14,113,048	8,858,459
1803,	12,419,229	8,858,459
1804,	16,504,264	8,858,459
1805,	17,927,632	8,858,459
1806,	19,926,309	8,858,459
1807,	24,950,349	8,858,459
1808,	26,602,232	8,858,459
1809,	29,015,578	8,858,459
1810,	29,057,239	8,858,459
1811,	28,527,508	8,858,459
1812,	28,434,464	8,858,459
1813,	30,206,497	8,858,459
1814,	30,302,521	8,858,459
Total,	£324,030,667	£124,018,426
Interest at 4¾ per cent.,	98,737,715	*46,613.231
	£422,768,382	£170,631,657
Deduct Annual Charge,	170,631,657	
Surplus applicable for redemption of debt,	252,136,725	
British debt in 1792,	£229,951,798	

It thus appears that the debt could have been more than redeemed at par as early as 1814;† and if allowance be made for the low price of the funds, it might have been redeemed as early as 1811 or 1812.‡

* This interest is added to make the annual charge comparable with the separate taxes improved at interest as above.

† I have not deemed it desirable to complicate this account by any consideration of the value of the annuities payable by Great Britain. Their capitalized value, after making allowance for those that fell in about 1808, would amount to about £10,000,000; and the balance of the above surplus, after redeeming the debt, would much more than discharge this sum.

‡ If the differential Excise and Customs Duties above referred to could have been included in the table, the debt would appear to have been paid off even sooner.

House of the Oireachtas

VI.—*Discharge of Separate Debt of Great Britain on an account taken on the proportion of contribution fixed by the Act of Union.*

By the Act of Union it was settled, that the contribution of Ireland to all joint expenses of the empire should, for a certain period, be two-seventeenths of the entire expenditure, and the contribution of Great Britain fifteen-seventeenths. I proceed, therefore, next to inquire whether on an account taken on the basis of these shares the revenue raised in Great Britain in excess of the share which on the proportion fixed by the Act of Union would correspond with the revenue of Ireland, was sufficient to pay the interest on what I shall show was the true separate British debt at the time of the Union, and to redeem the entire of that separate debt before the year 1817.

The capital of the funded Irish debt unredeemed on the 1st January, 1801, was £26,841,219, and the capital of the similar British debt on the 5th January in the same year, was £420,305,944.

If we deduct from the British debt $\frac{15}{2}$ (or $7\frac{1}{2}$) times the Irish debt, we get a fair measure of the true separate debt of Great Britain at the time of the Union which Ireland might have claimed to be paid, both principal and interest, out of separate taxation on Great Britain alone.

The proportion of British debt corresponding to the Irish debt is thus, £201,309,142 ; and when this is deducted from £420,305,944, we get the separate British debt at the Union as £218,996,802.

The annual charge of the Irish unredeemed funded debt at the time of the Union was, exclusive of management, £1,150,284 ; this multiplied by $\frac{15}{2}$ (or $7\frac{1}{2}$) gives that part of the annual charge of the British debt which would correspond with the Irish charge as £8,627,130. Deducting this from

House of the Oireachtas

£15,800,106 the entire charge for the unredeemed funded debt of Great Britain in 1801, we get £7,172,976 as the annual separate charge for £218,996,802, the separate debt of Great Britain. Both this separate charge and this separate debt ought to be paid by British taxation alone.

To ascertain whether this £218,996,802, and the annual charge of £7,172,976, were on an account taken between the two countries discharged by taxation raised in Great Britain between 1801 and 1817 beyond the share which Great Britain was bound to contribute by the Act of Union, I have constructed the following table:—

Year ended 5th January,	Net Revenue, Ireland, as shown in Parliamentary Paper, 1824, No. 256.	Great Britain. Contribution payable by (7¼ times that of Ireland).	Great Britain. Net Revenue after deducting £7,172,976 as above.	Great Britain. Excess of Revenue applicable to Redemption of Separate Debt of £218,996,802 (Stock).	Great Britain. Deficiency of British Contribution.
	1.	2.	3.	4.	5.
	£	£	£	£	£
1802	3,341,892	25,064,190	27,438,320	2,374,130	—
1803	4,337,269	32,529,517	29,176,950	—	3,352,567
1804	3,717,942	27,884,565	30,702,123	2,817,558	—
1805	4,383,487	32,876,152	38,130,410	5,254,258	—
1806	4,600,953	34,507,147	42,573,499	8,066,352	—
1807	5,187,908	38,909,310	46,057,396	7,148,086	—
1808	5,718,967	42,892,252	51,048,761	8,156,509	—
1809	5,653,753	42,403,147	53,798,464	11,395,317	—
1810	5,414,328	40,607,460	55,793,862	15,186,402	—
1811	4,881,021	36,607,657	59,466,595	22,858,938	—
1812	5,291,381	39,685,357	57,047,436	17,362,079	—
1813	5,942,151	44,566,132	56,477,819	11,911,687	—
1814	6,225,391	46,690,432	59,699,611	13,009,179	—
1815	6,649,766	49,873,245	61,846,753	11,973,508	—
1816	6,805,513	51,041,347	62,685,925	11,644,578	—
1817	5,803,220	43,524,150	53,663,877	10,139,727	—
			Total,	159,298,308	3,352,567
			Deduct deficiency in 1802-3,	3,352,567	
			Surplus, without Interest,	155,945,741	
			Interest thereon if invested year by year, at 4¾ per cent.,	48,307,273	
			Surplus in cash,	204,253,014	

	£	
This surplus, if same had been converted into Stock, would give,	306,000,000	(Stock.)
Deduct separate debt,	218,996,802	(Stock.)
Clear surplus, after redemption of separate debt,	87,003,198	(Stock.)

In the first column I have given the net revenue

of Ireland in each year; in the second column I have given $\frac{15}{2}$ (or $7\frac{1}{2}$) times the net revenue of Ireland, being the amount of British contribution which would correspond, on the Union basis of contribution, with the actual amount contributed by Ireland. In the third column I have given the net revenue of Great Britain, after deducting £7,172,976, the annual charge as above of the separate debt for which Great Britain was liable. The fourth and fifth columns show the excess or deficiency of revenue raised in Great Britain, after providing for interest on separate debt and a contribution equal to $7\frac{1}{2}$ times the net revenue of Ireland.

The result of the table is that there appears to have been, without allowing for interest, a clear surplus of £155,945,741, applicable to the redemption of the separate debt of Great Britain.

To this is added a sum of £48,307,273 for interest at $4\frac{3}{4}$ per cent. (the average rate from 1802 to 1817), assuming the surplus to have been invested each year. The entire fund applicable to the redemption of the separate debt, thus appears to be £204,253,014 cash.

The amount of stock of the kind of which the debt really consisted, which this surplus would have produced if invested year by year,* I estimate at £306,000,000, and when the separate debt of £218,996,802 is deducted from this, the table shows finally a clear surplus of £87,003,198 (stock), arising from excess of contribution of Great Britain, from 1802 to 1817, beyond her share under the Act of Union after the redemption of the entire of her separate debt, and the payment of all interest thereon.

* An operation similar to this took place by means of the Sinking Fund, from 1786 to 1817, when, as noticed in Hamilton's very able treatise on the National Debt, p. 157, £183,369,228 taxes, invested in this period, redeemed £291,719,172 (stock).

House of Lords Oireachtas

In the foregoing table the net revenue of both Great Britain and Ireland has been taken. A question arose, however, on the construction of the Act of Union, whether the joint account should not be taken on the basis of including the expenses of managing the revenue in the joint expenditure. The Committee of the House of Commons in 1811 recommended the account to be so taken. Accordingly it appears to have been so taken in 1815. I therefore add a table, made out on the same principle as the preceding one, but including the expense of management as part of the joint expenditure.

Year ended 5th January,	Revenue of Ireland, including Management.	Great Britain. British Contribution seven and a-half times that of Ireland.	Great Britain. Revenue, including management, after deducting £7,172,976, as above.	Great Britain. Excess of Revenue applicable to Redemption of Separate Debt of £218,996,802 (Stock.)	Great Britain. Deficiency of British Contribution.
	£	£	£	£	£
1802	3,698,070	27,735,525	29,463,789	1,728,264	—
1803	4,716,695	35,375,212	31,159,035	—	4,216,177
1804	4,124,706	30,935,295	32,657,491	1,722,196	—
1805	4,798,036	35,985,270	40,265,586	4,280,516	—
1806	5,010,107	37,575,802	44,830,684	7,254,882	—
1807	5,608,510	42,063,825	48,433,224	6,369,399	—
1808	6,206,964	46,552,230	53,747,809	7,195,579	—
1809	6,250,699	46,880,242	56,615,032	9,734,790	—
1810	6,141,999	46,064,992	58,680,063	12,615,071	—
1811	5,691,027	42,682,702	62,401,471	19,718,769	—
1812	6,120,371	45,902,782	60,144,017	14,241,235	—
1813	6,768,383	50,762,872	59,751,061	8,988,189	—
1814	7,053,936	52,904,520	63,204,549	10,300,029	—
1815	7,544,629	56,584,717	65,420,014	8,835,297	—
1816	7,765,165	58,238,737	66,349,587	8,110,850	—
1817	6,739,535	50,546,512	57,404,862	6,858,350	—
	Total, ...			127,953,416	4,216,177
	Deduct deficiency in 1802–3, . .			4,216,177	
	Surplus without interest, . . .			123,737,239	
	Interest thereon if invested year by year, at 4¾ per cent., . . .			38,707,028	
	Surplus in cash, ...			162,444,267	

	£
This surplus, if same had been converted into Stock, would give, . . .	244,666,400 (Stock.)
Deduct separate debt, ...	218,996,802 (Stock.)
Clear surplus after redemption of separate debt, ...	25,669,598 (Stock.)

