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**TAXATION AND NATIONAL
INCOME**

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Foreword

This study of important aspects of taxation in the United States and in other leading industrial nations is presented by the Conference Board in pursuance of the fundamental purpose of its work—"to secure, analyze and disseminate information concerning industrial problems and experience in the United States and other countries" and "in general, to encourage and promote the sound development of American industry." It cannot be gainsaid that taxation has become an industrial problem of the first importance. The larger part of the taxes raised in the United States and other industrial nations fall upon productive industry, and the sound development of industry is directly affected by the questions touching the equitable distribution of the tax burden and its reduction through governmental economy and efficiency. In these senses the facts regarding the growth of government expenditures and the accompanying increase of taxation, and the relation of these to national income, merit the close attention of industry no less than they do that of the general public. This report, presenting these significant facts in compact form, is offered as a timely contribution to the better understanding of this important question.

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Taxation and National Income

INTRODUCTION

The growing burden of taxation has perhaps never before in history been so forcefully impressed on our minds as in recent years. Fiscal efforts during the course of the war and thereafter were of tremendous and unprecedented proportions, and the prodigious costs entailed in waging wars on a modern scale have resulted in constantly increasing demands upon the taxpayers of the nations.

Present and future generations are confronted with huge government budgets which have their origin mainly in circumstances arising from the war. In proportion as nations have financed the war by means of bonds they have thrown on posterity a recurring burden in the shape of added taxes to meet the annual interest charges on the public debt. So far as governments have issued more or less inconvertible currency, either directly, as in Italy, or indirectly through the medium of central banks, as in Germany, no interest charges accrue or else the costs in connection with rediscount are insignificant beside the huge amounts involved. But these issues of currency have contributed and still continue to contribute to inflation.

In the case of Germany and Austria, this inflation has largely disposed of the problem of debts and annual debt burdens, by reducing the annual carrying charges of these debts to a mere fraction of the principal of the obligation incurred, in terms of actual purchasing power. The embarkation by governments on social policies of a pressing character created an ever-widening disparity between income and outgo, and issuance of inconvertible currency commended itself to the governments in power as the only course. The inevitable result has been a form of repudiation. Savings of large groups in society have been almost completely wiped out and a redistribution of wealth has ensued, the burden of which has fallen primarily on the middle classes that form the nucleus of the intellectual life of these countries. Aside from the chaos and disorganization that have followed in the wake of inflation, the morale and efficiency of the masses have been seriously undermined.

To countries that are actually on a gold basis or that have a semblance of this standard, however, the annual debt charge presents problems that in some instances challenge solution. The situation of France is a case in point. Her debt has been increasing continually, primarily because of outlays in connection with reconstruction of devastated areas. These sums are theoretically recoverable from Germany; but only a fraction toward their payment has been received to date. On December 31, 1918 the public debt of France stood at 171 billion francs; from the latter date to the end of the year 1922, an additional 145 billions will have been borrowed. About 91 billions have thus far been spent on reconstruction, and completion of the full program will require a further expenditure of 55 billions, exclusive of 36 billions yet to be paid in war pensions. By the end of 1925, the annual debt charge will have increased to 19 billion francs, or more than the revenue from normal sources in the 1923 budget, exclusive of the requirements of the army, navy and civil departments.

The huge growth in the burden of taxation cannot, however, be attributed to the war alone. Since the successful prosecution of the war required that monetary and other considerations be subordinated to the needs of the hour, namely, the victory of Allied arms, it is clear that the military branch of the government had to be given a free rein in expending public funds in such manner and in such amounts as exigencies dictated; but these abnormal expenditures did not end as soon as the combatants laid down their arms. It is true that the conversion of military activities from a war to a peace footing caused a heavy reduction in the outlays of national governments, but this reduction was partly offset by a sharp spurt in state and local government expenditures and in their resulting tax burdens. Even before the war, it had been discernible that the tendency was for state and local governmental expenditures to increase rather materially from year to year. During the war, public policy made it advisable to curb the activities of these disbursing authorities, but it was after the war that the latter increased their demands and raised the burden of taxation to an unprecedented level.

Development of Taxation

Taxation in its broadest sense is as old as the record of man himself. Closely interwoven with economic life, its develop-

ment is a true reflection of the vast political and social changes that have taken place throughout history.) Appearing first in the guise of voluntary contributions in primitive society, taxation later assumed a compulsory character when royalty began to extend its influence and commerce developed. What was initially merely a periodic and compulsory contribution for a particular or personal service, soon became a means of promoting common well-being. (Revenues flowing into the public coffers were utilized at first for the promotion of national security and defense and later for the regulative and cultural activities of government, and these in most cases form the bulk of the functions of government today. It is here that we have the beginnings of the problem of taxation with its modern ramifications.)

Indirect taxation antedates direct taxation. The latter form of compulsory contribution did not meet with popular favor in the early days. Its existence would have presupposed a strong monarch or leader who could defy public sentiment. Only as democracy develops and public morality and civic responsibility grow is it found possible to introduce direct taxation. Recognition of social duty opens the way for a system of taxation primarily based on one's property. At first levied in the form of poll or capitation tax, direct contributions were later exacted based on land, gross produce, and net produce. Finally, as modern economy emerges and the principle of ability is accepted as the best criterion, a system of taxation develops founded on the income of individuals or legal entities. The latter stage is only a recent phenomenon and marks the acceptance of those principles of fiscal justice and equity of which civilization boasts today.

Amid the clash and din of opposing political forces during the past centuries there has gradually developed in modern communities a system of taxation which fundamentally rests on the theory of ability. Historically, taxes were at first a badge of dishonor; a social stigma was attached to the term because the ruling classes within a given nation enjoyed complete exemption from taxation. This principle was extended to the field of international relations, when victorious nations practiced a policy of pecuniary exploitation of subject countries and provinces.¹ In the Middle Ages, tax exemption was

¹Cohn, Gustav, "Science of Finance," translated by T. B. Veblen, University of Chicago Press, 1899, pp. 301 ff.

a coveted honor and was synonymous with princely authority and prestige, but as the tempo of democratic progress began to grow more rapid, the underlying philosophy underwent a complete transformation and universality of taxation became the battle cry of the majorities in each country.

Contemplating recorded history as a unit we find that there have been five distinct stages in the development of taxation. The first manifestation is the poll or capitation tax, levied on all alike because the interests of all citizens are supposedly identical. It does not take a long time, however, for inequalities to begin to creep in; differences in mental and physical characteristics of individuals lead to disparities in the amount of possessions. Tangible property then becomes the basis of taxation, but the introduction of this new method must needs be slow for it presupposes a ruler whose power is secure enough to exact tribute from the wealthier classes by direct means. It assumes the form of a groping opportunism and is circumscribed more or less by expediency. Ere long the defects of property taxation manifest themselves. There is a divergence between property and product; the non-propertyed classes escape the burden altogether; and as industry and commerce expand there is a growing variety in the forms of wealth which vie in importance with tangible property.

The lack of universality inherent in the property tax causes a reaction and expenditure becomes the standard. A tax on articles of consumption touches every class in society, and the tentacles of the exchequer therefore reach into everyone's pocket. The fundamental defect of this method is, however, that it casts a heavier burden on the lower classes as compared with the upper. Expenditures for consumption comprise a much larger percentage of the total budget among the poor than among the rich. These shortcomings soon disclose themselves and then comes the movement toward the taxation of gross produce and later of net produce. The former is a tax on the thing—on the land—and not on the person. Individual ability constitutes no criterion; the costs of indebtedness are, therefore, not deductible. The dissatisfaction that this norm entails finally leads to the taxation of income, which has become the standard upon which modern economists and

statesmen now rely to a material extent.¹ Although income is generally recognized as the best single criterion of ability to pay, a judicious combination of income and property taxes is, however, widely accepted as a good measurement of ability.

A glance at tax systems in vogue today will reveal the fact that the stages above described were not separately developed nor were they synchronous in their origin. They grew up side by side, but over a long period of time there is discernible the fact that emphasis has gradually been shifting to ability-to-pay as the norm of equitable taxation. The fundamental public activities determine the existence of the individual and govern his total personal and economic strength, and the principle of ability has, therefore, won wide acceptance.

Taxation and National Income

Just as it is true of the individual, so the principle applies to an aggregation of individuals or to the State, that the source of all taxation is income.² The State raises certain amounts from its citizens which it disburses in wages, salaries, pensions, materials and equipment, maintenance of hospitals, arsenals, etc. The individual merely hands over to the State a portion of the income that he would have spent or saved. In return he receives protection and services which comprise the intangible items in his budget. No matter how the tax is levied, whether on property or expenditure, whether on income or capital, it is paid out of the individual's income. Even an estate tax, while sometimes derived from the sale of capital assets, is nevertheless a tax on the income of the recipient, for the bequest or inheritance minus the tax is nothing other than current income to its possessor. (Taxation is the transfer of part of a citizen's spending or saving power to the government,³ and the burden of its weight varies in the last analysis with the income, either accumulated or current, of the individual or of the nation as a whole.)

Hence, in this study of federal, state and local taxes it was considered essential that the relationship be drawn between these two factors.

¹Seligman, E. R. A. "Essays on Taxation," Ninth Edition, The Macmillan Co., New York, 1921, p. 18, and "Income Tax," Fourth Edition, The Macmillan Co., New York, 1914, introduction.

²Wagner, Adolph. "Finanzwissenschaft," Zweiter Theil, "Theorie der Besteuerung, Gebührenlehre und allgemeine Steuerlehre", Zweite Auflage, Leipzig, 1890, pp. 315 ff.

³Hobson, J. A., "Taxation in the New State," Harcourt, Brace and Howe, New York, 1920, pp. 9-14.

Character of Taxation Included in Report

In connection with the classification of general revenue receipts falling under the title "tax," it must be borne in mind that a tax in its broadest sense is a compulsory contribution levied upon the inhabitants of the state or any subdivision to which it relegates authority by virtue of its sovereign power. The purpose is to defray the costs of government and to meet the general public needs. The consideration may involve the transfer of money, of other forms of wealth or of services. The first is the usual medium through which the obligations to the state are liquidated, but it is not uncommon nowadays to make payments of taxes in government securities in accordance with legal provisions expressly made therefor, as for example, in the case of the excess profits taxes in the United States, estate duties in the United Kingdom and federal property taxes in Germany. The requirement that citizens of the state contribute a specified number of days of labor toward the building of roads and the construction of other public works, was not infrequent in past centuries, but such services have in the course of time been converted into money equivalents and have now assumed as a rule the form of a poll or capitation tax. It is not unusual to find in the tax laws of many of our states today a provision requiring able-bodied adults to contribute their labor on public improvements for specified periods, and only in *default* of labor to pay a certain money equivalent for each day of required service. The most extreme case of compulsory service at the present time which assumes the form of a tax is to be found in Bulgaria, where a recent enactment makes both sexes (upward of 20 and 16 years for males and females respectively) liable to obligatory community labor, with no substitutions and with exemptions limited only to the physically unfit, the military and a few other groups.¹

Taxes are levied on persons, both natural and corporate, or physical and juridical. Furthermore, the international movement of capital in recent decades has been rendered so easy and secure that a large revenue is now being derived by citizens of one country from investments in foreign countries. The property thus invested becomes subject to multiple taxation which is borne by a non-citizen or foreigner, although

¹Compulsory Labor Service Act, dated June 5, 1920, as published by the International Labor Office, Legislative Series, 1920, Bulgaria, No. 1.

this happens to be amenable to taxation originally in the country of residence of its recipient.

Under the head of taxes, it has been deemed advisable in this report to include what are commonly known as licenses or license taxes. These are compulsory contributions exacted in connection with the issuance of written documents which authorize the licensee to engage in specific lines of business activity. Fees, which represent compensation for special services rendered by the government, inuring to the benefit of the individual, and covering the costs of the service, are excluded. In some instances, government accounting designates as a fee what is essentially a license or license tax and hence official designations could not always be used as a criterion of proper classification.

Purpose of the Report

It is for the purpose of bringing out the facts with regard to taxation and its relation to national income, and of calling public attention to its possible effect on national well-being, that the National Industrial Conference Board has undertaken to make a study of the problem in its broadest aspects. Heretofore in discussions of problems of public finance emphasis has usually been placed on expenditures and taxation of *national* governments, and because of the paucity of collected data and lack of knowledge of its importance, *local* finance has been relegated to the background. This report makes available in a new form information which gives a comprehensive picture of the *total* burden of public expenditures and taxation in the six principal manufacturing countries of the world, viz., the United States, the United Kingdom, France, Italy, Germany and Japan. In some cases, figures for local government expenditures and taxation represent estimates, based, however, on sufficiently reliable data to render the margin of possible error fairly small. The basis of these estimates is discussed in connection with them.

The first chapter of the report gives a brief survey of the growth of governmental expenditures in recent years; the second summarizes the facts regarding the increase of taxation in the United States and abroad; the third presents an analysis of the federal, state and local tax burdens in the United States; and the fourth discusses the problems raised in this country by the increase of taxation in relation to income.

Detailed examination of the facts and figures brought out in the report will no doubt help to throw some interesting sidelights on the status of American public finance. While the Board has been interested primarily in the extent of tax burdens and their relation to national welfare, it has not lost sight of the fact that there are questions relating to equitable distribution of our total national taxation which have not been treated with sufficient detail and which might become the subject of special studies. It is hoped, however, that this report will stimulate thought on the vital problems connected with taxation and increase interest in the activities of the government.

I

THE GROWTH OF PUBLIC EXPENDITURES

With the gradual displacement of absolutism in the political systems of Europe early in the nineteenth century, the hope was entertained that demands on the public purse would begin to diminish and a new era of economic management of the State would be ushered in. This view is exemplified in the remarks of Villèle, the French Minister of Finance who, in introducing the first billion-franc budget after the Napoleonic Wars, is said to have exclaimed, "Gentlemen, salute these figures; you will never have an opportunity to contemplate them again."¹

It was destined that this sanguine forecast should not be realized in the succeeding century for any country, and so far as the next few decades are concerned, there is no hope of even approximating it.

An outstanding phenomenon of the past two centuries was the tremendous growth of public expenditures. The increase went far beyond the imagination of the most astute observer before the industrial revolution. The environment and forms of economy existing at the time could not warrant any optimistic expectations in regard to the income of governments. Agriculture was practically the mainstay of economic life, and the tax yield from this source was naturally very limited. Under such circumstances it was inevitable that one's outlook as to the public finances of the future should be tempered by economic considerations that then confronted the observer.

Expansion of Government Activities

Late in the eighteenth century, however, a revolution took place which was fated to bring in its train a long series of social, economic and political changes of far-reaching importance. The factory economy began slowly to replace the individual system of work, and with it there came unexampled expansion of wealth and enhancement of public welfare. Population grew rapidly, national resources were exploited on an ever-widening scale, and prosperity became more widespread.

¹Quoted in Adams, H. C., "Science of Finance," Henry Holt & Co., New York, 1912, p. 84. It is interesting to note in this connection that in 1913 the national government expenditures of France amounted to more than 5 billion francs.

In private economy it is a well-known and readily accepted principle that standards of living keep pace with income, and the same applies also to public economy. The physiocrats, a group of economic theorists who held that land is the ultimate source of wealth, had recognized the relationship between public and private finance in Quesnay's celebrated maxim, "*Pauvres paysans, pauvre royaume; pauvre royaume, pauvre roi,*"¹ although the doctrine as thus phrased was tinged somewhat with the flavor of their peculiar philosophy. As industry developed and trade began to flourish on a scale theretofore unknown, the State assumed more and more functions, at first meeting the problems growing out of a new economic status, and later, with the rise and spread of the democratic movement, entering into the field of public welfare. The sphere of State activity was enlarged to embrace not only protection from internal disorder and foreign aggression but also public education and health, public works, provision for spiritual as well as physical advancement and other related activities. The collective wants of society kept abreast of economic progress and whenever industry and trade were confronted with new dangers and complexities, the aid of the State was enlisted to an increasing extent.

Meanwhile, the costs of military preparation in the feudal and early monarchical period were dwarfed by the huge outlays appropriated in the past century as the spirit of nationalism grew. The beginnings of political democracy were attained after a protracted struggle, at great cost in human sacrifice and material goods, but democracy did not do away with militarism and its great cost of maintenance. In place of the heavy expenditures for luxurious court requirements still greater sums were raised to meet the needs of highly industrialized communities, and armament construction was even accelerated. Thus, public finance has always been, as it is now, at the mercy of the political, social and economic factors operating in society.

The steady increase in population and the slow but insidious effect of the changing price level, consequent upon the increase in supplies of specie and credit media, are additional factors that have often been disregarded as partly explaining the increase in monetary outlays. In the two decades prior to the outbreak of the World War, although the alterations in

¹"Poor peasantry, poor kingdom; poor kingdom, poor king."

prices from year to year were hardly perceptible, the trend was definitely upward. During the war, the huge credit operations on government and private account gave impetus to the inflationary movement, and in certain countries pushed it to unprecedented heights long after the din of battle had ceased.

