Book XIII. Of the Relation Which the Levying of Taxes and the Greatness of the Public Revenues Bear to Liberty

1. Of the Public Revenues. The public revenues are a portion that each subject gives of his property, in order to secure or enjoy the remainder.

To fix these revenues in a proper manner, regard should be had both to the necessities of the state and to those of the subject. The real wants of the people ought never to give way to the imaginary wants of the state.

Imaginary wants are those which flow from the passions and the weakness of the governors, from the vain conceit of some extraordinary project, from the inordinate desire of glory, and from a certain impotence of mind incapable of withstanding the impulse of fancy. Often have ministers of a restless disposition imagined that the wants of their own mean and ignoble souls were those of the state.

Nothing requires more wisdom and prudence than the regulation of that portion of which the subject is deprived, and that which he is suffered to retain.

The public revenues should not be measured by the people's abilities to give, but by what they ought to give; and if they are measured by their abilities to give, it should be considered what they are able to give for a constancy.

2. That it is bad Reasoning to say that the Greatness of Taxes is good in its own Nature. There have been instances in particular monarchies of petty states exempt from taxes that have been as miserable as the circumjacent places which groaned under the weight of exactions. The chief reason of this is, that the petty state can hardly have any such thing as industry, arts, or manufactures, because of its being subject

to a thousand restraints from the great state by which it is environed. The great state is blessed with industry, manufactures, and arts, and establishes laws by which those several advantages are procured. The petty state becomes, therefore, necessarily poor, let it pay never so few taxes.

And yet some have concluded from the poverty of those petty states that in order to render the people industrious they should be loaded with taxes. But it would be a juster inference, that they ought to pay no taxes at all. None live here but wretches who retire from the neighbouring parts to avoid working -- wretches who, disheartened by labour, make their whole felicity consist in idleness.

The effect of wealth in a country is to inspire every heart with ambition: that of poverty is to give birth to despair. The former is excited by labour, the latter is soothed by indolence.

Nature is just to all mankind, and repays them for their industry: she renders them industrious by annexing rewards in proportion to their labour. But if an arbitrary prince should attempt to deprive the people of nature's bounty, they would fall into a disrelish of industry; and then indolence and inaction must be their only happiness.

3. Of Taxes in Countries where Part of the People are Villains or Bondmen. The state of villainage is sometimes established after a conquest. In that case, the bondman or villain that tills the land ought to have a kind of partnership with his master. Nothing but a communication of loss or profit can reconcile those who are doomed to labour to such as are blessed with a state of affluence.

4. Of a Republic in the like Case. When a republic has reduced a nation to the drudgery of cultivating her lands, she ought never to suffer the free subject to have the power of increasing the tribute of the bondman. This was not permitted at Sparta. Those brave people thought the

Helotes[1] would be more industrious in cultivating their lands, and knowing that their servitude was not to increase; they imagined, likewise, that the masters would be better citizens, when they desired no more than what they were accustomed to enjoy.

5. Of a Monarchy in the like Case. When the nobles of a monarchical state cause the lands to be cultivated for their own use by a conquered people, they ought never to have the power of increasing the service or tribute.[2] Besides, it is right the prince should be satisfied with his own demesne and the military service. But if he wants to raise taxes on the vassals of his nobility, the lords of the several districts ought to be answerable for the tax,[3] and be obliged to pay it for the vassals, by whom they may be afterwards reimbursed. If this rule be not followed, the lord and the collectors of the public taxes will harass the poor vassal by turns till he perishes with misery or flies into the woods.

6. Of a despotic Government in the like Case. The foregoing rule is still more indispensably necessary in a despotic government. The lord who is every moment liable to be stripped of his lands and his vassals is not so eager to preserve them.

When Peter I thought proper to follow the custom of Germany, and to demand his taxes in money, he made a very prudent regulation, which is still followed in Russia. The gentleman levies the tax on the peasant, and pays it to the Czar. If the number of peasants diminishes, he pays all the same; if it increases, he pays no more; so that it is his interest not to worry or oppress his vassals.

7. Of Taxes in Countries where Villainage is not established. When the inhabitants of a state are all free subjects, and each man enjoys his property with as much right as the prince his sovereignty, taxes may then be laid either on persons, on lands, on merchandise, on two of these, or on all three together.

