

# FIFTY-THREE YEARS' TAXATION AND EXPENDITURE.

1827-28 TO 1879-80.

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BY

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## FIFTY-THREE YEARS' TAXATION AND EXPENDITURE.

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RECENT discussions on National Finance, especially in connection with the policy of Lord Beaconsfield's Administration, have led to comparisons with antecedent periods, occasionally going back so far as the Administration of the Duke of Wellington, which has been spoken of as if it were an economical Tory Government, holding office between two extravagant Liberal Administrations. It has, therefore, been thought advisable to place on record as briefly as possible the main facts of our financial history from that period. The Government of the Duke of Wellington marked an important era in English politics—that, viz., of the separation of the more enlightened members of the Tory party from the confirmed and irreconcilable enemies of political progress. The long Tory Administration of the Earl of Liverpool, which commenced on the 11th of May, 1812, was terminated by his death on the 17th of February, 1827. To the annoyance of the most pronounced of the Tory party it was succeeded by the Ministry of Mr. Canning, continued after his death by Viscount Goderich until the 5th of January, 1828. The Wellington Administration was then

formed upon the basis of a firm resistance to Parliamentary Reform, and lasted until the 16th of November, 1830, when it resigned in consequence of the passing, by a majority of 233 to 204, of a resolution, moved by Sir Henry Parnell, for the appointment of a Select Committee on the proposed Civil List of William the Fourth. The question of retrenchment had occupied public attention for a considerable period, and both the Goderich and Wellington Governments had concurred in the appointment of a Select Committee to enquire what reductions could be made without impairing the efficiency of the public service.

### THE WELLINGTON ADMINISTRATION.

The following table shews the income and expenditure for the year of Lord Goderich's Government, and the three years of the Wellington Administration.

Year ended Jan. 5.	INCOME.	EXPENDITURE				Total. £
	£	Debt. £	Civil Government. £	Army and Navy. £	Collection of Revenue. £	
1828	54,778,197	29,443,460	6,160,286	16,208,552	4,130,573	55,942,871
1829	56,604,576	29,300,052	4,963,098	15,199,985	3,999,923	53,463,058
1830	55,368,473	29,146,212	5,424,186	15,182,387	3,956,779	53,709,564
1831	54,518,098	29,236,058	4,922,031	13,914,677	3,873,208	51,945,974
Totals	166,491,147	87,682,322	15,309,315	44,297,049	11,829,910	159,118,596
Average	55,497,049	29,227,440	5,103,105	14,765,683	3,943,303	53,039,532

The above figures shew that the expenditure exceeded the income in the last year of the Canning-Goderich Administration, by £1,164,674; while in the last year of the Wellington Administration there was a surplus of £2,572,124; the fruit of reductions of expenditure amounting, in comparison with the year 1827-28, to £3,996,897. The facts are creditable to the Wellington Government, but it is very difficult to see in what respect they can afford any possible consolation to modern Tories, standing as they do in marked contrast with the ever increasing outlay of the Beaconsfield Government. There appear, however, to be minds so curiously constituted as to find an excuse for their own present extravagance in the contemplation of the past economy of others.

Let us now look at the equally interesting question, what was done with respect to taxation. The following

tables shew the estimated amount of taxes remitted and imposed during the same period.

	TAXES REPEALED, EXPIRED OR REDUCED.					
	Customs. £	Excise. £	Stamps. £	Taxes. £	Post Office. £	Total. £
1827-28	1,738	...	2,300	...	80,000	84,038
1828-29	36,327	...	15,671	...	...	51,998
1829-30	126,406	...	...	...	...	126,406
1830-31	551,470	3,506,000	...	13,272	...	4,070,742
Totals	714,203	3,506,000	15,671	13,272	...	4,249,146

	TAXES IMPOSED.					
	Customs. £	Excise. £	Stamps. £	Taxes. £	Post Office. £	Total. £
1827-28	21,402	...	...	...	...	21,402
1828-29	1,963	...	3	...	...	1,966
1829-30	...	...	...	...	...	...
1830-31	85,004	611,000	...	...	...	696,004
Totals	86,967	611,000	3	...	...	697,970

It will be seen that Customs duties were increased in the year 1827-28 £19,664, Stamps were reduced £2,300, and Postage (then a heavy tax by means of exorbitant rates) by £80,000; a net remission of £62,636. The three Wellington years shew a decidedly better result, owing to reduction of expenditure. There were net remissions in Customs of £627,236 in Excise of £2,895,000, in Stamps of £15,668, and in Taxes of £13,272; a total relief to the taxpayers of £3,551,176, but, looking at the nature of the taxes dealt with, of much more importance in respect to their ultimate burden upon the taxpayer. The main remission was effected in the year 1830-31, and consisted in the total abolition of the Excise duties on beer, cider, and leather; in order in some measure to meet the deficiency thus created, the Irish Stamp duty was assimilated to that of England, and an increased duty was placed on Irish and Scotch spirits of 2d. per gallon, and on English spirits of 1s. per gallon, which it was hoped would enable the Chancellor of the Exchequer, by the help of economy, to retain a surplus of revenue towards the reduction of the National Debt. Such was the fruit of three years' economy under the Duke of Wellington and Mr. Goulburn.

#### THE GREY and MELBOURNE ADMINISTRATIONS.

The next period is that of eleven years' Liberal Administration, commenced in November, 1830, under Earl Grey

and continued from July, 1834, under Viscount Melbourne. There was a short interval of Tory Government, Sir Robert Peel holding office from December, 1834, to April, 1835, but the whole term of eleven years may be taken as one of Liberal finance, divisible into two periods, the first characterised by a yearly surplus and the second by a chronic deficit.

The following were the income and expenditure of the former period :—

Year ended Jan. 5.	INCOME.	EXPENDITURE.				Total.
	£	Debt. £	Civil Government. £	Army and Navy. £	Collection of Revenue. £	
1832	50,626,723	28,331,316	5,024,624	14,379,096	3,737,212	51,472,248
1833	51,164,261	28,323,751	4,709,436	13,805,026	3,751,843	50,590,056
1834	50,263,470	28,510,707	4,310,396	12,265,103	3,689,841	48,776,047
1835	50,492,361	28,504,096	4,629,251	12,066,057	3,703,410	48,902,814
1836	50,066,912	28,619,279	4,489,420	11,657,486	3,684,034	48,450,219
1837	52,682,968	29,441,191	4,710,953	12,112,969	3,613,012	49,878,125
Totals	305,296,695	171,730,340	27,874,080	76,285,737	22,179,352	298,069,509
Average	50,882,782	28,621,723	4,645,680	12,714,289	3,696,558	49,678,251

The amount of compensation paid on the abolition of negro slavery is not included in the above table. Although it appears in the accounts, it was added to the debt and was exceptional expenditure of no ordinary character; the payments were in 1835-36, £16,721,346; 1836-37, £4,110,799. Apart from those payments, there was an average surplus during the six years, of £1,204,531; while the average income was less by £4,614,267, and the average expenditure less by £3,361,281, than under the Wellington Administration. The second period was one of marked commercial depression; its closing years were described by Mr. Tooke in his "History of Prices," as years of "distress and despondency, and a general prostration of the energies of the country pervading all branches of industry."

The following are the figures for that period :—

Year ended Jan. 5.	INCOME.	EXPENDITURE.				Total.
	£	Debt. £	Civil Government. £	Army and Navy. £	Collection of Revenue. £	
1838	50,419,134	29,609,571	5,113,375	12,716,897	3,559,573	50,999,416
1839	51,310,005	29,380,239	5,476,590	13,220,750	3,576,421	51,654,000
1840	51,850,139	29,575,202	5,563,091	14,631,076	3,611,888	53,381,257
1841	51,684,766	29,467,475	5,256,236	14,822,667	3,698,116	53,244,494
1842	52,228,320	29,714,873	5,630,060	15,239,781	3,730,130	54,314,844
Totals	257,492,364	147,747,360	27,039,352	70,631,171	18,176,128	263,594,011
Average	51,498,472	29,549,472	5,407,870	14,126,234	3,635,225	52,718,802

The increase in the cost of the Army and Navy during the last four of these years arose from the following extraordinary expenditure:—Insurrection in Canada, 1838-39, £500,000; 1839-40, £647,000; 1840-41, £553,249; and 1841-42, £117,153; total, £1,817,402. China Expedition, 1840-41, £150,000; 1841-42, £400,000; total, 550,000. Total extraordinary expenditure included under Army and Navy, £2,367,402. The total deficit for the five years was £6,101,647, of which £5,177,370 had arisen during the three closing years of the series.

The following were the changes of taxation effected during the whole period:—

## TAXES REPEALED OR REDUCED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Post Office. £	Total £
1831-32	1,031,112	529,000	...	2,940	25,000	1,588,052
1832-33	247,746	476,500	7,162	15,856	...	747,264
1833-34	346,740	626,000	156,800	402,588	...	1,532,128
1834-35	305,817	505,200	31,204	1,222,295	...	2,064,516
1835-36	31,877	131,000	...	...	...	162,877
1836-37	143,116	536,500	310,170	...	32,000	1,021,786
1837-38	234	...	...	...	...	234
1838-39	289	...	...	...	...	289
1839-40	4,950	2,000	56,308	...	...	63,258
1840-41	...	...	5,000	13,959	1,240,000	1,258,959
1841-42	27,170	...	...	...	...	27,170
Totals	2,139,051	2,806,200	566,644	1,657,638	1,297,000	8,466,533

## TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Post Office. £	Total. £
1831-32	626,206	...	210	1,170	...	627,586
1832-33	22,976	...	21,550	...	...	44,526
1833-34	...	...	...	...	...	...
1834-35	17,394	181,000	...	...	...	198,394
1835-36	75	...	...	...	5,500	5,575
1836-37	797	...	...	2,394	530	3,721
1837-38	...	100	...	...	...	100
1838-39	...	...	1,733	...	...	1,733
1839-40	...	...	...	...	...	...
1840-41	1,060,226	784,000	...	311,447	118,567	2,274,240
1841-42	...	...	...	...	...	...
Totals	1,727,674	965,100	23,493	315,011	124,597	3,155,875
Net remission	411,377	1,841,100	543,151	1,342,627	1,172,403	5,310,658

An examination of the above figures shows that during the six years ending 1836-37 the Liberal Government had repealed and reduced taxes to the amount of £7,116,623, and imposed taxes to the amount of £879,802, making a net remission of £6,236,821 in that period. But the real value of these reforms cannot be judged from the mere amount of taxation so dealt with. This fact is

made clear by Mr. G. R. Porter, in his valuable work "The Progress of the Nation," in which he says: "With 1831 were begun, under the auspices of the late Lord Sydenham, a series of fiscal reforms far too numerous to be particularised here. During the eight years in which, with one short interval in 1834-35, he officiated as Vice-President and then as President of the Board of Trade, that Minister carried through the House of Commons reductions and modifications of duties affecting more than 700 articles of importation. The individual effect of these reforms may not have been great, but in their aggregate they were followed by the happiest results." One of those results was seen in the increase of British exports from an average of £36,597,623 for the ten years ending 1830, to an average of £40,460,754 for the following five years, and of £53,997,893 for the five years ending 1840. One great mistake was made in the abolition of the house tax in 1834, whereby £1,200,000 of revenue collected in a perfectly unobjectionable manner was sacrificed, while hundreds of bad taxes impeding every operation of trade and industry were left untouched. With that exception the work effected with respect to taxation during the first six years of Liberal Government is deserving of all praise.

Then followed a series of lean years, involving depression, deficit, and debt; further remissions became impossible, but the Government contrived during that period to confer upon the nation one of the greatest boons ever bestowed by any Administration—the Penny Postage. Its establishment involved an estimated sacrifice of revenue of £1,240,000, of which it was anticipated that £118,567 would be recovered by the abolition of the privilege of franking; in the actual result the loss of revenue for the first year was slightly over £1,000,000. It contributed materially, however, to the deficit of the year, and was opposed by Sir Robert Peel and the Tory party on that account. In order to fill up the void and meet the constantly recurring deficits, the Ministry proposed in 1840 to add 10 per cent. to the assessed taxes, from which they anticipated an increased revenue of £311,447, and 5 per cent. to the Customs and Excise, from which they

expected to realise £1,844,226. Sir Robert Peel endorsed the proposal, describing it upon the whole as the wisest plan that could have been adopted, but it failed completely, notwithstanding this concurrence of opinion in its favour. The gain from the assessed taxes was £234,648, but from the Customs and Excise it only reached £442,837. In consequence of this failure of their calculations there was another deficit, and in 1841 the Ministry proposed to meet the situation by measures calculated to revive trade. Those measures were the reduction of the duty on foreign timber and sugar, and the substitution of a moderate fixed duty on corn for the scale of heavy duties then in force. The powerful vested interests, both home and colonial, affected by this Budget combined to ensure its rejection; the debate lasted eight nights, and at its close the Ministry was defeated by a majority of 86. They did not resign, but a subsequent defeat on a vote of want of confidence, which was carried by a majority of one, led to a dissolution of Parliament, the main issue of the appeal to the country being whether the constituencies would or would not adopt a fixed duty on corn in lieu of a highly protective scale of duties. The monopolists carried the day; on the meeting of Parliament the Ministry were defeated in both Houses, in the Lords by a majority of 72, and in the Commons by a majority of 91; they thereupon resigned, and Sir Robert Peel took office as the head of a powerful Conservative Administration, pledged to maintain the principle of "Protection" to native and colonial industry.

#### THE PEEL ADMINISTRATION.

The first work of the New Ministry was to meet the deficit in the revenue, estimated by Sir Robert Peel in his Budget of 1842 at £2,570,000, making with previous deficits a total of £10,072,000 for the six years ending 1843, and he proposed the enactment of the Income Tax for three years at 7d. in the pound, commencing at incomes of £150 a year, and confining it to Great Britain. By this measure he not only sought to provide for the deficiency, but also for a surplus to enable modifications to be made in the tariff for the purpose of reviving commerce and stimu-

lating industry. He, therefore, proposed the removal of all prohibitions upon importation; the relaxation of duties of so protective a character as to be prohibitory; the reduction of duties on raw materials to a maximum of 5 per cent.; on articles partly manufactured to  $12\frac{1}{2}$  per cent.; and on articles wholly manufactured to 20 per cent.; and the repeal of all export duties except on coal. The duty on Irish spirit was increased to the same rate as that levied on Scotch, and a similar equalization was effected in the Stamp duties. The Corn Laws were modified by the substitution of a sliding scale gradually increasing or diminishing at 1s. per quarter according to price, instead of the sudden alteration of the previous law. Notwithstanding a determined opposition to the Income Tax, the whole of these proposals were carried, and duties were thereby reduced upon 750 articles, and living animals and fresh meat previously prohibited were admitted at protective duties. The measure was an important step in the direction of freedom, but a twofold system of Protection was maintained, first, to favour our own producers, and, secondly, to favour the Colonies. The number of articles in the new Customs tariff was 1,163. In the following year the importation of corn from Canada was permitted at a duty of 1s. a quarter, in consideration of an import duty of 3s. a bushel, to be levied by that Colony upon its imports of foreign corn; and in 1844 several Customs duties were reduced, among them being those on glass, currants, foreign coffee, and foreign free labour sugar; and the duties on wool and on vinegar used in manufactures were repealed.

