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## LONDON'S SHARE OF THE KING'S TAXES

THE course of public affairs brings up a variety of questions which involve an attempt to ascertain the quota pertaining to a limited area of the responsibility for the burdens of the realm. Recently a measure to set up an Education authority to deal with different grades of instruction within "the Administrative County of London" was occupying our legislators, and the cost at which such an Act as that will be administered is one of those questions which are much canvassed. The amount placed to the account of local rates is a very acute question closely watched; it is not so easy to tell how much of the expense of the Board of Education must be debited to London. Similarly, the share of London in the contributions to the King's Revenue, by means of taxes, duties, and other imposts, for imperial as distinguished from local purposes, is a very moot question. As inquiries are frequently made respecting this point, an attempt will be made in this paper to estimate the quota of the various items of the Public Revenue which may be deemed to be contributed by London. At the outset it should be made quite clear that our official returns give but little direct aid in the solution of the problem, and the conclusions which are offered here should be regarded as tentative only.

The revenue from taxation for the year 1901—2 was as follows :—

	Exchequer.	Local taxation.	Total.
Customs .....	£30,993,000	£210,090	£31,203,090
Excise .....	31,600,000	5,194,499	36,794,499
Estate, &c., duties.....	14,200,000	4,309,501	18,509,501
Stamps (exclusive of fee, &c., stamps) .....	7,800,000	—	7,800,000
Land Tax.....	725,000	—	725,000
House duty .....	1,775,000	—	1,775,000
Property and Income Tax .....	34,800,000	—	34,800,000
From taxes .....	£121,893,000	£9,714,000	£131,607,000
(Posts and telegraphs.....	£3,957,044)		

Some notes on this table are required before an attempt is made to solve the question of London's contribution to the various sums shown. First of all, that portion of the gross revenue represented by the cost of working the Posts and Telegraphs is omitted, and only the profit from these services which was cast into the Exchequer is recounted. For similar reasons, the revenue from the Crown Lands, from the Suez Canal shares, and the Miscellaneous revenue from Fee Stamps and other contributions, principally through the various public offices (amounting in 1901—2 to £1,990,365), have been omitted, as the table is intended to show the burden from taxation laid upon the United Kingdom. In the table, as presented, the items of revenue transferred to Local Taxation consist as to the Excise of two sums, the one of the Excise Licences, amounting to £3,929,269, and the remainder of the Surtax on Beer and Spirits; and as to the Estate Duties, of £2,687,414, under the Finance Act, 1894, of £1,511,635 under the Agricultural Rates Act, 1896, and £110,452 of payments under the Tithe Rent-charge Rates Act, 1899. The total of £131,607,000 may be regarded as the sum raised by taxation in the United Kingdom; but the additional £3,957,000 profit of the Post Office must not be disregarded in the same connection. How much of this large total does London contribute?

Speaking generally, there is little known which can help us in this quest. The problem is to abstract from the revenue of the United Kingdom that which is drawn from London alone. The officers of the London County Council have done a little to appreciate the quantitative relation of London in this regard, but the basis of comparison is England and Wales only, and the attempt has been left, so far, in a very incomplete condition, doing little more than to suggest the problem. The inquiry a few years ago, into the financial relations of Great Britain and Ireland, offers a more promising field; for an essential part of the problem presented for solution to that Commission was to separate from the total revenue that which belonged respectively to England and Wales, to Scotland, and to Ireland. Since that Commission reported, Parliament has issued one or two papers annually, showing the revenue apportioned to the three principal divisions of the Kingdom. These papers have been prepared officially, by the aid of the revenue officers, whose duty it is to collect the revenue, who are acquainted with the course and track of commerce, have to estimate continually what amount of property and income is assessable locally, and have access to the records of the revenue for a long series of years. It is not pretended that the result of the

apportionment thus made is accurate; from the fact that the revenue system was framed deliberately for a United Kingdom it cannot be so; but it does offer the student and the statesman a basis of comparison which cannot be neglected.