In the taxing of persons, it would be an unjust proportion to conform exactly to that of property. At Athens the people were divided into four classes.[4] Those who drew five hundred measures of liquid or dried fruit from their estates paid a talent[5] to the public; those who drew three hundred measures paid half a talent; those who had two hundred measures paid ten minæ; those of the fourth class paid nothing at all. The tax was fair, though it was not proportionable: if it did not follow the measure of people's property, it followed that of their wants. It was judged that every man had an equal share of what was necessary for nature, that whatsoever was necessary for nature ought not to be taxed; that to this succeeded the useful, which ought to be taxed, but less than the superfluous; and that the largeness of the taxes on what was superfluous prevented superfluity.

In the taxing of lands it is customary to make lists or registers, in which the different classes of estates are ranged. But it is very difficult to know these differences, and still more so to find people that are not interested in mistaking them. Here, therefore, are two sorts of injustice, that of the man and that of the thing. But if in general the tax be not exorbitant, and the people continue to have plenty of necessaries, these particular acts of injustice will do no harm. On the contrary, if the people are permitted to enjoy only just what is necessary for subsistence, the least disproportion will be of the greatest consequence.

If some subjects do not pay enough, the mischief is not so great; their convenience and ease turn always to the public advantage; if some private people pay too much, their ruin redounds to the public detriment. If the government proportions its fortune to that of individuals, the ease and convenience of the latter will soon make its fortune rise. The whole depends upon a critical moment: shall the state begin with impoverishing the subjects to enrich itself? Or had it better wait to be enriched by its subjects? Is it more advisable for it to have the former or the latter advantage? Which shall it choose -- to begin or

to end with opulence?

The duties felt least by the people are those on merchandise, because they are not demanded of them in form. They may be so prudently managed that the people themselves shall hardly know they pay them. For this purpose it is of the utmost consequence that the person who sells the merchandise should pay the duty. He is very sensible that he does not pay it for himself; and the consumer, who pays it in the main, confounds it with the price. Some authors have observed that Nero had abolished the duty of the five-and-twentieth part arising from the sale of slaves;[6] and yet he had only ordained that it should be paid by the seller instead of the purchaser; this regulation, which left the impost entire, seemed nevertheless to suppress it.

There are two states in Europe where the imposts are very heavy upon liquors: in one the brewer alone pays the duty, in the other it is levied indiscriminately upon all the consumers; in the first nobody feels the rigour of the impost, in the second it is looked upon as a grievance; in the former the subject is sensible only of the liberty he has of not paying, in the latter he feels only the necessity that compels him to pay.

Further, the obliging the consumers to pay requires a perpetual rummaging and searching into their houses. Now nothing is more contrary than this to liberty; and those who establish these sorts of duties have not surely been so happy as to hit upon the best method of collecting the revenue.

8. In what Manner the Deception is preserved. In order to make the purchaser confound the price of the commodity with the impost, there must be some proportion between the impost and the value of the commodity: for which reason there ought not to be an excessive duty upon merchandise of little value. There are countries in which the duty exceeds seventeen or eighteen times the value of the commodity. In this

case the prince removes the disguise: his subjects plainly see they are dealt with in an unreasonable manner, which renders them most exquisitely sensible of their servile condition.

Besides, the prince, to be able to levy a duty so disproportioned to the value of the commodity, must be himself the vendor, and the people must not have it in their power to purchase it elsewhere: a practice subject to a thousand inconveniences.

Smuggling being in this case extremely lucrative, the natural and most reasonable penalty, namely, the confiscation of the merchandise, becomes incapable of putting a stop to it; especially as this very merchandise is intrinsically of inconsiderable value. Recourse must therefore be had to extravagant punishments, such as those inflicted for capital crimes.

All proportion then of penalties is at an end. Persons that cannot really be considered as vicious are punished like the most infamous criminals; which of all things in the world is the most contrary to the spirit of a moderate government.

Again, in proportion as people are tempted to cheat the farmer of the revenues, the more the latter is enriched, and the former impoverished. To put a stop to smuggling, the farmer must be invested with extraordinary means of oppressing, and then the country is ruined.

9. Of a bad Kind of Impost. We shall here, by the way, take notice of an impost laid in particular countries on the different articles of civil contracts. As these are things subject to very nice disquisitions, a vast deal of knowledge is necessary to make any tolerable defence against the farmer of the revenues, who interprets, in that case, the regulations of the prince, and exercises an arbitrary power over people's fortunes. Experience has demonstrated that a duty on the paper on which the deeds are drawn would be of far greater service.

10. That the Greatness of Taxes depends on the Nature of the Government. Taxes ought to be very light in despotic governments: otherwise who would be at the trouble of tilling the land? Besides, how is it possible to pay heavy duties in a government that makes no manner of return to the different contributions of the subject?