Increase in National Wealth

It must not be inferred from the above account, however, that the burden of public expenditure before the war became so heavy as to interfere with progress, for the contrary was true. Along with the enlarged duties of the State, there was a more than proportionate increase in national wealth and income which tended to offset the growing demands on the public purse.

In the United States, expenditures of the national government showed a sixteenfold rise in the period between 1850 and 1912, but national wealth grew to twenty-seven times its earlier proportions during the same interval. The same phenomenon is observed in other countries of the world, although not to the same degree.

Growth of Public Expenditures

A glance at Tables 1 to 7 and Chart 1 will show the growth of public expenditures in the past two decades for national, state, provincial and local purposes in the United States, the United Kingdom, France, Italy, Germany and Japan.

In the fiscal year 1903 or thereabouts the total per capita costs of government were approximately \$22 in the United States, as compared with \$40 in the United Kingdom, \$24 in France, \$14 in Italy, \$44 in Germany and \$5 in Japan. In the year immediately preceding the outbreak of the World War the per capita costs had risen to \$35 in the United States, \$42 in the United Kingdom, \$33 in France, \$22 in Italy, \$69 in Germany and \$8 in Japan.

These figures include duplications such as revenue collected by the central government and turned over to the minor civil divisions. They also embrace extensions on account of commercial and industrial undertakings, including monopolies,¹ of national, state and local governments. The latter circumstance, in all probability, accounts for the large per capita government outlays of Germany, for example, as compared

¹Such as, for example, that of the manufacture and sale of tobacco in France, and the operation of telephones and telegraphs in Italy.

with other countries, since in Germany state and municipal operation of utilities and industrial undertakings was more greatly developed than elsewhere.

Effects of the War

The World War upset human calculations and proved far more costly, directly and indirectly, than even the keenest and most far-sighted militarist could have contemplated. Its effects were felt throughout the entire economic system and the decades to come will continue to reflect the consequences of the world's greatest upheaval. (The destruction of capital and wealth has been far larger than the annual increments due to saving, and although the world is poorer today than it was before the war, the yearly costs of government are bound to remain at a level twice or three times as high as in 1914, and in some cases still higher. This is the sum and substance of the economic situation as it confronts us today.)

During the war, local governments tacitly submitted to numerous restrictions in their expenditure policies in order to grant the central or national authorities complete freedom in shaping their fiscal systems to meet the extraordinary demands occasioned by the conflict. This procedure was, however, equivalent to putting one coin into one pocket and removing many more from the other. Per capita costs of national, state, provincial and local governments in the last fiscal year of the war period rose to \$179 in the United States, as compared with \$294 in the United Kingdom, \$285 in France, \$176 in Italy, \$245 in Germany and \$13 in Japan (foreign currencies being converted at pre-war mint parity). A large part of this increase was, however, due to inflation and the changing price level. Reducing these per capita outlays to the pre-war purchasing power basis,¹ the figures were substantially \$88 for the United States, \$130 for the United Kingdom, \$84 for France, \$46 for Italy, \$114 for Germany and \$6 for Japan.

In the post-armistice period, national expenditures, measured in terms of the respective currencies, have declined considerably in the United States and the United Kingdom. In France the reduction has been small, largely owing to heavy disbursements on account of reconstruction of devastated areas, which in major part are theoretically recoverable from

¹Derived by dividing current figures by the index number of wholesale prices on the pre-war base.

Germany under the Treaty of Versailles. In Japan and Italy, demands on the national purse were increased almost to the maximum war levels, due in the one case to an enlarged naval program and in the other to the sale of necessities by the State, from which large deficits have resulted, though offset somewhat by receipts. In Germany, the enormous inflation of the currency, combined with heavy subsidies on account of public provisioning and of public undertakings, and the recurring burdens of reparations, have raised national expenditures to dizzy heights when expressed in terms of the mark.

One of the outstanding features of post-armistice finance is the huge growth in expenditures of state subdivisions of the federal governments and of provincial and local bodies. This is particularly true of the United States, the United Kingdom, France and Italy. Public improvements long postponed because of the war's exigencies have now been undertaken, and there has been a special incentive for communities to take advantage of the falling rate of interest and the lower costs of construction. These pent-up demands have been let loose with a consequent severe drain on the already impoverished economic resources of the countries.

Per capita expenditures in the fiscal year 1920-1921, with foreign currencies converted at par of exchange, were \$87 in the United States, \$164 in the United Kingdom, \$266 in France, \$162 in Italy and \$18 in Japan. An attempt has also been made to arrive at totals for Germany in later years, but because of the paucity of data for local governments, the highly erratic state of the currency which renders all comparisons futile, and because of the rearrangement of the whole fiscal system, a multiplicity of complexities injected themselves. Computed on the pre-war purchasing power basis, per capita expenditures during the fiscal year 1920-1921 were \$45 for the United States, \$61 for the United Kingdom, \$77 for France (calendar year 1921), \$26 for Italy, \$56 for Germany and \$7 for Japan.

TABLE 1: TOTAL GOVERNMENTAL EXPENDITURES IN THE UNITED STATES

Fiscal Year Ended June 30	Federal Government ¹ (thousands)	State Governments ¹ (thousands)	Cities Having Over 30,000 Population ² (thousands)	Counties ³ (thousands)	Other Cities, Including Minor Civil Divisions ⁴ (thousands)	Total	
						Amount (thousands)	Per Capita (dollars)
1903 ⁵	\$616,739	\$185,764	\$468,638 ⁶	\$197,366	\$304,679	\$1,773,186	\$22.34
1913.....	952,601	382,551	959,153	385,182	.....⁷	3,179,559	33.19
1914.....	1,018,640	.....⁷	.....⁷	.....⁷	.....⁷	3,381,324	34.78
1915.....	1,047,835	490,708	1,057,126	.....⁷	.....⁷	3,565,797	35.80
1916.....	1,048,225	505,399	1,043,594	.....⁷	.....⁷	3,562,400	35.20
1917.....	2,405,932	513,063	1,081,866	.....⁷	.....⁷	4,991,393	48.55
1918.....	9,312,169	561,001	1,144,630	.....⁷	.....⁷	12,042,982	115.30
1919.....	15,740,131	635,370	1,201,923 ⁷ ⁷	18,637,904	178.74
1920.....	6,112,243 ⁸ ⁸ ⁷ ⁷	9,920,766	93.85
1921.....	4,849,708 ⁸ ⁸ ⁷ ⁷	9,373,595	87.40

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¹U. S. Bureau of the Census. Wealth, Debt and Taxation, 1913, Vol. II, pp. 33-35; Financial Statistics of States, 1919, p. 30; and Annual Report of the Secretary of the Treasury for the Fiscal Year ended June 30, 1921, p. 142 ff.

²Wealth, Debt and Taxation, 1913, Vol. II, p. 415; Financial Statistics of Cities Having a Population of over 30,000, 1919, p. 45; and Financial Statistics of States, 1919, p. 30. The number of cities covered by these reports totalled 135 in 1903, 199 in 1913, 204 in 1915, 213 in 1916, 219 in 1917, and 227 in 1918 and 1919.

³U. S. Department of Commerce and Labor. Special Reports of the Census Office. Wealth, Debt and Taxation, 1907, p. 963; and U. S. Bureau of the Census. Wealth, Debt and Taxation, 1913, Vol. II, p. 81. Figures for 1914-1921 are estimated on the basis of the rate of increase in per capita expenditures of other divisions for which data are available.

⁴U. S. Department of Commerce and Labor. Special Reports of the Census Office. Wealth, Debt and Taxation, 1907, p. 963; and U. S. Bureau of the Census. Wealth, Debt and Taxation, 1913, Vol. II, p. 415. Figures for 1913-1921 are estimated on the basis of the rate of increase in per capita expenditures of other divisions for which data are available.

⁵All amounts on this line refer to the fiscal year 1903, except figures for the cities, counties and minor civil divisions which appertain to the fiscal year 1902.

⁶For cities containing 25,000 or more inhabitants.

⁷Estimated figures for these items are included in the totals.

⁸Estimated on the basis of preliminary releases of the U. S. Bureau of the Census and included in the totals.

TABLE 2: TOTAL GOVERNMENTAL EXPENDITURES IN THE UNITED KINGDOM

Fiscal Year Ended March 31	National Government ¹ (thousand pounds)	Local Governments ²			Total (thousand pounds)	In U. S. Currency at Par of Exchange	
		England and Wales (thousand pounds)	Scotland (thousand pounds)	Ireland (thousand pounds)		Total (thousand dollars)	Per Capita (dollars)
1902.....	205,236	121,240	16,659	6,489	349,624	1,701,516	40.62
1903.....	194,251	128,969	17,121	6,055	346,396	1,685,805	39.90
1913.....	188,622	158,417	20,560	8,868	376,467	1,832,155	40.08
1914.....	197,493	169,408	22,051	8,565	397,517	1,934,598	41.98
1915.....	560,474	175,094	22,863	8,955	767,386	3,734,634	81.19
1916.....	1,559,158	165,600	22,188	8,835	1,755,781	8,544,861	185.76
1917.....	2,198,113	161,916	22,340	8,879	2,391,248	11,637,485	252.99
1918.....	2,696,221	173,609	.....³	9,169	2,901,400 ⁴	14,120,243	306.96
1919.....	2,579,301	.....³	.....³	10,387 ⁵	2,792,200 ⁴	13,588,800	294.41
1920.....	1,665,773 ³ ³ ³	1,955,810 ⁶	9,518,341	202.76
1921.....	1,195,428 ⁷ ³ ³ ³	1,595,475 ⁶	7,764,698	164.16

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¹Statistical Abstract of the United Kingdom, 1903-1917, p. 1; *Ibid.*, 1905-1919, p. 1.

²Statistical Abstract of the United Kingdom, 1905-1919, pp. 57 ff., and earlier numbers.

³Estimated figures for these items included in the totals.

⁴Including estimated amounts for local government expenditures wherever data are lacking.

⁵Returns of Local Taxation in Ireland for the Year 1918-1919, Cmd. 799, 1920.

⁶Local expenditures estimated on the basis of the growth in local rates. See *Statist.*, Feb. 25, 1922, pp. 287-288.

⁷Statesman's Yearbook, 1921, p. 44.

⁸See Table 7.

TABLE 3: TOTAL GOVERNMENTAL EXPENDITURES IN FRANCE

Calendar Year	National Government ¹ (thousand francs)	Local Governments		Total (thousand francs)	In U. S. Currency at Par of Exchange ²	
		Departments ³ (thousand francs)	Communes ⁴ (thousand francs)		Total (thousand dollars)	Per Capita (dollars)
1902.....	3,699,328	332,892	772,555	4,804,775	927,322	23.78
1903.....	3,597,228	351,878	784,576	4,733,682	913,601	23.35
1912.....	4,742,756	.....⁴	997,994	6,280,750	1,212,185	30.53
1913.....	5,066,931	614,007	1,039,638	6,720,576	1,297,071	32.69
1914.....	10,371,000	559,369	1,093,825	12,024,000	2,321,000	58.61
1915.....	22,120,000	515,210	.....³	23,783,000	4,590,000	115.62
1916.....	36,848,000	530,864	.....³	38,571,000	7,444,000	187.98
1917.....	44,661,000	.....⁴	.....⁴	46,463,000	8,967,000	226.44
1918.....	56,649,000	.....⁴	.....⁴	58,521,000	11,295,000	285.23
1919.....	54,213,000	.....⁴	.....⁴	56,155,000	10,838,000	273.69
1920.....	58,143,000 ⁴ ⁴	60,155,000	11,610,000	296.17
1921.....	52,023,000 ⁴ ⁴	54,105,000	10,442,000	265.70

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¹Figures for 1915-1921 represent credits opened or demanded on account of the respective fiscal years, and include appropriations made which are theoretically recoverable from Germany. *Annuaire Statistique de la France, 1919-1920*, p. 155, and *Bulletin de Statistique et de Législation Comparée, "Le Projet de Budget de l'Exercice 1923."* Ministère des Finances, Paris, May, 1922, pp. 828-844.

²*Annuaire Statistique de la France, Trente-Sixième Volume, 1919-1920*, p. 171.

³Estimated amounts expended by communes are included in the total.

⁴Estimated amounts expended by departments and communes are included in the total.

⁵See Table 7.

TABLE 4: TOTAL GOVERNMENTAL EXPENDITURES IN ITALY

Fiscal Year Ended June 30	National Government ¹ (thousand lire)	Local Governments		Total (thousand lire)	In U. S. Currency at Par of Exchange ²	
		Provincial ³ (thousand lire)	Communa ⁴ (thousand lire)		Amount (thousand dollars)	Per Capita (dollars)
1903.....	1,695,977	.....⁴	.....⁴	2,367,352	456,899	13.91
1913.....	2,786,365	164,494	.....⁴	3,979,838	768,109	21.80
1914.....	2,687,661	.....⁴	.....⁴	3,969,181	766,052	21.52
1915.....	5,395,397	206,773	.....⁴	6,772,462	1,307,085	36.19
1916.....	10,625,242	.....⁴	.....⁴	12,096,237	2,334,574	63.88
1917.....	17,595,260	.....⁴	.....⁴	19,151,306	3,696,202	100.67
1918.....	25,298,807	.....⁴	.....⁴	26,934,104	5,198,282	141.49
1919.....	32,451,576	.....⁴	.....⁴	34,200,576	6,600,711	176.02
1920.....	23,066,877	.....⁴	.....⁴	24,902,092	4,806,104 ⁵	127.72
1921.....	28,783,000	.....⁵	.....⁵	31,661,000	6,111,000	161.66

¹Annuario Statistico Italiano, 1905-1907, p. 860, 1915, p. 317 and 1917-1918, pp. 398-399; *Bulletin de Statistique et de Legislation Comparee*. Ministère des Finances, Paris, April, 1920, p. 646, and June, 1921, p. 1280. Figures for 1920-1921 taken from Budget Speech of Minister of Finance de Nava, Resoconto Sommario, Camera dei Deputati, Dec. 8, 1921.

²Amount for 1913 taken from Annuario Statistico Italiano, 1915, p. 343, and that for 1915, *ibid.*, 1917-1918, p. 435. Remaining figures estimated on the basis of these amounts and those for 1899 and 1909, *ibid.*, 1914, p. 425 and *ibid.*, 1915, p. 343 and included in the total.

³Estimated on the basis of actual figures for 1899, 1907 and 1912, Annuario Statistico Italiano, 1914, p. 417, and 1917-1918, p. 434 and included in the total.

⁴See preceding two notes.

⁵Local government expenditures in this year are assumed to have grown as rapidly as tax revenues. See Table 10, note 4.

⁶See Table 7.

TABLE 5: TOTAL GOVERNMENTAL EXPENDITURES IN GERMANY

Year Ended March 31	National Government ¹ (thousand marks)	Individual State Governments ² (thousand marks)	All Local Governments ³ (thousand marks)	Total (thousand marks)	In U. S. Currency at Par of Exchange ⁴	
					Amount (thousand dollars)	Per Capita (dollars)
1904.....	2,357,303	4,829,400	3,670,200	10,856,903	2,583,943*	44.07
1913.....	2,893,338	7,512,100	8,425,800	18,831,238	4,481,835	66.92
1914.....	2,537,900	8,507,000	8,507,600	19,552,500	4,653,495	68.65
1915.....	8,653,800	7,886,500	8,723,000	25,263,300	6,012,665	88.57
1916.....	25,708,400	7,034,000	8,403,400	41,145,800	9,792,700	144.62
1917.....	27,740,900	6,971,300	9,970,300	44,682,500	10,634,435	157.86
1918.....	52,015,400	7,532,100	11,945,600	71,493,100	17,015,364	254.68
1919.....	44,030,700	9,634,600	.....⁴	69,070,300	16,438,731	245.36
1920.....	74,405,400	.....⁴	.....⁴	122,000,000	29,000,000	480.13
1921.....	102,575,960	.....⁴	.....⁴	180,000,000	42,800,000	701.64

¹Statistisches Jahrbuch für das Deutsche Reich, 1905 and 1915, p. 349-354; and *Denkschrift* No. 254 of the German Ministry of Finance, reprinted in *Bulletin de Statistique et de Législation Comparée*, Dec. 1920, p. 1248. Provisional figures for 1919-1920, 1920-1921 and 1921-1922, figures for latter two periods being derived from *London Economist*, April 23, 1921, p. 825 and April 15, 1922, p. 729.

²*Vierteljahrshefte zur Statistik des Deutschen Reichs*, Part 2, 1914 and Part 4, 1916-1918. For 1915-1916 to 1917-1918, budget estimates are used, *Statistische Jahrbücher für das Deutsche Reich*.

³Estimated for the whole of Germany on the basis of Prussian experience, exclusive of Berlin.

⁴Estimated amounts for these items included in the total.

⁵See Table 7.