The Financial Relations Return for the year ending in March, 1902, reaches the conclusion that of the revenue from taxes, some 82·70 is drawn from England and Wales, 10·75 from Scotland, and 6·55 per cent. from Ireland. Further, it is computed that of the Customs, the true contributions for the several countries are 76·12, 9·60, and 10·08 respectively, while the remaining 0·20 per cent. is collected from sources which cannot be localised. In the same way the whole of the Inland Revenue is apportioned, and the proportions given are 82·65, 11·09, 5·50 respectively, with 0·76 per cent. not localised. These are most suggestive proportions, especially when they are contrasted with one another; but in this summary form are much too general for our guidance. Two chief principles of apportionment are discerned: population as regards goods dutiable, and locality of collection where property and income are involved.

The proportions given above as the official conclusions respecting the several contributions of England, Scotland, and Ireland to the revenue in 1901—2 cannot be accepted directly, and without specific inquiry, as a starting point in the computation of the quota of London to the English portion. The official figures are based upon the whole of the Exchequer receipts, including several items omitted from the table on page 219, as not derived from taxation. But another reason not less important is clearly in view, viz., whether any of the taxes by which the revenue is raised are of such a character as to require special attention in their incidence on London. And it does seem as though only an examination of these several taxes for this purpose would meet the case, an examination which must be made here briefly.

Most people would agree that the articles now charged with Customs duties are of such a nature as to touch all classes of people throughout the land, and that they are not such as affect London in a peculiar manner. The articles now dutiable may be classed under the following heads. An export duty on Coal, to which London cannot be said to contribute. An import duty on Tobacco, Tea, Coffee, Chicory, and Cocoa; Spirits and articles containing spirits; Sugar, Molasses, Glucose, and Saccharin, and articles containing sugar; Wine, Dried Fruits, Beer, and Ale; and Playing Cards. On review the whole of the Customs revenue might be apportioned with some approach to accuracy according to

the population, and London does not seem to stand in any peculiar relation to it, with the sole exception of the coal duty.

A review of the Excise is not so simple a matter, though here, too, the population test will carry us far. This is shown by an enumeration of the chief goods subject to the Excise, which are Beer, Spirits, Glucose, Chicory, Tobacco, Railway Duty, and a large variety of Licence Duties, some paid into the Exchequer, some transferred to the Local Taxation Account. With regard to the goods enumerated, by which more than £33 out of the total of £37 millions of Excise revenue is raised, clearly they may be classified with duties of Customs, and apportioned according to population. Railway duty is not charged in Ireland, but with regard to the Licence Duties, and other similar revenue, no great violence to accuracy would be caused by an application of the population test also. As the official return already referred to shows that the local collection of these can be traced, an attempt must be made to regard that principle in this case. But with regard to Excise revenue as a whole, London does not seem to stand in a peculiar position, either in relation to the Kingdom or to England alone.

When we turn to the direct taxes on property, the second of the principles of apportionment found in the "Financial Relations" papers becomes more important, viz., the principle of local collection; but it will be found that in computing London's share, population must be regarded also. Whether we regard the Estate Duty of 1894, Mr. Goschen's Temporary Estate Duty of 1889, the old Probate Duty, the Legacy, Succession, and Corporation Duties, all these "Death" Duties are more traceable to localities than Customs and Excise duties, and a solution by means of the population will be required only for the London portion.

In approaching the Stamp Duties, it is necessary to remember that the official apportionment makes an allowance for transactions which were effected in London, but related to Scotland and Ireland. The nature of these Stamp Duties makes us ask carefully what should guide us in regarding a contribution as a contribution from London, and a provisional, or good working answer must be that they are contributions in respect of London people and London property. So regarded, the Stamp Duties require a severe treatment in allocating a share to London, and it is clear that the portion attributed to London should not be less than the proportion due to population; but London's position as Metropolis and seat of government requires this, especially in the case of duties by stamps on all manner of transactions. Stamp Duty on

Deeds, Receipts, Drafts, Companies' Shares, Loan Capital, Bills and Notes, Patent Medicines, Insurance, Contract Notes, Bankers' Bills, and Share Warrants, is of a nature which makes it payable in London, but very largely not by London.