It will be seen that this, though more favourable

to Ireland on account of the greater comparative cost of collection in Ireland, does not affect the result of the separate debt of Great Britain being redeemed in 1817 by the excess of her revenue, after providing for the interest on her separate debt.

The surplus in cash improved at interest, as in the preceding table, amounted to £162,444,267, and this, at the average price of the funds, would, according to an estimate similar to the preceding, redeem £244,666,400 (stock), and so a surplus of £25,669,598 (stock) would remain, after redeeming the entire separate debt of Great Britain.*

VII.—*Rapid increase of Irish Debt after the Union caused by comparative under-taxation in Ireland.*

We have already seen that Great Britain was from 1800 to 1817 subjected to many taxes which Ireland was not subjected to, and to other taxes at a higher rate than Ireland. We have seen, too, that the produce of these separate taxes on Great Britain was sufficient not only to pay the interest on the separate debt, but to give a large surplus in each year applicable either to war expenses or to redemption of debt.

The comparison of the revenues of Great Britain and Ireland shows the same result of a surplus in each year, with one exception, in favour of Great Britain, beyond her share of contribution, after making provision for the interest on her separate debt.

The National Debts of Great Britain and Ireland

* In the accounts in the foregoing section I have not noticed the different descriptions of the British and Irish Stocks, and the ante-Union liabilities not included in the debt, as affecting favourably the British side of the account; or the different proportions of the values of the terminable annuities and the different proportions of the unfunded debts, as affecting favourably the Irish side of the account. To do so would complicate the subject without materially affecting the result.

Leabharlann Oireachtas

were not consolidated till 1817 ; and the surplus taxation of Great Britain, beyond the amount proportionate to what was raised in Ireland, instead of being, in fact, applied to redeem her separate debt, was applied to the expenses of the war.

Besides this application of the surplus to war expenditure, Great Britain increased her unredeemed funded debt, from the Union to 1817, by a net amount, according to Parliamentary Paper, 1824, No. 256, of £268,514,068. Ireland, in order to meet her contribution to joint expenditure, had to contract debt in the first place proportional to the latter sum (*i.e.* two-fifteenth parts of it) or £35,801,875.

Again Ireland had to contract debt in proportion to the surplus taxation which, as already mentioned, Great Britain raised and applied to the expenses of the war, between the Union and 1817. This, however, we have seen (Table, p. 20) was equivalent, in 1817, to at least £244,666,400 (stock); two-fifteenth parts of this would be £32,622,186. In other words, the debt which it was necessary for Ireland to contract for joint expenditure, from the Union to 1817, may be estimated as £68,424,061.

In the foregoing calculation no allowance has been made for any expenditure on the separate account of Ireland beyond what would be necessary to pay for interest, sinking fund, and annuities, at a rate proportionate to similar charges in England.

It appears from the Report of the House of Commons Committee of 1815, that in 1802, 1803, and 1804, a sum, amounting to nearly £3,000,000 (Irish), was charged to the separate account of Ireland, over and above the charge for interest, sinking fund, and annuities. This £3,000,000 (Irish), improved at compound interest, and invested in the funds, would amount in 1817 to upwards of £10,000,000.

Houses of the Oireachtas

The sum last mentioned added to £68,424,061, gives £78,424,061, and, making allowance for the less favourable state of the Irish money market for borrowing money than that of the British, the accumulation of the Irish Post-Union debt of £80,538,939, as stated in Parliamentary Paper, 1824, No. 256, may be considered as accounted for.

It appears, therefore, that the increase of the Irish debt to 1817 was the natural consequence of the manner in which Ireland met her increased expenditure, namely, by borrowing instead of by raising the full amount of her contribution to the joint expenditure, or even an amount proportionate to the taxation of Great Britain, after payment of the charge for her separate debt, within the year.

VIII.—*Charge against the House of Commons Select Committee of* 1815.

The Committee of the Dublin Corporation allege that Ireland has been overcharged to the extent of £40,000,000 in taking the accounts under the Union.

In supporting their allegations, they bring the following very grave charge against the Select Committee of the House of Commons which reported on the state of Accounts between Great Britain and Ireland in 1815 :—

"A circumstance which appears on the face of the accounts is calculated to excite grave suspicions as to the accuracy of the statement of the Committee of 1815. On the 5th of January, 1816 [1817], the debts of the two countries appear for the last time distinct, and they stand on that date as follows :—

	£
Great Britain, . . .	688,820,032
Ireland, ...	107,380,158
Total, . .	796,200,190

"Assuming that there was no increase or diminution of either debt during the year 1816 [1817], the total above given would represent the joint imperial debt on the 1st January, 1817 [1818.] But the same return (No. 256, of 1824), which states the two separate debts in 1816 [1817] as above, gives the joint debt in the following year as £755,737,972, showing a difference of about

£40,000,000, being the amount which, on a fair view of the account, Ireland appears to have been overcharged.

"On the whole, your Committee see no reason to doubt that the entire debt fairly chargeable to Ireland, in 1816 (including the Ante-Union debt), did not exceed £67,000,000; and that an extreme anxiety to bring the two debts within the proportion required by the Act of Union, to warrant the consolidation of the two Exchequers, misled the Committee of 1815 to exaggerate the amount of the Irish debt by about £40,000,000."

It is not easy to conceive a more serious charge against the trustworthiness of a Committee than this. As the measure for consolidating the Exchequers seems to have been mainly founded on their report, it is necessary to examine whether there is any foundation for the charge, or whether the suspicions of the Corporation Committee do not arise from their having overlooked some simple considerations.

I find in the return which the Corporation Committee rely on, a note stating that the £755,737,972 which they refer to as the entire National Debt was not the entire debt, but only that portion of it "the dividends and interest of which are payable in Great Britain." In a subsequent part of the same Parliamentary Return, part No. II., a sum of £21,004,430, is given as the portion of the National Debt (then consolidated), the interest and dividends of which were payable in Ireland; if this be added to the part, the dividends and interest of which were payable in Great Britain, we get £776,742,402, instead of £755,737,972, as the entire National Debt of the United Kingdom on 5th of January, 1818.

When it appeared that the entire National Debt of the United Kingdom was £796,200,190, on 5th January, 1817, and £776,742,402 (or £755,737,972 as the Corporation Committee thought) on 5th January, 1818, the existence of a sinking fund might have suggested to the Corporation Committee the inquiry, whether the difference might not have been owing to its operation. The proceedings of the Commissioners

for the reduction of the National Debt in dealing with the sinking fund, are detailed in the Fourth Report of the Finance Committee of the House of Commons, made in 1828; and it appears from that report that £19,457,788, capital stock of the National Debt of the United Kingdom was redeemed between 5th January, 1817, and 5th January, 1818; and this sum is precisely the difference between £796,200,190, the Debt as stated in 1817, and £776,742,402, the Debt as stated in 1818. The charge against the Special Committee of the House of Commons of 1815 is thus shown to have not a shadow of foundation.

The charge and refutation may be exhibited in a tabular form as follows :—

CHARGE.

	£
Separate Debt, Great Britain, 1817, . .	688,820,032
„ Ireland, „ . .	107,380,158
	796,200,190
Joint Debt, 1818, ...	755,737,972
Alleged exaggeration by Committee of 1815,	40,462,218

REFUTATION.

		£	£
Joint Debt, 1818,	on which dividends payable in Great Britain, . .		755,737,972
Ditto,	on which dividends payable in Ireland,	21,004,430	
Ditto,	redeemed by Sinking Fund in interval between January 5th, 1817, and January 5th, 1818, .	19,457,788	
			40,462,218
			796,200,190
Aggregate of separate Debts, 1817 (as above),			. £796,200,190

Houses of the Oireachtas

IX.—*The Revenue now produced by Ireland.*

A return was made to Parliament in March, 1862, showing—

AN ABSTRACT of the net* produce of the REVENUE of IRELAND paid "into the Exchequer" in the year ending 31st December, 1861 :—

	£	s.	d.
Customs, . . .	2,295,000	0	0
Excise, . . .	2,991,000	0	0
Stamps, . . .	515,532	15	8
Property and Income Tax, .	733,484	19	6
Post Office, . .		—	
Small Branches of the Hereditary Revenue, . .	632	14	0
Miscellaneous, including Repayments of Advances, .	347,906	14	2
	£6,883,557	3	4

In consequence of the words "into the Exchequer" in the requisition for the return, it does not include the Post Office, the revenue from which is not distinguished nor paid into the Irish Exchequer. It is observed, in a note on the return, that it omits the receipts from the Crown Lands in Ireland.