The effect of these measures was so satisfactory with respect to both trade and revenue that Sir Robert Peel renewed the Income Tax in 1845, for the purpose of effecting further remissions. The sugar duties were reduced, the export duty on coal, the duty on raw cotton, and 430 small duties, principally on raw materials of manufactures, were repealed; and other Customs duties were reduced. The Excise duty on glass was abolished, and the auction duty was repealed, an auctioneer's licence being substituted. This Budget, like that of 1842, was a protectionist measure; many duties on raw material were repealed, but protective duties upon

manufactured articles and upon agricultural produce were still maintained. The whole edifice of Protection, however, gave way before the close of the year; the complete failure of the wheat crop and the destruction of the potato crop by a fatal and mysterious disease powerfully enforced the teaching of the Anti-Corn-Law League. The country demanded the free admission of corn, and the Ministry resigned on the 11th of December, Lord John Russell, who had declared himself in favour of the total repeal of the Corn Laws on the 22nd of November, being summoned from Edinburgh to form an Administration. Dissensions in the Liberal ranks prevented him from completing the task, and Sir Robert Peel and his colleagues returned to office, with the exception of the late Earl of Derby (then Lord Stanley), pledged to repeal the Corn Laws. The financial proposals of the Government, which were not confined to agriculture but extended to every branch of manufacture, were explained by Sir Robert Peel on the 27th of January, 1846. The duties on tallow and timber were reduced; the duties on other raw materials were repealed; calicoes, prints, and the coarser kinds of linen and woollen goods were admitted free of duty; cotton stockings, woollens made up, manufactures of metals, and other manufactures were admitted at the reduced duty of 10 per cent.; the duty on silk manufactures was reduced to 15 per cent.; and the duties on made up linens, soap, candles, and foreign paper hangings were also largely reduced. The farmer was benefited by the reduction of the duty on agricultural seeds; maize for feeding cattle, buckwheat, and flour from those articles were admitted free. The duties on butter, cheese and hops were reduced one-half, and reductions were made on cured fish, and everything in the nature of vegetables except grain; while on everything of the animal class constituting food, including live cattle, the duties were immediately repealed. The Corn Laws were last dealt with; the amount of Protection against foreign corn was to be gradually reduced every year until the 1st of February, 1849, when the duty would be fixed at 1s. per quarter as a registration fee. All kinds of grain from the Colonies were at once admitted at a shilling duty. These measures were very hotly contested by the bulk of the

Conservative party; the great fight took place upon the motion for the House to go into Committee on the Corn Laws. The debate lasted eleven nights, and at its close the Protectionists were defeated by 337 against 240; the majority, including tellers, consisted of 112 Conservatives and 227 Liberals; the minority, 231 Conservatives and 11 Liberals. The Liberal vote gave a majority of 216 for, the Tory vote a majority of 119 against Free Trade in Corn. The majority in favour of the measure was 97, being six more than that which placed the Conservatives in power for the purpose of maintaining taxes upon the food of the people. In the House of Lords the second reading was carried by a majority of 47, the numbers being for, 211, against, 164. The disappointed Protectionists subsequently took their revenge by joining the Liberals in opposing a Coercion Bill for Ireland. The Government was defeated upon that measure by a majority of 73, and resigned office, having been the instrument of liberating the food of the nation from unwise and impolitic taxation, and of removing numerous fiscal restrictions from trade, manufactures, and employment. In accomplishing this great and valuable work, Sir Robert Peel received the support of only one-third of his own followers. His measures were carried by the almost unanimous vote of the Liberal party. His foes were of his own household.

The following tables give a summary of the results of Sir Robert Peel's five Budgets.

Year ended Jan. 5.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Charges. £	Army and Navy. £	Collection of Revenue. £	Total. £
1843	51,122,413	29,577,132	5,631,061	16,159,030	3,733,945	55,101,168
1844	56,806,081	29,390,013	5,954,570	16,201,096	3,814,833	55,360,512
1845	58,302,812	30,613,833	5,941,911	14,378,002	3,906,772	54,840,518
1846	57,556,486	28,588,567	5,427,733	15,664,169	4,056,098	53,736,567
1847	58,294,188	28,257,987	6,308,281	16,864,698	4,016,647	55,447,613
Totals	282,081,980	146,427,532	29,263,556	79,266,995	19,528,295	274,486,378
Average	56,416,396	29,285,506	5,852,711	15,853,399	3,905,659	54,897,275

Sir Robert Peel anticipated a surplus of £520,000 for the year ended 5th of January, 1843, but by a remarkable oversight he included in his estimated receipts the whole year's Income Tax, although half the tax was not payable until the following year; this accounts for his deficiency for that year of £3,978,755; during the four

following years there was an aggregate surplus of £11,574,357, making the net surplus of the five years £7,595,602. The extraordinary expenditure during the period was as follows: Insurrection in Canada, 1842-43, £253,344; 1843-44, £25,300; total, £278,644. Army and Navy in China and India and opium compensation, 1842-43, £1,102,929; 1843-44, £1,661,879; 1844-45, £416,757; total, £3,181,565. Total extraordinary expenditure, £3,460,209.

## TAXES REPEALED OR REDUCED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1842-43	1,498,944	...	77,779	10,643	1,587,366
1843-44	171,521	240,000	...	...	411,521
1844-45	286,431	70,000	101,959	...	458,390
1845-46	3,603,561	932,000	...	...	4,535,561
1846-47	1,151,790	...	...	...	1,151,790
Totals	<u>6,712,247</u>	<u>1,242,000</u>	<u>179,738</u>	<u>10,643</u>	<u>8,144,628</u>

## TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1842-43	160,822	241,000	128,167	5,100,000	5,629,989
1845-46	...	19,000	4,720	..	23,720
1846-47	2,000	120	...	...	2,120
Totals	<u>162,822</u>	<u>260,120</u>	<u>132,887</u>	<u>5,100,000</u>	<u>5,655,829</u>
Net Remission	6,549,425	981,880	46,851	...	2,488,799
Net Addition	...	...	...	5,089,357	...

The net remission of £2,488,799 was a very small portion of the relief experienced by the tax-payer through Sir Robert Peel's reforms. The duties which he so largely removed were intended to serve a double purpose, firstly, to bring in a revenue for the State; secondly, to place an artificial profit in the pockets of the home producer. This two-fold system of taxation was got rid of, and the result was soon apparent in a marked development of the trade and industry of the country.

## THE RUSSELL ADMINISTRATION.

The new Ministry, of which Lord John Russell was Premier, at once proceeded to apply to sugar the principle adopted in the case of corn, by the abolition of the distinction between free and slave-grown sugar, the gradual diminution of protection, and the final equalisation of the duties in 1851. The duty on foreign sugar had been prac-

tically prohibitory, only 98 cwts. having been imported in 1844, while 974,019 cwts. were imported in 1847.

The next period embraces the years during which the Administration of Lord John Russell was solely responsible for finance ; one of the first acts of that Ministry was the suspension of the Corn and Navigation Laws, on the 21st of January, 1847, in order to meet the exigencies of the Irish Famine. Free trade in corn thus became an accomplished fact two years earlier than the period fixed by Sir Robert Peel. No remissions of taxation were proposed in 1847, but there was a further reduction of the duties on sugar and wood arranged in previous years. The sum of £2,000,000 had been expended in mitigating the distress in Ireland consequent upon the famine, and it was expected that a further sum of £8,000,000, would be required. In addition to that great calamity there was a severe monetary panic in 1847, which exercised a depressing influence upon the revenue ; the malt and spirit duties shewed a falling off for the year 1847-48 of £1,400,000, while there were heavy payments on account of the famine and the Kaffir war, the result being a deficiency of £2,993,109. The deficit for the year 1848-49 was estimated at £2,031,256, to meet which and provide a means of further reducing indirect taxation, the Chancellor of the Exchequer proposed to renew the Income Tax for five years, during two of them at the increased rate of 1s. in the pound, but the proposal was eventually withdrawn on account of the opposition it provoked, and the tax was renewed for three years at the old rate. The only duty remitted in 1848 was the tax on copper ore, but there was a new classification of the sugar duties, intended to place British and foreign refiners upon a footing of perfect equality. Another important step in the direction of perfect Free Trade was taken in 1849, by the repeal of the Navigation Laws, long considered the bulwark of our naval power ; but, as subsequent experience has shewn, a hindrance to the growth of our mercantile marine. No material changes in taxation were effected by the Budget of 1849, but a favourable condition of the revenue for the following year enabled the Chancellor of the Exchequer to

repeal the Excise duty on bricks and to reduce the stamp duties. In 1851 the window tax was entirely repealed, the existing house duty being substituted to provide for one-third the anticipated loss; the duties on coffee were equalised and reduced; and the timber duties were reduced. The Income Tax was renewed for one year, and in consequence of complaints as to its inequality a Select Committee was appointed to inquire into its assessment and collection. The Session of 1852 witnessed another ministerial change. The Government was defeated upon an amendment in the Militia Bill, moved by Lord Palmerston, and resigned, whereupon Lord Derby took office as the head of a Conservative Government.

The following tables shew the income, expenditure, and fiscal changes of the Russell Administration:—

Year ended Jan. 5.	INCOME.	EXPENDITURE.				
	£	Debt. £	Civil Charges. £	Army and Navy. £	Collection of Revenue. £	Total. £
1848	56,134,657	28,417,646	8,095,755	18,502,147	4,112,218	59,127,766
1849	58,159,408	28,742,877	7,164,001	18,745,695	4,302,615	58,955,188
1850	57,576,273	28,503,779	6,989,207	15,823,537	4,161,397	55,477,920
1851	57,519,970	28,297,584	6,758,209	15,392,944	4,243,440	54,692,177
1852	56,772,530	28,220,242	6,878,662	14,873,857	4,073,372	54,046,133
Totals	286,162,838	142,182,128	35,885,834	83,338,180	20,893,042	282,299,184
Average	57,232,567	28,436,425	7,177,166	16,667,636	4,178,608	56,459,836

## TAXES REPEALED OR REDUCED

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1847-48	344,886	...	...	...	344,886
1848-49	585,968	...	...	...	585,968
1849-50	388,798	...	...	...	388,798
1850-51	334,151	456,000	520,000	...	1,310,151
1851-52	801,064	...	...	1,878,800	2,679,864
Totals	2,454,867	456,000	520,000	1,878,800	5,309,667

## TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1848-49	...	84	...	...	84
1850-51	...	...	4,300	...	4,300
1851-52	...	150	18,000	600,000	618,150
Totals	...	234	22,300	600,000	622,534
Net Re- mission	2,454,867	455,766	497,700	1,278,800	4,687,133

The causes of the deficit of the year 1847-48 have been

already explained ; in the following year there was a deficit of £795,780 ; but an aggregate surplus for the three final years of £7,652,543, the net surplus for the five years being reduced by the two deficits to £3,863,654. The extraordinary expenditure of the period was as follows :—Kaffir war, 1848-49, £1,100,000 ; 1851-52, £300,000 ; total, £1,400,000.

### THE FIRST DERBY ADMINISTRATION.

The accession to office of the Derby Administration was the occasion of a dissolution of Parliament ; the new Government maintained the necessity of Protection, but undertook to submit the question to the constituencies. Mr. Disraeli, who became Chancellor of the Exchequer, therefore introduced a provisional Budget, which made no changes in taxation, and prolonged the Income Tax for one year. The income and expenditure for the year were as follows :—

Year ended Jan. 1.	INCOME.		EXPENDITURE.			
	£	£	Debt. £	Civil Charges. £	Army and Navy. £	Collection of Revenue. £
1853	57,726,990	28,114,533	6,615,848	16,505,906	4,073,041	55,309,328

The extraordinary expenditure was : Kaffir war £370,000.

Although no changes in taxation were proposed in the Budget, Customs duties were remitted on sugar and molasses to the amount of £95,928, being a further instalment of the reductions provided for by the Russell Administration.

The result of the General Election was the return of a Parliament in favour of Free Trade, which was affirmed in the new House of Commons as the future policy of the country by a majority of 415, the numbers voting being, in favour of Free Trade 468, against it 53. That question decided, Mr. Disraeli submitted his financial proposals, which included the repeal of half the malt tax and half the hop duty, and the reduction of the tea duty at once to 1s. 10d. per lb., and subsequently 2d. per lb. every year till it reached a shilling. He then dealt with direct taxation ; industrial incomes were to be exempt from Income Tax below £100, and property below £50 ; Schedules A and C were to remain at 7d. in the pound, the others to be 5½d. ; farmers were to be assessed at

one-third their rent instead of half; and the tax was to be extended to Ireland. He then dealt with the house tax, which he proposed to double and to extend it to houses of £10 rental. The Budget was warmly denounced as taxing houses more heavily than land, and was rejected, after a debate of four nights, by a majority of 305 against 286, whereupon the Ministry immediately resigned, and was succeeded by the coalition Government of Lord Aberdeen, in which Mr. Gladstone was Chancellor of the Exchequer.

#### THE ABERDEEN ADMINISTRATION.

The Budget of 1853 was the first of the great fiscal measures which have signalised the financial administration of Mr. Gladstone, and was intended to be the foundation of a series of remissions of taxation extending over seven years. Unfortunately that beneficent design was frustrated by the Crimean war, and the Budget proposals of 1853 were consequently not fully carried out. The foundation of the scheme was the continuance of the Income Tax for seven years; for two years at 7d., two years at 6d., and three years at 5d.; and its extension to incomes of £100 at 5d. for the whole term, in consideration of the relief afforded to such incomes by considerable remissions of taxation upon articles of general consumption. It was also extended to Ireland and made palatable by the remission of £4,500,000 due from Ireland to the Imperial revenue, principally on account of money advanced during the famine. A succession duty was also placed upon real estate as an equivalent for the legacy duty on personalty, and the duty on Scotch and Irish spirits was increased. It was expected that the new taxes would yield £1,344,000, and with the ordinary surplus would give a fund of £2,151,000 available for the reduction of taxation.

Having thus cleared the way by providing an available surplus, Mr. Gladstone proceeded to explain his proposed remissions. The Excise duty on soap was abolished; the stamp duty on life assurance reduced from 2s. 6d. to 6d.; the uniform penny receipt stamp substituted for the high scale of rates previously in existence; other stamp duties were reduced; the advertisement duty was repealed; the hackney carriage and post-horse duties were reduced; and

the assessed taxes were revised. The Customs tariff was also considerably modified; the tea duty was reduced at once to 1s. 10d., to be further reduced to 1s. 6d. in 1854, 1s. 3d. in 1855, and 1s. in 1856. The general principles of the other Customs reforms were, the abolition of unproductive duties and of duties on manufactures, except a few finished articles the product of hand labour; the reduction of all duties on manufactures that were not repealed to 10 per cent. on the value, excepting silk, which was fixed at 15 per cent.; the substitution of specified duties for duties *ad valorem*, wherever practicable; and the repeal of the 5 per cent. imposed in 1840, with some few exceptions. Protection was withdrawn from nearly every article of colonial produce, and duties that pressed on those foreign articles of food which enter largely, if not into the necessaries of life, at any rate, into the comforts of the mass of the population, were considerably reduced. In addition to the reduction upon nearly every article of food still taxed, 123 duties were entirely repealed and 133 others were considerably reduced. The total remission of indirect taxation, including reductions to take effect in subsequent years, for which the consent of Parliament was obtained, was £5,384,000. The Budget was received with favour in Parliament and the country; but vehemently opposed by the Conservative party; the Income Tax was selected as the main point of attack, an amendment being moved by Sir E. B. Lytton condemning its continuance for seven years without modification, as alike unjust and impolitic. The debate lasted four nights and at its close the Government policy was endorsed by a majority of 71.

The period of the financial year was changed in 1854 so as to terminate in future on the 31st of March, instead of the 5th of January. The following is the amount of income and expenditure for the fifteen months ended 31st of March, 1854.

	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Charges. £	Army and Navy. £	Collection of Revenue. £	Total. £
Year ended Jan. 5, 1854.	59,096,667	28,054,659	7,225,884	16,325,675	4,191,928	55,798,146
Quarter ended Mar. 31, 1854.	13,594,640	6,566,260	2,052,859	4,227,769	1,169,358	14,016,246
Total 15 months	<u>72,691,307</u>	<u>34,620,919</u>	<u>9,278,743</u>	<u>20,553,444</u>	<u>5,361,286</u>	<u>69,814,392</u>

It will be seen from the preceding figures that there was a surplus for the fifteen months of £2,876,915. The extraordinary expenditure was: Kaffir war, 1853-54 £260,000; quarter ended March 31st, 1854, £30,000; total, £290,000.

The taxes remitted and imposed were as follows.—

	TAXES REPEALED OR REDUCED.				
	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1853-54	1,499,474	1,195,000	277,000	...	2,971,474
	TAXES IMPOSED.				
	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1853-54	16,383	590,000	2,045,000	750,000	3,401,383
Net Remission	1,483,091	605,000	...	...	...
Net Addition	...	...	1,768,000	750,000	429,909

It must not be forgotten that some of the remission of the Budget of 1853 only took effect in 1854; the amount of such remissions was: Customs, £983,107; Stamps, £160,000; Taxes, £290,000; total, £1,433,107, so that the estimated net result of the Budget of 1853 was an addition of £429,909. That is so far as regards its effect upon the amount of taxes received, its advantages in connection with trade and industry and as affecting the comfort of the great body of the population far transcend mere fiscal considerations. The actual result, moreover, as affecting taxation has been very different from the estimate, for the succession duty, calculated in the foregoing table to produce £2,000,000, has not yet yielded half that sum. In the year 1880-81 the amount thus collected was no more than £781,857.