Land Tax it is well known is not payable in Ireland, and of the portion now remaining in England and Scotland, it may be said that it is traceable, county by county, and London's share can be told within a fraction. The case of the Inhabited House Duty is by no means so simple, but it is capable of a very fair adjustment by means of the tables given by the Inland Revenue Department, which distinguish the number and value of the houses in the Metropolis. The principle of local collection can be applied here almost directly.

For the purposes of this paper the Property and Income Tax presents by far the greater number of complications and difficulties. It should be acknowledged, however, that the Inland Revenue Report has, recently, improved much as regards the form and fulness of information; but the revenue authorities do not yet think it necessary to submit the various sums raised in the Metropolis separately. Certain important data are afforded, however, and they will assist us in an attempt to give the amount of Income Tax which may be attributed to London. The various assessments present a most complicated network of taxation extending to all parts of the United Kingdom, and touching much property outside the Kingdom the income of which is enjoyed in this country. The way so much of the Income Tax is collected at its source, from dividends of companies, from bankers and agents, who represent proprietors domiciled in various parts of the country, inevitably leads to crediting London with large sums which were not paid on behalf of London people or property. Some deduction from the local collection should therefore be made, especially as regards some of the schedules. Schedule A, which deals with land and houses, may be taken as collected; Schedule B scarcely concerns London, as income charged under it is derived from the occupation of land; Schedule C is, pre-eminently, in need of apportionment. It is concerned with incomes derived from securities, British, Indian, Colonial, and Foreign, and though it is charged in London, only a portion can belong to the Metropolis. The general Schedule D, which comprises trades, professions, and a large number of industrial concerns, is happily so reported upon that we get the percentage of the assessments belonging to London given officially, and so can proceed to lay down a base for computing the apportionment of the whole tax. Schedule E deals

with the salaries of Government, Corporation, and Public Company officials, and is also so analysed officially as to show London's pre-eminent contribution. It is proposed here to compute London's share of Income Tax, by taking a mean of proportions paid on these principal Schedules, A and D, where there is no direct apportionment shown officially. In this way it is believed a result will be arrived at which, while it cannot be said to represent the facts accurately, will nevertheless give some clear indication of that fact, and may lead to better results in the future.

It will be observed that this independent examination of the various taxes brings us to a conclusion much like that given on page 221, as that to be drawn from an examination of the method adopted in analysing them from the Financial Relations Return, viz., that it is necessary to rely on a combination of two methods, the appeal to population, and to the locality in which certain taxes are collected; and it may be added that of the two, the appeal to the population is by much the more important.

The area of reference in forthcoming calculations is the Administrative County of London, the population of which, according to the Census of 1901, was 4,536,541.

We shall now endeavour to ascertain the amount contributed by London to the taxes during the financial year 1901—2, and for this purpose the Census for 1901 will be used both for London and the United Kingdom, viz., 4,536,541 for the former, and 41,546,698 for the population of the latter. Taking the *Customs* net contribution (see page 219), we get at once a capital instance of the necessity of ignoring locality of collection in the case of such duties as those of Customs. The report of the Commissioners of Customs for the year ending March, 1902, shows that the *Gross* Receipt of Customs Revenue was £32,542,718 for the United Kingdom, of which no less than £12,671,509, or about 39 per cent., was received at the London Custom House. The nature of the goods charged with Customs duties forbids us to credit London with the consumption of 39 per cent. of them. With the exception of exported coal, these articles are almost purely articles consumed as food and drink, and we shall probably be near the mark when assuming the number of mouths as a guide for consumption, and, consequently, as a guide to the taxation. London's population is about 11 per cent. of that of the United Kingdom, and 11 per cent. of the £31,203,090 net Customs duty is £3,432,340. But London cannot be said to have paid any part of the £1,312,000 Customs duty paid on coal, and when we deduct this sum from the total net duty, London's share of the remainder