It appears from another return that the Post Office Revenue of Ireland was, in 1861, £258,778. The income from Crown Lands in Ireland, in the same year, was £47,661—the produce of Sales in the same year being £9,810, and the expenditure in Ireland out of income of land revenue £3,353.

Now, if we add the receipts from the Post Office and Crown Lands, and deduct the miscellaneous items, as including chiefly repayments of advances, and omit the sales of Crown Lands as not being a proper annual revenue, we get the full revenue—thus :—

* I have ascertained that the cost of collection has not been deducted from the sums under the several heads of revenue in this return. The deductions from gross receipts are for drawbacks, &c.

Houses of the Oireachtas

	£
Revenue as above, . .	6,883,557
Add Post Office, . . .	258,778
Crown Lands, . . .	47,661
	7,189,996
Deduct Miscellaneous, including Repayment of Advances, . .	347,906
Revenue received in Ireland, 1861,	£6,842,090

In addition to this revenue received in Ireland, the inhabitants of Ireland contribute to the Customs Revenue of Great Britain to whatever extent tea, sugar, and other articles, subject to customs, are brought from England and Scotland, duty paid.

The Committee of the Dublin Corporation estimate the taxes paid by Ireland, and not collected in Ireland, at £1,000,000.*

* The gross public revenue of the United Kingdom in 1861, was £70,283,674. If we deduct from

	£	£
		70,283,674
Old stores and extra receipts, naval and military department, . .	656,593	
Surplus fees, extra receipts, civil departments, including dividends, &c., ...	796,508	
		1,453,101
We get revenue paid by United Kingdom, ...		68,830,573
Deducting revenue received in Ireland, ...		6,842,090
We get revenue received in Great Britain, ...		£61,988,483

It will thus be seen that one-tenth of the whole revenue is actually received in Ireland.

If the Corporation Committee's estimate of £1,000,000 for uncredited taxes be not excessive, the respective revenues will stand as follows :—

	£
Revenue paid by United Kingdom, . .	68,830,573
Revenue paid by Ireland (estimate), . .	7,842,090
Revenue paid by Great Britain (estimate), .	£60,988,483

Thus, according to this estimate, more than one-ninth ($\frac{1}{9}\frac{1}{7}$) of the whole revenue is paid by Ireland.

Houses of the Oireachtas

They estimate the uncredited taxation on sugar at £710,725, and on tobacco, fruits, spices, &c., at £290,000. They set off items for probate and administration granted in England, affecting personal property in Ireland, and succession duty paid in Great Britain on income arising from land in Ireland, against spirits exported from Ireland, not in bond, to Great Britain.

I do not find any reports or returns enabling me to check this estimate. The statistics of the trade of Ireland are now collected by Custom House Officers, and published in daily lists, under a Patent, for the benefit of a Custom House Superannuation Fund; but there is no annual digest made up and published of the quantities of taxed articles imported otherwise than in bond.

X.—*The portion of the Expenditure of the United Kingdom fairly chargeable to Ireland?*

The Committee of the Dublin Corporation divide the expenditure with which they seem to consider* Ireland fairly chargeable into two parts:—

I.—Expenditure outside the limits of the United Kingdom.
II.—Expenditure in Ireland.

	£
The first they estimate at (for 1861), .	1,000,000
The second at	3,860,585
	£4,860,585

* Though the Corporation Committee do not in terms take an account between the two countries, they seem to me, under head IV. of their Report, necessarily to imply that an account ought to be taken on the basis above stated.

House of the Oireachtas

The grounds of the estimate of the £1,000,000 they explain thus:—

"In approaching this branch of the subject it is but just to observe, that there are certain classes of expenditure which must of necessity be made outside the limits of the United Kingdom. They are chiefly made up of colonial expenses, the wages of seamen, and the salaries, &c., of diplomatic and consular agents, and may probably amount in all to £9,000,000, or thereabouts. The revenue of Ireland being at present about one-ninth of that of the United Kingdom, her fair proportion of the above sum would be about £1,000,000, and to that extent she may be considered bound, by her position, as a portion of the British Empire, to submit to an expenditure of her taxes outside her own borders."

The second head is made up of three classes of expenditure :—

	£
The Lord Lieutenant and Irish Establishments, and other local Irish objects, .	1,570,457
National debt, interest, and management, .	1,265,128
Army, ...	1,025,000
	£3,860,585

Before proceeding to give what seems to me a proper account of the claims on Ireland on foot of national expenditure, I think it may be desirable to notice particularly the error that exists in regarding as the proper charge against Ireland the sum above stated as her expenditure for the National Debt.

If Ireland were now to pay three per cent. on her separate debt of £107,380,158, in 1817, her charge would be £3,221,403; but as the separate British debt at the Union is to be considered as redeemed by special British taxation, and the rest of the debts of the two countries as consolidated in 1817, the fair charge to Ireland on account of the National Debt is in proportion to her contribution to the general revenue, that is to say, at least one-tenth of £26,231,018, or £2,623,101, taking the taxes actually paid in Ireland as the standard; or £2,914,557, if the estimate of the Corporation Committee as to there being £1,000,000 uncredited taxes, should be held to be correct.

The Corporation Committee admit that Ireland is liable to one-ninth of certain common charges; and yet, in stating the sum chargeable to Ireland on account of the National Debt, they do not take one-ninth of the entire interest, but the interest on that portion of the entire debt of the United Kingdom which happened to be payable in Dublin in 1861.

A portion of the public funded debt of the United Kingdom is transferable at the Bank of Ireland, and may be transferred from London to Dublin, or *vice versâ*. The amount at any one time held in Ireland, the interest on which is, for convenience, made payable in Dublin, depends on the state of the country and the amount of money lying in Dublin for investment. The variations in amount in different years is very great, as appears by the following table:—

AMOUNT of GOVERNMENT STOCK on which Dividends were paid in Ireland, in the following years.

Years.	Stock.	Increase from preceding year stated.	Decrease from preceding year stated.
	£	£	£
— 1818,	21,004,430	—	—
31st December, 1840,	31,237,000	10,232,570	—
„ 1848,	39,600,000	8,363,000	—
„ 1852,	36,535,000	—	3,065,000
„ 1857,	42,217,000	5,682,000	—
„ 1862,	38,081,000	—	4,136,000

Now, in taking an account between Great Britain and Ireland, it is obvious that the share of the National Debt which Ireland ought to pay dividends on cannot depend on such fluctuating figures as appear in this table.* The share cannot be £10,232,570

* If the accumulation of capital in Ireland should increase sufficiently, it might all be invested in bringing the greater part of the National Debt of the United Kingdom to Dublin, so that the dividends would be payable at the Bank of Ireland. Would it be contended in such a case, that Ireland was fairly chargeable with the greater part of the annual charge of £26,231,018?

more in 1840 than in 1818, £8,363,000 more in 1848 than in 1840, then a decrease of £3,065,000 in 1852, then an increase of £5,682,000 in 1857, and a decrease of £4,136,000 in 1862.

If such a principle were recognised, Scotland ought to pay no share of the dividends on the National Debt at all, because there is no Government Stock transferable in Edinburgh.

In this way of taking the charge, too, it is overlooked that the greater part of the Irish Ante-Union debt of £26,841,219 was contracted and held in England, and the dividends were never paid in Ireland.

In like manner, the greater part of the Irish debt contracted between 1801 and 1817 was always held in England; in short, of £107,380,158 Irish debt, only £21,004,430 was, in 1818, held in Ireland, and transferable at the Bank of Ireland.

The following accounts are framed to show the corrections to be made in the estimate of the Corporation Committee of the expenditure fairly chargeable to Ireland. The first is taken on the basis of the revenue actually received in Ireland in 1861, and the second is on the basis of adding to the revenue received in Ireland, the Corporation Committee's estimate of the uncredited revenue paid by Ireland in the same year.

The Irish share of contribution in both accounts is ascertained on the principle approved of by the Corporation Committee in the extract from their Report given above, and, in accordance with the calculations contained in the note to page 27 *supra*, is one-tenth in the first account, and one-ninth in the second.

The two principal items in the Corporation Committee's estimate, viz., interest of public funded debt, &c., payable in Ireland, £1,265,128, and army, £1,025,000, were taken from a return of the net public expenditure of Ireland made in March, 1862.

There is a note to the return which ought to be

sufficient to prevent persons from being misled by the form in which it is drawn up into the belief that it fully represents the sums properly chargeable to Ireland on the heads included in it.