#### THE CRIMEAN WAR BUDGETS.

We now come to a period in which the finances were disturbed and the progress of fiscal reform arrested by war; the total expenditure for the year ended 31st of March, 1855, being increased in consequence of the Crimean war to £69,124,808. Mr. Gladstone met the emergency by doubling the rate of the Income Tax, increasing the duty on Scotch and Irish spirits, and raising the malt tax from 2s. 9d. to 4s. per bushel. A new classification of the sugar duties was also adopted, which added to the revenue, while relieving the consumer. The reimposition of the soap duty had been suggested, but this Mr. Gladstone rejected, as he also did any in-

crease in the duty on tea. His proposals were strongly opposed by the Conservatives, and a division was taken on the question of the malt tax, but the Budget was endorsed by a majority of 108. The financial statement of the following year was made on the 20th of April, 1855, by Sir George Cornewall Lewis, who had succeeded Mr. Gladstone as Chancellor of the Exchequer upon his retirement from the Ministry of Lord Palmerston. It was necessary to provide for an estimated expenditure of £86,339,000, which created an anticipated deficit of £23,031,000, of which Sir G. C. Lewis proposed to raise £16,000,000 by loan, and the remainder by additional taxation. The sugar duties were increased 3s. per cwt.; the coffee duty 1d. per lb.; the tea duty from 1s. 6d. to 1s. 9d. per lb.; the duty on Scotch spirits from 6s. to 7s. 10d. per gallon, and on Irish spirits, from 4s. to 6s. per gallon; the Income Tax was raised from 1s. 2d. to 1s. 4d. in the pound; and bankers' cheques drawn within fifteen miles of the bank at which they were made payable, were rendered liable to duty. One good measure was passed during this Session, the repeal of the compulsory newspaper stamp. A supplementary Budget in August authorised the raising of a further sum of £7,000,000, by Exchequer bills. The war malt tax expired legally on the 5th of July, 1856, and was not renewed by the Budget of that year, the anticipated deficit being provided for by a loan of £5,000,000, and by the issue, if necessary, of Exchequer bills for any deficiency beyond that sum.

The income and expenditure of the three war years were as follows:—

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Charges. £	Army and Navy. £	Collection of Revenue. £	Total. £
1855	62,969,669	27,976,582	7,735,515	30,121,706	3,291,005	69,124,808
1856	70,344,141	28,191,977	8,679,372	51,661,188	4,533,351	93,065,888
1857	72,893,313	28,785,808	8,420,102	34,270,255	4,671,037	76,147,202
Totals	206,207,123	84,954,367	24,834,989	116,053,149	12,495,393	238,337,898
Average	68,735,707	28,318,122	8,278,329	38,684,383	4,165,131	79,445,966

It will be seen that the expenditure for the three years exceeded the income by £32,130,775. The total cost of the Crimean war is stated in the Parliamentary return of Public Income and Expenditure (No. 366, Sess. 1869) to

have been £69,277,694, of which £29,562,486 was defrayed by taxation, and £39,715,208 by loan.

The following is a summary of the changes in taxation during that period; the first of the three Budgets was Mr. Gladstone's, the others were those of Sir George Cornwall Lewis.

## TAXES REPEALED OR REDUCED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1854-55	983,107	...	160,000	290,000	1,433,107
1855-56	2,960	60,000	250,000	...	312,960
1856-57	3,475	2,200,000	...	...	2,203,475
Totals	989,542	2,260,000	410,000	290,000	3,949,542

## TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1854-55	440,643	2,900,450	5,300	6,614,000	9,960,393
1855-56	2,225,907	1,000,000	...	2,000,000	5,225,907
1856-57	...	...	...	...	...
Totals	2,666,550	3,900,450	5,300	8,614,000	15,186,300
Net Amount Imposed	1,677,008	1,640,450	...	8,324,000	11,236,758
Reduced	...	...	404,700	...	...

## THE PEACE BUDGETS OF 1857 AND 1858.

The termination of the Crimean war was followed by a considerable remission of taxation. By the Budget of 1857 the Income Tax was reduced to 7d. in the pound; the tea duty (which should have fallen to 1s. 3d. per lb., in accordance with the rate fixed by Mr. Gladstone in 1853) was reduced from 1s. 9d. to 1s. 5d. per lb; the war duty on coffee was repealed, but the greater portion of the war duty on sugar was retained. Payers of Income Tax threw the whole of the additional burden from their shoulders at once, but consumers of tea and sugar still continued to bear a considerable portion of the extra taxes imposed on those articles. The defeat of the Government of Lord Palmerston upon Mr. Cobden's motion of censuring the China war, caused a dissolution of Parliament, and the constituencies returned a new House of Commons pledged to support the policy of that war. The new Parliament met on the 7th of May, and early in June news was received of the Indian Mutiny. A supplementary Budget was introduced in order to meet the increased naval and military expenditure; the war duties on tea and sugar were continued for two years

beyond that for which they had been already granted, while the Income Tax was reduced to its peace rate. Another catastrophe visited the country in the shape of the commercial crisis which took place in the autumn, rendering the suspension of the Bank Act necessary, for which the Government obtained an indemnity during a special Session in December, 1857. Their defeat upon the Conspiracy to Murder Bill, brought forward in consequence of an attempt to assassinate the Emperor of the French, led to the formation of the second Derby Administration, in which Mr. Disraeli was again Chancellor of the Exchequer. There was nothing remarkable in his Budget of 1858, excepting the repeal of the Crimean War Debt Sinking Fund, established by Sir George Cornwall Lewis in order to clear off the debt then incurred with greater rapidity. In Mr. Gladstone's scheme of 1853 it was intended that the Income Tax should be reduced to 5d. in the year 1858; if this proposal were carried out, it was anticipated there would be a deficiency of £3,990,000, of which the sum of £3,500,000 was occasioned by the obligation to pay off debt. Mr. Disraeli proposed and carried the abolition of the War Sinking Fund, in order that he might reduce the Income Tax to 5d., at the same time maintaining war taxes on tea and sugar and increasing the duty on Irish spirits to 8s. per gallon, thus equalising it with that levied on British spirits, and extending the Stamp duty to all bankers' cheques. These measures it was presumed would not only provide for the deficit, but would leave a surplus of £310,000.

The following was the income and expenditure of the two years following the Crimean war :—

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Government. £	Army and Navy. £	Collection of Revenue. £	Total. £
1858	68,001,655	28,738,298	10,146,918	24,995,850	4,358,988	68,240,054
1859	65,623,181	28,666,474	9,110,129	22,510,301	4,515,969	64,802,873

The extraordinary expenditure for the two years was as follows: Persian Expedition, 1857-58, £900,000; Chinese war, 1857-58, £590,693; total, £1,490,693. Chinese war, 1858-59, £39,194.

The following were the changes in taxation :—

TAXES REPEALED OR REDUCED.					
	Customs.	Excise.	Stamps.	Taxes.	Total.
	£	£	£	£	£
1857-58	1,628,582	...	...	9,125,000	10,753,582
TAXES IMPOSED.					
	92	...	...	...	92
Net Reduction	1,628,490	...	...	9,125,000	10,753,490
TAXES REPEALED OR REDUCED.					
1858-59	...	...	...	2,100,000	2,100,000
TAXES IMPOSED.					
	9,080	280,000	167,700	...	456,780
Net Reduction	...	...	...	...	1,643,220

Looking at the severity of the commercial crisis of 1857, the small deficit of £238,399 for the year 1857-58, is not to be wondered at, and the result of the year's finance was eulogised by Mr. Disraeli in his financial statement of 1858, as an evidence of the just and temperate estimate of his predecessor. In the following year the improved condition of the country was shewn by a surplus of £820,308, notwithstanding the expenditure was above £1,000,000 more than estimated by Mr. Disraeli in his Budget.

This year closed the period of Crimean war finance, during which the Income Tax was increased from 7d. to 1s. 2d. by Mr. Gladstone in 1854, and to 1s. 4d. by Sir George Cornewall Lewis in 1855 ; it was reduced to 7d. by Sir George Cornewall Lewis in 1857, and to 5d. by Mr. Disraeli in 1858, in order that he might abolish the Crimean War Sinking Fund. A war tax was placed upon malt in 1854, and repealed in 1856 ; war duties were placed upon sugar, tea, and coffee in 1855, that on coffee was abolished in 1857, but those on sugar and tea were partially retained in order to meet other war expenditure, the whole of which was thereby thrown upon the revenue derived from two important articles of general consumption.

#### THE SECOND PALMERSTON ADMINISTRATION.

The second Derby Government was overthrown in June, 1859, and its resignation was announced on the 17th of that month. In the new Ministry of Lord Palmerston, the post of Chancellor of the Exchequer was again filled by Mr. Gladstone, by whom the Budget for the year 1859-60, which had stood

over on account of the dissolution, was introduced on the 18th of July. It fell to his lot to provide for a considerable increase in the expenditure, as the nation was then going through one of its periodical panics; the Army and Navy estimates, when originally introduced, shewed an excess of £1,047,885 over the previous year, but were swollen by this demand so that there was ultimately an addition of £5,180,000. The disturbed state of Europe and the great naval preparations of France were the occasion of this vast increase, the responsibility for which Mr. Gladstone accepted in the following words: "We have come into office with a full conviction that the great demands made upon the House for military estimates are demands both justified and required by the highest interests of the country." In discussing the mode of meeting this expenditure, which he described as exceptional, and not the rate at which it was desirable or possible it should be maintained, Mr. Gladstone rejected a loan as impolitic in time of peace, unless for special purposes, and condemned the increase of indirect taxation, in the interest alike of commerce and of justice to the operative classes. He also urged that the pressure of indirect taxation upon labour had been greatly aggravated during the three years following the Russian war by the continuance of war duties on tea and sugar. He therefore proposed to increase the Income Tax from 5d. to 9d. in the pound and to shorten the malt credits, by which means he estimated that the additional outlay would be met and a surplus provided of £253,000. The actual surplus was much greater, and reached above £1,500,000, notwithstanding an increase over the estimated expenditure, owing to the fresh outbreak of hostilities in China. Although no addition was made to the duties of Customs and Excise they contributed largely towards producing this result, the increased revenue from those sources over the previous year being £2,801,959, or nearly equal to the increased receipt from Income Tax, which was £2,912,519, so that the additional revenue was derived in nearly equal proportions from direct and indirect taxation, although the former only was designedly increased.

That the addition of 4d. to the Income Tax, in order to meet the war outlay of 1859, was sound policy became

apparent when Parliament entered upon the discussion of the French Treaty and the Budget of 1860. Mr. Gladstone not only paid his way during the year 1859-60, but had a surplus of £1,500,000; the discussions of 1860 were, therefore, free from any complications arising from the previous year, and the House of Commons was placed in the best possible position for dealing with the important proposals submitted for its consideration. The time did not, at first sight, seem favourable for the remission of taxation; the falling in of the long annuities had reduced the charge for the debt about two millions, but the charge for the army and navy shewed an increase of above £3,000,000 over the estimates of the preceding year. Mr. Gladstone did not adopt the view that a high rate of taxation was a reason for stopping short in commercial reforms, but urged that it was, when rightly viewed, rather a reason why we should persevere in them, for he said, "It is by means of these very reforms that we are enabled to bear high taxation."

The Customs reform of 1860 was based upon the principle that the duties retained should be simply revenue duties, and that the relief afforded to the labouring classes should take effect upon those articles which gave them the *maximum* of employment, and thus afforded them the *maximum* of good. In pursuance of this principle and in harmony with the French Treaty, the duties on wines were reduced and the duty on foreign spirits equalised with that on home-made spirits; the duties on silk manufactures, gloves, artificial flowers, watches, oils, musical instruments, leather, china, and many other articles producing but a small revenue, were repealed; and the duties on butter, tallow, cheese, eggs, oranges, lemons, nuts, nutmegs, paper, liquorice, dates, and many other articles not affected by the French Treaty, were also repealed. Reductions took place in the duties upon foreign timber, which were fixed at the same rate as colonial, and upon currants, raisins, figs, and hops. The loss on the Customs for the year was estimated at £1,035,000, of which it was anticipated £910,000 would be met by increased consumption of articles still subject to taxation. It was proposed to fill up the void by a number of small taxes, and a duty was placed on

chicory in order to protect the revenue from coffee. The remaining proposals were the repeal of the Excise duty on paper and of the compulsory stamp on newspapers; the reduction of the hop duty, and the removal of the prohibition upon foreign malt. The whole of these benefits were secured by means of a penny Income Tax, the rate being increased from 9d. to 10d., but the amount remitted being £3,085,931, and the amount imposed being £3,030,904, there was practically no addition to taxation, the only change being the repeal of a host of taxes which impeded the growth of commerce, and the increase, to fill up the void, of an impost which does not possess that serious disadvantage.

By this Budget the number of articles in the Customs tariff was reduced from 419 to 48, the bulk of the revenue being raised upon 15, the remaining duties being continued for special reasons.

Both the Treaty and the Budget were received by the country with great satisfaction, but they were violently denounced by the Conservative party and their progress through Parliament was strongly resisted. On the motion to go into Committee on the Customs Acts, on the 20th of February, Mr. Disraeli moved an amendment against doing so until the Treaty had been considered and assented to; his amendment was negatived by 293 against 230. On the following day Mr. Ducane moved a resolution against diminishing the ordinary revenue and reimposing the Income Tax at an unnecessarily high rate; the debate lasted three nights, but the motion was defeated by 339 against 223, the Government securing a majority of 116. Upon the resolution approving the French Treaty the Government majority was more decisive, an amendment moved by Mr. Horsman being negatived by 282 against 56. On the second reading of the Paper Duties Bill, Mr. W. Miles moved an amendment in favour of reducing the Income Tax a penny instead of abolishing the paper duties; it was negatived by 245 against 192, and the Bill was read a second time. Nothing daunted, the Conservatives returned to the charge in committee; on the resolution to fix the Income Tax at 10d., Sir H. Willoughby moved to substitute 9d., but his amendment was defeated by 187 against 132. Before the third read-

ing of the Paper Duties Bill, the war in China had assumed larger proportions, involving increased expenditure; this had the effect of reducing the majority at that stage to 10, the numbers being 219 ayes and 209 noes. In the House of Lords the second reading of the Bill was negatived by 193 against 104, the tax being thus re-imposed by the Peers after it had been abolished by the Commons. This unconstitutional proceeding excited great indignation in the country, but no action was taken by the representatives of the people beyond placing a series of resolutions on the journals of the House in vindication of the rights and privileges of the Commons in the imposition and remission of taxation. The increased expenditure upon the China war rendered necessary a supplementary Budget, and the unrepealed paper duty was found a convenient resource towards meeting the demand of £4,000,000, which that war rendered necessary, the balance being provided by an increase of the spirit duty and the renewal of Exchequer bonds. The continuance of the paper duty was the only modification effected in the Budget; the rest of the proposals were carried intact, and a beneficent scheme of finance which was denounced by Mr. Disraeli as one "which, under all circumstances, would be imprudent, improvident, and unsafe, but which under the circumstances in which the country finds itself is replete and rife with danger," was adopted by Parliament to the great advantage of the nation.

The Budget of 1860 laid the foundation of further fiscal reforms. In 1861 the Income Tax was reduced to 9d., and the paper duty was abolished, the Lords being rendered powerless by the incorporation of the whole Budget in one Bill, which they dare not venture to reject. In 1862 the hop duty was repealed, a brewers' licence duty being substituted. In 1863 the duties were reduced on manufactured tobacco; the chicory duty was increased to the same rate as that on coffee; modifications were introduced in the taxes on stage carriages and railways; some of the small taxes imposed in 1860 were repealed; the double rate of Income Tax was abolished, an exemption of £60 being allowed out of every income below £200, and the tax was reduced from

9d. to 7d. ; the tea duty was also reduced from 1s. 5d. to 1s. per lb. In 1864 the sugar duties were reduced 4s. per cwt. ; the Income Tax was reduced to 6d. ; and the fire insurance duty on stock-in-trade from 3s. to 1s. 6d. per £100. In 1865 there were several changes in the stamp duties ; the tea duty was further reduced from 1s. to 6d. per lb. ; the Income Tax from 6d. to 4d. ; and the fire insurance duty to a uniform rate of 1s. 6d. per cent. In 1866 the duties on pepper and on timber and wood were repealed ; and the duties on wine in bottles, stage carriages, and post-horse licences were reduced. This was the last of Mr. Gladstone's eight Budgets, commencing with the year 1859. The following table shews the income and expenditure during the eight years for which he had to provide the ways and means, divided into two periods, the first of high expenditure arising out of the disturbed state of Europe and the China war ; the second when expenditure had returned to a more normal condition.