TABLE 6: TOTAL GOVERNMENTAL EXPENDITURES IN JAPAN

Fiscal Year Ended March 31	National Government ¹ (thousand yen)	Prefectures ² (thousand yen)	Districts ³ (thousand yen)	Cities ⁴ (thousand yen)	Towns and Villages ⁵ (thousand yen)	Total (thousand yen)	In U. S. Currency at Par of Exchange ⁶	
							Amount (thousand dollars)	Per capita (dollars)
1903.....	289,227	56,579	.....⁵	25,987	68,413	445,206	231,935	4.96
1913.....	593,596	93,000	10,014	105,299	122,155	924,064	460,646	8.63
1914.....	573,634	95,904	9,841	93,133	121,716	894,228	445,773	8.30
1915.....	648,420	102,256	10,343	82,982	124,853	968,854	482,974	8.93
1916.....	583,270	101,615	10,648	76,637	122,736	894,906	446,111	8.19
1917.....	590,795	97,070	10,301	90,625	130,103	918,894	458,069	8.41
1918.....	735,024	104,353	12,020	118,090	143,666	1,113,153	554,907	10.05
1919.....	1,017,036	141,498	14,835	138,400	151,485	1,463,254	729,432	13.13
1920.....	1,172,328	195,705	.....⁵	165,851 ⁵	206,036 ⁵	1,755,920	875,326	15.64
1921.....	1,234,265 ⁴	214,052 ⁵	.....⁵	249,374 ⁵	322,049 ⁵	2,044,740	1,019,303	18.10

¹Financial and Economic Annual of Japan, Department of Finance, 1921, p. 15, and *ibid.*, 1905 pp. 26-27; Résumé Statistique de l'Empire du Japon, Département Impérial de Recensement, 36^e Année, 1922, pp. 146-147.

²Financial and Economic Annual of Japan, 1921, pp. 48 and 49 and *ibid.*, 1904, pp. 42-33; Résumé Statistique, *op. cit.*, pp. 153 ff.

³Budget estimates.

⁴Figures accrued for the respective fiscal years up to the end of April. *Japan Financial and Economic Monthly*, June, 1921, p. 43.

⁵Estimated amounts for these items included in the totals.

⁶See Table 7.

TABLE 7: PER CAPITA TOTAL EXPENDITURES OF GOVERNMENTS ON THE PRE-WAR PURCHASING POWER BASIS¹

Fiscal Year ²	United States	United Kingdom	France ³	Italy	Germany	Japan
1902-03.....	\$22.34	\$40.62	\$23.78	\$13.91	\$44.07 ⁴	\$4.96
1912-13.....	33.19	39.90	30.53	21.80	66.92	8.63
1913-14.....	34.78	40.08	32.69	21.52	68.65	8.30
1914-15.....	36.35	76.59	57.46	31.47	84.35	9.40
1915-16.....	31.71	139.62	82.59	37.36	101.85	8.44
1916-17.....	33.03	148.82	99.99	43.02	103.86	7.19
1917-18.....	61.99	144.79	86.43	38.45	144.70	6.20
1918-19.....	87.62	130.27	84.14	46.32	113.59	6.40
1919-20.....	38.62	77.39	76.88	25.54	116.54	5.90
1920-21.....	44.82	60.58	58.19 ³	25.53	56.09	7.84

¹Because of the paucity of sufficiently comparable data, no attempt has been made to take cognizance of price changes prior to the World War, i.e., internal purchasing power was considered more or less stationary, with changes deemed comparatively insignificant for the general purposes at hand. The figures for each year were divided by the index number of wholesale prices in each country in the same period in order to arrive at dollars of pre-war purchasing power.

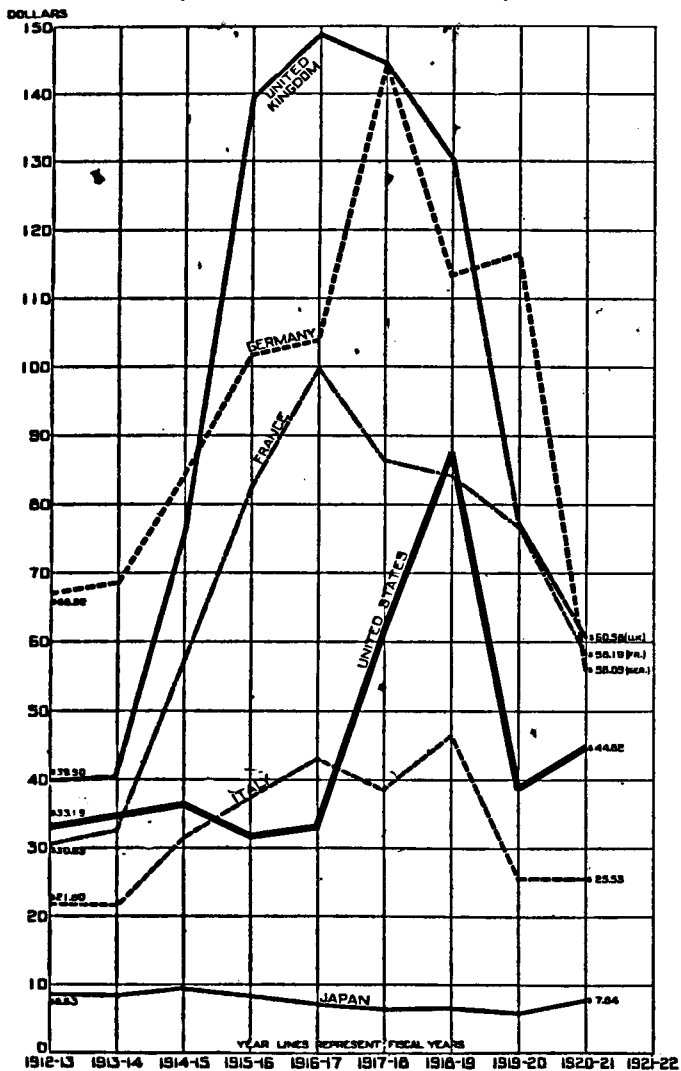
²In the case of France, the fiscal year refers to the calendar year the major of which falls within the fiscal years of other governments, i.e., in the fiscal year 1902-1903, the comparable fiscal year taken for France is the calendar year 1902:

³In the calendar year 1921, which in this table would correspond to the fiscal year 1921-1922 of other countries, per capita expenditures on the pre-war purchasing power basis were \$77.01.

⁴Fiscal year, 1903-1904.

CHART 1: PER CAPITA TOTAL EXPENDITURES OF GOVERNMENTS ON THE PRE-WAR PURCHASING POWER BASIS

(National Industrial Conference Board)



II

THE GROWTH OF TAXATION IN THE UNITED STATES AND ABROAD

In the preceding chapter the development of total governmental expenditures in the six major countries of the world was traced. Were this growth merely the outcome of enlarged industrial and commercial activities of the State, which would yield sufficient net revenues to cover the requirements of the budget for purely governmental administration, no problem would have ensued and no popular dissatisfaction would have arisen. But the accompaniment of this rising movement of government outlays was the increase of tax burdens and the exaction of ever larger contributions from the citizens of the State as the years rolled on.

That the burden of taxation was growing rapidly even before the recent World War is a fact that is borne out by abundant statistical data of official and unofficial nature and is further corroborated by popular testimony. In fact, in pre-war days it was a fairly common expression of opinion that taxation was rapidly approaching a point that threatened to court popular disfavor and breed general discontent with government.

If this is true of the period prior to 1914, how much more true is it today when the war, with its enormous destruction of capital, with its impoverishment of the whole human race and its weakening of its moral stamina, has left as heritage for the next generations, debts which bid fair to establish, for a generation or two at least, an annual carrying charge beside which pre-war figures pale.

In the last analysis all taxes—whether direct or indirect, whether borne by those who pay at first or later shifted to the shoulders of others—must come out of the excess of income over consumption or out of the national surplus of either past or current origin. Since the latter has appreciably diminished as a result of the war and since national productiveness has been impaired, especially in the older countries that participated in the conflict, the seriousness of the situation is multiplied many fold in view of the piling up of tax burdens. Furthermore,

although a decrease has taken place in the national surplus and tax burdens have been increased far beyond normal proportions, the requirements for additions to and betterments of industrial and commercial capital are heavier now than they were during the recent war. Repairs and substitutions had been at a low ebb during the war period, primarily because governments had a prior lien on all available capital and this was in greater part diverted into channels that served purely war purposes. High rates of interest and high construction costs in themselves discouraged extensions and additions that might have been contemplated, and kept repairs at a minimum. If industry and commerce are to recover, it is clear that the demands for additions and betterments will have to grow faster than the net increase of the national income in the coming years and the encroachments on the national surplus by virtue of high taxation will prove to be more burdensome and disproportionate.

Tables 8 to 16 and Chart 2 present a comparative summary of tax burdens in the six major countries.

Pre-War Growth of Taxation

In 1903 or thereabouts, the per capita taxation of national, state, provincial and local governments amounted to \$18 in the United States, \$24 in the United Kingdom, \$17 in France, \$10 in Italy, \$12 in Germany and \$3 in Japan. By 1913-1914 the annual tax burden had grown to \$23 in the United States, \$27 in the United Kingdom, \$22 in France, \$12 in Italy, \$19 in Germany and \$6 in Japan. Thus the percentage increase during the ten-year period in question was largest for Japan, with 95%, and lowest for the United Kingdom, with 15%. Germany showed an increase of 62%, followed by France with 36%, the United States with 31% and Italy with 27%. That the population changes did not materially influence the sequence may be gleaned from the fact that the increase in the total amount of taxes actually raised was 124% in Japan, 100% in Germany, 60% in the United States, 38% in France, 38% in Italy and 26% in the United Kingdom.

Public Monopolies

It should be borne in mind in connection with the tax status that in some states public monopolies and undertakings have been conducted along purely business lines, yielding surpluses

wherewith to reduce the national tax bill,¹ other things being considered equal. This was particularly true in France, Germany and Italy before the war and, to a less extent, in Japan. In 1903 the net profit from the French state monopolies, from the postal system, telephone, telegraph, railroads, etc., exclusive of domains, totaled 453 million francs, or \$2.24 per capita; in 1913 it was 574 million francs or \$2.79 per capita. In Italy the net profits from these sources amounted to 346 million lire or \$1.71 per capita in 1902-1903, and in 1913-1914 to 404 million lire or \$2.19 per capita. In Germany the operation of railroads, public utilities, etc., by the separate states and municipalities yielded financial results which were highly satisfactory. In 1913-1914, commercial enterprises of the national^a and state governments of the German Empire alone yielded a net revenue of 1,258 million marks or \$4.42 per capita, and this figure is exclusive of municipal activities of a lucrative nature. The postal administration of the United States, however, has frequently reported a deficit and the effect of the government conduct of the business has been to increase the burden of taxation.

During the war, because of the desirability of pursuing certain social policies, profit-making features of government undertakings were temporarily submerged under the pressure of political considerations, and losses became the rule practically everywhere, so far as commercial and industrial undertakings were concerned. The productivity of monopolies has fallen off generally, even in France, as is evidenced occasionally in the debates of the Chamber of Deputies (official figures are not available), but monopolies in Italy have been growing more and more lucrative in a cumulative fashion. In 1918-1919 the yield of Italian state monopolies was 1,142 million lire or \$5.88 per capita, and in the subsequent years the net yield will probably be still higher.

War Taxation

In the conduct of the war, so far as the six nations under review are concerned, credit was primarily the means by which the costs of the war were met. Although the fiscal policies

¹It was deemed advisable not to consider such profits as additional taxation, on the ground that they do not conform to the accepted definition of a "tax." Furthermore, were the attempt otherwise justifiable, their inclusion would have led to many difficulties because of the differences in fiscal theories followed by various governments and because of the paucity of data bearing on the net results obtained during the war and post-war periods.

pursued by the various belligerents may thus be characterized in a general way, there was wide difference in actual practice from country to country. At one extreme there are to be found Japan, the United States and the United Kingdom, who made immediate readjustments in their fiscal systems in an attempt to defray a goodly portion of the total expenditures by means of taxation. At the other extreme are to be found France and Germany, whose management of the war from a fiscal standpoint is exposed to the charge of laxity and short-sightedness. Italy also made a poor showing, but this is largely due to her impoverished state rather than to inertia or negligence. Japan's record represented no great fiscal effort in view of her limited participation in the conflict.

The per capita of taxation of national, state and local governments in the fiscal year 1918-1919, with foreign currencies computed at par, reached \$65 in the United States, \$94 in the United Kingdom, \$30 in France, \$30 in Italy, \$44 in Germany and \$9 in Japan, but reduced to a comparable (pre-war) purchasing power basis, i.e., with inflation eliminated, these figures would be about \$32 for the United States, \$42 for the United Kingdom, \$9 for France, \$8 for Italy, \$20 for Germany and \$4 for Japan. With the close of the war, taxation receipts of national governments continued to rise, with the exception of the United States and Japan, where there has been some recession. In addition, the burdens imposed by local governments have been increasing very rapidly in the past year or two, and this circumstance has in some cases offset the amelioration in national taxation that has resulted in the interim in the case of some countries. The total per capita taxation in the fiscal year 1920-1921, computed on the basis of pre-war purchasing power, was about \$41 for the United States, \$46 for the United Kingdom, \$15 for France (\$25 in the calendar year 1921), \$8 for Italy, \$19 for Germany and \$5 for Japan.

Relation to National Income

Inasmuch as taxation must ultimately come out of the national surplus, as stated above, it is important to indicate the relation between national income and taxation. Unfortunately figures of national income of foreign countries are not available for recent years; they all relate to pre-war conditions. Since

1914, national incomes have undergone considerable changes, in some cases resulting in improvement and in others in retrogression. Germany's national income has been considerably reduced owing to transfer to neighboring nations of territories formerly under her control, and also to decreased efficiency. The reduction by virtue of these conditions is estimated to be 15% to 20% of the national income. The national income of the countries benefited by this distribution was therefore enhanced, other things being considered equal. There has also been in the interim an upheaval in the normal channels of trade.

In the absence of any satisfactory alternative with regard to post-war estimates of foreign countries, comparison is made in Table 15 between the tax burden per capita (for national, state and local purposes combined) on the pre-war purchasing power basis as compared with the pre-war national income. This study discloses the startling fact that in the fiscal year 1920-1921 about one-eighth of the pre-war national income of the United States was diverted into tax channels, one-fifth in the United Kingdom, one-twelfth in France (one-eighth in 1921), one-sixteenth in Italy, one-eighth in Germany, and slightly less than one-fifth in Japan, when due recognition is given to the changed price levels and the factor of population. The percentage of the pre-war national income represented by taxes has been growing throughout the war period to date in most countries, the full significance of which fact has been barely appreciated as yet.

Estimates of the national income for the United States have been made by other authorities¹ for the years 1909-1919. It is therefore possible, after readjusting the figures to make the tax year dovetail with the calendar year to which the estimates of income apply, to compare our tax burden from year to year without being required to reduce our taxes to a pre-war purchasing power basis. Table 16 and Chart 3 show that our total tax burden has grown from 6.4% of our national income in 1912-1913 to 14.3% of our national income in 1920-1921. The full import of this condition has barely been recognized as yet in this country, although the general aspects have been covered from time to time in various financial dis-

¹National Bureau of Economic Research, Inc., "Income in the United States, Its Amount and Distribution, 1909-1919," Harcourt, Brace and Company, New York, 1921.

cussions. If in a country like the United States, rich in natural resources and abounding in productive capacity, tax burdens threaten to represent so high a percentage of the current national income, how much more true is it of the poorer countries of the world and how much more handicapped are these countries in their attempts to reconstruct their industrial and commercial systems?

TABLE 8: TOTAL RECEIPTS FROM TAXATION IN THE UNITED STATES

Fiscal Year Ended June 30	Federal Government ¹ (thousands)	State Governments ² (thousands)	Cities of Over 30,000 Population ³ (thousands)	Counties ⁴ (thousands)	Other Cities, Including Minor Civil Divisions ⁴ (thousands)	Total ⁷	
						Amount ⁷ (thousands)	Per Capita ² (dollars)
1903	\$532,054	\$155,233 ⁵	\$310,846 ⁵	\$159,844 ⁵	\$234,729 ⁵	\$1,392,706	\$17.55
1913	672,557	306,521	573,768	298,548	.....⁶	2,198,924	22.95
1914	682,018	.....⁶	.....⁶	.....⁶	.....⁶	2,229,230	22.93
1915	634,701	365,544	641,973	.....⁶	.....⁶	2,318,374	23.28
1916	735,246	363,969	695,107	.....⁶	.....⁶	2,483,250	24.54
1917	1,044,417	409,865	742,321	.....⁶	.....⁶	2,962,880	28.81
1918	3,925,974	459,774	790,577	.....⁶	.....⁶	6,015,034	57.59
1919	4,103,751	527,819	874,583 ⁶ ⁶	6,742,020	64.66
1920	5,737,954 ⁶ ⁶ ⁶ ⁶	8,918,384	84.37
1921	4,902,925 ⁶ ⁶ ⁶ ⁶	8,488,684	79.15

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¹Statistical Abstract of the United States, 1905, pp. 80-82; 1920, pp. 694-697, and Annual Report of the Secretary of the Treasury for the Fiscal Year ended June 30, 1921, pp. 140-141.

²U. S. Bureau of the Census. Wealth, Debt and Taxation, 1913, Vol. 2, pp. 36-37; Financial Statistics of States, 1915, p. 70; 1916, p. 72; 1917, p. 72; 1918, p. 70; 1919, p. 64. Figures for 1920 and 1921 were estimated on the basis of releases issued by the U. S. Bureau of the Census.