The note is as follows :—

"This Account is prepared pursuant to the order of the House, in continuation of that presented in 1860, No. 524. Under the head of Expenditure it shows only the payments made from the Exchequer of Ireland, *and not the whole expenditure by the United Kingdom on account of Ireland.*"

I shall now give the accounts, and afterwards explain some of the remaining items in them.*

I. ACCOUNT of the EXPENDITURE fairly chargeable to Ireland, assuming the ENTIRE IRISH REVENUE in 1861 to have been £6,842,090, the amount actually received in Ireland.

Heads of Expenditure.	Corporation Committee Estimate.	One-tenth of Total Expenditure on common Imperial Objects.	Additions to be made to Corporation Committee Estimate.
	£	£	£
Lord Lieutenant and Irish Establishment, .	1,570,457	—	—
Army, ...	1,025,000	1,497,000	472,000
National Debt, Interest, and Management, .	1,265,128	2,623,101	1,357,973
Navy, ...	1,000,000	1,333,166	406,662
Diplomatic and Consular Service, .		50,668	
Colonial Expenses, ...		22,828	
	4,860,585	—	2,236,635
Add Corporation Committee Estimate, ...	—	—	4,860,585
Expenditure under foregoing heads, properly chargeable to Ireland, .	—	—	7,097,220
Omissions from Corporation Committee Estimate.			
Naval and Military Operations in China, .	—	304,389	304,389
Charge of Collection of Revenue of United Kingdom, ...	—	257,809	257,809
Post Office—Dublin Establishment, . .	—	—	37,908
,, Irish Provincial Establishment,	—	—	50,908
,, Other Expenses, . . .	—	90,000	90,000
,, Packet Service, . . .	—	106,977	106,977
Postage, Public Departments, . . .	—	11,462	11,462
Stationery, Public Departments, . . .	—	28,760	28,760
Abolition of Slavery, ...	—	4,905	4,905
			893,118
Increased Estimate, as above, ...			7,097,220
Expenditure with which Ireland was fairly chargeable, 1861, on basis of Taxes received in Ireland, ...			7,990,338
Deduct Taxes received, 1861, ...		6,842,090	
One-tenth of Old Stores, Extra Receipts, &c., 1861,		145,310	
			6,987,400
Excess of Share of Expenditure above Taxation, . .			1,002,938

* The Return from which the Corporation Committee take their figures is for the year ending 31st December, 1861. In the absence of accounts of the expenditure of the United Kingdom for the same period, I have taken the one-tenth of the expenditure for the year ending 31st March, 1861.

II. Account of the Expenditure fairly chargeable to Ireland, assuming the Entire Irish Revenue in 1861 to have been £7,842,090, on basis of Corporation Committee's Estimate of uncredited taxes.

Heads of Expenditure.	Corporation Committee Estimate.	One-ninth of Total Expenditure on common Imperial Objects.	Additions to be made to Corporation Committee Estimate.
	£	£	£
Lord Lieutenant and Irish Establishment, .	1,570,457	—	—
Army, ...	1,025,000	1,663,333	638,333
National Debt, Interest, and Management, .	1,265,128	2,914,557	1,649,429
Navy, ...	1,000,000	1,481,296	562,957
Diplomatic and Consular Service, .		56,297	
Colonial Expenses, ...		25,364	
	4,860,585	—	2,850,719
Add Corporation Committee Estimate,	—	—	4,860,585
Expenditure under foregoing heads properly chargeable to Ireland, .	—	—	7,711,304
Omissions from Corporation Committee Estimate.			
Naval and Military Operations in China, .	—	338,210	338,210
Charges of collection of the Revenue of the United Kingdom, ...	—	287,566	287,566
Post Office—Dublin Establishment, . .	—	—	37,908
„ Irish Provincial Establishment,	—	—	50,908
„ Other Expenses, . . .	—	100,000	100,000
„ Packet Service, . . .	—	118,864	118,864
Postage, Public Departments, . . .	—	12,736	12,736
Stationery, Public Departments, . . .	—	31,955	31,955
Abolition of Slavery, ...	—	5,450	5,450
			983,597
Increased Estimate, as above, ...			7,711,304
Expenditure with which Ireland was fairly chargeable, 1861, on basis of adding to Taxes received in Ireland Corporation Committee's Estimate of Uncredited Taxes, . . .			8,694,901
Deduct Estimate Taxes paid by Ireland, . .		7,842,090	
One-ninth of Old Stores, Extra Receipts, &c., .		161,456	
			8,003,546
Excess of Share of Expenditure above Taxation, . .			691,355

I have already* explained the reason for the addition of £1,357,973 in the first account, and £1,649,429 in the second, for interest on the National Debt.

The next item to be noticed is the charge for the Army. The Corporation Committee in their estimate take £1,025,000, as the fair charge. This is the item set down in the accounts as the part of the Army expenses actually paid in Ireland. They admit that

* *Vide* pp. 29, 30, *supra.*

Houses of the Oireachtas

Ireland ought to pay for seamen abroad, but strangely enough, make no allowance for the soldiers abroad, or for the arms purchased in England.

The charge which Ireland ought to pay for the Army is quite independent of the cash payments made, for convenience' sake, out of the Irish Exchequer. I have accordingly taken the proper charge against Ireland for the Army in the first account as £1,497,000, one-tenth of the entire charge; and in the second account as £1,663,333, one-ninth of the entire charge.

I have next to notice the Navy, the Diplomatic and Consular Services, and Colonial expenses.

The Corporation Committee include the wages of seamen in their estimate of £1,000,000 for common expenditure outside the limits of the United Kingdom. It appears to me, however, impossible to separate the charge for the Navy, and to say that Ireland is to pay for the fleet whilst it is in the Mediterranean, Baltic, or Black Sea, but is not to pay for the dockyards necessary to refit it. It is also impossible to separate the wages of the seamen from the cost for iron plates and Armstrong guns. I have, therefore, included in the first account one-tenth of the entire charge for the Navy; and in the second, one-ninth. For the sake of comparison with the Corporation estimate I have in the same place set down against Ireland one-tenth and one-ninth, respectively, of the total charge for the Diplomatic and Consular Service, and Colonial expenses.

I have added to the accounts some obvious items of fair common charge which were omitted from the estimate of the Corporation Committee, such as the Naval and Military Operations in China, the cost of Carriage of Mails, the Post Office Packet Service, the Postage and Stationery of Public Departments, and the Abolition of Slavery. I have also added the cost of the Irish Post Office.

Houses of the Oireachtas

The accounts I have given establish the remarkable result, that whether we take the revenue actually received in Ireland and the proportionate charges, or the estimate of the Corporation Committee as to the uncredited taxes paid by Ireland and the proportionate charges, we arrive at the conclusion that the expenditure fairly chargeable to Ireland, is greater than the contribution of Ireland to the expenses of the empire by £1,002,938, in the one case, and by £691,355, in the other.

The heads of expenditure under which Ireland has a decided advantage over Great Britain are Education and Police.

The entire expenditure under the head of Police and Criminal Prosecutions in 1861, was £1,293,631; one-tenth of this would be £129,363, and one-ninth £143,736. The expenditure in Ireland under this head is £811,606, showing a surplus expenditure in Police and Criminal Prosecutions in Ireland beyond her proportion, on the basis of taxes received in Ireland, of £681,243, and on the basis of the Corporation Committee's estimate of uncredited taxes of £667,870. Part of this is, however, to be deducted for the Police being employed to detect illicit distillation. It is also to be borne in mind that the Irish Constabulary is not merely a police force, but in a certain sense a well-organized standing army on which the nation might rely if ever its services were required.

Under the head of Education, Ireland receives a much larger proportion than other parts of the empire, but the value and extent of the English endowments for Education are to be considered in estimating the necessity of this expenditure in Ireland; and the great expenditure on Education in Ireland since 1830 may not improperly be regarded as only making up for a long period of neglect of its proper encouragement previously to that time.

Houses of the Oireachtas

XI.—*Was the Act of Union violated by the Consolidation of the Exchequers of Great Britain and Ireland in* 1817 ?

It is provided by one of the clauses of the 7th Article of Union—

"That if at any future day . . . the values of their respective debts" (estimated as therein mentioned) "shall be to each other in the same proportion with the respective contributions of each country respectively," &c. [that is, as 2 to 15]; "and if it shall appear to the Parliament of the United Kingdom that the respective circumstances of the two countries will thenceforth admit of their contributing indiscriminately by equal taxes imposed on the same articles in each to the future expenditure of the United Kingdom, it shall be competent to the Parliament of the United Kingdom to declare that all future expense thenceforth to be incurred, together with the interest and charges of all joint debts contracted previous to such declaration, shall be so defrayed indiscriminately by equal taxes imposed indiscriminately on the same articles."

The clause further provides for such exemptions in Ireland and Scotland as circumstances shall appear to demand.

A subsequent clause of the same Article provides that after the declaration by Parliament already referred to it shall not be necessary to regulate the contribution of the two countries towards the future expenditure of the United Kingdom; and then follows a provision as to the unpaid or consolidated separate debt of either country, which it is not necessary here to refer to.