would be £3,288,020. If, on the other hand, we admit that London consumes some dutiable articles, such as wine, and one or two other minor articles, in larger proportion than other parts of the Kingdom, especially the rural, we may conclude that London's share of the Customs duties was about £3,320,000.

The *Excise* duties we shall take at the round total of £36,800,000 for 1901—2. Of this, the portion derived from Licences (£4,220,000), and from Railway Duty (£340,000), should be reserved for special treatment. This leaves a total of £32,240,000 charged upon Beer, Spirits, Glucose, and a few minor articles, all of which seem to be as justly appropriated according to population as the Customs revenue. Here, again, official figures enable us to contrast the amounts collected in the various countries with what was the probable consumption, according to population, and the consequent taxation. Official figures show as follows :—

	England.	Scotland.	Ireland.	Total.
Excise duty collected .....	£22,600,000	£8,400,000	£5,800,000	£36,800,000
Per cent. ....	61·5	22·8	15·7	100
Population, 1901 .....	32,619,448	4,483,880	4,443,370	41,546,698
Per cent. ....	78·5	10·8	10·7	100

The nature of the articles charged with Excise duty, the habits of the people in the various countries, and the proportions of the population, forbid us to accept the sums as collected as an adequate indication of consumption. Were we to accept them as an indication, we should get the following result, that the contribution per head to Excise duties in England was 13s. 9d., in Scotland £1 18s. 6d., and in Ireland £1 6s. 1d. Now, drink is the decisive factor of such a calculation. In the Excise official figures it is found that duty for British spirits is as £18 millions, to the £14½ millions from beer. In England it is probable yet that beer is consumed more largely as to value than spirits, but both contribute largely; in Scotland the spirits bulk much more in point of value, and probably much more than in Ireland, where beer-drinking is more common than across the border. These facts lead us to reject the proportions of duty, as collected, as guides to consumption and taxation. Population will be a very much fairer guide, as our conclusion involves London alone, where the consumption of excisable liquors is, certainly, in much larger proportion than is



the case in rural parts. It is proposed, therefore, to add something to London's proportion of duty, as reckoned according to population. The £32,240,000 raised from British beer and spirits, together with a few unimportant cognates, will, when dealt with in regard to population, give a sum of, say, £3,600,000 as London's contribution. We then come to Licence Duties, which are found to have been contributed as to £3,630,000 by England, £380,000 by Scotland, and £213,000 by Ireland. These, of course, are to be attributed to the districts where they were collected; and for our purpose, if we take the English contribution, and calculate London's share according to population, we shall arrive at the probable truth. In 1900—1, London's share was 13·19 of the total of the Kingdom, and 13·46 in 1899—1900 (see *London Statistics*, vol. XI), and if we now take 14 per cent. the ratio between London and England's population, we get (instead of £462,988, 1900—1) about £508,000. By the same process, the Railway Duty, which was collected as to £349,863 in England, and £25,203 in Scotland, may be made to yield London's contribution as about £36,000, a figure which allows a little to London because of the larger dutiable traffic of the Metropolis.