³For cities with a population of more than 25,000 in 1902. U. S. Bureau of the Census. Wealth, Debt and Taxation, 1913, Vol. 2, pp. 462-463; Financial Statistics of Cities, 1915, pp. 166-167; 1916, pp. 166-167; 1917, pp. 166-167; 1918, pp. 150-151; 1919, pp. 146-147. Figures for 1920 and 1921 were estimated on the basis of releases issued currently by the U. S. Bureau of the Census.

⁴Wealth, Debt and Taxation, 1913, Vol. 2, pp. 122-123. Figures for 1914-1921 were estimated on the basis of local tax levies in all the states for which data could be secured.

⁵U. S. Dept. of Commerce and Labor. Special Reports of the Census Office. Wealth, Debt and Taxation, 1907, p. 968.

⁶Estimated amounts for these items included in the totals.

⁷These figures refer to the fiscal year of various government bodies ending on June 30 or nearest date thereto in the calendar year indicated in the first column; hence, these results cannot be directly compared with those furnished in Table 17 and subsequent tables which are primarily designed to dovetail with the calendar year, wherever possible.

TABLE 9: TOTAL RECEIPTS FROM TAXATION IN THE UNITED KINGDOM

Fiscal Year Ended March 31	National Government ¹ (thousand pounds)	Local Governments ²			Total (thousand pounds)	In U. S. Currency at Par of Exchange ³	
		England and Wales (thousand pounds)	Scotland (thousand pounds)	Ireland (thousand pounds)		Total (thousand dollars)	Per Capita (dollars)
1902.....	133,216	50,443	5,909	3,244	192,812	938,361	22.40
1903.....	140,506	54,456	6,083	3,353	204,398	994,742	23.55
1913.....	155,921	76,453	8,814	3,732	244,920	1,191,955	26.07
1914.....	164,113	79,737	9,116	3,797	256,763	1,249,585	27.11
1915.....	191,033	83,432	9,505	3,917	287,887	1,401,061	30.46
1916.....	291,816	86,281	9,615	4,101	391,813	1,906,842	41.45
1917.....	517,425	83,484	9,468	4,173	614,550	2,990,830	65.02
1918.....	615,218	86,141	.....⁷	4,571	715,429 ⁴	3,481,778	75.69
1919.....	787,766	.....⁷	.....⁷	5,813 ⁵	892,180 ⁴	4,341,972	94.07
1920.....	1,002,245 ⁸ ⁸ ⁸	1,133,809 ⁴	5,517,908	117.54
1921.....	1,031,725 ⁶ ⁸ ⁸ ⁸	1,213,319 ⁴	5,904,860	124.84

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¹Statistical Abstract of the United Kingdom, 1905-1919, p. 8 ff, and earlier years. Includes net tax receipts, but exchequer receipts from fees and stamps.

²Statistical Abstract of the United Kingdom.

³Returns of Local Taxation in Ireland for the Year 1918-1919, Cmd. 799, 1920.

⁴Including estimate amount for local government taxes wherever data are lacking.

⁵Local taxation estimate on the basis of growth in local rates, and included in the totals. See *Statist.*, Feb. 25, 1922, pp. 287-288.

⁶Exchequer receipts, exclusive of fees and miscellaneous stamps for which data are not available but which are relatively small in amount. Statesman's

Yearbook, 1921, p. 43.

⁷Estimated amounts for these items are included in the totals. See notes 4 and 5.

⁸See Table 14.

TABLE 10: TOTAL RECEIPTS FROM TAXATION IN FRANCE

Year	National Government ¹ (thousand francs)	Local Governments				Total (thousand francs)	In U. S. Currency at Par of Exchange ⁷	
		Additional Centimes for the Departments ² (thousand francs)	Additional Centimes for the Communes ³ (thousand francs)	Octrois (gross) ⁴ (thousand francs)	Miscellaneous Communal Taxes ⁴ (thousand francs)		Amount (thousand dollars)	Per Capita (dollars)
1902.....	2,503,487	204,342	234,375	275,158	124,981	3,342,343	645,072	16.54
1903.....	2,602,668	207,240	239,296	275,552	125,137	3,449,893	665,829	17.02
1912.....	3,337,595	272,409	287,005	324,075	137,439	4,358,523	841,195	21.19
1913.....	3,523,756	282,541	301,945	334,290	140,122	4,582,654	884,452	22.29
1914.....	2,920,988	307,335	319,424	268,114	143,229	3,959,090	764,104	19.30
1915.....	2,799,794	285,178	296,672	233,283	133,083	3,748,010	723,366	18.27
1916.....	3,554,226	295,840	316,273	224,893	124,726	4,515,958	871,580	22.01
1917.....	4,636,872	300,584	328,891	231,293	123,885	5,621,525	1,084,954	27.40
1918.....	5,169,688	317,282	388,101	174,102	123,894	6,173,067	1,191,402	30.09
1919.....	8,131,431	341,164	442,075	230,967	128,968	9,274,605	1,789,999	45.20
1920.....	14,206,894	1,086,000 ⁵		376,898 ⁶	15,794,800	3,048,401	77.76
1921.....	15,952,650	719,000 ⁵		449,280 ⁶	17,251,000	3,329,443	84.72

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¹Annuaire Statistique de la France, Trente-Sixième Volume, 1919-1920, pp. 156-157; *Bulletin de Statistique et de Législation Comparée*, December, 1915-1920, and May, 1922; and *Journal Officiel de la République Française*, May 13, 1922. The receipts from the tax on extraordinary profits were distributed over the years to which they were applicable, and the receipts from the income tax were distributed in accordance with official procedure. Figures for 1921 are preliminary. Since audited accounts are not available, current collections form the basis of the figures since 1914.

²Annuaire Statistique de la France, Trente-Sixième Volume, 1919-1920, p. 165; *Bulletin de Statistique et de Législation Comparée*, Aug. 1904, p. 123 ff. and April, 1921, p. 625 ff. Includes only direct taxes (*anciennes contributions directes*, y compris l'impôt foncier.)

³Annuaire Statistique de la France, Trente-Sixième Volume, 1919-1920, p. 173; *Bulletin de Statistique et de Législation Comparée*, Jan. 1920, p. 113; June, 1921, p. 1160; October, 1921, p. 753; and March, 1922, p. 503.

⁴Annuaire Statistique de la France, 1919-1920, p. 167. Includes "taxes assimilées" collected by the State and returned to the communes directly and "taxes municipales." *Bulletin de Statistique et de Législation Comparée*, April 1921, p. 654 ff.; October 1921, p. 712 ff.; and November 1921, p. 888 ff.

⁵Amounts reported as collected in *Journal Officiel de la République Française*, Feb. 14, 1922, were distributed in the same ratio that the assessed amounts bear to the total for the respective civil divisions (i.e., 33.3% for the state in 1920 and 32.0% in 1921).

⁶Estimated amounts for data which are lacking included in the totals.

⁷See Table 14.

TABLE 11: TOTAL RECEIPTS FROM TAXATION IN ITALY

Fiscal Year Ending June 30	National Government ¹ (thousand lire)	Local Governments		Total (thousand lire)	In U.S. Currency at Par of Exchange ²	
		Provincial ³ (thousand lire)	Communal ³ (thousand lire)		Amount (thousand dollars)	Per Capita (dollars)
1903.....	1,154,908	.....⁵	.....⁵	1,629,205	314,437	9.57
1913.....	1,540,634	132,309	.....⁵	2,240,291	432,376	12.27
1914.....	1,499,366	.....⁵	.....⁵	2,241,940	432,694	12.16
1915.....	1,394,478	143,184	.....⁵	2,184,210	421,553	11.67
1916.....	1,759,783	.....⁵	.....⁵	2,810,000	542,330	14.86
1917.....	2,516,338	.....⁵	.....⁵	3,826,000	738,418	20.12
1918.....	3,192,436	.....⁵	.....⁵	4,762,000	919,066	25.04
1919.....	4,028,318	.....⁵	.....⁵	5,858,000	1,130,594	30.15
1920.....	4,898,573	.....⁵	.....⁵	6,989,000	1,348,877	36.94
1921.....	7,140,751	2,350,100 ⁴		9,490,851	1,831,734	48.46

¹Annuario Statistico Italiano, 1905-1907, pp. 864-872; 1915, pp. 319-320, and 1917-1918, pp. 396-397; *Bulletin de Statistique et de Legislation Comparée*, Ministère des Finances, Paris, April, 1920, pp. 644-645, and June, 1921, pp. 1278-1279. Excludes public monopolies and undertakings. Figures for 1920-1921 are preliminary, *Gazzetta Ufficiale del Regno d'Italia*, Oct. 29, 1921, Part 2.

²Amount for 1913 taken from Annuario Statistico Italiano, 1914, p. 425, and for 1915, *ibid.*, 1915, p. 343. Remaining figures other than for 1921 estimated on the basis of these amounts and those for 1899 and 1909 (*ibid.*, 1914, p. 425) and for 1921. These estimates are included in the total for the years in question.

³Estimated on the basis of actual figures for 1899, 1907, 1912 (*Annuario, op. cit.*, 1914, p. 417) and 1921 (see note 4), and included in the total for the years in question.

⁴Actual figures as officially released, *Revista di Politica Economica*, Rome, Sept. 1922, p. 522.

⁵See notes 2 and 3.

⁶See Table 14.

TABLE 12: TOTAL RECEIPTS FROM TAXATION IN GERMANY

Year Ended March 31	National Government ¹ (thousand marks)	Individual State Governments ² (thousand marks)	All Local Governments ³ (thousand marks)	Total (thousand marks)	In U.S. Currency at Par of Exchange ⁷	
					Amount (thousand dollars)	Per Capita (dollars)
1904.....	906,372	642,874	1,381,200	2,930,446	697,446	11.90
1913.....	1,662,097	1,098,222	2,500,600	5,260,919	1,252,098	18.69
1914.....	1,694,821	1,140,136	2,661,600	5,496,557	1,308,180	19.30
1915.....	2,204,595	1,113,396	2,724,500	6,042,491	1,438,112	21.19
1916.....	1,401,616	1,095,096	2,648,500	5,145,212	1,224,560	18.08
1917.....	1,491,098	1,111,159	3,127,200	5,729,457	1,363,610	20.24
1918.....	7,139,166	1,245,770	3,734,100	12,119,036	2,884,331	43.17
1919.....	5,936,100 ⁴	1,578,239	4,942,000	12,456,339	2,964,609	44.25
1920.....	7,620,800 ⁴	.....⁵	.....⁵	19,303,000	4,594,000	76.06
1921.....	43,864,700 ⁵	.....⁵	.....⁵	62,400,000	14,851,000	243.42

¹Statistisches Jahrbuch für das Deutsche Reich, 1905, p. 241; 1918, p. 66; and 1920, p. 181.

²Gross tax receipts are here given (embracing as probably they do a small amount of duplication) according to *Vierteljahrshefte zur Statistik des Deutschen Reichs*, Part 2, 1914 and Part 4, 1916-1918. For 1915-1916 to 1917-1918, budget estimates are used, *Statistische Jahrbücher für das Deutsche Reich*.

³This column represents estimates for the whole of Germany on the basis of per capita tax results for Prussia, exclusive of Berlin, embracing all the political subdivisions of the State. It was impossible to secure figures for Prussia for the year ended March 31, 1903, which would be on a basis comparable with other countries; special reports applicable to local taxation were available for the fiscal year 1903-1904. Data relating to cities and communities refer to the fiscal year 1905-1906 and being included in the 1903-1904 figures, tend to enhance slightly the burden of local taxation for that year. Source: *Statistische Jahrbücher für den Preussischen Staat, Preussischen Statistischen Landesamts*, Berlin.

⁴*Bulletin de Statistique et de Législation Comparée*, Ministère des Finances, Paris, Dec. 1920, p. 1249. Figures for 1919-1920 are provisional.

⁵*Wirtschaft und Statistik*, June, 1921, p. 290 and May, 1922, p. 349.

⁶Estimated amounts for these items included in the total.

⁷See Table 14.

TABLE 13: TOTAL RECEIPTS FROM TAXATION IN JAPAN

Fiscal Year Ending March 31	National Government ¹ (thousand yen)	Prefectures ² (thousand yen)	All Local Governments ³ (thousand yen)	Total (thousand yen)	In U.S. Currency at Par of Exchange ⁴	
					Amount (thousand dollars)	Per Capita, (dollars)
1903.....	164,933	46,596	58,603	270,132	134,661	2.88
1913.....	389,904	71,257	132,174	593,335	295,777	5.54
1914.....	400,311	68,993	135,474	604,778	301,482	5.61
1915.....	372,484	69,260	137,088	578,832	288,548	5.33
1916.....	344,822	67,551	140,252	552,625	275,484	5.06
1917.....	387,372	70,346	149,770	607,488	302,833	5.52
1918.....	483,368	81,441	172,978	737,787	367,787	6.66
1919.....	666,184	103,073	212,976	982,233	489,543	8.81
1920.....	933,553	144,294	277,000 ⁴	1,354,847	675,391	12.07
1921.....	734,901 ⁴	190,000 ⁴	470,000 ⁴	1,394,901	695,358	12.35

¹Financial and Economic Annual of Japan, Department of Finance, 1921, pp. 16-17, and *ibid.*, 1905, pp. 12-13.

²Includes rates only. Fees probably represent a small fraction of the total. District governments are unable to levy imposts of their own but are supported from the revenue of their property and from contributions from the towns and villages within their jurisdiction. Financial and Economic Annual of Japan, 1905, pp. 44-45 and *idem* 1920, pp. 38-39; *idem*, 1921, pp. 48-49; *Résumé Statistique de l'Empire du Japon, Département Impérial de Recensement*, 1922, pp. 152 ff.

³Figures accrued for the fiscal year up to the end of April. *Japan Financial and Economic Monthly*, June, 1921, p. 43.

⁴Partly estimated.

⁵See Table 14.

TABLE 14: PER CAPITA TOTAL TAXATION ON THE PRE-WAR PURCHASING POWER BASIS¹

Fiscal Year ²	United States	United Kingdom	France ³	Italy	Germany	Japan
1902-03	\$17.55	\$23.55	\$16.54	\$9.57	\$11.90 ⁴	\$2.88
1912-13	22.95	26.07	21.31	12.27	18.69	5.54
1913-14	22.93	27.11	22.29	12.16	19.30	5.61
1914-15	23.63	28.74	18.92	10.15	20.18	5.61
1915-16	22.11	31.17	13.05	8.69	12.73	5.22
1916-17	19.60	38.25	11.71	8.60	13.32	4.72
1917-18	30.96	35.70	10.46	6.80	24.53	4.11
1918-19	31.70	41.62	8.88	7.94	20.49	4.30
1919-20	34.72	44.82	12.69	7.39	18.95	4.55
1920-21	40.59	46.07	15.28 ⁴	7.89	19.46	5.35

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¹Because of the paucity of sufficiently comparable data, no attempt has been made to take cognizance of price changes prior to the World War, i.e., internal purchasing power was considered more or less stationary, with changes deemed relatively insignificant for the general purposes at hand. See Table 7, footnote 1, for statement as to method employed.

²In the case of France, the fiscal year refers to the calendar year the major portion of which falls within the fiscal years of other governments, i.e., in the fiscal year 1902-1903, the comparable fiscal year taken for France is the calendar year 1902.

³Fiscal year, 1903-1904.

⁴In the calendar year 1921, which in this table corresponds to the fiscal year 1921-1922 of other countries, the per capita taxation on a pre-war purchasing power basis was \$24.56.