The separate unredeemed funded debt of Ireland was admittedly, at the time of the Union of Great Britain and Ireland, £26,841,219. The corresponding British debt at the same period was £420,305,944. At this time, therefore, it is clear that the total debts of the two countries were not "to each other in the same proportion with the respective contributions of the two countries," the proportion (assuming the stock to be of the same description), instead of as 2 to 15, being as 2 to 31 nearly. Although, therefore, the debts might have been partially consolidated, (as has been done by me for convenience' sake), they could not

Houses of the Oireachtas

then be consolidated so as to warrant Parliament in imposing equal taxes. But subsequently to the union of the two countries, the Irish debt increased in a much greater proportion than the British ; and as appears from the Report of the Select Committee of the House of Commons on the Public Income and Expenditure of Ireland in 1815, the proportion of the Irish debt to the British was at that time, instead of as 2 to 15, as 2 to 13 nearly.

The same Committee of the House of Commons reported, that for the reasons mentioned in their report, they were of opinion that, although the debt of Ireland had gone beyond the proportion of 2 to 15, Parliament still retained power to consolidate the debts and expenditure of the two countries. Subsequently to this report the power was not lost, the debt of Ireland being in 1817, when the Exchequers were amalgamated, still further beyond the proportion of 2 to 15 than when the Committee reported in 1815.

Assuming that the consolidation of the Exchequers was authorized by the Act of Union, under the circumstances already mentioned, it has, however, been said that but for a violation of another clause in the 7th Article of Union, the condition required for the amalgamation of the two Exchequers (namely, an addition to the separate debt of Ireland) could never have arisen; for it is alleged* that it is "expressly provided that all future loans should be on joint account, and the interest borne by each country in the proportion above mentioned;" and "that immediately after the passing of the Act of Union, in contempt of the provision just referred to, a system of raising loans on the separate account of each country was adopted." But it will at once appear from the clause in the 7th Article, to which reference is made, and which

* Report of Dublin Corporation Committee, p. 4.

I shall quote in full, that the "express provision" is accompanied with an *express proviso*, which completely disposes of the allegations referred to:—

"That all moneys to be raised after the Union by loan, in peace or war, for the service of the United Kingdom, by the Parliament thereof, shall be considered to be a joint debt, and the charges thereof shall be borne by the respective countries in the proportion of their respective contributions; *provided* that if at any time in raising their respective contributions hereby fixed for each country, the Parliament of the United Kingdom shall judge it fit to raise a greater proportion of such respective contributions in one country within the year than in the other, or to set apart a greater proportion of sinking fund for the liquidation of the whole or any part of the loan raised on account of the one country than of that raised on account of the other country, then such part of the said loan, for the liquidation of which different provisions shall have been made for the respective countries, shall be kept distinct and shall be borne by each separately, and only that part of the said loan shall be deemed joint and common, for the reduction of which the respective countries shall have made provision in the proportion of their respective contributions."

In the face of the proviso beginning at the word "provided" it is somewhat extraordinary to see an allegation put forward, on the authority of the Act of Union, that *all future* loans should be on joint account. It appears to me as clear beyond question that the intention of the Legislature, in passing the proviso, could only be to make each country liable (in accounts between the two) to any deficiency that might arise in furnishing their respective contributions.

XII.—*Does the proportion that existed between the British and Irish Deficits in the Contribution to joint Expenditure indicate an excessive Charge on Ireland of the Debt contracted in* 1802–1815?

One of the difficulties felt by the Corporation Committee in their examination of the Public Accounts admits of an easy explanation.

As the Corporation Committee, however, seem to attach great importance to it, I give their argument in full. They say—

"They took the revenue of each country for each year, from 1801 to 1815, and deducting from it the annual charge of the Ante-Union

Debt, they compared the residue with the credited payments towards joint expenditure. The result of this comparison will be found in the two Tables here subjoined.

"GREAT BRITAIN.

5th January,	Payments towards Joint Expenditure credited to Great Britain in 14 years, ending 5th January, 1815 (Report of 1815, page 29). 1.	Revenue of Great Britain, including expense of collection and management (Parliamentary Paper of 1824, No. 256). 2.	Portion of Revenue applicable to Joint Expenditure, deducting £15,800,000 for charge of separate debt. 3.	Yearly deficit in Revenue being the difference between columns 1 and 3. 4.	Surplus of Revenue above payment credited. 5.
	£	£	£	£	£
1802	27,244,649	36,636,765	20,836,765	6,407,884	
1803	27,226,896	38,332,011	22,532,011	4,694,885	
1804	25,094,263	39,830,467	24,030,467	1,063,796	
1805	36,461,370	47,438,562	31,638,562	4,822,808	
1806	42,389,260	52,003,660	36,203,660	6,185,600	
1807	41,611,509	55,606,200	39,806,200	1,805,309	
1808	42,111,252	60,920,785	45,120,785	–	3,009,533
1809	47,777,220	63,788,008	47,988,008	–	210,788
1810	49,781,846	65,853,039	50,053,039	–	271,193
1811	51,589,474	69,574,448	53,774,448	–	2,184,974
1812	57,149,935	67,316,993	51,516,993	5,632,942	
1813	61,992,252	66,924,037	51,124,037	10,868,215	
1814	75,124,727	70,377,525	54,577,525	20,547,202	
1815	77,589,312	72,593,090	56,793,090	20,796,222	
	[663,143,973]				
		Total deficit, . . .		82,824,863	
		Less surplus, . . .		5,676,488	
				77,148,375	
				Total surplus,	5,676,488

"IRELAND.

5th January,	Payments towards Joint Expenditure credited to Ireland (Report of 1815, page 29). 1.	Revenue of Ireland, including charges of collection and management (Parliamentary Paper of 1824, No. 256). 2.	Sum applicable to Joint Expenditure, deducting £1,150,284 for charge of separate debt. 3.	Yearly deficit, being the difference between columns 1 and 3. 4.	Surplus of Revenue above payments credited. 5.
	£	£	£	£	£
1802	4,249,157	3,698,070	2,547,781	1,701,076	
1803	3,535,651	4,716,695	3,566,411	–	30,760
1804	4,176,133	4,124,706	2,974,422	1,201,711	
1805	5,360,743	4,798,036	3,647,752	1,712,991	
1806	5,019,070	5,010,107	3,859,823	1,159,247	
1807	4,944,670	5,608,510	4,458,226	486,444	
1808	5,144,388	6,206,964	5,056,680	87,708	
1809	5,631,241	6,250,699	5,100,415	530,826	
1810	5,719,056	6,141,999	4,991,715	727,341	
1811	5,324,105	5,691,027	4,540,743	783,362	
1812	5,595,483	6,120,371	4,970,087	625,396	
1813	5,306,217	6,768,383	5,618,099	–	311,882
1814	5,319,459	7,053,936	5,903,652	–	584,193
1815	5,283,628	7,544,629	6,394,345	–	1,110,717
	[70,609,008]				
		Total deficit, . . .		9,016,402	
		Deduct surplus, . .		2,037,552	
				6,978,850	
				Total surplus,	2,037,552

House of the Oireachtas

"From those figures it appears that (if no loans had been raised for either country after the Union) the deficit of the Irish Revenue, as compared with that of England during the fourteen years, from the Union to the year 1815, would have been in the ratio of 1 to 11. During the same fourteen years the debts contracted for the two countries were as follows:—For Ireland, £70,459,961; for Great Britain, £235,252,782—being in the ratio of nearly 1 to 3."

The whole difficulty here raised is that the deficits are in the proportion of 1 to 11, whilst the debt contracted was as 1 to 3.

In the Report of the Select Committee of 1815, to which the Corporation Committee refer, there is a continuation of the account from which the Corporation Committee take their figures, which I here subjoin :—

EXTRACT FROM APPENDIX TO THE REPORT OF THE SELECT COMMITTEE OF 1815, p. 30.

	£	£
"Payments made by Great Britain in 14 years ended 5th January, 1815, and management for said period, ...	663,143,973	
From which deduct repayments, .	1,194,639	
		661,949,334
Payments made by Ireland in 14 years ended 5th January, 1815, management same period,		70,609,008
Joint Charge, .		732,558,342
Great Britain's proportion of contribution, .		646,375,008
Ireland's proportion, ...		86,183,334
		732,558,342
Expenditure by Great Britain, . . .		661,949,334
Deduct her proportion of contribution, . .		646,375,008
Overpaid by Great Britain, .		15,574,325
Ireland's proportion of contribution, . .		86,183,334
Expenditure by Ireland (deducted), . .		70,609,008
Underpaid by Ireland, .		15,574,325
From this is to be deducted: viz.—		
An overpayment on long annuities from 5th April, 1797, to 10th October, 1810, made by Ireland into the Exchequer of Great Britain, ...		5,062

Houses of the Oireachtas

ACCOUNT—*continued.*

"Also the following payments on the joint account:—

		£
In the year 1810,	. .	£1,270,000	
„ „ 1811,	. .	1,465,000	
„ „ 1812,	. .	1,656,276	
„ „ 1813,	. .	2,603,455	
„ „ 1814,	. .	2,466,545	
			9,461,276
			9,466,338
Balance due by Ireland to Great Britain on 5th January, 1815,	. . . .		6,107,987"

The Corporation Committee, as will be seen from the Tables at p. 39, ascertain the deficit of the British contribution by deducting the fund applicable to the payment of that contribution from sums stated in the account given in the report of the Select Committee of 1815 to have been paid by Great Britain in each year. But this is clearly fallacious, because it appears from the general statement of the payments made on joint account, which I have extracted above from the Select Committee's Report, that the annual payments by Great Britain exceeded her share of contribution in the fourteen years ending 5th January, 1815, by £15,574,325, and that the same annual payments also included sums repaid amounting to £1,194,639. To ascertain the true deficit of Great Britain, it is necessary, therefore, to deduct from her annual payments before ascertaining her deficits, or, what is the same thing, from the deficit stated by the Corporation Committee, the two sums last mentioned, which are included in the sum of her annual payments. The sum of £60,379,411 will thus be found to be her true deficit.