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Government. £	Army and Navy. £	Collection of Revenue. £	Total. £
1860	71,205,078	28,747,228	9,685,913	26,739,102	4,438,548	69,610,791
1861	70,388,085	26,328,207	10,728,029	31,345,564	4,487,448	72,889,248
1862	69,865,057	26,323,777	10,821,956	29,452,342	4,699,581	71,297,656
1863	70,604,562	26,224,750	10,881,512	27,635,378	4,553,461	69,295,101
Totals	282,062,782	107,623,962	42,117,410	115,172,386	18,179,038	283,092,796
Average	70,515,695	26,905,990	10,529,352	28,793,096	4,544,759	70,773,199

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Government. £	Army and Navy £	Collection of Revenue £	Total. £
1864	70,209,065	26,204,884	10,771,490	25,545,572	4,527,433	67,049,379
1865	70,313,787	26,362,491	10,205,412	25,280,925	4,606,472	66,455,300
1866	67,812,292	26,226,381	10,250,065	24,829,067	4,601,937	65,907,450
1867	69,434,568	26,074,871	10,523,019	25,351,641	4,823,958	66,773,489
Totals	277,769,712	104,868,627	41,749,986	101,007,205	18,559,800	266,185,618
Average	69,442,428	26,217,156	10,437,496	25,251,801	4,639,950	66,546,404

The extraordinary expenditure was as follows :—Chinese war in the years ended March 31st, 1860, £858,057 ; 1861, £3,043,896 ; and 1862, £1,230,000. It will be seen from the above figures that there was a surplus in 1859-60 of £1,594,287 ; in 1860-61 and 1861-62 there were aggregate deficits amounting to £3,933,762 ; in the following year a reduction of expenditure and the increased productiveness of the revenue resulted in a surplus of £1,309,461 ; in the

second period of four years there was an aggregate surplus of £11,584,094, or a yearly average of £2,896,023, notwithstanding considerable remissions of taxation.

The following table shews the taxes repealed and reduced, and imposed, during the whole period of eight years.

Taxes repealed and reduced :—

TAXES REPEALED AND REDUCED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1860-61	2,840,931	105,000	...	140,000	3,085,931
1861-62	279,558	1,350,000	...	1,060,000	2,689,558
1862-63	98,671	250,000	5,000	...	353,671
1863-64	1,896,319	...	...	2,750,000	4,646,319
1864-65	1,744,384	15,000	365,000	1,230,000	3,354,384
1865-66	2,214,981	10,000	520,000	2,600,000	5,344,981
1866-67	516,462	85,000	...	...	601,462
Totals	9,591,306	1,815,000	890,000	7,780,000	20,076,306

TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1859-60	...	...	...	4,340,000	4,340,000
1860-61	577,904	1,230,000	163,000	1,060,000	3,030,904
1861-62	15,000	5,000	60,000	...	80,000
1862-63	...	232,000	20,500	...	252,500
1863-64	6,811	24,000	...	...	30,811
1864-65	...	119,000	...	...	119,000
1865-66	1,576	...	...	...	1,576
Totals	601,291	1,610,000	243,500	5,400,000	7,854,791
Net Remission	8,990,015	205,000	646,500	2,380,000	12,221,515

The remission of £9,500,000 of Customs duties, that most seasonable relief to the taxpayer and important stimulus to the trade and industry of the country, was rendered possible by Mr. Gladstone's courage in increasing the Income Tax in 1859 to meet the extraordinary naval and military expenditure of that year. The entire repeal of duties upon many articles of food, the reduction of the sugar duties, and the reduction of the tea duty from 1s. 5d. to 6d. per lb., were all measures which added materially to the comfort and well-being of the masses of the population, and largely increased the trade of the country. The Excise also shews a net remission of £205,000, but the repeal of the paper duty in 1861 involved a loss to the revenue of £1,350,000, which was compensated by the sum of £1,357,966, imposed in the previous year on home and colonial spirits, the duty on which was equalised with the reduced rate levied on foreign spirits. The Income Tax, which had been increased from 5d. to 9d. in order to meet war expenditure, and to 10d. for one year

in order to carry out the fiscal reforms of 1860, was reduced to 4d., the general result of the various financial changes of that period being a net remission of £12,221,515.

### THE THIRD DERBY AND FIRST DISRAELI ADMINISTRATIONS.

The finances of the two following years were under the administration, first of Mr. Disraeli, and then of Mr. Ward Hunt; under their charge the Income Tax was increased twice in order to meet the cost of the Abyssinian war, of which, however, £4,300,000 was left for Mr. Lowe to provide. The ordinary expenditure on the army and navy was also considerably increased. The following are the figures for the two years:—

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Government. £	Army and Navy. £	Collection of Revenue. £	Total. £
1868	69,600,218	26,564,843	11,193,758	28,587,531	4,883,203	71,229,335
1869	72,591,992	26,611,419	11,966,643	31,366,545	5,021,302	74,965,909
Totals	142,192,210	53,176,262	23,160,401	59,954,076	9,904,505	146,195,244
Average	71,096,105	26,588,131	11,580,200	29,977,038	4,952,252	73,097,622

The following were the actual results of the changes in taxation during the two years:—\*

Year ended Mar. 31.	TAXES REPEALED OR REDUCED.					Total. £
	Customs. £	Excise. £	Stamps. £	Taxes. £		
1868	...	...	319,110	232,000		551,110
Year ended Mar. 31.	TAXES IMPOSED.					Total. £
	Customs. £	Excise. £	Stamps. £	Taxes. £		
1868	...	226,870	...	1,427,350		1,654,220
1869	...	...	...	1,434,000		1,434,000
Totals	...	226,870	...	2,861,350		3,088,220
Net Amount Imposed	...	...	...	...		2,537,110

The reduction in the stamps was in the duty on marine insurances, which was fixed at a uniform rate of 3d. per cent.; the £232,000 remitted in taxes was occasioned by the transfer of the dog licences to the Excise, at a reduced rate, which produced £226,870; this change was accompanied by the abolition of the exemption of dogs used in tending or driving cattle or sheep. The main features of the two years

\* For previous years the only returns published are those of the estimated remissions and additions from the financial statements; but the last number of the Statistical Abstract gives also the actual results which are therefore given from the year ending March 31st, 1868, as being more accurate.

were the increase of the Income Tax from 4d. to 6d., and an aggregate deficit of above £4,000,000.

#### MR. GLADSTONE'S FIRST ADMINISTRATION.

The defeat of Mr. Disraeli's Government at the General Election of 1868 placed Mr. Gladstone in power as Prime Minister, the post of Chancellor of the Exchequer being held by Mr. Lowe. When the Liberal Government took office the revenue was in a stationary condition; it was, moreover, insufficient to meet the expenditure maintained at the rate that had prevailed during the previous Administration, while £4,300,000 had to be raised to meet expenditure on account of the Abyssinian war, for which no provision had been made. The Income Tax was left at 6d. by Mr. Ward Hunt, but Mr. Lowe was able, by the exercise of economy on the part of his colleagues in the spending departments and by collecting the arrears of Income Tax, land tax, house duty, and assessed taxes, and making them in future payable within the year, to clear off the Abyssinian war debt, to pay his way, and provide a surplus which enabled him at once to repeal the duty on corn, some special taxes on locomotion, the fire insurance duty, and to reduce the Income Tax to 5d. in the pound. In 1870, he repealed several small trade licences, reduced the sugar duty one-half, abolished the impressed stamp on newspapers, established the halfpenny book and newspaper post, increased the privileges of the letter post, reduced several stamp duties, consolidated the stamp laws, and remitted another penny of the Income Tax. In 1871, he had to meet an additional expenditure on account of the war in Europe, and upon the defeat of his match tax proposal, mainly through the opposition of Liberal members, twopence was added to the Income Tax for that purpose. In 1872, that twopence was repealed, the abatements on smaller incomes were increased from £60 to £80, and the limit extended from incomes of £200 to incomes of £300, and the duties on chicory and coffee were reduced one-half. In 1873, the tax upon male waiters at hotels was abolished, the sugar duties were again reduced one-half, and the Income Tax was reduced to 3d. in the pound.

The following table shews the income and expenditure during Mr. Lowe's five years of office:—

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Government £	Army and Navy. £	Collection of Revenue. £	Total. £
1870	75,434,252	27,053,560	11,033,148	24,622,690	6,155,354	68,864,752
1871	69,945,220	26,826,437	11,962,511	24,237,041	6,522,550	69,548,539
1872	74,708,314	26,839,601	12,160,293	25,863,163	6,626,963	71,490,020
1873	76,608,770	26,804,853	11,750,139	24,956,200	7,203,256	70,714,448
1874	77,335,657	26,706,726	15,928,139	26,220,864	7,610,781	76,466,510
Totals	374,032,213	134,231,177	62,834,230	125,899,958	34,118,904	357,084,269
Average	74,806,442	26,846,235	12,566,846	25,179,991	6,823,780	71,416,853

The extraordinary expenditure was as follows: Abyssinian war £1,300,000 in 1869-70;\* the war in Europe £1,451,097 in 1870-71 and 1871-72; Ashantee war £800,000 in 1873-74; and the Alabama Claims (under the head of Civil Government) £3,196,875 in 1873-74.

The following is a summary of the changes in taxation:—

TAXES REPEALED AND REDUCED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1869-70	803,280	374,890	1,018,000	2,692,370	4,888,540
1870-71	2,179,098	41,850	309,200	1,587,600	4,117,748
1871-72	47	...	...	...	47
1872-73	200,243	10,000	...	3,758,500	3,968,743
1873-74	1,443,237	25,000	...	1,843,000	3,311,237
Totals	4,625,905	451,740	1,327,200	9,881,470	16,286,315

TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1869-70	508	1,269,820	...	...	1,270,328
1870-71	1,979	106,440	...	...	102,419
1871-72	268	...	...	3,308,000	3,308,268
1872-73	64	...	...	...	64
1873-74	...	26,060	...	...	26,060
Totals	2,819	1,396,320	...	3,308,000	4,707,139
Net Remission	4,623,086	...	1,327,200	6,573,470	11,579,176
Net Addition	...	944,580	...	...	...

The £1,269,820 Excise imposed in the year 1869-70 was merely the transfer from the taxes at reduced rates of the duties formerly levied as assessed taxes; they appear among the taxes reduced for the same year, the amount being £1,218,820, shewing a gain to the revenue of £51,000. The £1,018,000, remitted under the head of stamps in the same year, was the fire insurance duty.

The main facts of Mr. Lowe's financial years are, that he

\* This was the amount brought to account during the financial year 1869-70; in addition Mr. Lowe found the money for £3,000,000 which Mr. Ward Hunt had not defrayed though it appeared in the previous year's accounts.

paid £4,300,000 for the Abyssinian war, remitted taxation to the amount of £11,579,176, had surplus revenue beyond the £3,000,000 required to meet Mr. Ward Hunt's Abyssinian legacy, amounting to £13,947,944, which was applied to the reduction of ordinary debt, and created the prospective surplus of £6,000,000 in 1874. The great complaint made against him is that he under-estimated his revenue and took more than was necessary in the shape of taxation from the people, but that is an error on the safe side, as surplus revenue goes to reduce debt and thus effects a permanent remission of taxation.

#### LORD BEACONSFIELD'S ADMINISTRATION.

The change of Government that took place in 1874 left the disposal of the Liberal surplus in the hands of Sir Stafford Northcote, who not only acknowledged in his financial statement that he was merely the distributor of the good things left by Mr. Gladstone, but added that the estimates for the coming year were the estimates prepared by the predecessors of the Conservative Administration. The mode of dealing with the surplus had also been indicated by Mr. Gladstone in his address to the electors of Greenwich, viz. :—relief, but relief coupled with reform of local taxation ; the repeal of the Income Tax ; some marked relief simultaneously to consumers of commodities ; the surplus to be supplemented, if necessary, by adjustments of some existing taxes. In the absence of any definite proposals as to the mode in which this scheme was to be carried out, Sir Stafford Northcote was left to his own resources, and disposed of the surplus in the following manner :—relief, but without reform, of local taxation ; the reduction of the Income Tax from 3d. to 2d. ; and the repeal of the sugar duty, of the horse tax, and of the horse dealer's licence ; a very humble copy of the great scheme of finance shadowed forth by his illustrious predecessor.

The income and expenditure of this year of transition finance, when a Liberal surplus was manipulated by a Conservative Chancellor of the Exchequer, were :—

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Government £	Army and Navy. £	Collection of Revenue. £	Total. £
1875	74,921,873	27,094,480	13,557,716	25,903,953	7,771,891	74,328,040

The remissions of taxation were as follows:—

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1874-75	<u>1,780,257</u>	<u>427,750*</u>	<u>...</u>	<u>1,916,750</u>	<u>4,124,757</u>

The remissions effected this year make the total relief to the taxpayer, directly resulting from five years' Liberal finance, reach the sum of £15,703,933, but that only represents the direct gain in the matter of taxation, the indirect advantages were far greater.

We now come to the latest period of Conservative finance properly so called, the years, namely, in which Sir Stafford Northcote had to deal with estimates prepared by his colleagues, and with the results of his own administration of the Exchequer. The records of this period shew that his power to remit taxation and secure a surplus ceased when he had disposed of the Gladstone legacy. In 1875 he reduced the brewers' licence duty and repealed the stamp duty on appointments. In 1876 he repealed the duties on boys or men occasionally employed in domestic service, and the duties on offices and pensions; at the same time, however, he added a penny to the Income Tax, endeavouring to render the increase more palatable by raising the total exemption to £150, and the rate of partial exemption to an abatement of £120 on incomes under £400, instead of an abatement of £80 on incomes under £300 as fixed by Mr. Lowe in 1872. In 1877 he repealed the stamp duty on appointments to benefices; and in 1878 exempted houses occupied as professional offices from the house duty; increased the tobacco duty 4d. per lb., the dog licence from 5s. to 7s. 6d.; and added 2d. to the Income Tax, making a small allowance from manufacturing incomes for wear and tear of machinery. These are the extent of the boons bestowed upon the country by Conservative finance, the most conspicuous being the increase of the Income Tax from 2d. to 5d.

The following table shews the income and expenditure for the five years, divided into two periods, one before and the other after, the commencement of the "spirited foreign

\* The net amount deducting £61,250 increased duty on sugar used in brewing imposed to equalise it with the malt duty.

policy" which involved the nation in costly and unnecessary complications and wars :—

Year ended Mar. 31.	INCOME.		EXPENDITURE.			
	£	Debt. £	Civil Government. £	Army and Navy. £	Collection of Revenue. £	Total. £
1876	77,131,693	27,443,750	14,753,020	26,842,556	7,582,447	76,621,773
1877	78,565,036	27,992,834	14,928,890	27,286,117	7,917,387	78,125,228
Totals	155,696,729	55,436,584	29,681,910	54,128,673	15,499,834	154,747,001
Average	77,848,364	27,718,292	14,840,955	27,064,336	7,749,917	77,373,500
1878	79,763,298	28,412,750	15,624,139	30,590,756	7,775,850	82,403,495
1879	83,115,972	28,644,183	16,599,183	32,213,654	7,950,769	85,407,789
1880	81,265,055	28,762,874	16,923,140	30,422,603	7,997,137	84,105,754
Totals	244,144,325	85,819,807	49,146,462	93,227,013	23,723,756	251,917,038
Average	81,381,441	28,606,602	16,382,154	31,075,671	7,907,918	83,972,346

It will be seen by comparing the totals for each period that in the former there was an aggregate surplus of £949,728, and in the latter an aggregate deficit of £7,772,713, notwithstanding the increase of the Income Tax, tobacco duty, and dog licence—the poor man's solace and his companion, his pipe and his dog, being both taxed in order to bear war expenditure.

The following are the changes in taxation for the two periods :—

TAXES REPEALED AND REDUCED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1875-76	..	52,000	6,000	..	58,000
1876-77	..	32,000	..	950	32,950
Totals	..	84,000	6,000	950	90,950

TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1876-77	..	..	..	1,491,500	1,491,500
Net Total Imposed	..	..	..	1,490,550	1,490,550
Remitted	..	84,000	6,000	..	..