**CHART 2: PER CAPITA TOTAL TAXATION OF GOVERNMENTS
ON THE PRE-WAR PURCHASING POWER BASIS**

(National Industrial Conference Board)

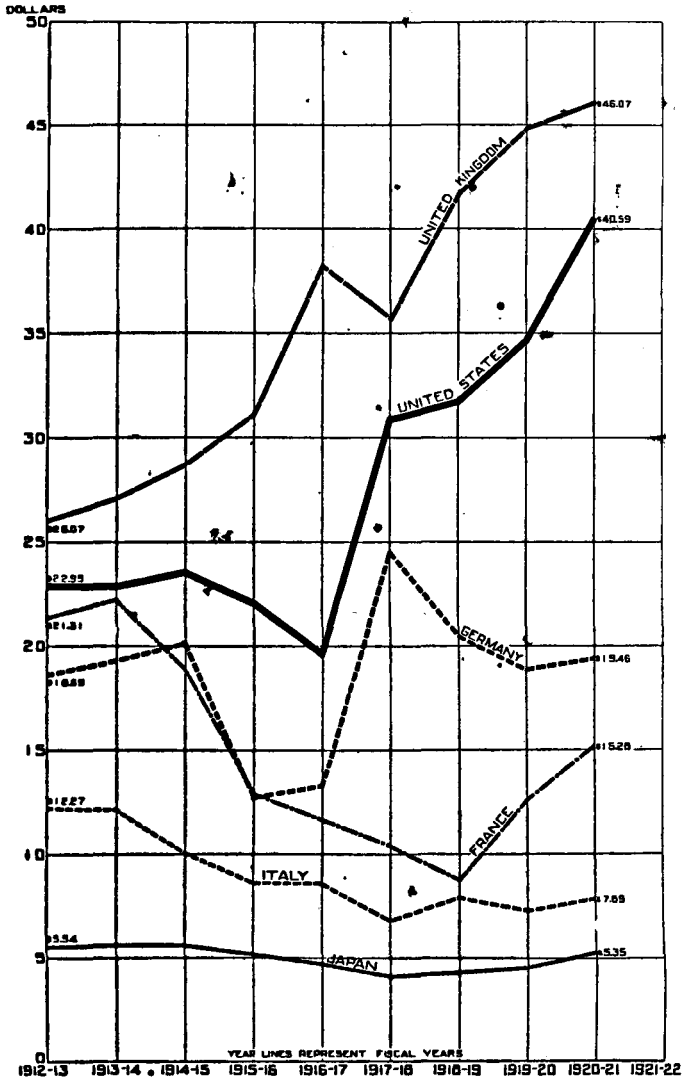


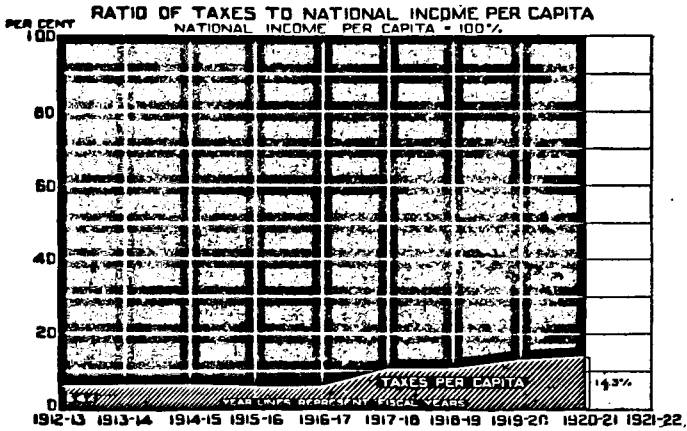
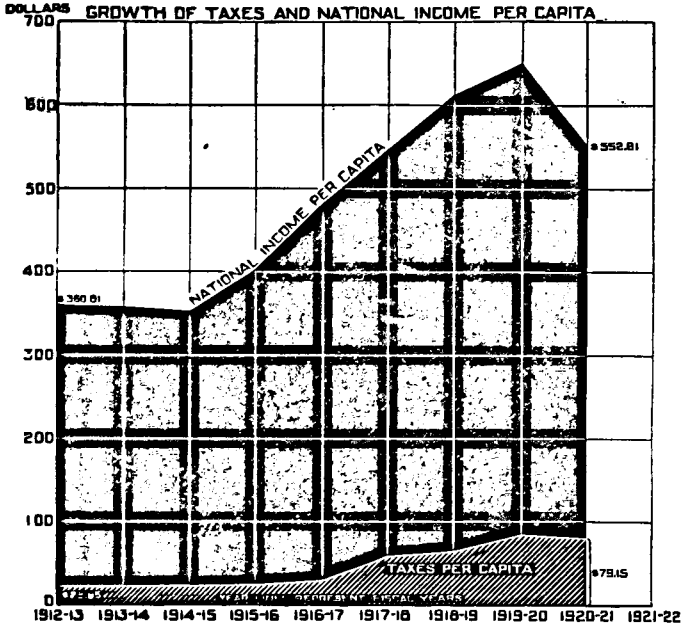
TABLE 15: PER CAPITA TOTAL TAXATION ON THE PRE-WAR PURCHASING POWER BASIS AS PERCENTAGE OF PRE-WAR NATIONAL INCOME

	United States	United Kingdom	France	Italy	Germany	Japan
Pre-war national income, per capita.	\$335	\$243	\$185	\$112	\$146	\$29
Per capita taxation as per cent of pre-war national income, fiscal years:						
1902-1903.....	5.2%	9.7%	8.9%	8.5%	8.2%	9.9%
1912-1913.....	6.9%	10.7%	11.5%	10.3%	12.8%	19.1%
1913-1914.....	6.8%	11.2%	12.0%	10.1%	13.2%	19.3%
1914-1915.....	6.7%	11.8%	10.2%	8.4%	13.8%	19.3%
1915-1916.....	6.2%	12.8%	7.1%	7.8%	8.7%	18.0%
1916-1917.....	5.5%	15.7%	6.3%	7.8%	9.1%	16.3%
1917-1918.....	8.7%	14.7%	5.7%	6.1%	16.8%	14.2%
1918-1919.....	8.9%	17.1%	4.8%	7.1%	14.0%	14.8%
1919-1920.....	9.8%	18.4%	6.9%	6.6%	13.0%	15.7%
1920-1921.....	11.4%	19.0%	8.3% ¹	7.0%	13.3%	18.4%

¹In 1921 the percentage was 13.2

CHART 3: TOTAL TAXATION AND NATIONAL INCOME, UNITED STATES

(National Industrial Conference Board)



**TABLE 16: RATIO OF TOTAL TAXATION TO NATIONAL INCOME—
UNITED STATES**

Fiscal Year	National Income Per Capita ¹	Total Taxation Per Capita ²	Ratio of Taxation to National Income
1912-1913....	\$360.81	\$22.95	6.36%
1913-1914....	357.52	22.93	6.41%
1914-1915....	351.66	23.28	6.62%
1915-1916....	402.77	24.54	6.09%
1916-1917....	482.75	28.81	5.97%
1917-1918....	546.83	57.59	10.53%
1918-1919....	612.83	64.66	10.55%
1919-1920....	648.94	84.37	13.00%
1920-1921....	552.91	79.15	14.32%

¹Arrived at by taking the average of two years' national income (figures of the National Bureau of Economic Research, Inc., in "Income in the United States, Its Amount and Distribution, 1909-1919," Harcourt, Brace and Company, New York, 1921) and dividing the resultant figure by the estimated population at the middle of the fiscal year. For the calendar years 1920 and 1921, the national income was independently estimated at \$72 billions and \$50 billions, respectively.

²Federal, state and local combined.

III

THE BURDEN OF TAXATION IN THE UNITED STATES

SUMMARY OF TAX SYSTEMS IN THE UNITED STATES

Before describing in detail the sources from which the tax data of this report are derived, it will be advantageous to view the whole fiscal structure as it exists today in order to understand better the complexities involved. The outstanding observation is that the present fiscal system in the United States has grown up around the political structure. This is, of course, an inevitable consequence of the manner in which the State has grown, and its development presents no fresh aspects whose counterparts cannot be found in every civilized region of the world where centralized authority exists. Local needs asserted themselves first, and as relations between localities became stronger and unification resulted, further burdens were superimposed on those designed to meet local requirements. The tax system as constituted today recognizes three distinct tax-levying authorities, viz., federal, state and the civil divisions of the latter, and contributions must be paid, either directly or indirectly, to each of the three.

Local Taxation

Local taxation in the United States is almost wholly grounded on property. The general property tax, or as it is sometimes called, the ad valorem tax, constitutes the pillar of local finance. As a general proposition, it is safe to maintain that over 90% of all local tax revenues are derived from this single source. The more backward or undeveloped a community is, the greater is its dependence on the general property tax, and the more closely does the percentage approach 100. In the more industrialized centers, considerable revenues are drawn from license taxes and from participation in state business and income taxes, but even in such localities, reliance on property taxes is pronounced and the latter constitute by far the largest single item of local government income.

Just what falls under the title "property taxes" varies from state to state. Property taxes as administered in the United

States usually assume the form of a proportional tax on the value of real estate, both land and improvements, and on personalty of every character and description. Exceptions may be found in the taxation of natural resources, such as in the case of the net output of mines or the net yield of forests, and qualifications may be discovered even in the methods of assessing value, as for example, taxes upon ships at a specific amount per registered ton or taxes upon grain at a specific amount per bushel.

In the tax systems of a few state governments, property taxes have been assigned to a subordinate position, but this situation does not obtain in a majority of the commonwealths. Originally, the general property tax served the double purpose of being the principal source of revenue for both the state and local governments, but as local needs grew, and as other bases of taxes sprang up, states have gradually begun to relinquish the general property tax. In the finances of the majority of states, the general property tax still holds first place, but there is an unmistakable tendency on the part of the more developed commonwealths to place greater and greater reliance on business and income taxes than heretofore. In three states, viz., California, Pennsylvania and Delaware, the general property tax is reserved entirely to the local governments; in others, as in New York, this source is tapped intermittently or irregularly by the state government. The bulk of the revenue of the more prosperous states is derived from taxes on capital stock, incomes, inheritances, corporations, banks and miscellaneous businesses and also from licenses for hunting and fishing, on motor vehicles, etc.

Federal Taxation

Federal revenues within recent years have acquired an entirely different complexion; an almost complete transformation has taken place in the relationship of the various sources. Before the entrance into the World War, the mainstays of federal finances were customs duties and internal revenue taxes on tobacco and liquors. Taxation of corporate and individual incomes had begun only in 1909 and 1913, respectively, but tested by its lucrativeness it played a secondary rôle. As soon, however, as the necessity for expanding the fiscal program became manifest early in the war, as a result of the prodigious increase

in government outlays, attention became focused on the income tax and its ally, the excess profits tax, and both became by far the principal revenue producers of the nation. From \$71 millions in 1913-1914, their combined yield grew to \$3,957 millions in 1919-1920, and along with them there developed a system of miscellaneous taxes and licenses to which the emergency gave birth. While before the war federal taxes constituted but 30.6% of all taxes combined, during the war the former increased to such an extent as actually to exceed the state and local taxes by a wide margin.

SOURCES AND CHARACTER OF DATA

One of the popularly recognized distinctions between public and private finance relates to the method employed in raising and expending the revenues. In private finance, income governs outgo; in public finance, expenditures shape and mould the revenue policy. In the individual economy, expenditures are usually circumscribed by the amount of current receipts, although at times the expected but still unrealized income enters into the calculations. In public economy, however, the reverse is usually true. The legislative bodies first fix the amounts which they undertake to appropriate, and this done, attention is then directed to securing ways and means to meet the obligations incurred. To contend that the legislator pays no heed to the credit side of his revenue accounts but merely visualizes the debits and determines their proportions, would, however, be a far-fetched and inaccurate notion of actual parliamentary procedure. There is always a limit to taxation, and political expediency very often dictates that even an approach to this condition must be avoided. Nevertheless, it should be recognized that as a general rule the expenditure policy is, within reasonable limits, mapped out long before consideration is given to the revenue aspects. Not infrequently a balance becomes impossible and deficit financing results. This is particularly true in times of war, when loans of all sorts are made to fill the void, with government fiat money sometimes issued when other recourses are considered inadvisable or less attractive; but even in periods of international tranquility, nations have repeatedly failed to meet their current expenses

out of revenue for long intervals at a time, as is evidenced by some of the South American countries.

This general situation has its reflection in the manner in which public accounts are kept. Where no budgets exist, where more interest is manifested in outgo than in income, where political corruption spreads its tentacles into the public treasury, or where men are elected or appointed as supervisory accounting officers whose technical qualifications are nebulous and whose possession of office represents the reward for party service, sound accounting principles of public finance must perforce give way at times to chaos and opportunism. There still are states that have not discarded their timeworn and antiquated systems of accounting, the retention of which would have long been conducive to bankruptcy were a private organization to pursue the same methods. Perhaps in few other fields of economic research is the investigator confronted with such inadequate, heterogeneous and disconnected data as in the domain of American public finance.

The only attempts at systematic and regular collection of data relating to the public finances of state and local governments have been made by the United States Bureau of the Census. Every year the latter now publishes a volume entitled "Financial Statistics of States" and "Financial Statistics of Cities over 30,000."¹ Financial statistics of municipalities under 30,000, of counties, villages, towns, townships, school and other districts, etc., are not regularly collected and published. The latest figures on tax levies for *all* the minor civil divisions of the states published by the Census Bureau appertain to the year 1902.² In 1913, the Census Bureau undertook the publication of financial data of cities under 30,000 but over 2,500 and also of counties, in addition to data for states and for cities over 30,000, which have appeared annually or biennially since 1902. Data for other local governments were not, however, included in the scope of the investigation. For both 1902 and 1912, the Census Bureau presented figures which gave the ad valorem tax levies of all states and local governments.

Special assessments on property were omitted from the totals in this report wherever the character of the data was such

¹Because of pressure due to the decennial Census, this series was interrupted in 1920 but was resumed in 1921.

²U. S. Department of Commerce and Labor. "Wealth, Debt, and Taxation." Special Reports of the Census Office, Washington, 1907.

as to render this course possible. Special assessments constitute exactions from the owners of property to defray the cost of a special public improvement which is made in the interest of the general citizenry, but which accrues to the special benefit of the individual involved. While a tax in its generic sense falls as a direct burden upon the payee, a special assessment theoretically leaves the property owner no poorer than theretofore, since he is usually compensated by the special benefits conferred or the special services rendered. A tax is a recurring charge levied on all forms of tangible and intangible property, on rights, privileges, occupations, etc., to be disbursed for any object which the legislative authorities see fit. Special assessments are, however, intermittent and non-recurring; they are levied only on realty and the revenue therefrom cannot be utilized for any other purpose than the particular improvement or services mentioned in the special legislation enacted.

In this report cash receipts for taxes were utilized in the case of federal and state finance, but levies of ad valorem taxes were primarily used in determining local burdens because of the paucity of statistics relating to their finances. Allowances were made for other tax levies and miscellaneous licenses. Whether or not the tax levy is wholly or partly collectible in the year to which it refers varies from state to state. Furthermore, the levy does not necessarily correspond to the actual collections, since practically every tax-levying authority has outstanding uncollected taxes, often running into high figures. On the other hand, receipts are to be recorded on account of taxes collected in any given fiscal period other than that in which they were originally levied. In the long run, these items may be assumed more or less to balance each other.

As far as the data permitted, duplications appearing in state and local finance accounts were eliminated. Local governments very often share in state sources of revenue or vice versa, and many difficulties presented themselves in the proper allocation of the items. In a few instances where the state accounts were presented in gross form, it was found necessary to credit the state government with the full amount, thus understating somewhat the local burdens. The total of state and local taxes was not, however, affected by this procedure.

In the following paragraphs the procedure in determining the tax burden by principal receiving sources is outlined:

(a) *Financial Data of the Federal Government.* Receipts of the Federal Government from income and excess profits taxes for the year 1919 classified by states, were derived from "Statistics of Income, 1919," published by the U. S. Bureau of Internal Revenue. These data represent the actual tax payments made by individuals and corporations, in the various states.¹ The grave shortcoming to be noted in the use of this material is that payments do not afford a true and accurate picture of the actual burdens borne by residents and legal entities of the respective states. An individual files his income tax return in the district where his local residence or principal place of business is located, and local entities file their returns in the districts containing their principal place of business or principal office. Obviously, if individuals or corporations derive their income from two or more states, their income tax is not apportioned among the states concerned, but the whole amount is credited to the one state in whose districts the returns are filed. This circumstance undoubtedly tends to upset the relative distribution of the federal tax burden by states, and detracts in no small way from the usefulness of the data. No satisfactory remedy appears at hand wherewith to make the proper allowances or corrections for this factor. This defect must nevertheless be continually borne in mind and any conclusions that are formulated must be qualified by this limitation.

Since payments on amount of income and excess profits taxes and the distribution of national income by states relate to the calendar year 1919, it was deemed essential that the balance of federal taxes be referable to the same period. The classification of other federal tax receipts by states, is undertaken only for the government fiscal year, and hence to secure comparability an average of the two fiscal years 1919-1920 and 1920-1921 was used. Taxes on legal and business transactions, on documents and on insurance, excise taxes on consumers and dealers, and miscellaneous taxes on occupations, acts and privileges, were considered as personal taxes, virtually always borne by the person upon whom they are at first levied. They present on the whole no complications with respect to the matter of state boundaries. Taxes on consumption and on services are, however, of interstate char-

¹These figures are likely to be swelled by collection of back taxes after returns are completely audited, but records of these adjustments are not available.

acter and it would be wholly indefensible to credit to a state where the article or service originates the total of taxes paid by the manufacturer or wholesaler in that state. Taxes on tobacco, beverages, excise taxes on manufactures, postage tax, customs duties and transportation taxes, all fall into this category. These taxes are in large part paid for directly by the ultimate consumer or are later shifted through the various stages of manufacture. These items were allocated among the states according to relative population, on the strength of the theory that they are primarily consumption taxes and that their weight falls more or less evenly on all economic classes, varying directly with the number of consumers. In so far as an appreciable portion of our customs duties is levied on luxuries which find their way among the wealthier classes that are centered in a few states along, say, the Atlantic coast, this method of distribution cannot perhaps be well defended, but taken by and large, the distribution of these taxes by states will vary with their population.