As regards the *Death Duties*, we have a different case, where much fixed property has to be dealt with. "It should be observed (says the Inland Revenue Report) that the same capital may pay more than one of the duties; for instance, Settlement Estate Duty Capital is included in the Estate Duty Capital: the property paying Temporary Estate Duty is included wholly or in part under the Probate, Account, Legacy, and Succession Duties, and the Realty paying Temporary Estate Duty under the Succession Duty." It will, however, be of consequence to supply the figures of capital charged in 1901—2, as between Personalty and Realty, of which the former brought forward £214,302,811, and the latter £105,996,426, or a total of £320,299,237, which shows about 32 of Realty to 68 per cent. of Personalty. Here the principle of apportionment by locality is of importance, wholly with regard to Realty, and practically in the case of Personalty, as a large proportion of "Personalty" is really represented by fixed property. Now in this case it would appear as though the principle of population can be admitted as a guide only, however important, and that the principle of locality must be allowed to decide London's contribution. This will appear from the following calculations. The Death Duty yield for 1901—2 may be taken as about £18,510,000 for the United Kingdom, of which England contributed

£15,850,000, Scotland £1,902,000, and Ireland £759,000. We follow the official method in allowing these sums as collected to represent the various countries. But if we take population into account in calculating London's portion of the English contribution, then London's 14 per cent. will be about £2,219,000. London's property, and London's wealth, in relation to the rest of England, are greater than the ratio of population. The Income Tax assessments for England, under Schedule A, in 1899—1900 were £191 millions, of which £41 millions were in London, or nearly  $21\frac{1}{2}$  per cent. of the total. Again, the rateable value for England in 1898—9 was £172,000,000, of which London's share was £36 millions, or nearly 21 per cent. Preferring locality to population here, and thus following official example, it is computed that 21 per cent. of £15,850,000, England's share of the Death Duties in 1901—2, is £3,328,000, which will represent London's share. And when, in addition to other considerations, we remember how much wealth is actually concentrated in the Metropolis, it does not seem extravagant to think that London's people and London's property contribute to Death Duties about a fifth of all coming from England.

The *Stamp Duties* introduce us to another aspect of the same problem. The sum they brought into the Exchequer in 1901—2 was £7,800,000, of which about £6,903,000 may be attributed to England, £582,000 to Scotland, and £315,000 to Ireland, according to the official analysis of collection. There can be no question that a very large proportion of this Stamp Revenue is collected in London. The only allocation afforded us from official quarters is an allocation according to country. However great the proportion really paid by England, is it probable that England pays according to the figures of collection given above, which represent  $88\frac{1}{2}$  for England,  $7\frac{1}{2}$  for Scotland, and 5 per cent. for Ireland? The Financial Relations Return observes that in adjusting the Stamp Returns to give the probable true contribution 1.6 per cent. of one-fourth of the total amount was deducted from England, and 1.4 per cent. added to Scotland, and 0.2 per cent. added to Ireland. Regarding our task as the ascertainment of the true local incidence of the taxation, it is here proposed to make a further allowance, and to attribute 85 per cent. of the total produce from Stamps to England, 10 to Scotland, and 5 to Ireland. Thus apportioned England will have contributed £6,630,000, Scotland £780,000, and Ireland £390,000. In computing London's share of the English contribution, it is impossible to apply the principle of

population, for the very nature of these Stamps directs a resort to the proportion of property, not without reference to business and facilities for transfers, &c. Hence we here allot London 21 per cent. of the Stamp Duty charged in England, as in the case of Death Duties, and find that London's share was about £1,392,300.

The Exchequer receipt from *Land Tax* in 1901—2 was £725,000, of which the sum of £694,400 represents England, and £30,600 Scotland. In this case local collection may be applied confidently; but, unfortunately, there are few aids to an apportionment of London's share. The County of London is a recent creation, the quotas of Land Tax for each ancient county were fixed in 1798, and how to assess the portion of Land Tax now in the County of London, which up to 1888 was due from portions of other counties? The quotas of unredeemed Land Tax existing in March, 1902, show that the City of London was liable for £25,145, Middlesex for £59,968, Surrey for £20,763, and Kent for £31,910. If from these last three ancient counties we allow £35,000 as Land Tax quotas due for the London urban portions of them, we shall, probably, looking to the City's quota, be near the mark. This, for the whole of London, would give an existing quota of £60,000. But we are told officially that the Finance Acts of 1896 and 1898 reduced the Land Tax payable by about 25 per cent., so that London's quota of Land Tax in 1901—2 may be taken at £45,000.