TAXES REPEALED AND REDUCED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1877-78	..	..	6,000	..	6,000
1878-79	..	..	150	30,000	30,150
Totals	..	..	6,150	30,000	36,150

TAXES IMPOSED.

	Customs. £	Excise. £	Stamps. £	Taxes. £	Total. £
1878-79	501,187	..	..	3,685,600	4,186,787
Net Total Imposed.	501,187	..	..	3,655,6	4,150,637
Remitted	..	..	6,150	..	..

The main features of Sir Stafford Northcote's financial administration are: first, a remission of taxation by means of a Liberal surplus; secondly, the addition of a penny to the Income Tax in 1876, being about the equivalent of the new grants in aid of local taxation; thirdly, the addition of 2d. to the Income Tax in 1878, and extra taxation on tobacco and dogs in order to meet war outlay. When the dog licence was increased Sir Stafford Northcote restored the exemption of farmers' and shepherds' dogs which Mr. Ward Hunt had abolished in 1867. The result of the increase was disappointing; it was anticipated that the revenue would gain £100,000, but the produce at the additional rate of duty is barely equal to that of the old duty in 1877. A like result has followed the increase of the tobacco duty, which was expected to yield £750,000 but has only produced £501,187.

#### CONCLUSION.

The result of Liberal finance as affecting the remission of taxes is clearly shewn in the following summary of the foregoing returns. It must, however, be borne in mind that the mere figures convey a very inadequate idea of the magnitude and value of the work accomplished; a host of bad taxes, injuriously affecting the trade and industry of the country, have been entirely swept away, and the revenue is now raised with much less pressure upon the resources of the people, while trade, manufactures, and employment have wonderfully increased.

#### RESULTS OF LIBERAL FINANCE.

	Taxes Remitted.	Taxes Imposed.	Net Remission— Addition. †
	£	£	£
Grey and Melbourne Administrations...	8,466,533	3,155,875	— 5,310,658
Russell Administration ... ..	5,309,667	622,534	— 4,687,133
Mr. Gladstone, 1853 ... ..	2,971,474	3,401,383	† 429,909
Crimean War... ..	3,949,542	15,186,300	† 11,236,758
Sir G. C. Lewis, 1857 ... ..	10,753,582	92	— 10,753,490
Palmerston Administration ... ..	20,076,306	7,854,791	— 12,221,515
Gladstone Administration .. ..	16,286,315	4,707,139	— 11,579,176
Legacy Budget, 1874 ... ..	4,124,757	...	— 4,124,757
Totals ... ..	<u>71,938,176</u>	<u>34,928,114</u>	<u>— 37,010,062</u>

The net remission effected by Liberal finance since 1831, is, according to the above table, more than

£37,000,000, but it is actually more, for the succession duty, estimated to produce £2,000,000, the amount at which it stands in the returns from which the table is compiled, has never yet yielded £800,000, so that the actual remission is more than £38,200,000, a very noteworthy fact.

It now remains to be seen what has been done by the Conservatives. First, let us take the old Conservative party, under the leadership of the Duke of Wellington and Sir Robert Peel.

### RESULTS OF WELLINGTON AND PEEL FINANCE.

	Taxes Remitted. £	Taxes Imposed. £	Net Remission. £
Wellington Administration ... ..	4,249,146	697,970	3,551,176
Peel Administration ... ..	8,144,628	5,655,829	2,488,799
Totals ... ..	<u>12,393,774</u>	<u>6,353,799</u>	<u>6,039,975</u>

The golden age of Conservative finance existed during the Administrations of Wellington and Peel; economy was then considered to be a public virtue, unnecessary expenditure an evil to be avoided; it seemed, indeed, in those days as if the Conservative party had cast off its former errors and sworn allegiance to sound principles of finance. The conversion of Sir Robert Peel and the majority of his colleagues to the principle of Free Trade was the signal of the breaking-up of the party. The followers refused to be led, and sound principles of finance were abandoned. The record of the new Conservatism in this matter is very simple; it consists in imposing taxes and increasing debt, as shewn in the following abstract of the official returns:—

### RESULTS OF MODERN CONSERVATIVE FINANCE.

	Taxes Remitted. £	Taxes Imposed. £	Net Remission — Addition ÷ £
Lord Derby's Second Administration ...	2,100,000	456,780	— 1,643,220
Lord Derby's Third Administration, con- tinued by Mr. Disraeli ... ..	551,110	3,088,220	÷ 2,537,110
Lord Beaconsfield's Two Peace Years ...	90,950	1,491,500	÷ 1,400,550
Lord Beaconsfield's Three War Years ...	36,150	4,186,787	÷ 4,150,637
Totals ... ..	<u>2,778,210</u>	<u>9,223,287</u>	<u>÷ 6,445,077</u>

Apart from the distribution of a Liberal surplus in 1874, for which Conservatism cannot legitimately claim the credit,

the work of the modern Conservative party has been in marked contrast to that of the Liberals, having consisted in reducing the Income Tax by the abolition of the Crimean War Sinking Fund, at the same time maintaining war taxation upon tea and sugar, and in subsequently adding to the taxes and increasing the debt. Its main achievement with respect to remission of taxation is to claim the sole credit for the Budget of 1874, although that measure was rendered possible, according to Sir Stafford Northcote's own confession, by the possession of a Liberal surplus and by adopting Liberal estimates. In the foregoing pages its financial administration has been brought to the test of facts, and it has been clearly shewn to be utterly untrustworthy and unsound. Conservative Chancellors of the Exchequer have not hesitated to incur liabilities which they have left to be paid by the Liberals and have then had the assurance to boast of the comparative lightness of the taxation they have imposed upon the people, ignoring the fact that taxes levied by the Gladstone Governments, both in 1869 and now, were really imposed by their Conservative predecessors. The extent to which this has been done is somewhat startling. In 1869, Mr. Lowe had to provide taxation to the amount of £4,300,000 to meet the legacy of Abyssinian war expenditure, bequeathed to him by Mr. Ward Hunt; in his last financial statement, Sir Stafford Northcote acknowledged to £8,000,000 war expenditure yet to be met; the £5,000,000 voted on account of the Afghan war has to be added, so that in these three sums we have liabilities amounting to £17,300,000, exclusive of interest, which two Conservative Governments have incurred, but have left for Liberal Governments to pay, and the most noteworthy circumstance in connection with these remarkable transactions is, that having thus rendered necessary increased taxation during the period of a Liberal Government, and having, during Sir Stafford Northcote's five years, become insolvent to the extent of £13,000,000, they claim credit for their economy in taxation. Comment on the record contained in the foregoing pages is unnecessary; the facts speak for themselves

## APPENDIX

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### REPRINT AND ANALYSIS

OF THE

## PARLIAMENTARY RETURNS,

“Public Expenditure,” No. 394, Sess. 1881, and  
“National Debt,” No. 361, Sess. 1881

SHEWING THE TOTAL NET CHARGE ON TAXES, TAXES ACTUALLY RECEIVED, SURPLUS OR DEFICIENCY OF REVENUE, AND THE INCREASE OR DECREASE OF THE NATIONAL DEBT, FROM THE FINANCIAL YEAR 1857-58 TO THE FINANCIAL YEAR 1879-80.

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Improvements effected in National Book-keeping during the last quarter of a century have made the total income and expenditure, as shewn in the finance accounts, represent a much heavier sum than is now raised and defrayed by means of taxation. Many items of revenue, formerly received and disbursed by departments, such as Parliamentary and Law Fees, are now paid into the Exchequer, and appear on both sides of the account. A considerable portion of the increase, both of revenue and of expenditure, is, therefore, only apparent, and forms no charge upon the taxpayers. The following pages contain a summary of the returns, now issued yearly, which discriminate between these items of the yearly accounts and the expenditure defrayed by taxation, and shew the exact amount charged upon the taxpayers in each year. In the returns as analysed the amounts for which each Government is responsible are clearly shewn.

## FINANCIAL PERIODS FOR WHICH DIFFERENT GOVERNMENTS WERE RESPONSIBLE.

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1857-58.—**LORD PALMERSTON'S FIRST ADMINISTRATION.**—The resignation of the Ministry was announced on the 22nd of February, 1858, and Lord Derby's acceptance of office on the 1st of March. The financial year was nearly closed when the new Government took office.

1858-59.—**LORD DERBY'S SECOND ADMINISTRATION.**—Lord Derby's resignation was announced in the Lords on the 17th of June, 1859, and the formation of the new Ministry was announced in both Houses on the 30th of June. The financial year 1858-59 had closed before Lord Derby's resignation, but the Budget stood over on account of the dissolution of Parliament. The financial statement for 1859-60 was made by Mr. Gladstone on the 18th of July.

1859-60 TO 1862-63, AND 1863-64 TO 1866-67.—**LORD PALMERSTON'S SECOND ADMINISTRATION ; CONTINUED AFTER HIS DEATH BY EARL RUSSELL.**—This period has been divided into two sections; during the former, the Naval and Military Expenditure was exceptionally heavy owing to the disturbed state of Europe and the great naval preparations of France. Revised Estimates were consequently prepared, and were submitted to Parliament by Lord Palmerston's Administration, with the entire concurrence of the Conservative party. The augmentation of the naval and military forces was urged upon Parliament by Lord Lyndhurst, on the 5th of July, 1859.

1867-68 and 1868-69.—**LORD DERBY'S THIRD ADMINISTRATION ; CONTINUED AFTER HIS RESIGNATION BY MR. DISRAELI.**—The resignation of Earl Russell's Ministry was announced on the 26th of June, 1866 ; and Lord Derby announced the formation of his Ministry on the 9th of July. The Budget was introduced by Mr. Gladstone on the 3rd of May, and the Customs and Inland Revenue Act received the Royal Assent on the 11th of June. Nothing occurred to disturb Mr. Gladstone's financial arrangements, so that the year 1866-67 was a year of Liberal finance, although the Conservatives were in office from the 9th of July, 1866 to the 31st of March, 1867. For the years 1867-68 and 1868-69 the Conservatives were entirely responsible.

1869-70 to 1873-74.—MR. GLADSTONE'S ADMINISTRATION.—Mr. Disraeli resigned on the 2nd of December, 1868, and Mr. Gladstone was sworn in on the 9th of December. Mr. Lowe became Chancellor of the Exchequer, and his first task was to provide £4,300,000 Abyssinian War Expenditure, incurred by the Conservative Government.

1874-75 and 1875-76 to 1879-80.—LORD BEACONSFIELD'S ADMINISTRATION.—Mr. Gladstone resigned on the 17th of February, 1874, and the new Ministry was sworn in on the 21st of February. 1874-75 was an exceptional year; the Conservative Government inherited a Liberal surplus of £5,492,000, the product of the financial policy of the late Ministry, which, as Sir Stafford Northcote explained, was made available for the remission of taxation by adopting the estimates which had been prepared by the Liberal Government. The five following years are those for which he was solely and entirely responsible, and are therefore the only accurate test of his finance.

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## RETURN OF PUBLIC EXPENDITURE (EXCHEQUER ISSUES)—

D A T E S.	1	2.	3.	4.	5.	6.
	Army and Navy Expenditure, excluding Votes of Credit and other Expenses as specified in Column 8, but including the Vote of Credit on account of the War in Europe (1870.)	Civil Expenditure of all kinds; excluding Votes of Credit for Redemption of Sound Dues and Scheldt and Sladt Tolls.	T O T A L S.	Revenue, not Taxes, including Stamps in lieu of Fees.	Net Charge on Taxes for Army, Navy, and Civil Services.	National Debt Charges (Net) See Note (*).
	£	£.	£.	£.	£	£
1857-58 ...	22,546,000 (a)	14,340,000 (g)	36,886,000	4,863,000	32,023,000	28,557,000
1858-59 ...	20,797,000 (a)	14,557,000	35,354,000	5,625,000	29,729,000	28,361,000
† 1859-60 ...	24,775,000	15,230,000	40,005,000	5,527,000	34,478,000	28,567,000
1860-61 ...	28,302,000	15,215,000 (h)	43,517,000	5,273,000	38,244,000	26,147,000
1861-62 ...	28,169,000	15,368,000	43,537,000	5,820,000	37,717,000	26,142,000
1862-63 ...	27,635,000	15,435,000 (i)	43,070,000	6,843,000	36,227,000	26,083,000
A Total 4 years	108,881,000	61,248,000	170,129,000	23,463,000	146,666,000	106,939,000
Average ...	27,220,250	15,312,000	42,532,250	5,865,750	36,666,500	26,734,750
1863-64 ...	25,546,000 (b)	15,124,000	40,670,000	7,294,000	33,376,000	26,062,000
1864-65 ...	25,281,000	14,637,000	39,918,000	7,545,000	32,373,000	26,209,000
1865-66 ...	24,064,000	14,853,000	38,917,000	7,602,000	31,315,000	26,083,000
1866-67 ...	25,352,000	15,346,000 (k)	40,698,000	8,040,000	32,658,000	25,930,000
A Total 4 years	100,243,000	59,960,000	160,203,000	30,481,000	129,722,000	104,284,000
Average ...	25,060,750	14,990,000	40,050,750	7,620,250	32,430,500	26,071,000
1867-68 ...	26,587,000	16,077,000	42,664,000	7,847,000	34,817,000	26,415,000
1868-69 ...	26,366,000	16,988,000	43,354,000	8,643,000	34,711,000	26,461,000
A Total 2 years	52,953,000	33,065,000	86,018,000	16,490,000	69,528,000	52,876,000
Average ...	26,476,500	16,532,500	43,009,000	8,245,000	34,764,000	26,438,000

(a) The Packet Service, although under the Admiralty for these years, is included in the Second Column, to correspond with subsequent years.

(b) Including £85,805, Kertch, &c., Prize Money.

(g) Including £40,000, Princess Royal.  
 (h) Ditto £288,000, Wine Drawback.  
 (i) Ditto £30,000, Princess Alice.  
 (k) Ditto £30,000, Princess Helena.

\* Certain receipts applicable to Debt have in this Return been taken in diminution of the Charges in Column 6.

† From the year 1862-63 inclusive, the Effective Charges in connection with British Troops serving in India, are included under Army Expenditure in Column 1, such charges having been limited previously to Retired Pay and Pensions, &c.; on the other hand, the receipts from Indian Revenues in repayment are included in Column 4, neither transaction affecting the net Charge on Taxes, Column 5.

These Effective Charges may be averaged at £650,000 per annum, which sum should therefore, for sake of comparison, be added to the Amounts of Columns 1 and 4 for each year prior to 1862-63.

A. The Totals and Averages are not in the Return as issued by the Government.

## CHARGE ON TAXES—FOR EACH YEAR FROM 1857-8 TO 1879-80.

7. Total Charge on Taxes, excluding Votes of Credit, &c., in Column 8.  (Distributed under sundry de- tailed Heads in the Appendix.)	8. Votes of Credit, Abolition of Purchase, &c.	9. Total Charge on Taxes.	10. Taxes actually received, less Stamps in lieu of Fees.	11. Surplus (+) or Deficiency (—); excluding Expenses of Fortifications and other Special Charges provided for by Loan.	D A T E S .
£	£	£.	£	£.	
60,580,000	(1) 2,615,000	63,195,000	62,948,000	— 247,000	... 1857-58.
58,090,000	(2) 782,000	58,872,000	59,685,000	+ 813,000	... 1858-59.
63,045,000	858,000	63,903,000	65,491,000	+ 1,588,000	... 1859-60.
64,391,000	China War. 3,044,000	67,435,000	64,927,000	— 2,508,000	... 1860-61.
63,859,000	China War. (3) 1,437,000	65,296,000	63,854,000	— 1,442,000	... 1861-62.
62,310,000	... ..	62,310,000	63,611,000	+ 1,301,000	... 1862-63.
253,605,000	5,339,000	258,944,000	257,883,000	— 1,061,000	
63,401,250	1,334,750	64,736,000	64,470,750	— 265,250	
59,438,000	175,000	59,613,000	62,765,000	+ 3,152,000	... 1863-64.
58,582,000	Scheldt Toll. 175,000	58,757,000	62,608,000	+ 3,851,000	... 1864-65.
57,398,000	Scheldt Toll. 765,000	58,163,000	60,059,000	+ 1,896,000	... 1865-66.
58,588,000	New Zealand War. ... ..	58,588,000	61,242,000	+ 2,654,000	... 1866-67.
234,006,000	1,115,000	235,121,000	246,674,000	+ 11,553,000	
58,501,500	278,750	58,780,250	61,668,500	+ 2,888,250	
61,232,000	2,000,000	63,232,000	61,596,000	— 1,636,000	... 1867-68.
61,172,000	Abyssinian War. 5,000,000	66,172,000	63,792,000	— 2,380,000	... 1868-69.
122,404,000	7,000,000 §	129,404,000 §	125,388,000	— 4,016,000 §	
61,202,000	3,500,000	64,702,000	62,694,000	— 2,008,000	

(1) £1,125,000 Sound Dues.  
900,000 Persian War.  
590,000 China War.