(b) *Financial Data of States.* As stated above, financial data relating to states are now published regularly by the Bureau of the Census. The latest one of the published series bears the date 1919 and presents tax receipts of state governments whose fiscal years end in the period between July 1, 1918, and June 30, 1919. For the purpose in hand, it was possible to use the Census figures for only fifteen states, viz., Arizona, California, Iowa, Kansas, Kentucky, Michigan, New Jersey, New York, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia, Wisconsin and Vermont, since their fiscal years all end June 30, 1919. Figures given by the Census Bureau for the remaining states refer to the fiscal year ending in 1918; hence it was necessary to secure data for the fiscal year ending in 1919 from reports of auditors, comptrollers and treasurers. In some cases captions and titles in the latter reports and statements were not clear enough to indicate the differentiation between fees and licenses, for example, and some tax items were highly doubtful. The cooperation of responsible officials was usually sought, but correspondence in some cases failed to bring about a satisfactory disposition of the queries submitted. These uncertainties were allowed to remain in the table, but the percentage of possible error due to their inclusion is relatively small or negligible.

(c) *Financial Data of Local Governments.* Difficulties abounded in securing local government material. In only a few states is an attempt made to secure and publish receipts and expenditures of counties, cities, towns and minor civil divisions. Such information is compiled annually principally in California, Iowa (cities and towns only), Massachusetts, Nevada, New Hampshire, Pennsylvania and Wisconsin, and quadrennially in Connecticut. In a few states it is compiled in incomplete form, as in Virginia; in others, only disbursements are shown, as in Maine. Hence, to obtain comparable results, it was found necessary to utilize levies of general property taxes for all local governments, with allowances made for miscellaneous taxes and license receipts, but even here obstacles presented themselves. In not all cases are such data collected. In Florida, Kentucky, Louisiana, Maryland, North Carolina, South Carolina, Tennessee, Texas and Wyoming, however, county and district taxes were available, or else rates and valuations for these civil divisions were extant on a basis of which computations could be made, with interpolations required wherever certain figures were lacking. Taxes and licenses of other civil divisions per capita were assumed to have grown as rapidly as county tax revenues per capita since 1902. For seven states no data whatever could be secured as to local taxes, viz., Alabama, Arkansas, Delaware, Mississippi, Montana, Nebraska and Oklahoma; tax receipts per capita of local governments were in these cases estimated on the basis of the increase in state taxes per capita since 1902. The latter figures constitute the least satisfactory in the table. For purpose of comparability, levies of ad valorem taxes, either actual or partly estimated, were usually employed with allowances made for miscellaneous tax receipts and licenses.

TAXATION BY STATES

While a knowledge of the burden that taxation places upon society serves a useful purpose, the value of such a study is considerably enhanced when it becomes localized and assumes a more specific and definite character than a national study permits. Estimates of the national income have recently been made available covering the years 1909-1919.¹ In connection with these estimates an attempt has been made to distribute

¹National Bureau of Economic Research, Inc. "Income in the United States," *op. cit.*

the national income for the year 1919 by states, which enables us to make a study of the real burden of taxation state by state, in order to bring out clearly local differences.¹

The state disclosing the highest percentage of its income diverted to the support of government in the form of taxes is New York with 17.2%. New York State contributed in 1919 one-eighth of the total income and excess profits taxes collected by the Federal Government. As stated elsewhere, however, federal tax payments in any state do not necessarily emanate from the income of the citizens of that state, and hence the burden is somewhat exaggerated. The same conclusion applies with equal or greater force to the state of Delaware, where federal tax collections are swelled by the fact that a large number of corporations operate under Delaware charters and file income tax returns from that state, although the business is conducted mostly in other commonwealths. Texas shows the lowest ratio of total taxes paid to income, namely 7.4%. In the vast majority of the states the ratio exceeds 10% and the general average is 12.1%. This means that in the calendar year 1919 the total tax bill represented one-eighth of the national income. (See Table 17 and Chart 4.)

That the burden of state and local taxes is higher in agricultural and mining states and that federal taxes fall more heavily on manufacturing states is one of the outstanding observations to be made from Table 17. State and local taxes constituted 9.1% in Montana; 8.1% in North Dakota; in Minnesota, 7.7%; Wisconsin, 7.1%; Nevada, 6.8%; Idaho, 6.6%; Utah, 6.5%; New Mexico, 6.4%; South Dakota, 6.3%; Colorado, 5.8%; Washington, 5.7%; Arizona, 5.6%; and New Hampshire and Nebraska, 5.5%. In New York, on the other hand, the portion of the respective state income diverted to state and local taxes was only 4.7%; in Pennsylvania, 3.1%; Michigan, 4.5%; and Ohio and Illinois, 4.3%. Federal tax collections constituted 12.5% of New York's income; 11.9% in Rhode Island; 11.5% in Delaware; 10.5% in Massachusetts; 10.3% in Michigan; 8.4% in Connecticut; 8.0% in Illinois; 7.8% in Missouri and Pennsylvania and 7.6% in North Carolina. In South Dakota, the ratio of federal taxes to state income was only 3.1%; in North Dakota, 3.2%; in Nevada, 3.1%; and in Idaho and Arizona only 3.5%.

¹Knauth, O. W., National Bureau of Economic Research, "Distribution of Income by States in 1919," Harcourt, Brace and Company, New York, 1922.

An explanation of this circumstance is to be found in the nature of the respective tax systems. Local taxes, which comprise the bulk of what falls under the combined heading "state and local" taxes, are based on realty and very little on personalty, in view of the evasions which are extensively practiced under the present administration of the general property tax laws in most states. They take no cognizance of profits, earnings, turnover, volume of sales, etc., except in a very general and indefinite way. State taxes are levied partly on property and partly on the basis of other norms. The farmer's wealth is largely tangible and conspicuous; that of other groups in society is in great part intangible and thus often escapes the eye of the tax assessor. Hence, the amount of income expropriated for local taxation is higher in agricultural states than in manufacturing states. Federal taxes, on the other hand, are largely based on income, both personal and corporate. Because of the general exemption features and defects inherent in estimating the farmer's income, the latter is not affected, as a general rule, by direct federal taxation, but the brunt of the burden falls on the industrialist. This disparity is very marked as between agricultural and industrial states.

Per capita taxes in 1919 were highest in New York, with \$148.36; followed by Massachusetts, with \$125.35; Delaware, \$124.41; Rhode Island, \$115.25 and Michigan, \$105.71. The distinction of having the lowest per capita tax falls to Alabama with \$26.47. In sixteen states, viz., Arizona, Florida, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, South Dakota, Utah, Washington and Wisconsin, state and local burdens per capita exceeded federal figures.

Table 18 shows the distribution of federal taxation by states in 1919 and Tables 19 to 21 inclusive present figures which afford a picture of the growth of state and local taxation in recent years.

In Table 22 there are tabulated per capita receipts from taxes and licenses of the principal cities of the United States. The growth of municipal taxes is merely a reflection of what has transpired in the finances of other civil divisions. In 1921, as far as data have been released by the Bureau of the Census,

Boston, Mass., shows the highest per capita tax, followed by Los Angeles, Cal., Seattle, Wash., Pittsburgh, Pa., and Bridgeport, Conn. The lowest per capita tax is shown by Mobile, Ala.

CHART 4: DISTRIBUTION OF TOTAL TAXATION BY STATES, UNITED STATES

(National Industrial Conference Board)

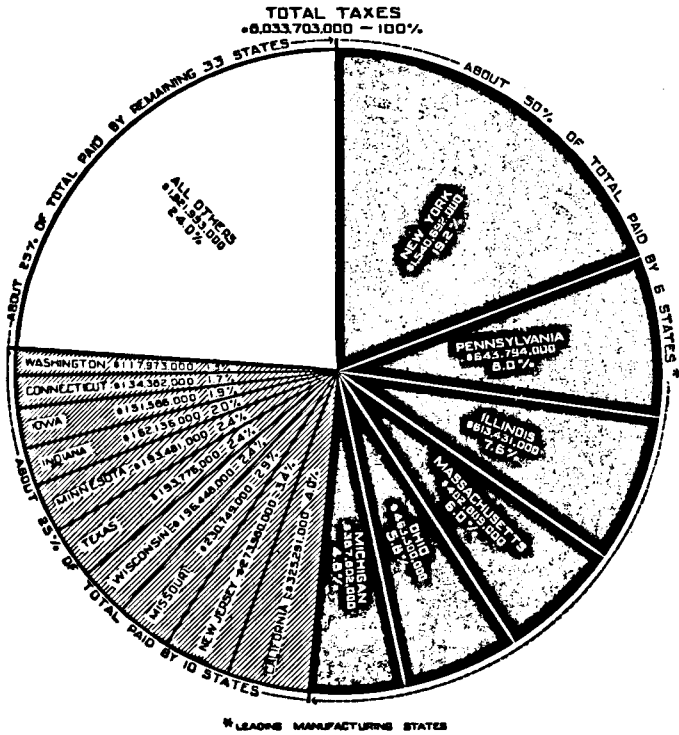


TABLE 17: TAXES RELATED TO INCOME, BY STATES, 1919

States	Total Income by States ¹ (thousands)	All Taxes			Total Taxes (thousands)
		Federal ² (thousands)	State (thousands)	Local (thousands)	
Alabama.....	\$812,496	\$42,468	\$6,220 ³	\$13,476 ⁴	\$62,164
Arizona.....	223,208	7,760	3,191 ⁵	9,383 ⁶	20,334
Arkansas.....	666,354	33,019	5,551 ⁷	15,428 ⁷	53,998
California.....	2,816,710	189,531	24,383 ⁸	111,377 ⁹	325,291
Colorado.....	603,538	39,224	6,339 ⁹	29,088 ⁹	74,651
Connecticut.....	991,276	82,809	12,651 ¹⁰	38,922 ⁹	134,382
Delaware.....	174,862	20,135	3,463 ¹¹	4,148 ¹¹	27,746
Dist. of Columbia.....	388,256	22,388	.....	9,334 ¹²	31,722
Florida.....	408,156	21,843	4,639 ¹³	16,043 ¹⁴	42,525
Georgia.....	1,144,924	68,657	8,118 ¹⁵	21,194 ¹⁵	97,969
Idaho.....	262,708	9,121	3,509 ¹⁶	13,945 ⁹	26,575
Illinois.....	4,968,008	398,969	28,385 ¹⁷	186,077 ⁶	613,431
Indiana.....	1,710,953	88,037	11,291 ¹⁸	62,808 ⁶	162,136
Iowa.....	1,711,725	64,838	11,931 ⁶	74,817 ⁶	151,586
Kansas.....	1,071,445	54,677	5,630 ⁶	49,409 ⁶	109,716
Kentucky.....	950,801	58,836	10,851 ⁶	28,782 ¹⁴	98,469
Louisiana.....	770,704	61,654	6,963 ¹⁹	29,468 ¹⁴	98,085
Maine.....	449,750	26,522	8,552 ²⁰	12,224 ⁶	47,698
Maryland.....	1,000,786	66,997	10,509 ²¹	24,122 ¹⁴	101,628
Massachusetts.....	3,017,861	321,365	33,914 ²²	127,610 ²³	482,889
Michigan.....	2,580,409	270,137	21,313 ⁶	96,352 ⁶	387,802
Minnesota.....	1,391,378	86,560	20,637 ²⁴	86,284 ⁶	193,481
Mississippi.....	629,512	32,240	4,757 ²⁵	22,410 ²⁵	59,407
Missouri.....	1,825,325	142,973	11,491 ²⁶	76,285 ¹⁴	230,749
Montana.....	284,367	11,882	3,640 ²⁷	22,188 ²⁸	37,710
Nebraska.....	916,751	35,852	7,519 ²⁹	42,830 ⁹	86,201
Nevada.....	66,500	2,093	1,401 ³⁰	3,170 ⁶	6,664
New Hampshire.....	266,092	15,154	3,396 ³¹	11,396 ⁹	29,946
New Jersey.....	2,394,845	163,132	25,623 ³²	85,225 ⁹	273,980
New Mexico.....	147,971	6,141	2,112 ³³	7,316 ³³	15,569
New York.....	8,960,762	1,121,074	76,112 ³⁴	343,506 ⁶	1,540,692
North Carolina.....	981,034	74,458	7,178 ³⁵	24,849 ¹⁴	106,485
North Dakota.....	335,520	10,697	2,493 ⁶	24,852 ⁶	38,042
Ohio.....	3,971,647	292,427	20,003 ⁶	150,870 ⁶	463,300
Oklahoma.....	1,086,829	48,310	8,526 ⁶	34,724 ⁶	91,560
Oregon.....	558,711	34,714	4,500 ³⁶	24,298 ⁶	63,512
Pennsylvania.....	5,950,620	464,894	46,075 ³⁷	132,825 ⁶	643,794
Rhode Island.....	433,114	51,367	4,761 ³⁸	13,520 ⁶	69,648
South Carolina.....	738,091	44,996	4,357 ³⁹	13,638 ¹⁴	62,991
South Dakota.....	440,470	13,705	3,104 ⁶	24,434 ⁶	41,243
Tennessee.....	855,467	56,833	7,770 ⁴⁰	24,839 ¹⁴	89,442
Texas.....	2,517,469	126,990	23,143 ⁴¹	43,643 ¹⁴	193,776
Utah.....	234,042	11,947	4,997 ⁴²	10,349 ⁶	27,293
Vermont.....	186,812	9,465	3,247 ⁶	5,415 ⁶	18,127
Virginia.....	994,443	65,931	11,936 ⁴³	18,819 ⁴³	96,686
Washington.....	1,073,048	56,076	11,791 ⁴⁴	50,106 ⁹	117,973
West Virginia.....	657,729	42,943	4,207 ⁶	28,113 ⁶	75,263
Wisconsin.....	1,472,664	91,369	15,924 ⁴⁵	89,155 ⁶	196,448
Wyoming.....	154,552	5,656	1,580 ⁴⁶	5,688 ¹⁴	12,924
Total.....	\$66,250,695	\$5,068,866	\$569,683	\$2,395,154	\$8,033,703

TABLE 17: TAXES RELATED TO INCOME, by STATES, 1919—continued

Total Taxes as Per Cent of Total Income	Federal Taxes as Per Cent of Total Income	State and Local Taxes as Per Cent of Total Income	Per Capita				States	
			Total Income of States	Federal Taxes	State Taxes	Local Taxes		Total Taxes
7.6	5.2	2.4	\$346	\$18.08	\$2.65	\$5.74	\$26.47	Alabama
9.1	3.5	5.6	668	23.22	9.55	28.09	60.86	Arizona
8.2	5.0	3.2	380	18.84	3.17	8.81	30.82	Arkansas
11.5	6.7	4.8	822	55.31	7.11	32.50	94.92	California
12.3	6.5	5.8	642	41.75	6.73	30.95	79.43	Colorado
13.6	8.4	5.2	718	59.98	9.16	28.18	97.32	Connecticut
15.8	11.5	4.3	784	90.29	15.52	18.60	124.41	Delaware
8.2	5.8	2.4	887	51.16	.....	21.33	72.49	Dist. of Columbia
10.5	5.4	5.1	421	22.55	4.79	16.57	43.91	Florida
8.6	6.0	2.6	395	23.71	2.81	7.32	33.84	Georgia
10.1	3.5	6.6	608	21.12	8.13	32.28	61.53	Idaho
12.3	8.0	4.3	766	61.52	4.38	28.69	94.59	Illinois
9.4	5.1	4.3	584	30.04	3.85	21.43	55.32	Indiana
8.9	3.8	5.1	712	26.97	4.96	31.12	63.05	Iowa
10.2	5.1	5.1	606	30.90	3.18	27.93	62.01	Kansas
10.4	6.2	4.2	393	24.35	4.49	11.91	40.75	Kentucky
12.7	8.0	4.7	429	34.28	3.87	16.38	54.53	Louisiana
10.6	5.9	4.7	586	34.53	11.14	16.44	62.11	Maine
10.2	6.7	3.5	690	46.22	7.25	16.64	70.11	Maryland
15.9	10.6	5.3	783	83.42	8.80	33.13	125.35	Massachusetts
15.0	10.5	4.5	703	73.64	5.81	26.26	105.71	Michigan
13.9	6.2	7.7	583	36.26	8.65	36.15	81.06	Minnesota
9.4	5.1	4.3	352	18.01	2.66	12.51	33.18	Mississippi
12.6	7.8	4.8	536	42.00	3.37	22.41	67.78	Missouri
13.3	4.2	9.1	518	21.65	6.62	40.42	68.69	Montana
9.4	3.9	5.5	707	27.65	5.80	33.05	66.50	Nebraska
9.9	3.1	6.8	859	27.04	18.10	40.95	86.09	Nevada
11.2	5.7	5.5	601	34.20	7.67	25.72	67.59	New Hampshire
11.5	6.8	4.7	759	51.69	8.12	27.00	86.81	New Jersey
10.6	4.2	6.4	411	17.04	5.86	20.30	43.20	New Mexico
17.2	12.5	4.7	863	107.95	7.33	33.08	148.36	New York
10.8	7.6	3.2	383	29.10	2.80	9.71	41.61	North Carolina
11.3	3.2	8.1	519	16.54	3.85	38.41	58.80	North Dakota
11.7	7.4	4.3	690	50.77	3.47	26.20	80.44	Ohio
8.4	4.4	4.0	536	23.82	4.21	17.12	45.15	Oklahoma
11.3	6.2	5.1	713	44.31	5.74	31.02	81.07	Oregon
10.9	7.8	3.1	682	53.31	5.28	15.23	73.82	Pennsylvania
16.1	11.9	4.2	717	84.99	7.88	22.38	115.25	Rhode Island
8.5	6.1	2.4	438	26.72	2.59	8.10	37.41	South Carolina
9.4	3.1	6.3	692	21.53	4.87	38.39	64.79	South Dakota
10.4	6.6	3.8	366	24.31	3.32	10.62	38.25	Tennessee
7.6	5.0	2.6	540	27.23	4.96	9.36	41.55	Texas
11.6	5.1	6.5	521	26.58	11.12	23.03	60.73	Utah
9.8	5.1	4.7	530	26.86	9.21	15.36	51.43	Vermont
9.7	6.6	3.1	431	28.55	5.17	8.15	41.87	Virginia
10.9	5.2	5.7	791	41.34	8.69	36.93	86.96	Washington
11.4	6.5	4.9	449	29.34	2.87	19.20	51.41	West Virginia
13.3	6.2	7.1	560	34.71	6.05	33.87	74.63	Wisconsin
8.4	3.7	4.7	795	29.09	8.13	29.26	66.48	Wyoming
12.1	7.6	4.5	\$627	\$47.95	\$5.39	\$22.66	\$76.00	Total

References: Table 17

¹Figures derived from "Distribution of the National Income by States, 1919," published by the National Bureau of Economic Research, Inc. (Harcourt, Brace & Company, New York, 1922.)