Of the *Inhabited House Duty* London pays a large share. What that share is the official report does not tell us, though it gives the gross value of the houses charged, and even the gross duty charged (before allowances are made) for a certain year. For 1901—2 this last datum is not available at the time of writing, but that for 1900—1 is, and as we know approximately what England's share of the Exchequer receipt for 1901—2 was, we can calculate London's share from that basis. (Perhaps we might say, parenthetically, that as the official report gives the *gross* taken as against England, it would not be much extra labour were the actual receipt given.) The Exchequer receipt from *Inhabited House Duty* in 1901—2 was £1,775,000, and from official data we can tell that £1,655,000 of that is from England, and £120,000 from Scotland. By a reference to "London Statistics," and to official sources, it is shown that of the annual value of houses charged to House Duty, London was represented by 37·58 per cent. in 1898—99, by 37·14 in 1899—1900, and by 36·84 per cent. in 1900—1, of the values charged in England. This falling per-

centage of value discloses the interesting fact that the *inhabited* houses charged to duty, though not falling in value absolutely, but rather otherwise, yet are falling in the proportion of value to all England. The conclusion is also warranted by the official figures showing a much more rapid growth of value in counties adjoining the Metropolis, and in some of the industrial counties. London's share of the gross duty paid in 1900—1 was 40·5 of that of England, and looking to the comparative fall in values, we shall not be safe in crediting London with more than 39 per cent. of England's £1,655,000 of Inhabited House Duty paid into the Exchequer in 1901—2, or £645,450. Even then it is an arresting fact to know that for every £10 collected in England and Wales for House Duty, £4, or thereabouts, comes from London houses. It will be observed that this result is arrived at by taking the figures of local collection, evidently the right principle in this case, and the only computation made is London's share of England's contribution for 1901—2.

To apportion the Property and Income Tax is a more formidable task than any yet attempted in this paper. On review, however, it was found that the difficulties were confined to the general Schedule D, and Schedule C, which is concerned with incomes from British and Foreign Securities. We have the official example to guide us, relative to A and B, which in different ways are concerned with land and houses, and are dealt with, apportioned to countries, as collected. This example we shall again follow, but will not attempt to eliminate from our calculations the small amount of income, £495,000, out of the total of nearly 35 millions, which is regarded as non-local, officially. Reference to the table on page 219 will show that the net Income Tax to be regarded as raised in 1901—2 was £34,800,000, and the report for that year shows that that sum should be credited, as to £30,346,000 to England, £3,340,000 to Scotland, and £1,114,000 to Ireland. The proportions of these sums are 87·2, 9·6, and 3·2 per cent. for these countries respectively. Our first difficulty meets us at the threshold of our work. No details of these totals, as between the five schedules of charge, are yet available; but it will be allowed that though Income Tax was charged at 1s. in 1900—1, and at 1s. 2d. in the £ in 1901—2, yet the various amounts and proportions shown in the detailed reports on the work of 1900—1 should be a good guide in the subdivision of the tax collected in 1901—2. The tax raised in 1900—1 is shown officially to have been collected in proportions as follows :—

	A.	B.	C.	D.	E.
1900—1 <sup>1</sup> ...	Per cent. 25·5	Per cent. 0·8	Per cent. 6·4	Per cent. 59·6	Per cent. 7·7

The £34,800,000 of 1901—2 divided so, would give	A	£8,874,000
”	B	278,400
”	C	2,227,200
”	D	20,740,800
”	E	2,679,600
		£34,800,000

This result enables us to apportion each schedule separately. Schedule A we shall apportion as collected, and on the basis of the assessments for 1900—1, which show that of the total net assessments, England is represented by 83·5 per cent. Of the £8,874,000 in Schedule A, therefore, England's share was £7,409,790. We have intimated in former calculations that London's share of these assessments is about 21·5 per cent., and propose now to credit London with that percentage of Schedule A Income Tax, which would be £1,593,105 in 1901—2. As to Schedule B, the farmer's schedule, the figures for 1900—1 show that about one-third of £28,000 was assessed in London, and to allow for a slight rise of charge in 1901—2, we shall summarily credit London with contributing £500 to Income Tax under B.