The exorbitant power of the prince, and the extreme depression of the people, require that there should not be even a possibility of the least mistake between them. The taxes ought to be so easy to collect, and so clearly settled, as to leave no opportunity for the collectors to increase or diminish them. A portion of the fruits of the earth, a capitation, a duty of so much per cent on merchandise, are the only taxes suitable to that government.

Merchants in despotic countries ought to have a personal safeguard, to which all due respect should be paid. Without this they would be too weak to dispute with the custom-house officers.

11. Of Confiscations. With respect to confiscations, there is one thing very particular that, contrary to the general custom, they are more severe in Europe than in Asia. In Europe not only the merchandise, but even sometimes the ships and carriages, are confiscated; which is never practised in Asia. This is because in Europe the merchant can have recourse to magistrates, who are able to shelter him from oppression; in Asia the magistrates themselves would be the greatest oppressors. What remedy could a merchant have against a pasha who was determined to confiscate his goods?

The prince, therefore, checks his own power, finding himself under the necessity of acting with some kind of lenity. In Turkey they raise only a single duty for the importation of goods, and afterwards the whole country is open to the merchant. Smuggling is not attended with confiscation or increase of duty. In China[7] they never look into the baggage of those who are not merchants. Defrauding the customs in the

territory of the Mogul is not punished with confiscation, but with doubling the duty. The princes of Tartary, who reside in towns, impose scarcely any duty at all on the goods that pass through their country.[8] In Japan, it is true, to cheat the customs is a capital crime; but this is because they have particular reasons for prohibiting all communication with foreigners; hence the fraud[9] is rather a contravention of the laws made for the security of the government than of those of commerce.

12. Relation between the Weight of Taxes and Liberty. It is a general rule that taxes may be heavier in proportion to the liberty of the subject, and that there is a necessity for reducing them in proportion to the increase of slavery. This has always been and always will be the case. It is a rule derived from nature that never varies. We find it in all parts -- in England, in Holland, and in every state where liberty gradually declines, till we come to Turkey. Switzerland seems to be an exception to this rule, because they pay no taxes; but the particular reason for that exemption is well known, and even confirms what I have advanced. In those barren mountains provisions are so dear, and the country is so populous, that a Swiss pays four times more to nature than a Turk does to the sultan.

A conquering people, such as were formerly the Athenians and the Romans, may rid themselves of all taxes as they reign over vanquished nations. Then indeed they do not pay in proportion to their liberty, because in this respect they are no longer a people, but a monarch.

But the general rule still holds good. In moderate governments there is an indemnity for the weight of the taxes, which is liberty. In despotic countries[10] there is an equivalent for liberty, which is the lightness of the taxes.

In some monarchies in Europe there are particular provinces[11] which from the very nature of their civil government are in a more flourishing

condition than the rest. It is pretended that these provinces are not sufficiently taxed, because through the goodness of their government they are able to be taxed higher; hence the ministers seem constantly to aim at depriving them of this very government, whence a diffusive blessing is derived, which redounds even to the prince's advantage.

13. In what Government Taxes are capable of Increase. Taxes may be increased in most republics, because the citizen, who thinks he is paying himself, cheerfully submits to them, and moreover is generally able to bear their weight, from the nature of the government.

In a monarchy taxes may be increased, because the moderation of the government is capable of procuring opulence: it is a recompense, as it were, granted to the prince for the respect he shows to the laws. In despotic governments they cannot be increased, because there can be no increase of the extremity of slavery.

14. That the Nature of the Taxes is in Relation to the Government. A capitation is more natural to slavery; a duty on merchandise is more natural to liberty, by reason it has not so direct a relation to the person.

It is natural in a despotic government for the prince not to give money to his soldiers, or to those belonging to his court; but to distribute lands amongst them, and of course that there should be very few taxes. But if the prince gives money, the most natural tax he can raise is a capitation, which can never be considerable. For as it is impossible to make different classes of the contributors, because of the abuses that might arise thence, considering the injustice and violence of the government, they are under an absolute necessity of regulating themselves by the rate of what even the poorest and most wretched are able to contribute.

The natural tax of moderate governments is the duty laid on merchandise.

As this is really paid by the consumer, though advanced by the merchant, it is a loan which the latter has already made to the former. Hence the merchant must be considered on the one side as the general debtor of the state, and on the other as the creditor of every individual. He advances to the state the duty which the consumer will sometime or other refund: and he has paid for the consumer the duty which he has advanced for the merchandise. It is therefore obvious that in proportion to the moderation of the government, to the prevalence of the spirit of liberty, and to the security of private fortunes, a merchant has it in his power to advance money to the state, and to pay considerable duties for individuals. In England a merchant lends really to the government fifty or sixty pounds sterling for every tun of wine he imports. Where is the merchant that would dare do any such thing in a country like Turkey? And were he so presumptuous, how could he do it with a crazy or shattered fortune?