²For details, see Table 18.

³Annual Report of the Auditor of the State of Alabama, Year ending September 30, 1919, pp. 27-29.

⁴Estimated by allowing the maximum constitutional rates, plus miscellaneous taxes and allowances. Figures of assessed valuation were derived from the Annual Report of the Auditor of the State of Alabama for the Fiscal Year ending September 30, 1919, p. 81.

⁵Financial Statistics of States, 1919, Department of Commerce, Bureau of the Census, pp. 64-65.

⁶Includes also estimated amounts received from taxes other than on general property and licenses of every nature, based with certain adjustments on the experience of counties and cities over 8,000 in 1902 and 1913. In addition to Wealth, Debt and Taxation, 1907 and 1913, *op. cit.*, the following sources were used in securing the general property levy of counties and all local civil divisions: *Arizona*, Fifth Biennial Report of the Arizona Tax Commission, December 31, 1920, inserts, pp. 76, 78-79, 80-81 and 82; *Colorado*, Tenth Annual Report of the Colorado Tax Commission, 1921, pp. 100-103; *Connecticut*, Report of the Tax Commissioner for the Biennial Period, 1919 and 1920, pp. 140-147; *Idaho*, First Biennial Report of the Department of Finance to the Governor, 1919-1920, Exhibit G; *Illinois*, Biennial Report of the Auditor of Public Accounts, Nov. 15, 1920, pp. 179-183; *Indiana*, Annual Report of the Auditor of the State of Indiana for year ended Sept. 30, 1919, pp. 27-32; *Iowa*, Report of the Auditor of State for the Biennial Period ending June 30, 1920, pp. 140-149; *Kansas*, Seventh Biennial Report of the Tax Commission of the State of Kansas, for the period Oct. 16, 1918 and Oct. 15, 1920, pp. 256-257; *Maine*, 29th Annual Report of the Board of State Assessors of the State of Maine, 1919, pp. 134 and 135, with state taxes levied on cities and towns deducted (Cf. Seventh Biennial Report of the State Auditor for the Fiscal years ending Dec. 31, 1919 and Dec. 31, 1920, p. 54); *Michigan*, Report of the Board of State Tax Commissioners and State Board of Assessors, 1919-1920, pp. 96-97 and 102-103; *Minnesota*, Seventh Biennial Report of the Minnesota Tax Commission, 1920, p. 19; *Nebraska*, estimated on the basis of total levies of 1921, as furnished by the Department of Finance in specially tabulated form; *Nevada*, Biennial Report of the Nevada Tax Commission, 1919-1920, pp. 58-59; *New Hampshire*, 10th Annual Report of the New Hampshire State Tax Commission, tax year of 1920, pp. 39-40; *New Jersey*, Fourth Annual Report of the State Board of Taxes and Assessments for the year ending June 30, 1919, pp. 167, 356 and 360; *New York*, Annual Report of the State Tax Commission, 1919, pp. 497-501; *North Dakota*, Fifth Biennial Report of the North Dakota Tax Commissioner for the fiscal years 1919 and 1920, pp. 80-81; *Ohio*, 11th Annual Report of the Tax Commission of Ohio for the year ended Dec. 31, 1920, p. 8; *Oregon*, Sixth Biennial Report of the State Tax Commission, 1921, pp. 38-39; *Pennsylvania*, based on Report on Productive Industries, Railways, Taxes and Assessments, Waterways and Miscellaneous Statistics of the Commonwealth of Pennsylvania for the year 1920, Dept. of Internal Affairs, pp. 80 ff., with state license collections eliminated as far as possible; *Rhode Island*, Eighth Report of the Board of Tax Commissioners of the State of Rhode Island, for the Biennial period, 1919-1920, p. 42, insert, with estimated figures included for fire districts and other municipal subdivisions for which no data were available; *South Dakota*, Annual Report of the Tax Commission of the State of South Dakota, 1919-1920, pp. 88 *et seq.*; *Utah*, Biennial Report of the State Auditor for the period ending Nov. 30, 1920, p. 47; *Ver-*

mont, Biennial Report of the Commissioner of Taxes of the State of Vermont for the term ending June 30, 1920, pp. 126-131; *Washington*, Second Biennial Report of the State Tax Commissioner of Washington for the period ending Sept. 30, 1920, pp. 30-32; *West Virginia*, letter of the State Tax Commissioner to the National Industrial Conference Board under date of June 15, 1922; *Wisconsin*, 10th Biennial Report of the Wisconsin Tax Commission, 1920, p. 124, and Financial Statistics of Cities of Wisconsin, Wisconsin Tax Commission, pp. 20 ff.

⁷State taxes represent the average for the two years beginning Oct. 1, 1918 and ending Sept. 30, 1920. Biennial Report of the Treasurer of State of Arkansas, for the Biennial Period beginning Sept. 30, 1918 and ending Sept. 30, 1920, p. 24. Local taxes were estimated on the basis of suggestions and figures furnished by the Auditor of State in his letter to the National Industrial Conference Board, under dates of June 24 and June 28, 1922.

⁸Annual Report of Financial Transactions of Municipalities and Counties of California for the year 1919, pp. 33, 186-187 and 189, and *idem*, for the year 1920, pp. 61, 188-189 and 191. Average for the two years was employed in view of the fact that the tax figures cover the years ended June 30, 1919 and June 30, 1920.

⁹Biennial Report of the Auditor of State of Colorado, 1919-1920, pp. 37 ff.

¹⁰Report of the Treasurer for the Year ended June 30, 1920, Public Document No. 10, pp. 5 ff. Figures appertain to the fiscal year ended June 30, 1920, inasmuch as the preceding fiscal year was of only 9 months' duration.

¹¹Annual Report of the State Treasurer, 1919, pp. 13-15 and p. 26. Local taxes were estimated on the basis of the per capita increase in taxation in the City of Wilmington and in the County of New Castle. The latter information was furnished by the State Tax Department in its letter to the National Industrial Conference Board, dated June 30, 1922.

¹²Annual Report of the Commissioners of the District of Columbia, Year ended June 30, 1919, Vol. I, pp. 70-71.

¹³Report of the Comptroller of the State of Florida for the year ending December 31, 1919, pp. 7 ff.

¹⁴Property taxes for civil divisions other than counties were estimated on the basis of increases in county tax levies since 1902 with allowances for receipts from miscellaneous taxes and licenses. In addition to Wealth, Debt and Taxation, 1907 and 1913, *op. cit.*, the following sources were used which gave only property tax levies of counties: *Florida*, Report of the Comptroller of the State of Florida for the year ending December 31, 1919, pp. 136-137; *Kentucky*, based on a table forwarded by the State Tax Commission bearing date of January 23, 1922, which furnished a comparison of county tax levies in 1917 and 1921, with 1919 figures interpolated; *Louisiana*, State and Local Taxes for the year 1919 compiled by the Board of State Affairs, April, 1920, pp. 30 and 54-55; *Maryland*, Third Biennial Report of the State Tax Commission of Maryland, 1919-1920, pp. 27 ff, and Annual Report of the Comptroller of Baltimore City, for the fiscal year ended December 31, 1919; *Missouri*, Report of the State Auditor of Missouri for the Two Fiscal Years beginning January 1, 1919 and ending December 31, 1920, p. 607; *North Carolina*, Report of the State Tax Commission, 1919, p. 421; *South Carolina*, Report of the Comptroller General of South Carolina to the General Assembly for the Fiscal Year 1919, pp. 50-53; *Tennessee*, First Biennial Report of the Tennessee Board of Equalization, 1919-1920, p. 114, with municipal taxes estimated on the basis of the figure given for 1920 (*ibid.*, p. 135); *Texas*, Annual Report of the Comptroller of Public Accounts for the Fiscal Year ended August 31, 1919, Table 46, with estimates made in the counties for which rates were lacking; *Wyoming*, First Biennial Report of the State Board of Equalization, 1919-1920, pp. 44-64 and Appendix F.

¹⁵Annual Report of the Treasurer and State Bank Examiner of the State of Georgia for Year ending December 31, 1919, pp. 14 ff, and Report of the Comptroller-General of the State of Georgia for the Year ending December 31, 1920, pp. 25 ff. Local taxes were estimated on the basis of the average

rates paid by public service corporations on their assessed valuations: Report of the Comptroller-General for the Year ending December 31, 1919, pp. 239, 391 and 394.

¹⁸Average for two years. Fifteenth Biennial Report of the Auditor of the State of Idaho, October 1, 1918 to September 30, 1920, p. 26 ff.

¹⁷Biennial Report of the Auditor of Public Accounts, November 15, 1920, pp. 10 ff.

¹⁸Annual Report of the Auditor of the State of Indiana for the Year Ended September 30, 1919, pp. 6 ff.

¹⁹Biennial Report of the Auditor of Public Accounts of the State of Louisiana, for the years 1918 and 1919, Part II, pp. 38-42.

²⁰Seventh Biennial Report of the State Auditor for the Fiscal Years Ending December 31, 1919 and December 31, 1920, pp. 53-56.

²¹Annual Report of the Comptroller of the Treasury of the State of Maryland for the Fiscal Year Ending September 30, 1919, pp. 10 ff.

²²Report of the Auditor of the Commonwealth of Massachusetts for the Fiscal Year Ending November 30, 1919, pp. 2 ff.

²³Thirty-third Annual Report on the Statistics of County Finances for the Year Ending December 31, 1919, Commission of Corporations and Taxation, Division of Accounts, pp. 17-18, and 14th Annual Report on the Statistics of Municipal Finances, for City and Town Fiscal Years Ending between November 30, 1919 and March 31, 1920, Commission of Corporations and Taxation, p. viii.

²⁴Figures appertain to the fiscal year ended June 30, 1920, the previous fiscal period being only of eleven months' duration. Biennial Report of the State Auditor to the Legislature of Minnesota for the Fiscal Years Ending June 30, 1919, and June 30, 1920, p. 104.

²⁵Biennial Report of the Auditor of Public Accounts of the State of Mississippi, from October 1, 1917, to October 1, 1919, pp. 184 ff. Local taxes were estimated at suggestion of the Mississippi Tax Commission, on the basis of the average tax rates paid by the Cumberland Telephone and Telegraph Company in the State of Mississippi "which pays taxes in nearly every municipal, school district, road district and county in the State" (letter to the National Industrial Conference Board, dated June 24, 1922). This information was secured through the courtesy of the American Telegraph and Telephone Company.

²⁶Report of the State Auditor for the Two Fiscal Years beginning January 1, 1919, and ending December 31, 1920, pp. 7 ff.

²⁷According to a letter of the State Treasurer to the National Industrial Conference Board under date of May 10, 1922.

²⁸Based on figures compiled by the State Board of Equalization and the Montana Taxpayers' Association, Bulletins 1, 2 and 3, with allowance made for miscellaneous taxes and licenses.

²⁹Average for the two years ending November 30, 1920. Biennial Report of the Auditor of Public Accounts, State of Nebraska, 1919-1920, pp. 20 ff.

³⁰Annual Report of the State Controller, 1919, pp. 6-7.

³¹Report of the State Treasurer of the State of New Hampshire for the Fiscal Year Ending August 31, 1919, pp. 5 ff.

³²Report of the Joint Committee on Treasurer's Accounts and of the State Treasurer for the Fiscal Year Ending June 30, 1919; also Financial Statistics of States, 1919, *op. cit.*

³³Biennial Report of the Auditor of the State of New Mexico for the Seventh and Eighth Fiscal Years Ending November 30, 1920, pp. 5 ff. Local taxes comprise local levies as given in Report of Special Revenue Commission to the Governor and Legislature of the State of New Mexico, 1920, pp. 296 and 324, plus miscellaneous taxes and licenses estimated.

³⁴Report of the Comptroller for the Fiscal Year Ended June 30, 1920, pp. 6 ff.

- ²Biennial Report of the Treasurer of North Carolina, 1919-1920, pp. 24-25.
- ²Biennial Report of the State Treasurer, 1919-1920, pp. 25 ff.
- ²Smull's Legislative Handbook and Manual of the State of Pennsylvania, 1920, pp. 1005-1007.
- ²Annual Report of the General Treasurer from January 1 to December 31, 1919, pp. 13-14 and 29 ff.
- ²Report of the Comptroller-General of South Carolina to the General Assembly for Fiscal Year 1919, pp. 18 ff.
- ²Figures relate to the fiscal year ended June 30, 1920, the previous fiscal period extending only from December 19, 1918 to June 30, 1919. Biennial Report of the Comptroller of the Treasury, December 19, 1918, to June 30, 1920, to the 62nd General Assembly, pp. 29-32.
- ²Annual Report of the Comptroller of Public Accounts for the State of Texas, for the Year Ended August 31, 1919, pp. 8 ff.
- ²Biennial Report of the State Auditor for the Period Ending November 30, 1920, pp. 15-16.
- ²Annual Report of the Auditor of Public Accounts for the Fiscal Year Ending September 30, 1919, pp. 5 ff. Taxes and licenses in counties, districts and municipalities were derived from *ibid.*, pp. 245-260, with estimates made wherever data were lacking.
- ²Average for the two fiscal years ended September 30, 1920. 16th Biennial Report of the State Treasurer, October 1, 1918, to September 30, 1920, pp. 9 ff. and 79-80, and 16th Biennial Report of the Secretary of State, October 1, 1918, to September 30, 1920, p. 6.
- ²Average for the two fiscal years ended September 30, 1920. Biennial Report of the Treasurer of the State of Wyoming for the Two Years Ending September 30, 1920, pp. 8-9.