As Schedule D is of greater importance than Schedule C, and at the same time affords a better clue to apportionment, we shall proceed now to consider London's share of Schedule D in 1901—2. On the 1900—1 proportions, we find that under D £20,740,800 of Income Tax was paid in 1901—2. The problem of apportionment may be judged from the following remarks found in the Inland Revenue Report for 1902 (p. 187) :—

“ As to the large proportion of the assessments credited to the Metropolis, the fact that it is the great financial centre, and that the management of many of the great trading concerns of the country is located there (although the operations may be carried on elsewhere), should be taken into consideration. For instance, it will be seen that ‘ Businesses, Professions, &c., not otherwise detailed ’ show Income amounting to £142,000,000 in the Metropolis, and £205,000,000 for the rest of the United Kingdom. Profits from Railways *in* the United Kingdom are assessed in London to the extent of 20 millions out

<sup>1</sup> The actual figures show that the proportions hold for 1901—2.

of a total of 40 millions for the whole Kingdom. Profits from Railways *out* of the United Kingdom are represented by £13,900,000 out of a total of £14,100,000. Moreover, nearly all the assessments on the interest of Foreign Securities are made in London."

It is evident that this caution extends to both Schedules D and C, for as to C, no apportionment is offered officially. A provisional apportionment may be made for D on the same lines as those already calculated, with an important reservation to be noticed shortly. Taking the assessments of income for 1900—1, we find that on the gross assessments the following proportions are shown :—

Metropolis.	Rest of England.	Total England.	Scotland.	Ireland.	United Kingdom.
Per cent. 43·17	Per cent. 43·68	Per cent. 86·85	Per cent. 10·44	Per cent. 2·71	Per cent. 100

But it is to be observed that these proportions apply to gross assessments, and the apportionment required is of a tax on net assessments, which for the same year yield the proportions of 87·1 for England, 10·5 for Scotland, and 2·4 for Ireland. Now of £20,740,800, the D Income Tax for 1901—2, the English 87·1 per cent. comes to £18,189,682. What is London's share of this last sum? London's population is about 11 per cent., and London's rateable value is about 21·5 per cent. of the rest of England and Wales. The above table shows that 43·17 per cent. of the gross assessment was done in London, but it is impossible to believe that any such proportion is required to represent London people and property. No clear indication of the proportion required can be gleaned from any public source, and the conclusion tentatively suggested here is that 25 per cent. is the highest proportion which should be attributed to London. On that basis London's share of the D Income Tax in 1901—2 was about £4,547,420. If we now apply the same estimate to Schedule C, and apportion one-fourth of the £2,227,200 which C yielded in 1901—2 to London, the share of the Metropolis will be £556,800.

In the same way we have an official analysis of Schedule E assessments for 1900—1, from which we find that England represents 89·3 per cent. of the total net assessments. The Schedule may be taken as collected, especially with regard to London, seeing what a centre it is for Government officials and officials of public companies. The sum collected in 1901—2 under this

Schedule for Income Tax is calculated (see page 230) at £2,679,600, of which 89·3 per cent. is £2,392,872, England's share. The gross assessments show that London's share is about 61·7 per cent. of this, or £1,476,365.

On page 219 it is shown that £131,607,000 was raised by taxation in the United Kingdom during the financial year 1901—2. Having now passed all the chief heads of taxation in review, and calculated how much London contributed to the revenue from each source, it is necessary to show the sum and proportion of these various contributions. The following table exhibits all these chief items and London's total contribution to the revenue.