For a similar reason, as the payments by Ireland on the joint account, in each year, as given by the Committee, are £15,574,325 short of her share in the

Houses of the Oireachtas

same period, it is necessary to add this sum to the Irish deficit as stated by the Corporation Committee, to ascertain what was the amount of her true deficit to the payments on joint account, and the result will show that her true comparative deficit was £22,553,175.

The state of the case may be thus tabulated :—

	£	£
British deficit as stated by Corporation Committee, in 1802–1815, . .	77,148,375	
Deduct for over-payments by Great Britain, and payments repaid, .	16,768,964	
True deficit of Great Britain, .		60,379,411
Irish deficit as stated by Corporation Committee, in 1802–1815, . .	6,978,850	
Add for under-payments by Ireland, .	15,574,325	
True deficit of Ireland, . .		22,553,175

It will at once be seen from the foregoing figures that in the period treated of by the Corporation Committee, and according to the principle put forward by them, the borrowing on the part of the Irish Treasury, should have been in a greater proportion than 1 to 11.

The net unredeemed funded debt contracted was, in the period referred to, £70,459,961, on the part of Ireland, and £235,252,782, on the part of Great Britain. But as there was an actual balance on the joint account due at this time by Ireland to Great Britain of upwards of £6,107,987 (equivalent to £10,000,000, stock), which ought to have been borrowed for Ireland, this makes the sum that should appear as Ireland's debt £80,459,961; and on the other hand, as Great Britain must be taken to have borrowed the sum advanced by her to Ireland, the true amount that should appear as Great Britain's debt ought to be £225,252,782.

On the test proposed by the Corporation Com-

Houses of the Oireachtas

mittee, the proportions referred to by them, when corrected, stand as follows :—

DEFICITS.

IRELAND.		GREAT BRITAIN.	
£		£	
22,553,175 (cash)	:	60,379,411 (cash)	: : 1 : 2·68.

DEBTS.

IRELAND.		GREAT BRITAIN.	
£		£	
80,459,961 (stock)	:	225,252,782 (stock)	: : 1 : 2·8.

It would, therefore, seem that, so far as this test can be considered valuable, the Irish and British deficits, instead of being to each other as 1 to 11, were as 1 to 2·68—the debts being (with allowance for the balance due in 1815 from Ireland to Great Britain), as 1 to 2·8.* Thus the difficulty raised by the Corporation Committee disappears.

XIII.—*The precise proportion of Contribution by Great Britain and Ireland fixed by the Act of Union, not now of much practical importance.*

As the Act of Union provided that after the consolidation of the Exchequers the revenue might be raised by equal taxes throughout the United Kingdom, with only such exemptions in favour of Ireland and Scotland as circumstances might seem to require, the question of the justness of the proportion has no present application in point of law since the consolidation of the Exchequers by Statute 56 Geo. III., c. 98, in 1817.

As it appears by an account taken, quite independently of the proportion of contribution fixed by the Act of Union, that the separate taxation of Great Britain was sufficient to redeem the entire separate

* If allowance be made for a sum of £5,413,076 (which it appears from p. 7 of the Report of the Select Committee of 1815 was ready to be applied on the 5th January of that year to the discharge of the Irish contribution account) the above proportions, instead of being as 1 to 2·68 and 1 to 2·8, will be as 1 to 3·5 and 1 to 3·3 respectively.

House of the Oireachtas

debt of Great Britain, after paying all interest thereon, several years before 1817, and as in any union between independent communities the only real bond is perfect equality of burden and benefit, it follows that the justness of Ireland's contributing by equal taxes towards defraying the charge of the now existing entire debt and the general expenses of the empire is quite independent of the proportion of contribution fixed at the Union, and of any account taken upon the basis of it.

Again, as the taxes of Ireland were not equalized with those of Great Britain on the consolidation of the Exchequers in 1817, and have not even yet been equalized though nearly fifty years have elapsed since that event, it follows that if the settlement of accounts in 1817 is now to be re-opened, Great Britain is entitled in the first place to credit for her uncompensated taxation of upwards of £500,000,000 since that time; and secondly, to the £25,669,589 (stock) surplus of separate taxation to her credit in 1817, after redeeming her separate debt, and all charges prior to that date. These figures show how large a change in the proportion would have to be established before any claim could be made out against Great Britain which would not have been since discharged by these credits in her favour. The question of the proportions has therefore little practical value, as now affecting the accounts between Great Britain and Ireland.

XIV.—*Charge against Lord Castlereagh of exaggerating amount of Exports and Imports of Ireland by upwards of* £2,500,000.

The justness of the proportion of contribution fixed by the Act of Union has, however, a very considerable amount of historic interest, particularly as the

Houses of the Oireachtas

accuracy of the estimate submitted by Lord Castlereagh to the Irish Parliament, on which this proportion was fixed, has been questioned.

The Committee of the Dublin Corporation in their Report say:—

"The late Mr. John O'Connell, in his essay on the subject of Irish taxation, refers to a return of the House of Commons (No. 194, of 1834), as showing that the exports and imports of Ireland, on an average of three years ending 1800, were in fact only £8,315,469, instead of £10,925,000, as stated by Lord Castlereagh."

I find in the Parliamentary paper referred to as No. 194, of 1834, reprinted in No. 113, of 1844, a return with the following heading:—

"A Statement showing the annual average amount of the imports and exports of Ireland, for the triennial periods terminating on the 5th January, 1790, 1800, 1810, 1820, 1826, and 1830, and the biennial periods terminating on 5th January, 1832 and 1834 respectively; distinguishing the trade with Great Britain from the trade with foreign parts."

In this return opposite the year 1800 I find—

"Annual average amount of the imports into Ireland—

From Great Britain, . . .	£3,441,101
From foreign parts, . . .	858,392
Total imports, . .	£4,299,493

Annual average amount of the exports from Ireland—

To Great Britain, . . .	£3,487,865
To foreign parts, ...	528,111
Total exports, . .	£4,015,976."

From the return it appears that the total amount of imports and exports for three years ending 25th March, 1800, was £8,315,469, the figures quoted by Mr. John O'Connell and the Corporation Committee.

These amounts are in British currency, and are the equivalents of the amounts in Irish currency stated in the Report of the Select Committee of the House of Commons in 1811, as the *official* values of the imports and exports of Ireland for three years ending 31st March, 1800.

Houses of the Oireachtas

The Committee, however, add with regard to the exports for these three years, a statement of *real* values of the Irish produce exported as contrasted with the *official* values, viz., £6,435,049 (Irish); this in British currency is £5,960,046.

The Corporation Committee state that Lord Castlereagh took as the basis of his calculation of exports and imports "a period of three years immediately preceding 1800." I find, however, on referring to Lord Castlereagh's Memoirs,* that the period which he used was three years ending 25th March, 1798. I find too that he took the *real* value of exports and imports as follows:—

Exports, ...	£5,650,853
Imports, ...	5,275,063
	£10,925,916

It follows, therefore, that the charge against Lord Castlereagh is without foundation. He stated the *real* values of exports and imports for three years ending 25*th March*, 1798, and the return relied on to prove a misstatement is a return of *official* values for three years ending 31*st March*, 1800.

XV.—*Were the three years used in Lord Castlereagh's calculation of Exports and Imports unfairly selected?*

Another objection to the proportion as fixed by the Act of Union is as follows :—

"It has been urged by Irish publicists at the time of the Union and since, that the period for comparing the resources of the countries was unfairly selected, being a time during which the presence of a very large military force in Ireland created an increased consumption of articles of luxury which was transient and exceptional."

* Vol. iii., pp. 191, 195.

Houses of the Oireachtas

The House of Commons Committee of 1811 do not give any returns of consumption, but they give the imports and exports for a series of years. The ten years which Lord Castlereagh might have chosen from, if he had taken a longer series than he did, are the following :—

TOTAL OFFICIAL VALUE of IMPORTS and EXPORTS of IRELAND.