15. Abuse of Liberty. To these great advantages of liberty it is owing that liberty itself has been abused. Because a moderate government has been productive of admirable effects, this moderation has been laid aside; because great taxes have been raised, they wanted to carry them to excess; and ungrateful to the hand of liberty, of whom they received this present, they addressed themselves to slavery, who never grants the least favour.

Liberty produces excessive taxes; the effect of excessive taxes is slavery; and slavery produces a diminution of tribute.

Most of the edicts of the eastern monarchs are to exempt every year some province of their empire from paying tribute.[12] The manifestations of their wills are favours. But in Europe the edicts of princes are disagreeable even before they are seen, because they always make mention of their own wants, but not a word of ours.

From an unpardonable indolence in the ministers of those countries,

owing to the nature of the government, and frequently to the climate, the people derive this advantage, that they are not incessantly plagued with new demands. The public expense does not increase, because the ministers do not form new projects: and if some by chance are formed, they are such as are soon executed. The governors of the state do not perpetually torment the people, for they do not perpetually. torment themselves. But it is impossible there should be any fixed rule in our finances, since we always know that we shall have something or other to execute, without ever knowing what it is.

It is no longer customary with us to give the appellation of a great minister to a wise dispenser of the public revenues, but to a person of dexterity and cunning, who is clever at finding out what we call the ways and means.

16. Of the Conquests of the Mahometans. It was this excess of taxes[13] that occasioned the prodigious facility with which the Mahometans carried on their conquests. Instead of a continual series of extortions devised by the subtle avarice of the Greek emperors, the people were subjected to a simple tribute which was paid and collected with ease. Thus they were far happier in obeying a barbarous nation than a corrupt government, in which they suffered every inconvenience of lost liberty, with all the horror of present slavery.

17. Of the Augmentation of Troops. A new distemper has spread itself over Europe, infecting our princes, and inducing them to keep up an exorbitant number of troops. It has its redoublings, and of necessity becomes contagious. For as soon as one prince augments his forces, the rest of course do the same; so that nothing is gained thereby but the public ruin. Each monarch keeps as many armies on foot as if his people were in danger of being exterminated: and they give the name of peace[14] to this general effort of all against all. Thus is Europe ruined to such a degree that were private people to be in the same situation as the three most opulent powers of this part of the globe,

they would not have necessary subsistence. We are poor with the riches and commerce of the whole world; and soon, by thus augmenting our troops, we shall be all soldiers, and be reduced to the very same situation as the Tartars.[15]

Great princes, not satisfied with hiring or buying troops of petty states, make it their business on all sides to pay subsidies for alliances, that is, generally to throw away their money.

The consequence of such a situation is the perpetual augmentation of taxes; and the mischief which prevents all future remedy is that they reckon no more upon their revenues, but in waging war against their whole capital. It is no unusual thing to see governments mortgage their funds even in time of peace, and to employ what they call extraordinary means to ruin themselves -- means so extraordinary indeed, that such are hardly thought of by the most extravagant young spendthrift.

18. Of an Exemption from Taxes. The maxim of the great eastern empires, of exempting such provinces as have very much suffered from taxes, ought to be extended to monarchical states. There are some, indeed, where this practice is established; yet the country is more oppressed than if no such rule took place; because as the prince levies still neither more nor less, the state becomes bound for the whole. In order to ease a village that pays badly, they load another that pays better; the former is not relieved, and the latter is ruined. The people grow desperate, between the necessity of paying for fear of exactions, and the danger of paying for fear of new burdens.

A well-regulated government ought to set aside, for the first article of its expense, a determinate sum to answer contingent cases. It is with the public as with individuals, who are ruined when they live up exactly to their income.

With regard to an obligation for the whole amongst the inhabitants of

the same village, some pretend[16] that it is but reasonable, because there is a possibility of a fraudulent combination on their side: but was it ever heard that, upon mere supposition, we are to establish a thing in itself unjust and ruinous to the state?

19. Which is more suitable to the Prince and to the People, the farming the Revenues, or managing them by Commission. The managing of the revenues by commission is like the conduct of a good father of a family, who collects his own rents himself with economy and order.