(2) 390,000 Russian War.  
392,000 China War.

(3) 1,230,000 China War.  
153,000 Sladt Toll.  
54,000 Russian War.

§ The expenditure incurred during the year 1868-69 for the Abyssinian war was £6,300,000 but £1,300,000 was not known to the authorities in London until the year 1869-70, when it was voted by the House of Commons, and appears in the account for that year. The correct figures, therefore, for this period of two years are:—

Extraordinary Expenditure	... ..	total	£8,300,000, average	£4,150,000
Charge on Taxes	... ..	total	£130,704,000, average	£65,352,000
Deficiency	... ..	total	£5,316,000, average	£2,658,000

## RETURN OF PUBLIC EXPENDITURE (EXCHEQUER ISSUES)

(Continued from pages 42 and 43.)

DATE S.	1. Army and Navy Expenditure, excluding Votes of Cr. dit, and other Expenses, as specified in Column 8, but including the Vote of Credit on account of the War in Europe (1870).	2. Civil Expenditure of all kinds; excluding Votes of Credit for Redemption of Sound Dues and Scheldt and Sladt Tolls.	3. TOTALS.	4. Revenue, not Taxes, including Stamps in lieu of Fees.	5. Net Charge on Taxes for Army, Navy, and Civil Services.	6. National Deb Charges (Net) See Note (*).
	£	£	£	£	£	£
1869-70 ...	23,323,000	17,188,000	40,511,000	8,714,000	31,797,000	26,897,000
1870-71 ...	24,237,000 (c)	18,485,000 (l)	42,722,000	9,303,000	33,419,000	26,669,000
1871-72 ...	25,523,000 (d)	18,787,000	44,310,000	10,363,000	33,947,000	26,683,000
1872-73 ...	24,010,000	18,953,000	42,963,000	10,545,000	32,418,000	26,647,000
1873-74 ...	24,707,000	20,342,000	45,049,000	11,826,000	33,223,000	26,550,000
A Total 5 years	121,800,000	93,755,000	215,555,000	50,751,000	164,804,000	133,446,000
Average ...	24,360,000	18,751,000	43,111,000	10,150,200	32,960,800	26,689,200
B 1874-75 ...	25,200,000	21,330,000	46,530,000	11,071,000	35,459,000	26,470,000
1875-76 ...	26,341,000 (e)	22,259,000	48,600,000	11,508,000	37,092,000	26,680,000
1876-77 ...	26,786,000 (f)	22,846,000	49,632,000	11,981,000	37,651,000	27,042,000
1877-78 ...	26,586,000	23,400,000	49,986,000	12,555,000	37,431,000	27,305,000
1878-79 ...	27,359,000	24,550,000	51,909,000	12,876,000	39,033,000	27,393,000
1879-80 ...	26,929,000	24,920,000	51,849,000	12,896,000	38,953,000	27,350,000
A Total 5 years	134,001,000	117,975,000	251,976,000	61,816,000	190,160,000	135,770,000
Average ...	26,800,200	23,595,000	50,395,200	12,363,200	38,032,000	27,154,000

\* Certain receipts applicable to Debt have in this Return been taken in diminution of the Charges in Column 6.

- (c) Including £1,350,000, War in Europe. (d) Ditto £101,097, War in Europe.
- (e) Ditto £500,000, for Charges defrayed by War Office on account of India (Special Vote); also £200,000, for localisation of Military Forces not provided for by Loan.
- (f) Ditto £170,000, for Charges defrayed by War Office on account of India.
- (l) Ditto £30,000, Princess Louise.

A. The Totals and Averages are not in the Return as issued by the Government.

B. The year 1874-75 was an exceptional year; the surplus was the product of Liberal finance, and was rendered available for remissions of taxation by adopting the estimates of the Liberal Government. The period for which Sir Stafford Northcote was solely responsible commenced with 1875-76.

## CHARGE ON TAXES—FOR EACH YEAR FROM 1857-8 TO 1879-80.

(Continued from pages 42 and 43.)

7.	8.	9.	10.	11.	
Total Charge on Taxes, excluding Votes of Credit, &c., in Column 8. (Distributed under sundry detailed Heads in the Appendix.)	Votes of Credit, Abolition of Purchase, &c.	Total Charge on Taxes.	Taxes actually received, less Stamps in lieu of Fees.	Surplus (+) or Deficiency (-); excluding Expenses of Fortifications and other Special Charges provided for by Loan.	DATES.
£	£.	£	£	£	
58,694,000	1,300,000 + Abyssinian War.	59,994,000 §	66,563,000 §	+ 6,569,000§	... 1869-70.
60,088,000	...	60,088,000	60,485,000	+ 397,000	... 1870-71.
60,630,000	340,000	60,970,000	64,188,000	+ 3,218,000	... 1871-72.
59,065,000	Abolition of Purchase. 946,000	60,011,000	65,905,000	+ 5,894,000	... 1872-73.
59,773,000	Abolition of Purchase. ( <sup>4</sup> ) 4,711,000	64,484,000	65,353,000	+ 869,000	... 1873-74.
298,250,000	7,297,000	305,547,000	322,494,000	+ 16,947,000	
59,650,000	1,459,400	61,109,400	64,498,800	+ 3,389,400	
61,929,000	( <sup>5</sup> ) 704,000	62,633,000	63,227,000	+ 594,000	... 1874-75.
63,772,000	( <sup>6</sup> ) 180,000	63,952,000	64,462,000	+ 510,000	... 1875-76.
64,693,000	( <sup>7</sup> ) 463,000	65,156,000	65,596,000	+ 440,000	... 1876-77.
64,736,000	( <sup>8</sup> ) 4,002,000	68,738,000	66,098,000	- 2,640,000	... 1877-78.
66,426,000	( <sup>9</sup> ) 4,853,000	71,279,000	68,987,000	- 2,292,000	... 1878-79.
66,303,000	( <sup>10</sup> ) 3,487,000	69,790,000	66,949,000	- 2,841,000	... 1879-80
325,930,000	12,985,000	338,915,000	332,092,000	- 6,823,000	Total 5 years.
65,186,000	2,597,000	67,783,000	66,418,400	- 1,364,600	Average.

(<sup>4</sup>) £714,000, Abolition of Purchase.  
£800,000, Ashantee Expedition.  
£3,197,000, Alabama Claims.

(<sup>5</sup>) £579,600 Army Purchase.  
125,000 Ashantee Expedition.

(<sup>6</sup>) £502,000 Abolition of Purchase.  
76,000 Charges on Purchase of Suez Canal-  
Shares not covered by Loan.

£578,000  
Less 398,000 Savings on Votes of Credit, Abyssinian and Ashantee Wars.  
£180,000

(<sup>7</sup>) £474,000 Army Purchase, and Credit of  
£11,000, Ashantee War.

(<sup>8</sup>) £504,719 Abolition of Purchase.  
3,500,000 Russo-Turkish War.

4,004,719  
Less 2,797 Receipts, Ashantee Expedition and  
Army Purchase.  
£4,001,922

(9) and (10) see page 47.

Treasury, 11th August, 1881.

F. CAVENDISH.

† This amount was expended in 1868-69 and merely voted in 1869-70. See notes (s) p. 43, and (d) p. 55.

§ Including £4,300,000 raised to pay Mr. Ward Hunt's Abyssinian War debt. The amounts required to meet the actual expenditure, for which the Gladstone Government was solely responsible, were: Total charge on taxes, £58,694,000. The taxes actually received amounted to £66,563,000, leaving a surplus, after paying £4,300,000 Abyssinian debt, of £3,569,000. The total charges on taxes for the five years required to meet the actual expenditure of the Gladstone Government, were £301,247,000, a yearly average of £60,249,400; and the taxes actually received for that purpose £318,194,000, a yearly average of £63,638,000. £3,000,000 of the apparent surplus of £6,569,000 for 1869-70, was provided in the Budget to defray Abyssinian debt.

## RETURN OF PUBLIC EXPENDITURE (EXCHEQUER ISSUES)—

## APPENDIX. . . . .

ANALYSIS of Column 7 on previous pages 42 and 43. . .

TOTAL CHARGE (Net) on TAXES, excluding VOTES

	1.	2.	CIVIL SERVICES.		
			3.	4.	5.
	National Debt, including Terminable Annuities.	Army & Navy, excluding Votes of Credit, &c., except that on account of the War in Europe (1870).	Imperial, including Civil Consolidated Fund Charges.	Public Education.	In Aid of Local Taxation.
	£.	£.	£	£.	£
1857-58 ...	28,557,024	21,451,002	5,921,311	815,087	1,431,524
1858-59 ...	28,360,433	19,370,473 <sup>(a)</sup>	5,619,782	906,465	1,564,307
1859-60 ...	28,566,331	23,528,786 <sup>(b)</sup>	6,105,613	1,034,920	1,704,907
1860-61 ...	26,147,018	27,370,139 <sup>(c)</sup>	6,073,931	987,635	1,677,280
1861-62 ...	26,142,000	27,118,002 <sup>(d)</sup>	5,740,256	1,095,162	1,724,883
1862-63 ...	26,083,273	25,668,739 <sup>(e)</sup>	5,933,953	1,117,493	1,763,035
Total 4 years Average ...	106,938,622 26,734,655	103,685,666 25,921,416	23,853,753 5,963,438	4,235,210 1,058,802	6,870,105 1,717,526
1863-64 ...	26,062,395	23,314,477 <sup>(f)</sup>	5,753,528	1,009,612	1,718,228
1864-65 ...	26,209,311	23,226,201 <sup>(g)</sup>	5,068,961	941,582	1,758,801
1865-66 ...	26,083,054	21,934,835 <sup>(h)</sup>	5,480,056	943,415	1,779,488
1866-67 ...	25,930,303	22,928,888 <sup>(i)</sup>	5,595,967	978,915	1,983,976
Total 4 years Average ...	104,285,063 26,071,265	91,404,401 22,851,100	21,898,512 5,474,628	3,873,524 968,381	7,240,493 1,810,123
1867-68 ...	26,414,794	24,800,453 <sup>(k)</sup>	5,698,258	1,150,660	2,117,918
1868-69 ...	26,460,910	24,628,684	5,638,290	1,008,826	2,262,250
Total 2 years Average ...	52,875,704 26,437,852	49,429,137 24,714,568	11,336,548 5,668,274	2,159,486 1,079,743	4,380,168 2,190,084

(a) After abating the sum of £166,163 received in the Exchequer as a saving on Vote for Kafir War.

(b) .. ditto .. £256,385 .. ditto .. for Army Stores supplied between 1834 and 1838 to Spanish Government.

(c) .. ditto .. £240,000 .. ditto .. ditto

(d) .. ditto .. £266,000 .. ditto .. for China War Indemnity.

(e) .. ditto .. £212,335 .. ditto .. ditto

(f) .. ditto .. £434,747 .. ditto .. ditto

(g) .. ditto .. £472,634 .. ditto .. for China and Japanese Indemnities

(h) .. ditto .. £422,712 .. ditto .. for China Indemnity.

(i) .. ditto .. { £250,184 .. ditto .. ditto

£517,705 .. ditto .. for Principal and Interest of New Zealand Bonds.

(k) .. ditto .. £68,531 .. ditto .. for Japanese Indemnity.

## CHARGE ON TAXES—FOR EACH YEAR FROM 1857-8 TO 1879-80.

.. .. . APPENDIX.

.. .. ANALYSIS of Column 7 on previous pages 42 and 43.

OF CREDIT, &amp;c., distributed under their respective heads.

6. REVENUE DEPARTMENTS, &c.		7.		
Customs and Inland Revenue.	Post Office (Telegraph Service from 1869-70), and Packet Service. *	Total, as shown in Co- lumn 7, on previous pages.		
£.	£	£		
2,645,635	<i>241,583</i>	60,580,000	... 1857-58	* The Italic figures in this column represent the excess of the Revenue and other Receipts over the charge for these services.
2,589,976	<i>321,436</i>	58,090,000	... 1858-59	
2,511,645	<i>407,202</i>	63,045,000	... 1859-60	
2,568,438	<i>433,441</i>	64,391,000	... 1860-61	
2,521,202	<i>482,505</i>	63,859,000	... 1861-62	
2,478,857	<i>735,350</i>	62,310,000	... 1862-63	
10,080,142	<i>2,058,498</i>	253,605,000	Total 4 years	
2,520,035	<i>514,624</i>	63,401,250	... Average	
2,453,233	<i>873,473</i>	59,438,000	... 1863-64	
2,469,892	<i>1,092,748</i>	58,582,000	... 1864-65	
2,499,603	<i>1,322,451</i>	57,398,000	... 1865-66	
2,480,936	<i>1,310,985</i>	58,588,000	... 1866-67	
9,903,664	<i>4,599,657</i>	234,006,000	Total 4 years	
2,475,916	<i>1,149,914</i>	58,501,500	... Average	
2,481,152	<i>1,431,235</i>	61,232,000	... 1867-68	
2,576,164	<i>1,403,124</i>	61,172,000	... 1868-69	
5,057,316	<i>2,834,359</i>	122,404,000	Total 2 years	
2,528,658	<i>1,417,179</i>	61,202,000	... Average	

Notes to page 45—continued.

(9) £1,500,000	War in South Africa.
2,968,968	Russo-Turkish War.
367,578	Abolition of Purchase.
17,865	Abyssinian Expedition.
<u>4,854,411</u>	
Less 1,665	Receipts, Army Purchase Commission and Ashantee Expedition.
<u>£4,852,746</u>	

(10) £2,772,720	War in South Africa.
222,200	Griqualand West.
250,000	Sikukuni Expedition.
247,868	Abolition of Purchase.
634	Abyssinian Expedition.
<u>3,493,422</u>	
Less 6,298	Receipts, Army Purchase Commission and Ashantee Expedition
<u>£3,487,124</u>	

## RETURN OF PUBLIC EXPENDITURE (EXCHEQUER ISSUES)—

APPENDIX.—(Continued from pages 44 and 45.) ..

ANALYSIS of Column 7 on pages 44 and 45. .. ..

TOTAL CHARGE (Net) on TAXES, excluding VOTES

	1.	2.	4. CIVIL SERVICES.			5.
			3.	4.	5.	
	National Debt, including Terminable Annuities.	Army and Navy, excluding Votes of Credit, &c., except that on account of the War in Europe (1870).	Imperial, including Civil Consolidated Fund Charges.	Public Education.	In Aid of Local Taxation.	
	£	£	£	£	£	£
1869-70 ...	26,896,989	21,569,702	5,553,571	1,205,918	2,308,982	
1870-71 ...	26,668,822	22,443,945 (l)	6,291,976 (p)	1,255,388	2,326,734	
1871-72 ...	26,682,550	23,052,863 (m)	6,106,656 (q)	1,528,429	2,349,420	
1872-73 ...	26,647,414	22,121,876	5,129,426	1,788,735	2,412,314	
1873-74 ...	26,549,801	22,845,017	5,706,566	1,926,083	2,761,380	
Total 5 years	133,445,576	112,033,403	28,788,195	7,704,553	12,158,830	
Average ...	26,689,115	22,406,680	5,757,639	1,540,910	2,431,766	
1874-75 ...	26,470,429 (o)	23,808,349 (n)	5,583,532	2,109,117	3,322,478	
1875-76 ...	26,679,736 (o)	24,700,093 †	5,852,524	2,454,412	4,026,065	
1876-77 ...	27,041,794 (o)	25,014,540 §	5,614,330	2,656,334	4,109,714	
1877-78 ...	27,305,329 (o)	24,560,542	5,738,988	3,032,247	4,203,661	
1878-79 ...	27,392,820 (o)	25,396,613	5,723,203	3,379,743	4,765,655	
1879-80 ...	27,349,607 (o)	25,009,394	5,722,584	3,427,156	4,979,919	
Total 5 years	135,769,286	124,681,182	28,651,629	14,949,892	22,085,014	
Average ...	27,153,857	24,936,236	5,730,325	2,989,978	4,417,002	

(l) After abating the sum of £22,174 received in the Exchequer as a saving on Vote for China Indemnity.