Year.	Imports (Irish Currency.)	Exports (Irish Currency.)
	£	£
1790	3,829,914	4,826,360
1791	4,071,794	4,863,426
1792	4,338,012	5,321,290
1793	4,085,149	4,995,406
1794	3,216,405	4,639,301
1795	4,143,296	4,704,732
1796	4,656,608	5,013,283
1797	4,436,943	4,533,693
1798	3,396,880	4,316,592
1799	4,393,015	4,455,339

The average of these ten years gives the official value in Irish currency of—

Imports, .	£4,056,801
Exports, .	4,766,942
Total, .	£8,823,743

The average of the years taken by Lord Castlereagh gives—

Imports, .	£4,163,477
Exports, .	4,621,189
Total, .	£8,784,666

Thus the three years taken by Lord Castlereagh give an average more favourable to Ireland than the ten years before 1800 by £39,077. If there was this difference between the official values, there would be a greater difference between the real values, the basis used by Lord Castlereagh.

Houses of the Oireachtas

XVI.—*Justness of the proportion of Contribution fixed by the Act of Union, evidenced by the present Revenue contributed by Ireland.*

The proportion of contribution to joint expenditure fixed by the Act of Union was two-seventeenth parts for Ireland, and fifteen-seventeenth parts for Great Britain.

The entire revenue contributed by Ireland in 1861 was (if the estimate of the Corporation Committee for uncredited taxes be correct) £7,842,090. But the two-seventeenth parts of the entire taxes paid in the United Kingdom in the same year is £8,097,714; so that Ireland, with the exemptions of taxation she enjoys, would, on this calculation, have contributed within £255,624 of the proportion of contribution fixed by the Act of Union.

If the exemptions which Ireland enjoys be estimated at one-eighth of the separate taxation of Great Britain, we get what Ireland would have contributed in 1861 under equal taxes, £8,405,306, or £307,592 in excess of the proportion of contribution in the Act of Union.

Those who take the most hopeful view of Irish affairs do not believe that Ireland has made since the Union as rapid progress in wealth as Great Britain. If, therefore, Ireland now contributes, by taxes at equal rates in both countries, two-seventeenths or anything approaching thereto, it follows, that before the progress of Great Britain was relatively so great, Ireland must have been better able, as compared with Great Britain, to bear that share than she is now. The present contribution of Ireland, consequently, proves that two-seventeenths was not an unjust share of contribution to joint expenditure at the time of the Union, or in the years immediately following.

Houses of the Oireachtas

XVII.—*The comparative ability of Ireland and Great Britain to pay Taxes not correctly tested by the amount of property assessed to the Income Tax.*

The Corporation Committee in their Report say—

"Taking (on the authority of Lord Castlereagh) the Income Tax as the most accurate measure of the comparative ability of the two countries, we find that on an income of £22,000,000 Ireland pays £7,750,000, while, on an income of £278,000,000, Great Britain pays about £60,000,000, showing for Ireland a proportion of £1 to £2 16*s.* 8*d.*, for Great Britain a proportion of £1 to £4 15*s.*"

The Committee further say that if the proportion that should have been fixed at the Union were to be ascertained by the present Income Tax in both countries, it would be as 1 to 12½.

It is plain that Lord Castlereagh in proposing the Income Tax as a standard of comparison contemplated the same rule of assessment in both countries; but I have already noticed that there is a statutable difference in the rule for assessing the Income Tax in Great Britain and Ireland, and that the Poor Law Valuation by which the assessment is levied in Schedules A and B, as regulated in Ireland, is believed to be certainly 12½, and probably 25 per cent. below the scale of assessment in England and Scotland.

If the Poor Law Valuation was, in 1861, 25 per cent. too low, this would make a difference in the amount of property assessed in Ireland under Schedules A and B of £5,445,612, and would raise the proportion above mentioned from 1 to 12½, to 1 to 10.

Again, in consequence of the number of small holdings yielding an income of under £100 a year in Ireland as compared with Great Britain, a much larger proportion of the income derived by tenant-farmers from land escapes Income Tax in Ireland than in Great Britain.

House of the Oireachtas

And it may be stated, as generally true, that the proportion of persons whose incomes are under £100 a year is greater in Ireland than in Great Britain.

The incomes under £100 a year are caught by the indirect taxes ; and it appears that Ireland pays more than one-eighth of the entire tea duties, and about one-fifth of the duty on spirits.

Of the £6,842,090 actually received in Ireland in 1861, the Property and Income Tax produced only £733,484, and the customs, excise, and indirect taxes produced £6,108,606. When so large an amount of indirect taxes is paid by classes not included in the Income Tax assessment,* it is impossible to regard the aggregate amount of the assessments for Income Tax as a proper test of the amount of taxes that should be paid by Ireland.

If complete and equal assessments were extended to *all* incomes in both countries, and if it then appeared that the present indirect taxes bore unduly on Irish taxpayers, the first inference to be drawn would be, that direct taxation is for them more just than indirect taxation. The redress of any injustice of this kind must, however, be looked for, not in re-opening long settled accounts between Great Britain and Ireland, or in the abolition of the Income Tax in Ireland, but in general financial changes affecting all taxpayers in the United Kingdom paying by indirect taxation unduly in proportion to their income.

It might, indeed, be the result of a complete examination into this subject that whilst Ireland is not contributing too much in proportion to her revenue,

* The number of holdings of land in Ireland in 1862 is stated to have been 609,726. The number of occupiers assessed to Income Tax under Schedule B, in the year ended 25th March, 1859, was 50,882, and of these only 1,168 were assessed on an income over £100 a year.

Houses of the Oireachtas

particular taxes, as for example, as some allege, the spirit duties, may press comparatively unfairly on those with small incomes in Ireland, who are the chief consumers of spirits.

This, however, is a question not wholly confined to Ireland, but affects to a certain extent England, and in a greater degree Scotland. In Ireland and Scotland it is no doubt mixed up with the question of production as affected by imposing on spirits a tax five times as high as that on tea or beer,* and also in Ireland with the question of interference with the most profitable use of damaged grain in wet seasons.†

* In their last Report, at page 6, the Commissioners of Inland Revenue make the following observations as to the comparative rates of taxation of beer, tea, and spirits :—

"What, it may be asked, are the comparative rates of taxation to which these articles are subjected? The question has not, so far as we know, been distinctly or properly answered, although on some occasions comparisons have been made between the alcohol present in beer and spirits respectively, and the tax upon them has been reduced to that standard.

"Perhaps a more satisfactory method would be to compare such quantities of the articles as would usually be considered equivalents by the consumer. We may suppose, for instance, that an able man might hesitate between a pint of beer, a pint of tea, or a glass of gin.

"Now, the duty on beer being 5*s.* 9*d.* per barrel, it follows that the taxation of a pint amounts to one farthing, and supposing (which probably is a large estimate) that a quarter of an ounce of tea is used to produce a pint of the liquid, the tax which it bears is something less than one farthing.

"But the glass of gin is burthened with 1½*d.* as its contribution to the Exchequer (if we suppose that it is retailed at 25° under proof), but at all events upwards of 1¼*d.*, a large per-centage on the cost, and five or six times as much as is imposed upon the beer or the tea."

† The Commissioners of Inland Revenue, in the Report already referred to, at p. 8, quote the following statement from the Inspector-General of Constabulary in Ireland :—

"The Inspector-General says—'In reference to the increase of illicit practices, I have to observe that although unquestionably it has been induced to a certain extent by the high duty on spirits, yet as regards the past quarter I have good reason to believe that such increase is mainly attributable to the large quantity of corn in the country which had been last year damaged by rain, and which could be turned to no advantage by the small farmers and peasantry, otherwise than by distilling it.'"

Houses of the Oireachtas

It is complicated, too, with those moral considerations which more even than financial ones led to the raising of the spirit duties, and which still keep them at their present very high rates.

But it may be proper to observe that even granting that some injustice may be done to particular classes by the spirit duties, it is impossible to disturb them in Ireland without making a corresponding change in Great Britain. They have been equalized in the two countries to do away with smuggling and custom-house *surveillance;* and the tax on home and foreign spirits has been equalized to prevent the consumer paying, in addition to the tax, a protective duty to the producer. A large reduction of the spirit duties in Ireland involves, therefore, a considerable loss to the revenue, and this must be practically met by an increase of the rate of Income Tax, or by its extension to classes now exempt.

XVIII.—*Summary of Conclusions.*

The foregoing facts and arguments appear to me to have established—

1. That there are taxes, producing last year £3,785,733, imposed in Great Britain, or in England only, with no corresponding tax in Ireland, viz. :—

	£
Railways, &c. . .	619,769
Land Taxes, . .	1,128,139
Assessed Taxes, . .	2,037,825

this imposition being equivalent to an exemption of Ireland from taxation, which may be estimated at £420,637 a year.

2. That the statutable differences in the Income Tax affecting Great Britain and Ireland amounted in 1862 (when the income tax was 9*d.* in the pound), to

Houses of the Oireachtas

an extra tax on Great Britain, as compared with Ireland, of £722,000 a year, these differences being equivalent to an exemption of Ireland from taxation, which may be estimated at £80,222 a year.