By this management of the revenues the prince is at liberty to press or to retard the levy of the taxes, either according to his own wants or to those of his people. By this he saves to the state the immense profits of the farmers, who impoverish it in a thousand ways. By this he prevents the people from being mortified with the sight of sudden fortunes. By this the public money passes through few hands, goes directly to the treasury, and consequently makes a quicker return to the people. By this the prince avoids an infinite number of bad laws extorted from him by the importunate avarice of the farmers, who pretend to offer a present advantage for regulations pernicious to posterity.

As the moneyed man is always the most powerful, the farmer renders himself arbitrary even over the prince himself; he is not the legislator, but he obliges the legislator to give laws.

I acknowledge that it is sometimes of use to farm out a new duty, for there is an art in preventing frauds, which motives of interest suggest to the farmers, but commissioners never think of. Now the manner of levying it being once established by the farmer, it may afterwards be safely entrusted to a commission. In England the management of the Excise and of the Post-office was borrowed from that of the farmers of the revenue.

In republics the revenues of the state are generally managed by

commission. The contrary practice was a great defect in the Roman government.[17] In despotic governments the people are infinitely happier where this management is established -- witness Persia and China.[18] The unhappiest of all are those where the prince farms out his sea-ports and trading cities. The history of monarchies abounds with mischiefs done by the farmers of the revenue.

Incensed at the oppressive extortions of the publicans, Nero formed a magnanimous but impracticable scheme of abolishing all kinds of imposts. He did not think of managing the revenues by commissioners, but he made four edicts:[19] that the laws enacted against publicans, which had hitherto been kept secret, should be promulgated; that they should exact no claims for above a year backward; that there should be a prætor established to determine their pretensions without any formality; and that the merchants should pay no duty for their vessels. These were the halcyon days of that emperor.

20. Of the Farmers of the Revenues. When the lucrative profession of a farmer of the revenue becomes likewise a post of honour, the state is ruined. It may do well enough in despotic governments, where this employment is often

times exercised by the governors themselves. But it is by no means proper in a republic, since a custom of the like nature destroyed that of Rome. Nor is it better in monarchies, nothing being more opposite to the spirit of this government. All the other orders of the state are dissatisfied; honour loses its whole value; the gradual and natural means of distinction are no longer respected; and the very principle of the government is subverted.

It is true indeed that scandalous fortunes were raised in former times; but this was one of the calamities of the Fifty Years' War. These riches were then considered as ridiculous; now we admire them.

Every profession has its particular lot. That of the tax-gatherers is wealth; and wealth is its own reward. Glory and honour fall to the share of that nobility who are sensible of no other happiness. Respect and esteem are for those ministers and magistrates whose whole life is a continued series of labour, and who watch day and night over the welfare of the empire.

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1. Plutarch, Notable Sayings of the Lacedæmonians.

2. This is what induced Charlemagne to make his excellent institution upon this head. See the fifth book of the Capitularies, art. 303.

3. This is the practice in Germany.

4. Pollux, viii. 10, art. 130.

5. Or 60 minæ.

6. Tacitus, Annals, xiii. 31.

7. Father Du Halde, ii, p. 37.

8. History of the Tartars, part III, p. 290.

9. Being willing to trade with foreigners without having any communication with them, they have pitched upon two nations for that purpose -- the Dutch for the commerce of Europe, and the Chinese for that of Asia; they confine the factors and sailors in a kind of prison, and lay such a restraint upon them as tires their patience.

10. In Russia the taxes are but small; they have been increased since the despotic power of the prince is exercised with more moderation. See

the History of the Tartars, part II.

11. The Pays d'etats, where the states of the province assemble to deliberate on public affairs.

12. This is the practice of the emperors of China.

13. See in history the greatness, the oddity, and even the folly of those taxes. Anastasius invented a tax for breathing, ut quisque pro haustu æris penderet.

14. True it is that this state of effort is the chief support of the balance, because it checks the great powers.

15. All that is wanting for this is to improve the new invention of the militia established in most parts of Europe, and carry it to the same excess as they do the regular troops.

16. See A Treatise on the Roman Finances, 2, Paris, 1740.

17. Cæsar was obliged to remove the publicans from the province of Asia, and to establish there another kind of regulation, as we learn from Dio, xlii. 6; and Tacitus, Annals, i. 76, informs us that Macedonia and Achaia, provinces left by Augustus to the people of Rome, and consequently governed pursuant to the ancient plan, obtained to be of the number of those which the emperor governed by his officers.

18. See Sir John Chardin's Travels through Persia, vi.

19. Tacitus, Annals, xiii. 51.