LONDON'S CONTRIBUTION TO THE REVENUE, 1901—2.

Customs .....	—	£3,320,000
Excise .....	—	3,600,000
Licences .....	—	508,000
Railway Duty .....	—	36,000
Death Duties .....	—	3,328,000
Stamp Duties .....	—	1,392,300
Land Tax .....	—	45,000
Inhabited House Duty .....	—	645,450
Income Tax, Schedule A .....	£1,593,105	—
"    "    B .....	500	—
"    "    C .....	556,800	—
"    "    D .....	4,547,420	—
"    "    E .....	1,476,365	—
		<u>8,174,190</u>

London's share of imperial taxation in 1901-2 = £21,048,940

A simple calculation shows that this London contribution of 1901—2 was nearly 16 per cent. of the total *tax* revenue of the United Kingdom. This sum and proportion is now submitted to the judgment of those who are desirous of studying the burdens of the Metropolis, both absolutely and relatively. It is not to be hoped that this conclusion will be accepted on the one side or the other without murmur. The data upon which it is based are accessible to all, and this paper itself supplies information regarding the method adopted in calculating London's quotas of the various taxes. A word in favour of the probable reasonableness of this conclusion may, perhaps, be permitted. Speaking broadly, taxes imposed are imposed equally in all parts of the United Kingdom, and the fact that House Duty, Railway Duty, and Land Tax are not imposed in Ireland, do not qualify this statement materially. We know that the population of London in 1901 was about 11 per cent. of that of the United Kingdom; the assess-

ments of 1899—1900 show that London's were  $21\frac{1}{2}$  per cent. of those of the whole of England in regard to Schedule A, and these two data suggest that London's share of taxation in a system which, roughly, is based on both population and property, is somewhere between these proportions. However that may be, no such summary process of calculation was adopted, and it will be found that the conclusion now submitted was arrived at after a painstaking examination of each head of taxation, and it is hoped that the conclusion will be found not only interesting but useful.

As the table on page 219 makes reference to a sum of £3,957,044 paid into the Exchequer as the profits of the Posts and Telegraphs, which profit thereby saves a resort to taxation of an equal amount, it is necessary to submit an apportionment of that sum for the sake of completeness. After a study of the Post Office Report, which does not distinguish the amount collected by London, but supplies much information respecting the work done, it is probable that if we take London's share of the Post Office profit at 25 per cent. of the total, we shall not go far wrong. London's population and, pre-eminently, London's business, must contribute a very large disproportional share to the Postal and Telegraph business of the kingdom. London, then, may be credited with £989,260 of the postal profits, and a contribution of that amount thereby to the King's Taxes.

A word of caution may be necessary in the case of some who peruse this paper. The analysis offered is an analysis of our taxation as it stands, of things accomplished and not of things as they should be, though no doubt some light might be gathered from the results arrived at on some questions which are much discussed by various schools of students and statesmen. Quite apart from any such considerations, many will think it of some significance when they know that the Metropolis contributes about 16 per cent. to "The King's Taxes."

ADDENDUM.—*The Revenue for 1902—3: London's Share.*

SINCE this paper was drawn up the figures of the Revenue for 1902—3 have been issued, and it is found that, including some placed to the Local Taxation Account, the Revenue from Taxation amounted to £140,000,000, nearly. If we take the grand average of 16 per cent. of the Revenue as London's share, then in 1902—3 London contributed about £22,400,000 to the King's Taxes. Further, assuming the profit from the Post Office to be about



£4,000,000, and that 25 per cent. of this should be credited to London, then £1 million should be added to the grand total. The result is that *London may be deemed to have contributed about £23,250,000 to the King's Taxes in 1902—3*. But as the year 1902—3 was a year during which taxation, on account of war, reached the highest point, the above paper was founded on the year 1901—2, as a nearer representation of normal conditions.

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