3. That thus the total special British taxation, for which there is no equivalent in Ireland, amounts to £4,507,733, representing a total exemption of Ireland from taxation, which may be estimated at £500,859 a year.

4. That this exemption from taxation is almost entirely in favour of the wealthier classes in Ireland.

5. That, as compared with England and Scotland, there is not any extra-taxation in Ireland, there being no exceptional taxes nor any single article taxed at a higher rate in Ireland than in Great Britain.

6. That from the Union to 1843 there were £264,171,318 Excise duties paid on articles charged with excise in Great Britain, but on which there was no excise charged in Ireland, and in addition £103,846,470 beyond what would have been paid if the Irish rates on certain articles had been charged in Great Britain.

7. That during the same period the produce of the Property Tax and other British taxes (exclusive of differences in the Customs Duties), for which there was no equivalent taxation in Ireland, amounted to £420,427,731.

8. That the separate or uncompensated taxation of Great Britain, from 1844 to the present time, may be estimated at upwards of £160,000,000.

9. That thus the total separate or uncompensated taxation of Great Britain, from the Union to the present time, amounts to £948,445,519, being equivalent to an exemption of Ireland from taxation which may be estimated at £105,382,835 in that period.

Houses of the Oireachtas

10. That the separate taxation of Great Britain attained its greatest amount between 1801 and 1817, having been £15,543,797 for the year 1801, £24,950,349 for the year 1807, and £31,247,617 for the year 1815; and (estimating the sums paid by Great Britain under the head of Differential Excise and Customs Duties at say £50,000,000 prior to 1817) amounted in the aggregate from the Union to 1817 to about £430,000,000.

11. That in the sixteen years after the Union Ireland experienced great indulgence in the matter of taxation at the hands of the Imperial Parliament.

12. That taking the separate debt of Great Britain with which Ireland ought not to be charged, as £229,951,798 (the amount of Great Britain's unredeemed funded debt before the commencement of the French war of 1793), the aggregate uncompensated taxation of Great Britain from the Union to 1814 was sufficient to redeem her entire separate debt, besides paying all interest upon it.

13. That taking the separate debt of Great Britain with which Ireland ought not to be charged, as £218,996,802* (being the residue of the unredeemed funded debt of Great Britain in 1801 after deducting from her aggregate funded debt seven and a-half times the amount of the then funded debt of Ireland), the excess of the net revenue of Great Britain from the Union to 1817, after paying the interest on her own separate debt, and providing an annual contri-

* In taking the British debt of 1792 (£229,951,798) as the measure of the separate debt of Great Britain not chargeable to Ireland, no abatement was made on account of the Irish debt of £1,586,067. If seven and a-half times this amount had been deducted the result would have been £218,056,296, which approximates very closely to the estimate of the separate debt derived from the proportion fixed by the Act of Union.

House of Lords Library

bution for joint expenses equal to seven and a-half times the net revenue of Ireland, was sufficient to redeem the total separate debt of Great Britain, and leave a surplus of £87,003,198 (stock).

14. That if the gross revenue of Great Britain and Ireland respectively be taken, instead of the net revenue as above, so as to give Ireland the benefit of charging to the joint account the comparatively high cost of management of her revenue, the separate debt of Great Britain would still be redeemed by her surplus revenue before 1817, and leave a surplus of £25,669,598 (stock).

15. That the more rapid proportional increase of the Irish debt from 1801 to 1817, was caused by comparative under-taxation in Ireland, and certain separate charges, to which it appears she was liable.

16. That the charge against the Special Committee of the House of Commons of 1815, of exaggerating the amount of the Irish debt by £40,000,000, is without foundation.

17. That the revenue actually received in Ireland in 1861 was £6,842,090, and if to this be added the amount of taxes paid in Great Britain on account of articles consumed in Ireland as estimated by the Corporation Committee, the revenue contributed by Ireland for the same year would be £7,842,090.

18. That it is a mistake to take the sum of £1,265,128 (the amount of the dividends on the entire debt of the United Kingdom which happened to be payable at the Bank of Ireland in 1861, and which simply for convenience, is credited to the Irish Exchequer), as a measure of the charge against Ireland on account of the National Debt.

19. That the proper charge against Ireland, in 1861,

Houses of the Oireachtas

on account of the National Debt, estimated on the proportion that the taxes paid in Ireland bear to the entire Revenue of the United Kingdom, is one-tenth of the entire charge in that year, or £2,623,101, and estimated similarly, but adding to the taxes paid in Ireland the Corporation Committee's estimate of Ireland's uncredited taxes, is one-ninth of such entire charge, or £2,914,557.

20. That as only a part of Ireland's fair share of the charge for the National Debt is paid out of the Irish Exchequer, and other sums fairly chargeable against Ireland are not paid thereout at all, it is obvious that the annual balance, or balance of remittance, in the accounts of the joint Exchequers, does not show the true state of the accounts between Great Britain and Ireland.

21. That if one-tenth of all common charges to which Ireland is fairly liable, be added to the special expenditure for Ireland, the entire expenditure chargeable to Ireland in the year 1861, was £7,990,338, which exceeded the revenue actually received in Ireland in that year by £1,002,938.

22. That if in the same year, one-ninth of the common charges to which Ireland is fairly liable, be added to the special Irish expenditure, there is a charge against Ireland of £8,694,901, or £691,355 in excess of the estimated revenue contributed by Ireland.

23. That the heads of expenditure under which Ireland has the principal advantage, as compared with Great Britain, are Education and Police.

24. That the Act of Union was not violated by the consolidation of the Exchequers in 1817.

25. That the difficulty raised by the Corporation Committee as to the inconsistency in the proportion

Houses of the Oireachtas

existing between the deficits in the contributions of Great Britain and Ireland to joint expenditure, and the debts contracted up to 1815, is explained by the figures in the continuation of the account on which they rely.

26. That since the consolidation of the Exchequers, in 1817, the question of the justness of the proportion of contribution by Ireland has no practical value; but if the settlement of accounts in 1817 were now to be re-opened, Great Britain would be entitled to credit in the first place for her separate taxation of upwards of £500,000,000 since that time, and secondly, to £25,669,589 (stock) surplus of separate taxation up to 1817, after redeeming her separate debt.

27. That the charge against Lord Castlereagh of misstating the amount of exports and imports of Ireland by upwards of £2,500,000 is without foundation.

28. That the three years used by Lord Castlereagh for the calculation of the imports and exports of Ireland, with a view to fixing the proportion of contribution between Great Britain and Ireland, were selected favourably for Ireland.

29. That the revenue of Ireland in 1861 was (adding to the revenue received in Ireland the Corporation Committee's estimate for uncredited taxes) within £255,624 of the proportion of contribution fixed by the Act of Union; and taking into consideration the greater proportional advance of Great Britain since the Union, any approach by Ireland now to the Union proportion of contribution proves that the Union proportion was not unfair to Ireland.

30. That the Income Tax assessment is not a proper measure of the relative ability of Ireland and Great Britain to bear taxation, in consequence of the diffe-

House of the Oireachtas

rent rules of assessment and the large proportion of persons exempt from the tax in Ireland.

31. That even were it established that certain classes in Ireland are aggrieved by the pressure of particular taxes, their relief must be the result of general financial arrangements, and not of questions of account between the two countries.

32. That an important reduction of such a tax as the spirit duties practically involves an increase of the rate of Income Tax, or its extension to classes now exempt.

I may add, that it appears to me to be established as the most general result of my investigation, that in the financial dealings between Great Britain and Ireland, no injustice has been done to Ireland, and that no claim exists on her part on any such ground for exemption from that equal taxation with Great Britain which is provided for by the Act of Union under the circumstances that have occurred.

It is, however, to be observed, that while the Act of Union provides for equal taxation in the two countries, it makes such equal taxation in Ireland (and also in Scotland) expressly "subject to such particular exemptions or abatements as circumstances may appear from time to time to demand."

The tendency of modern statesmanship is to assimilate taxation in all parts of the United Kingdom, and not to favour the exemption of any class or locality. But while Ireland, by the extension to her of the Income Tax, as well as by the necessary assimilation of indirect taxation in Great Britain and Ireland, has felt the effect of this tendency, it is on the other hand but justice to British statesmen and the British Parliament to state that the spirit of the Act of Union

Houses of the Oireachtas

has been observed by conferring on Ireland special comparative advantages of expenditure under the heads of Education and Police.

Whether the advantages so existing, combined with the exemptions from taxation now enjoyed by Ireland, be a greater or a less indulgence than "circumstances may appear to demand," is a question that depends on considerations beyond the sphere of the investigation intrusted to me.

I cannot conclude my report without stating, that I am indebted to the intelligence and ability of Mr. David Ross, LL.B., for valuable services in the execution of His Excellency's commands.

I am, my dear Sir,

Yours very faithfully,

W. NEILSON HANCOCK.

Major-General Sir Thomas A. Larcom, K.C.B.,
Under-Secretary to His Excellency the Lord Lieutenant.

Houses of the Oireachtas

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Houses of the Oireachtas