(m) .. ditto .. £850,000 .. ditto .. as a saving on account of Army and Navy Abyssinian Charges.

(n) .. ditto .. £68,531 .. ditto .. Japanese Indemnity (final).

(o) After abating the amount received into the Exchequer for "Interest on Public Loans, and on Purchase Money of Suez Canal Shares."

(p) This includes an issue of £473,000 from the Consolidated Fund in aid of the Cash Balance of the Accountant General of the Court of Chancery, and the Accountant in Bankruptcy.

(q) A further transfer of £155,000 was made this year in aid of the Cash Balance of the Accountant in Bankruptcy; £51,000 was issued for the Telegraph Sinking Fund.

## CHARGE ON TAXES—FOR EACH YEAR FROM 1857-8 TO 1879-80.

.. APPENDIX.—(Continued from pages 46 and 47.)

.. .. ANALYSIS of Column 7 on pages 44 and 45.

of CREDIT, &amp;c., distributed under their respective Heads.

6. REVENUE DEPARTMENTS, &c.		7.		
Customs and Inland Revenue.	Post Office (Telegraph Service from 1869-70), and Packet Service. *	TOTAL, as shown in Column 7 on previous pages.		
£	£	£		
2,557,802	<i>1,398,964</i>	58,694,000	... 1869-70	* The <i>italic</i> figures in this column represent the Excess of the Revenue and other Receipts over the Charges for these Services.  † The sum proper to the year 1873-4, is £1,935,625, the balance £652,000 being repayable out of the Telegraph Loan of Revenue improperly diverted from the Exchequer in previous years.  ‡ This includes £500,000 for Charges defrayed by War Office on account of India (Special Vote), and £200,000 for Localisation of Military Forces not provided for by Loan.  § This includes £170,000 for Charges defrayed by War Office on account of India (Special Vote).
2,573,128	<i>1,471,993</i>	60,088,000	... 1870-71	
2,479,971	<i>1,569,889</i>	60,630,000	... 1871-72	
2,486,750	<i>1,521,515</i>	59,065,000	... 1872-73	
2,571,778	<i>2,587,625</i> †	59,773,000	... 1873-74	
12,669,429	<i>8,549,986</i>	298,250,000	Total 5 years	
2,533,885	<i>1,709,997</i>	59,650,000	... Average.	
2,582,670	<i>1,947,575</i>	61,929,000	... 1874-75	
2,589,440	<i>2,530,270</i>	63,772,000	... 1875-76	
2,657,760	<i>2,401,472</i>	64,693,000	... 1876-77	
2,584,963	<i>2,689,730</i>	64,736,000	... 1877-78	
2,681,861	<i>2,913,895</i> (s)	66,426,000	... 1878-79	
2,701,070	<i>2,886,730</i>	66,303,000	... 1879-80	
13,215,094	<i>13,422,097</i>	325,930,000	Total 5 years	
2,643,018	<i>2,684,419</i>	65,186,600		

(s) Including a receipt of £214,434 from the National Debt Commissioners on account of arrears of Postage of Savings Banks.

¶ The details of the amounts from 1872-73 to 1877-78, both inclusive, shown in Column 5, will be found in Parliamentary Paper 187 of Session 1879.

## RETURN RELATING TO NATIONAL DEBT.

RETURN for each Year from 1857-8 to 1879-80, inclusive. ... ..

YEAR.	1. Total National Debt, Funded (including Stock held on Account of Unclaimed Dividends), Unfunded, and (Capital Value of Terminable Annuities; on the 1st April of each Financial Year.*	2 and 3. Amount of Stock created for Purchase of Telegraphs, and equivalent in Consols of the Terminable Annuities created on Account of Fortifications, and Army Localization.*	4. Unfunded Debt created over Debt paid off, and Increase of Capital in Year 1858-9, occasioned by Exchange of Exchequer Bills for Stock.	5. TOTAL DEBT CREATED.	
	£	£	£	£	
1857-8 ...	838,918,443	... ..	... ..	... ..	1
1858-9 ...	833,131,739	... ..	869,239	869,239	2
1859-60 ...	830,373,747	... ..	... ..	... ..	3
1860-61 ...	824,333,403	216,667	460,700	677,367	4
1861-2 ...	823,328,622	1,050,833	... ..	1,050,833	5
1862-3 ...	822,790,300	1,029,167	... ..	1,029,167	6
Total 4 yrs. Average .		2,296,667 574,166	460,700 115,175	2,757,367 689,341	
1863-4 ...	823,179,615	888,333	... ..	888,333	7
1864-5 ...	819,677,852	715,000	... ..	715,000	8
1865-6 ...	815,252,425	487,500	... ..	487,500	9
1866-7 ...	805,962,510	541,667	... ..	541,667	10
Total 4 yrs. Average .		2,632,500 658,125		2,632,500 658,125	
1867-8 ...	803,752,500	520,000	... ..	520,000	11
1868-9 ...	803,014,954	568,750	1,985,000	2,553,750	12
Total 2 yrs Average .		1,088,750 544,375		3,073,750 1,536,875	
1869-70 ...	802,922,363	7,216,667	... ..	7,216,667	13
1870-71 ...	797,943,662	462,500	... ..	462,500	14
1871-2 ...	792,547,580	1,768,633	... ..	1,768,633	15
1872-3 ...	789,198,837	333,667	... ..	333,667	16
1873-4 ...	782,404,950	1,731,667	... ..	1,731,667	17
Total 5 yrs Average.		11,513,134 2,302,626		11,513,134 2,302,626	

\* The Terminable Annuities are calculated in £3 per Cent. Stock at 92.3077.

## RETURN RELATING TO NATIONAL DEBT.

... RETURN for each Year from 1857-8 to 1879-80, inclusive.

	6. Debt Paid off, including Unfunded Debt but exclusive of Diminished Capital Value of Terminable Annuities.	7. Total Debt Paid off, or Increased ( <i>italics</i> ), taking into account Diminished or Increased Capital of Terminable Annuities.	8. Increase ( <i>Italics</i> ) or Decrease of National Debt.		9. Net Estimated Amount of Taxation Imposed (+), or Remitted (-), during the Year. § See note on page 15.
			Taking into account Total Amount of Debt created (as in Column 4).	Not taking into account Amount of Debt created for Special Purposes (as in Column 2).	
	£	£	£	£	£
1	2,429,041	5,786,704	5,786,704	5,786,704	-10,753,490
2	105,456	3,627,231	2,757,992	2,757,992	- 1,643,220
3	2,111,238	6,040,344	6,040,344	6,040,344	+ 4,340,000
4	85,309	1,682,148	1,004,781	1,221,448	- 55,027
5	235,759	1,589,155	538,322	1,589,155	- 2,609,558
6	92,439	639,852	389,315	639,852	- 101,171
	2,524,745	9,951,499	7,194,132	9,490,799	+ 1,574,244
	631,186	2,487,874	1,798,533	2,372,699	+ 393,561
7	3,450,492	4,390,096	3,501,763	4,390,096	- 4,615,508
8	3,441,247	5,140,427	4,425,427	5,140,427	- 3,235,384
9	8,073,756 (c)	9,777,415	9,289,915	9,777,415	- 5,193,916
10	988,354	2,751,677	2,210,010	2,751,677	- 619,000
	15,953,849	22,059,615	19,427,115	22,059,615	-13,663,808
	3,988,462	5,514,903	4,856,778	5,514,903	- 3,415,952
11	1,094,584	1,257,546	737,546	1,257,546	+ 1,240,000
12	95,055	2,646,341	92,591	661,341	+ 1,450,000
	1,189,639	3,903,887	830,137	1,918,887	+ 2,690,000
	594,819	1,951,943	415,068	959,443	+ 1,345,000
13	9,089,635 (d)	12,195,368	4,978,701	12,195,368	- 3,790,000
14	2,848,053	5,858,582	5,396,082	5,858,582	- 4,136,000
15	1,933,497	5,117,376	3,348,743	5,117,376	+ 3,050,000
16	3,913,645	7,127,554	6,793,887	7,127,554	- 3,882,000
17	4,731,557	8,118,834	6,387,167	8,118,834	- 3,180,000
	22,516,387	38,417,714	26,904,580	38,417,714	-11,938,000
	4,503,277	7,683,542	5,380,916	7,683,542	- 2,387,600

(c) Includes £3,945,349 Stock cancelled on account of Unclaimed Dividends and Donations and Bequests, and £2,554,800 Exchequer Bills paid off.

Includes £5,871,488 Stock cancelled on account of Courts of Chancery and Bankruptcy, and £2,134,600 Exchequer Bonds and Bills, and £1,000,000 Ways and Means Advances paid off.

## RETURN RELATING TO NATIONAL DEBT.

RETURN for each Year from 1857-8 to 1879-80, inclusive ... ..

YEAR	1. Total National Debt, Funded (including Stock held on Account of Unclaimed Dividends) Unfunded, and (Capital Value of) Terminable Annuities; on the 1st April of each Financial Year.	2 and 3. Amount of Stock created for Purchase of Telegraphs, and equivalent in Consols of the Terminable Annuities created on account of Fortifications, Army Localization, and East Indian Loan.	4. Unfunded Debt created over Debt paid off, and Increase of Capital in Year 1858-9, occasioned by Exchange of Exchequer Bills for stock.	5. TOTAL DEBT CREATED.	
	£	£	£	£	
1874-5 ...	776,017,783	650,000	759,700	1,409,700	18
1875-6 ...	772,348,502	616,085	6,162,500†	6,778,585	19
1876-7 ...	774,138,109	1,259,406	2,542,000	3,801,406	20
1877-8 ...	773,114,974	1,181,357	6,659,200	7,840,557	21
1878-9 ...	775,090,064	904,356	5,267,100	6,171,456	22
1879-80 ...	775,646,147	2,049,259	1,474,800	3,524,059	23
Total 5 years. Average ...		6,010,463 1,202,092	22,105,600 4,421,120	28,116,063 5,623,212	
TOTAL from 1st April, 1857, } to 31st March, 1879. } £		*24,191,514	†26,180,239	50,371,753	
1879 ...	774,044,235				

\* This Column may be divided into—

(a) Stock created for Reproductive Expenditure, *i.e.*, for the "Acquisition of the Telegraphs."  
(b) Stock created for Non-productive Expenditure.—Fortifications and Army Localization, and £2,049,259 created in 1879-80 under "The East Indian Loan (Annuities) Act, 1879."

	(a) Telegraph Stock.	(b) Equivalent in £3 per Cent. Stock at 92·3077 of Annuities created for Fortifications and Army Localization.
	£	£
1857-58 to 1868-69	.. ..	6,017,917
1869-70 .. ..	7,060,000	216,667
1870-71 .. ..	300,000	162,500
1871-72 .. ..	1,367,800	400,833
1872-73 .. ..	.. ..	333,667
1873-74 .. ..	1,190,000	541,667
1874-75 .. ..	.. ..	650,000
1875-76 .. ..	345,252	270,833
1876-77 .. ..	284,406	975,000
1877-78 .. ..	314,691	866,666
1878-79 .. ..	146,023	758,333
£	10,948,172	11,194,083

† The Bonds for the money raised to purchase the Suez Canal Shares were all dated the 26th March, 1876; the entire sum has, therefore, been included in the amount of debt created in 1875-76. The money was received at different dates in March and April, 1876, the 20th March being the mean date.

## RETURN RELATING TO NATIONAL DEBT.

... RETURN for each Year from 1857-8 to 1879-80, inclusive.

	6. Debt Paid off, including Unfunded Debt, but exclusive of Diminished Capital Value of Terminable Annuities.	7. Total Debt Paid off, or Increased ( <i>italics</i> ), taking into account Diminished or Increased Capital of Terminable Annuities.	8. Increase ( <i>italics</i> ) or Decrease of National Debt.		9. Net Estimated Amount of Taxation Imposed (+), or Remitted (—), during the Year. §
			Taking into account Total Amount of Debt created (as in Column 4).	Not taking into account Amount of Debt created for Special Purposes (as in Column 2).	
	£	£	£	£	£
18	970,887	5,078,981	3,669,281	5,319,281 (e)	— 4,263,000
19	749,008	4,988,978	<i>1,789,607</i>	5,026,478 (e)	— 60,000
20	413,502	4,824,541	1,023,135	4,832,541 (e)	+ 1,384,000
21	1,319,198	5,865,467	<i>1,975,090</i>	3,115,467 (e)	nil.
22	803,126	5,615,373	<i>556,083</i>	3,015,373 (e)	+ 4,370,000
23	118,189	5,125,971	1,601,912	6,275,971 (e)	nil.
	3,403,023 680,604	26,420,330 5,284,066	<i>1,695,733</i> <i>339,146</i>	22,265,830 4,453,166	+ 5,640,000 1,138,000
	49,093,027	115,245,961	64,874,208	108,016,822	—

‡ Of this amount £18,951,100 was in respect of reproductive expenditure, viz. :—

For the purchase of Suez Canal Shares .. .. .	£3,801,100
For Public Works Loans .. .. .	15,150,000

(e) Also not taking into account—Net Debt created for the purchase of Suez Canal Shares and for Public Works Loans, viz. :—

1874-75 .. .. .	£ 1,000,000
1875-76 .. .. .	6,200,000
1876-77 .. .. .	2,550,000
1877-78 .. .. .	3,909,200
1878-79 .. .. .	2,667,100
1879-80 .. .. .	2,624,800
	<hr/>
	£18,951,100

§ This column has been revised by the insertion from 1865-66 of a more accurate estimate of the amount of taxation imposed or remitted.

N.B.—The Terminable Annuities have been re-valued for the Statistical Abstract and Finance Accounts. The results thus obtained have been adopted for this return.

Treasury Chambers, 1 August, 1881.

F. CAVENDISH.

## AVERAGE YEARLY CHARGE ON TAXES UNDER

Columns 1 to 4 from pages 46-49,

Fractions of a pound are omitted from Columns 1, 2, and 3, but are  
between the three columns of detail

For the List of Administrations see page 40.	Average Yearly Charges on Taxes for			4. Average yearly Total Charge on Taxes, not including extra- ordinary charges.
	1. National Debt, including Termin- able Annuities.	2. Army and Navy, excluding Votes of Credit.	3. Civil Services, less profits of Post Office and Telegraphs.	
	£	£	£	£
1857-58	28,557,024	21,451,002	10,571,974	60,580,000
1858-59	28,360,433	19,370,473	10,359,094	58,090,000
1859-60 to 1862-63 1863-64 to 1866-67 1867-68 and 1868-69 1869-70 to 1873-74 1874-75 1875-76 to 1879-80	26,734,655	25,921,416	10,745,177	63,401,250
	26,071,265	22,851,100	9,579,134	58,501,500
	26,437,852	24,714,568	10,049,580	61,202,000
	26,689,115	22,406,680(a)	10,554,203	59,650,000
	26,470,429	23,808,349	11,650,222	61,929,000
	27,153,857	24,936,236(b)	13,095,904	65,186,000

(a.) £1,451,097 paid on account of the Franco-German War more accurately belongs to extraordinary expenditure; the transfer would reduce the average ordinary naval and military expenditure to £22,116,461, and increase the average extraordinary expenditure to £1,749,619.

(b.) The Beaconsfield Government paid £670,000 arrears of Indian charges, properly belonging to the Gladstone Government, thus reducing the average ordinary charge for the five years by £134,000, and increasing the Gladstone average by the same amount.

(c.) The extraordinary charge of £7,000,000, for the Abyssinian war, which appears in the accounts of this period, does not cover the whole of that expenditure; an additional sum of £1,300,000 was not brought to account till the year 1869-70, when it was voted by the House of Commons. A proper adjustment of the accounts will shew a total extraordinary expenditure for the two years of £8,300,000, an average of £4,150,000; total charge on taxes, £130,704,000, average, £65,352,000; total deficiency, £5,316,000, average, £2,658,000.

## EACH ADMINISTRATION FROM 1857-8 TO 1879-80.

Columns 5 to 8 from pages 42-45.

included in Column 4; this accounts for the small discrepancy and the column containing the total.

5.	6.	7.	8.	
Average yearly Extraordinary Charges.	Average yearly Total Charge on Taxes.	Average yearly Taxes actually received.	Average yearly Surplus (+), or Deficiency (-).	
£	£	£	£	
2,615,000	63,195,000	62,948,000	— 247,000	1857-58
782,000	58,872,000	59,685,000	+ 813,000	1858-59
1,334,750	64,736,000	64,470,750	— 265,250	{ 1859-60 to 1862-63
278,750	58,780,250	61,668,500	+ 2,888,250	{ 1863-64 to 1866-67
3,500,000 (c)	64,702,000 (c)	62,694,000	— 2,008,000 (c)	{ 1867-68 and 1868-69
1,459,400 (d)	61,109,400 (d)	64,498,800 (d)	+ 3,389,400	{ 1869-70 to 1873-74
704,000	62,633,000	63,227,000	+ 594,000	1874-75
2,597,000	67,783,000	66,418,400	— 1,364,600	{ 1875-76 to 1879-80

(d.) The sum of £1,300,000 voted in 1869-70 for the Abyssinian war expenditure of 1868-69 is included in both columns 5 and 6; the sum of £3,000,000 voted in 1868-69 is also included in column 7; of that amount £1,000,000 was paid by Mr. Ward Hunt by means of money borrowed against arrears of Income-tax to be repaid in 1869-70, and £2,000,000, voted after Mr. Lowe took office, was paid, half out of the balances in the Exchequer and half by means of a loan from the Bank of England. The whole £3,000,000, therefore, became a charge against the year 1869-70, and added to the £1,300,000 voted in that year made the total provided in that year's Budget for the Abyssinian war, £4,300,000. Excluding the £3,000,000 Abyssinian deficits of the two Conservative years, the aggregate surplus of the Gladstone Government was £13,947,000, and the average £2,789,400. As the accounts stand it appears as if Mr. Lowe had raised £6,569,000 more than he required in 1869-70, but it must not be forgotten that £3,000,000 of the amount was purposely provided to meet Abyssinian war debt.

## FIVE YEARS' LIBERAL AND FIVE YEARS' TORY FINANCE

NET CHARGE ON TAXES.—(See pages 45 and 46.)

	Five years ended 31st Mar., 1874.		Five years ended 31st Mar., 1880.	
	Totals. £.	Average. £.	Totals. £.	Average. £.
Army and Navy ... ..	121,800,000	24,360,000	134,001,000	26,800,200
Less Franco-German War...	1,451,000	290,200		
„ Indian Charges ... ..	.....	.....	670,000	134,000
	120,349,000	24,069,800		
Add Indian Charges ... ..	670,000	134,000		
	121,019,000	24,203,800	133,331,000	26,666,200
Civil Expenditure ... ..	93,755,000	18,751,000	117,975,000	23,595,000
	214,774,000	42,954,800	251,306,000	50,261,200
Revenue not Taxes ... ..	50,751,000	10,150,200	61,816,000	12,363,200
	164,023,000	32,804,600	189,490,000	37,898,000
National Debt Charges ... ..	133,446,000	26,689,200	135,770,000	27,154,000
	297,469,000	59,493,800	325,260,000	65,052,000
Extraordinary Expenditure*	8,748,000	1,749,600	12,985,000	2,597,000
Total Charge on Taxes ... ..	306,217,000	61,243,400	338,245,000	67,649,000
Taxes actually received ... ..	322,494,000	64,498,800	332,092,000	66,418,000
Surplus ... ..	16,277,000	3,255,400		
Deficiency ... ..	.....	.....	6,153,000	1,231,000

In the foregoing Table the amount of £1,451,000 spent by the Gladstone Government on account of the War in Europe has been transferred from ordinary to extraordinary expenditure; and the £670,000 arrears of Indian charges has been transferred from the Beaconsfield to the Gladstone Government.

Including the Legacy Budget of 1874, taxes amounting to £16,201,000 (see National Debt Return, pp. 51-53) were repealed and reduced as the result of five years' Liberal finance, while the result of Tory administration has been seen in additions to the taxes yielding annually £5,640,000.

For details of the Extraordinary Expenditure, including in the five Liberal years, the £3,000,000 Abyssinian expenditure, voted after the Liberals were in power, though spent by their predecessors, see next page.

\* Including £1,451,000 on account of the Franco-German war transferred from Army and Navy expenditure; but not including £3,000,000 Abyssinian war debt, which should be added to shew the real amount of the total extraordinary expenditure for these years. The addition of this amount to the extraordinary expenditure of these five years to which it properly belongs, would reduce the surplus to £13,277,000.

## EXTRAORDINARY EXPENDITURE.

GLADSTONE GOVERNMENT.		BEACONSFIELD GOVERNMENT.	
1869-70 to 1873-74.		1875-76 to 1879-80.	
	£.	£.	£.
Abyssinian War :—		Army Purchase :—	
Voted in 1869-70 ...	1,300,000	1875-76 .....	502,000
Amount voted in		1876-77 .....	474,000
1868-69, which		1877-78 .....	504,719
Mr. Lowe had to		1878-79 .....	367,578
provide for and		1879-80 .....	247,868
pay in 1869-70 ...	3,000,000		2,096,165
	<u>4,300,000</u>	Russo-Turkish War :—	
Army Purchase :—		1877-78 ..	3,500,000
1871-72 .....	340,000	1878-79 .....	2,968,968
1872-73 .....	946,000		6,468,968
1873-74 .....	714,000	Charges on purchase	
	<u>2,000,000</u>	of Suez Canal Shares	
Franco-German War :—		not covered by loan	76,000
1870-71 .....	1,350,000	War in South Africa :—	
1871-72 .....	101,000	1878-79 .....	1,500,000
	<u>1,451,000</u>	1879-80 .....	2,772,720
Ashantee War .....	800,000		4,272,720
Alabama Payment ...	3,197,000	Griqualand West.....	222,200
		Sikukuni Expedition	250,000
		Abssyinian War :—	
		1878-79 .....	17,865
		1879-80 .....	634
			<u>18,499</u>
			13,404,552
		Less Savings on Votes of Credit :—	
		Abyssinian and Ash-	
		antee Wars and	
		Army Purchase ...	419,760
Total 5 years .....	£11,748,000	Total 5 years .....	£12,984,792

It is frequently urged in defence of the financial Administration of the Beaconsfield Government that Sir Stafford Northcote had to provide for a very heavy extraordinary expenditure, but the above figures shew that it was only £1,236,792 in excess of the extraordinary expenditure of the Gladstone Administration.

## SUMMARY OF RETURN RELATING TO THE NATIONAL DEBT.

Shewing the Amount paid off by each Government by means of Terminable Annuities, Cancellation of Stock, and Sinking Funds, the last being the only reduction influenced by the policy of each Government, and, therefore, the only test of its policy as affecting the Debt.

Periods.	DEBT PAID OFF.				4. Total.	5. Debt Created.	6. Net Decrease or Increase; the latter in Italics.	7. Total Debt at end or each Period.
	1. By Termin- able Annui- ties.	2. By Can- cellation of Stock.	3. By Sinking Funds.	3.				
1857-58	£ 3,357,663	£	£ 2,429,041	£ 5,786,704	£ ...	£ 5,786,704	£ 833,131,739	
1858-59	3,521,775	...	105,456	3,627,231	869,239	2,757,992	830,373,747	
1859-60 to 1862-63	7,426,754	...	2,524,745	9,951,499	2,757,367	7,194,132	823,179,615	
1863-64 to 1866-67	6,105,766	3,945,349	12,008,500	22,059,615	2,632,500	19,427,115	803,752,500	
1867-68 to 1868-69	2,714,248	...	1,189,639	3,903,887	3,073,750	830,137	802,922,363	
1869-70 to 1873-74	15,901,327	5,871,488	16,644,899	38,417,714	11,513,134(a)	26,904,580	776,017,783	
1874-75	4,108,094	...	970,887	5,078,981	1,409,700	3,669,281	772,348,502	
1875-76 to 1879-80	23,017,307	...	3,403,023	26,420,330	28,116,063(b)	1,695,733	774,044,235	
...	...	...	...	...	...	...	...	
Totals ... ..	66,152,934	9,816,837	39,276,190	115,245,961	50,371,753	64,874,208		

The principal portion of the reduction in 1857-58 was effected by means of the Crimean War Sinking Fund, which Mr. Disraeli abolished in 1858-59. The Sinking Fund reduction of 1875-76 to 1879-80 includes Sir Stafford Northcote's New Sinking Fund. (a) £9,857,800 of this sum was stock created to defray Mr. Ward Hunt's purchase of the telegraphs. (b) £1,100,372 of this sum for the purchase of telegraphs, and £17,951,100 for the purchase of Suez Canal shares, and for Public Works Loans.

## MR. GLADSTONE'S FINANCIAL PROPOSALS OF 1874.

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The abolition of the Income Tax is very generally represented, especially by supporters of the late Administration, as the only financial proposal made by Mr. Gladstone in his celebrated address to the electors of Greenwich which announced the dissolution of 1874, whereas nothing can be farther from the truth. It was only one of those proposals, which also contemplated the relief of local ratepayers, some marked remission of the taxes upon articles of popular consumption, wise economy, and judicious adjustments of existing taxes. The best mode, however, of meeting the error is to reprint that portion of the address which dealt with finance. It was as follows :—

“Upon a review of the finance of the last five years, we are enabled to state that, notwithstanding the purchase of the telegraphs for a sum exceeding £9,000,000, the aggregate amount of the National Debt has been reduced by more than £20,000,000; that taxes have been lowered or abolished (over and above any amount imposed) to the extent of £12,500,000; that during the present year the Alabama indemnity has been paid, and the charge of the Ashantee war will be met out of revenue; and that in estimating, as we can now venture to do, the income of the coming year (and for the moment assuming the general scale of charge to continue as it was fixed during the last Session), we do not fear to anticipate as the probable balance, a surplus exceeding rather than falling short of £5,000,000.

### RELIEF TO THE TAXPAYERS.

“The existence of such a surplus will offer, in our judgment, a great opportunity of affording relief to the community, and an opportunity which ought to be turned to the very best account.

## THE CHANCELLORSHIP OF THE EXCHEQUER.

“I have accepted with much reluctance the charge of the finances of the country in addition to my other duties. But as this is now the tenth occasion on which I am called, as the Minister immediately responsible, to consider the financial arrangements of the coming year, you may be willing to believe that I am not speaking lightly when I proceed to indicate an outline of the boons which, in the absence of some gravely unfavourable and unforeseen incident, it will be in the power of the new Parliament at once to confer.

### LOCAL TAXATION.

“In the first place, there is a very general desire that some new assistance should be afforded to the ratepayers of the country from funds at present under the command of the State.

“The Government have been unable to meet the views of those who appear to have thought that, provided only a large amount of public money could be had in any form to relieve the taxes, no great heed need be paid to anything else. But they have never felt themselves compelled to deny the wish of such as think that a further portion of the charges hitherto borne by real and immovable property should, with judicious accompanying arrangements, be placed upon property generally. Their endeavour has been, and their resolution is, to have a thorough and comprehensive, not a partial, handling of the question, and in our future proceedings we shall, I trust, exert ourselves to keep in view all that it involves: to strengthen the invaluable traditions, and to improve the organs of Local Government, to keep central control within the limits of sound policy, to maintain, and if possible to enhance, the guarantees for provident administration, to avoid the repetition of unseemly contests, and the danger which would arise if Parliament were gradually to lay upon labour a portion of the burdens hitherto borne by property; in a word, to reform as well as enlarge the aid granted by the State to local expenditure. The first item, then, which I have to set down in the financial arrangements proper for the year is relief, but relief coupled with reform, of local taxation.

“What I have said refers properly to England, but it would be impossible to exclude from view the case of Scotland, which is very closely analogous, or that of Ireland, which presents larger variations.

### THE INCOME TAX.

“I now turn to a subject of a less complex character, but of even greater importance; I mean the Income Tax.

“According to the older financial tradition, the Income Tax was a war tax. For such a purpose it is invaluable. Men are willing to sacrifice much, not only of their means, but of their privacy, time, and comfort, at the call of patriotism.

“In 1842 the Income Tax was employed by Sir Robert Peel, partly to cover a serious deficit in the revenue, but principally to allow of important advances in the direction of Free Trade. I need not dwell on the great work of liberation which has been accomplished by its aid. Mainly perhaps on this account, it has been borne with an exemplary patience. But no Government has ever been able to make

it perpetual, like our taxes in general, or even to obtain its renewal for any very long term of years. Since 1860 it has been granted by an annual Act. During a long time, for reasons on which it is not necessary for me here to dwell, the country cherished, together with the desire, the expectation or hope of its extinction. But the sum annually drawn from it formed so heavy an item in the accounts from year to year, that it appeared to have grown unmanageable. It has, however, been the happy fortune of Mr. Lowe to bring it down, first from 6d. to 4d., and then from 4d. to 3d. in the pound. The proceeds of the Income Tax for the present year are expected to be between £5,000,000 and £6,000,000, and at a sacrifice for the financial year of something less than £5,500,000 the country may enjoy the advantage and relief of its total repeal.

“ I do not hesitate to affirm that an effort should now be made to attain this advantage, nor to declare that, according to my judgment, it is in present circumstances practicable.

#### TAXES UPON ARTICLES OF POPULAR CONSUMPTION.

“ And yet, while making this recommendation and avowal, I have more to add. It will have been observed that the proposals I have mentioned contemplate principally the relief of rateable and other property, although there are many among the payers of Income Tax the association of whom with that term seems almost to mock them. But it is manifest that we ought not to aid the rates, and remove the Income Tax, without giving to the general consumer, and giving him simultaneously, some marked relief in the class of articles of popular consumption.

#### JUDICIOUS ADJUSTMENTS OF EXISTING TAXES AND WISE ECONOMY.

“ It may be observed that the changes I have indicated would dispose of more, indeed considerably more, than the surplus I have named : and that I am not entitled to anticipate any larger balance of available revenue during the coming financial year from the present sources as they are fixed by law. But I have said nothing to preclude the Government from asking Parliament to consider, in conjunction with those great remissions, what moderate assistance could be had from judicious adjustments of existing taxes. And it is scarcely necessary for me to add that, admitting, as I do admit, the declarations of 1868, I for one could not belong to a Government which did not on every occasion seek to enlarge its resources by a wise economy. But these, I admit, are general declarations. Their whole value depends upon their future and practical development. On this subject I will frankly allow that the question is for the moment one of confidence. The policy of the Government for the last five years in particular, the character and opinions of my colleagues, and the financial and commercial legislation with which I may say that, since 1842, I have been associated, are before you. I can only add, that I have not spoken lightly, but deliberately, and with full persuasion.”

Such were the advantages promised by the great master of finance to whom the country is largely indebted for

many previous financial reforms. Unfortunately for the true interest of the nation they were rejected, and the country found itself at the expiration of five years, for which the Beaconsfield Government are exclusively responsible, with an increase of 3d. to the Income Tax, additions to the tobacco duty and dog tax, and serious war deficits in both home and Indian finance, involving the continuance, over a series of years, of the additional taxes imposed by Sir Stafford Northcote, a Conservative increase of taxation which Conservative speakers, from the late Chancellor of the Exchequer downward, do not hesitate to charge against the present Government. At the same time they claim all the credit of the remissions of 1874, although those remissions were only rendered possible, as fully admitted by Sir Stafford Northcote in his financial statement of that year, by the existence of a Liberal surplus and the adoption of Liberal estimates.

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## POSTSCRIPT.

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The tables of Income and Expenditure are compiled, for the years 1827-28 to 1841-42, from the Parliamentary Return Public Income and Expenditure, No. 366, Sess. 1869, Part II. ; and for the remaining years from the Statistical Abstract, Nos. 1, 17, and 28.

The charge for the Post Office Packet Service was included in the expenditure for the Army and Navy until the year 1860-61, when it was transferred to the charge for Civil Government, under which head it appears up to the year 1868-69 ; since that year it has been included in the cost of collecting the revenue.

The tables of taxes repealed and reduced and imposed for the years 1827-28—1839-40 are compiled from Porter's "Progress of the Nation" for the subsequent years from the Statistical Abstract, Nos. 1, 17, and 28. Changes in the rates of postage are not included since the year 1840-41, as that charge ceased to be a tax with the introduction of the penny postage. Every change since that year has consisted in affording increased facilities to the public at lower rates of postage.

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