TABLE 18: FEDERAL TAXATION, BY STATES, 1919

State	Federal Taxes Other Than on Income and Excess Profits, 1918-1919 ¹	Federal Taxes Other Than on Income and Excess Profits, 1919-1920 ¹	Average for the Two Fiscal Years	Income and Excess Profits Taxes, Calendar Year 1919 ²	Total Federal Taxes, Calendar Year 1919 ²
Alabama.....	\$29,262,852	\$31,621,103	\$30,441,977	\$12,025,624	\$42,467,601
Arizona.....	4,140,773	4,858,543	4,499,658	3,260,190	7,759,848.
Arkansas.....	22,137,966	23,840,764	22,989,365	10,030,039	33,019,404
California.....	51,593,421	62,474,035	57,033,729	132,497,133	189,530,862
Colorado.....	12,958,916	15,915,309	14,437,112	24,787,094	39,224,206
Connecticut.....	22,636,500	31,238,561	26,937,530	55,871,632	82,804,162
Delaware.....	3,650,217	4,450,991	4,050,604	16,084,310	20,134,914
District of Columbia.....	7,066,290	8,544,441	7,805,365	14,582,338	22,387,703
Florida.....	12,188,391	14,141,573	13,164,982	8,678,063	21,843,045
Georgia.....	35,845,360	40,496,138	38,170,749	30,486,348	68,657,097
Idaho.....	5,403,586	6,388,462	5,896,024	3,225,458	9,121,482
Illinois.....	97,919,179	122,579,671	110,249,426	288,719,957	398,969,383
Indiana.....	38,205,488	43,955,355	41,080,422	46,956,947	88,037,369
Iowa.....	32,531,722	37,282,230	34,906,976	29,930,591	64,837,567
Kansas.....	23,093,424	26,008,407	24,550,915	30,126,229	54,677,144
Kentucky.....	38,207,831	33,731,850	35,969,840	22,866,488	58,836,328
Louisiana.....	23,952,154	28,006,836	25,979,495	35,674,605	61,654,100
Maine.....	9,751,806	12,704,448	11,228,127	15,293,633	26,521,760
Maryland.....	20,310,218	23,922,535	22,116,376	44,880,465	66,996,841
Massachusetts.....	60,277,385	71,456,643	65,867,015	255,498,234	321,365,249
Michigan.....	49,800,453	59,423,887	54,612,171	215,525,055	270,137,226
Minnesota.....	33,582,582	37,492,976	35,537,779	51,021,768	86,559,547
Mississippi.....	22,023,134	23,657,572	22,840,353	9,400,061	32,240,414
Missouri.....	45,628,775	54,166,946	49,897,861	93,074,770	142,972,631
Montana.....	6,974,068	8,449,439	7,711,753	4,170,283	11,882,036
Nebraska.....	16,974,101	20,554,602	18,764,351	17,087,908	35,852,259
Nevada.....	1,333,939	1,165,605	1,249,772	843,714	2,093,486

TABLE 18: FEDERAL TAXATION, BY STATES, 1919—continued

State	Federal Taxes Other Than on Income and Excess Profits, 1918-1919 ¹	Federal Taxes Other Than on Income and Excess Profits, 1919-1920 ²	Average for the Two Fiscal Years	Income and Excess Profits Taxes, Calendar Year 1919 ³	Total Federal Taxes, Calendar Year 1919 ⁴
New Hampshire.....	\$5,806,704	\$6,924,138	\$6,365,421	\$8,789,034	\$15,154,455
New Jersey.....	48,229,899	52,725,652	50,477,775	112,653,910	163,131,685
New Mexico.....	3,964,506	5,615,132	4,789,819	1,351,608	6,141,427
New York.....	187,347,043	252,281,509	219,814,277	901,260,106	1,121,074,383
North Carolina.....	31,523,031	37,752,124	34,637,577	39,820,264	74,457,841
North Dakota.....	7,863,680	8,799,142	8,331,411	2,365,148	10,696,559
Ohio.....	79,395,114	96,127,017	87,761,066	204,665,610	292,426,676
Oklahoma.....	25,461,147	29,515,721	27,488,434	20,821,150	48,309,584
Oregon.....	10,352,609	12,657,579	11,505,094	23,208,519	34,713,613
Pennsylvania.....	127,441,848	147,998,276	137,720,063	327,173,572	464,893,635
Rhode Island.....	8,125,249	10,075,273	9,100,261	42,266,986	51,367,247
South Carolina.....	21,082,716	23,023,788	22,053,252	22,943,148	44,996,400
South Dakota.....	8,004,883	9,438,480	8,721,681	4,983,610	13,705,291
Tennessee.....	29,251,267	32,942,991	31,097,129	25,736,315	56,833,444
Texas.....	59,191,119	72,638,827	65,914,973	61,074,597	126,989,570
Utah.....	5,807,478	7,553,947	6,680,712	5,266,090	11,946,802
Vermont.....	4,042,207	4,984,118	4,513,162	4,951,589	9,464,751
Virginia.....	29,583,910	33,006,222	31,295,066	34,635,612	65,930,678
Washington.....	18,499,827	22,087,480	20,293,653	35,781,929	56,075,582
West Virginia.....	18,789,493	21,038,139	19,913,816	23,029,103	42,942,919
Wisconsin.....	34,979,254	41,227,794	38,103,524	53,265,248	91,368,772
Wyoming.....	2,785,710	3,085,242	2,935,476	2,720,980	5,656,456
Totals.....	\$1,494,979,225	\$1,780,027,513	\$1,637,503,369	\$3,431,363,065	\$5,068,866,434

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¹Includes Federal tax on legal and business transactions and documents, excise taxes on consumers and dealers, taxes on estates, insurance, occupations, acts, etc., plus customs, other internal revenue and other taxes apportioned on a per capita basis. Figures were derived from the Annual Reports of the Secretary of the Treasury and of the Commissioner of Internal Revenue.

²Statistics of Income, 1919, compiled from the returns under the direction of the Commissioner of Internal Revenue, p. 20.

⁴Sum of preceding two columns.

TABLE 19: GENERAL PROPERTY TAX LEVIES OF LOCAL GOVERNMENTS¹

	1912 ^a	1919	1920	1921
Arizona.....	\$3,094,920	\$8,537,244 ³	\$11,236,820 ³	\$11,368,642 ³
California.....	65,389,308 ⁴	96,781,946 ⁴	120,214,703 ⁴	157,837,612 ⁴
Colorado.....	15,082,201 ⁵	28,091,619 ⁵	33,895,062 ⁵	.....
Connecticut.....	16,309,695 ⁶	37,048,714 ⁶	.....⁶	.....
District of Columbia.....	6,086,933 ⁷	8,894,311 ⁷	9,489,153 ⁷	12,557,348 ⁷
Florida.....	4,491,505 ⁸	10,184,700 ⁸	11,494,508 ⁸	12,577,515 ⁸
Idaho.....	5,936,278	13,567,770 ⁹	17,318,131 ⁹	18,113,141 ⁹
Illinois.....	84,637,279 ¹⁰	173,495,250 ¹⁰	196,514,890 ¹⁰	.....
Indiana.....	39,139,131 ¹¹	60,082,404 ¹¹	64,821,696 ¹¹	103,515,749 ¹¹
Iowa.....	33,689,650 ¹²	71,504,067 ¹²	87,949,623 ¹²	94,242,587 ¹²
Kansas.....	24,437,050 ¹³	49,563,826 ¹³	62,586,400 ¹³	67,458,178 ¹³
Kentucky.....	5,335,227	10,488,000 ¹⁴	12,669,000 ¹⁴	14,850,859 ¹⁴
Louisiana.....	9,338,259	23,768,402 ¹⁵	31,121,468 ¹⁵	32,450,773 ¹⁵
Maine.....	7,178,024 ¹⁶	11,716,126 ¹⁶	15,947,137 ¹⁶	17,243,039 ¹⁶
Maryland.....	13,511,395	21,964,508 ¹⁷	31,267,088 ¹⁷	33,619,029 ¹⁷
Massachusetts.....	68,302,305 ¹⁸	105,350,234 ¹⁸	128,149,717 ¹⁸	138,658,332 ¹⁸
Michigan.....	37,791,115 ¹⁹	93,343,594 ¹⁹	123,059,739 ¹⁹	137,934,186 ¹⁹
Minnesota.....	32,631,248 ²⁰	78,219,687 ²⁰	99,107,868 ²⁰	99,257,785 ²⁰
Missouri.....	26,762,387 ²¹	44,265,320 ²¹	50,958,870 ²¹	.....
Montana.....	8,905,503 ²²	21,062,357 ²²	24,085,772 ²²	25,187,433 ²²
Nevada.....	1,668,949	2,961,657 ²³	3,543,547 ²³	3,800,182 ²³
New Hampshire.....	5,347,763 ²⁴	10,298,878 ²⁴	10,536,642 ²⁴	12,684,238 ²⁴
New Jersey.....	39,057,645 ²⁵	75,146,194 ²⁵	95,253,262 ²⁵	107,687,910 ²⁵
New Mexico.....	2,415,524	7,015,751 ²⁶	.....	.....
New York.....	214,089,769 ²⁷	315,253,664 ²⁷	346,898,159 ²⁷	406,596,823 ²⁷
North Carolina.....	6,123,476 ²⁸	16,995,110 ²⁸	.....	.....
North Dakota.....	9,987,454 ²⁹	24,477,188 ²⁹	27,041,228 ²⁹	26,761,168 ²⁹
Ohio.....	69,650,523 ³⁰	141,136,270 ³⁰	200,059,138 ³⁰	210,617,128 ³⁰

TABLE 19: GENERAL PROPERTY TAX LEVIES OF LOCAL GOVERNMENTS—continued

	1912 ^a	1919	1920	1921
Oregon.....	\$16,184,428 ²¹	\$22,668,809 ²¹	\$28,265,172 ²¹	\$31,557,679 ²¹
Pennsylvania.....	99,395,062 ²²	145,292,991 ²²	169,821,385 ²²	197,858,532 ²²
Rhode Island.....	7,421,662 ²³	12,449,523 ²³	16,090,288 ²³	16,742,437 ²³
South Carolina.....	3,574,478 ²⁴	8,493,030 ²⁴	12,458,353 ²⁴	12,827,134 ²⁴
South Dakota.....	9,301,998	23,795,110 ²⁵	31,497,187 ²⁵	29,762,379 ²⁵
Tennessee.....	6,198,183	12,188,603 ²⁶	15,815,542 ²⁶	17,642,678 ²⁶
Texas.....	10,956,708	22,472,000 ²⁷	24,568,000 ²⁷	.....
Utah.....	5,026,716	9,719,933 ²⁸	13,690,494 ²⁸	14,112,082 ²⁸
Vermont.....	3,760,462	5,389,851 ²⁹	7,351,881 ²⁹	8,085,778 ²⁹
Washington.....	25,347,498	49,522,241 ³⁰	55,038,404 ³⁰	50,887,751 ³⁰
West Virginia.....	9,909,114	26,678,640 ³¹	32,212,400 ³¹	34,854,116 ³¹
Wisconsin.....	31,056,701 ³²	70,002,970 ³²	88,482,416 ³²	89,403,390 ³²
Wyoming.....	1,798,420 ³³	4,622,173 ³³	5,518,284 ³³	7,257,480 ³³

SUMMARY OF TABLE 19

<i>States reporting figures, 1912-1921:</i>	
Number.....	34
Increase, 1919 over 1912.....	78.0%
Increase, 1920 over 1919.....	22.1%
Increase, 1921 over 1920.....	12.3%
Increase, 1921 over 1912.....	144.2%
<i>States reporting figures, 1912-1920:</i>	
Number.....	38
Increase, 1919 over 1912.....	80.3%
Increase, 1920 over 1919.....	21.0%
Increase, 1920 over 1912.....	118.2%
<i>States reporting figures, 1912-1919:</i>	
Number.....	41
Increase, 1919 over 1912.....	82.1%

References: Table 19

¹Unless otherwise stated, the figures appertain to counties, cities, towns, townships, villages, boroughs, school, fire and other districts, etc., and represent *levies* of general property taxes, but in the case of California and Pennsylvania figures of actual collection (including licenses) were used. In some cases, the figures include taxes other than those falling under the head of general property taxation, because of the fact that comparability might be vitiated were a segregation made in the data presented. Appropriate notations to this effect are made in the footnotes wherever such instances occur.

²Derived from Wealth, Debt and Taxation, 1913, Department of Commerce, Bureau of the Census, Vol. I, pp. 797 ff, unless otherwise noted.

³Fifth Biennial Report of the Arizona Tax Commission, Dec. 31, 1920, pp. 76, 78-82 and inserts. Figures for 1921 were submitted by the Arizona State Tax Commission in a letter to the National Industrial Conference Board under date of June 12, 1922.

⁴Annual Report of Financial Transactions of Municipalities and Counties of California for the year 1912, pp. 32, 72 and 73; *idem*, for the year 1919, pp. 33, 186, 187 and 189; *idem*, for the year 1920, pp. 61, 69, 188, 189 and 191; *idem*, for the year 1921, pp. 56, 63, 165 and 185.

⁵Third Annual Report of the Colorado Tax Commission, 1914, pp. 60-61; Tenth Annual Report, 1921, *idem*, pp. 100-103.

⁶Report of the Tax Commissioner for the Biennial Period 1919 and 1920, pp. 140 and 151. For 1912, the Census figures were used (Wealth, Debt and Taxation, 1913, Vol. I, p. 797) diminished by the amount paid out by the towns as a military tax to the state (Report of the Tax Commissioner for the Biennial Period 1913-1914, pp. 187-188.)

⁷Annual Report of the Commissioners of the District of Columbia, Year ended June 30, 1912, Vol. I, p. 62; *idem*, Year ended June 30, 1920, Vol. I, pp. 114 ff.; *idem*, year ended June 30, 1921, pp. 8-9.

⁸County taxes only. Report of the Comptroller of the State of Florida, for the year ending Dec. 31, 1912, pp. 194-195; *idem*, for the year ending Dec. 31, 1919, pp. 136-137; *idem*, for the year ending Dec. 31, 1920, pp. 88-89; *idem*, for the year ending Dec. 31, 1921, pp. 166-167.

⁹First Biennial Report of the Department of Finance to the Governor, 1919-1920, Exhibit G, and letter from the Department of Finance, addressed to the National Industrial Conference Board, bearing date of July 7, 1922. Figures for 1920 and 1921 include, however, special assessments of cities and villages.

¹⁰Biennial Report of the Auditor of Public Accounts, 1913-1914, p. 135 and *idem*, 1919-1920, pp. 10 ff. Figures for 1920 were submitted by the State Auditor in a letter to the Board under date of June 13, 1922. Includes dog taxes.

¹¹Annual Report of the Auditor of State of the State of Indiana for the Fiscal year ending Sept. 30, 1913, pp. 32 ff; *idem*, for the fiscal year ending Sept. 30, 1919, as reprinted from Year Book, pp. 27-32; *idem*, for the Fiscal Year ending Sept. 30, 1920, pp. 153-158. Figures for 1921 were obtained from a letter by the State Board of Tax Commissioners addressed to the National Industrial Conference Board under date of June 23, 1922.

¹²Report of the Auditor of State for the Biennial Period ending June 30, 1914, p. 378; *idem*, Biennial Period ending June 30, 1920, pp. 140-149; Valuation and Taxes, compiled by the State Auditor, 1922, pp. 7 ff.

¹³Third Report of the Tax Commission of the State of Kansas, for the Period Oct. 16, 1910 and Oct. 16, 1912, p. 168; *idem*, for the Period Oct. 16, 1918 and Oct. 15, 1920, pp. 256-257. Figures for 1920 and 1921 were furnished by the State Tax Commission in its letter to the National Industrial Conference Board under date of June 29, 1922.

¹⁴County taxes only. Figures for 1919 and 1920 interpolated. Chart prepared by the State Tax Commission bearing date of Feb. 14, 1922.

¹⁵County taxes, including City of New Orleans. State and Local Taxes for the year 1919, compiled by the Board of State Affairs, April, 1920, pp.

54-55 and p. 280; and Fifth Annual Report of the Louisiana Tax Commission (formerly Board of State Affairs) for the year 1921, pp. 284-287.

¹²Twenty-ninth Annual Report of the Board of State Assessors of the State of Maine, 1919, pp. 134-135; 30th Annual Report, 1920, *idem*, p. 135; 22nd Annual Report, 1912, *idem*, p. 135. Figures for 1921 were submitted by the Board of State Assessors in its letter to the National Industrial Conference Board under date of May 6, 1922. State taxes on cities and towns were deducted, being derived from the Third Biennial Report of the State Auditor for the Fiscal Years ending Dec. 31, 1911 and Dec. 31, 1912, p. 53; 7th Biennial Report, *idem*, Dec. 31, 1919 and Dec. 31, 1920, pp. 40 and 233; and letter from the Board of State Assessors, dated June 20, 1922.

¹³County taxes, including City of Baltimore, as computed from rates and valuations given in Third Biennial Report of the State Tax Commission of Maryland, 1919-1920, pp. 27 ff, Fourth Biennial Report, *idem*, 1920-1921, pp. 13 ff.

¹⁴Including polls. Annual Report of the Commissioner of Corporations and Taxation for the year ending Nov. 30, 1921, Public Document No. 16, p. 65.

¹⁵Report of the Board of State Tax Commissioners and State Board of Assessors, 1913-1914, pp. 78-79; *idem*, 1919-1920, pp. 96-97 and 102-103. Figures for 1920 and 1921 were submitted by the Board of State Tax Commissioners in its letter to the Board under date of June 14, 1922.

¹⁶Fourth Biennial Report of the Minnesota Tax Commission, 1914, p. 343 ff; Seventh Biennial Report, *idem*, 1920, pp. 240-259. Excludes money and credits taxes. Figures for 1921 derived from a chart furnished by the Minnesota Tax Commission.

¹⁷Counties only. Report of the State Auditor for the Two Fiscal Years, beginning Jan. 1, 1911 and ending Dec. 31, 1912, p. 483; *idem*, 1919-1920, pp. 605-607.

¹⁸Figures obtained from compilations of the State Board of Equalization and Bulletins 1, 2 and 3, of the Montana Taxpayers' Association.

¹⁹Estimated tax revenue. Biennial Report of the Nevada Tax Commission, 1919-1920, pp. 58-59; County and City Budgets for the year 1922, compiled from budgets filed with the Nevada Tax Commission, which give figures for 1921 and 1922.

²⁰Tenth Annual Report of the New Hampshire State Tax Commission, Tax Year of 1920, pp. 39-40; 11th Annual Report, *idem*, 1921, pp. 29-30. Includes polls.

²¹Eighth Annual Report of the Board of Equalization of Taxes for year ending Oct. 31, 1912, p. 135; Fourth Annual Report of the State Board of Taxes and Assessments for the year ending June 30, 1919, p. 167; *idem*, for the year ending June 30, 1920, p. 140, *idem*, for the year ending June 30, 1921, p. 121. Excludes municipal franchise and gross receipts taxes.

²²Report of the Special Revenue Commission to the Governor and Legislature of the State of New Mexico, 1920, pp. 296 and 324.

²³Annual Report of the State Board of Tax Commissioners, 1912, pp. 520-521; Annual Report of the State Tax Commission, 1919, pp. 497-501; *idem*, 1919, pp. 497-501; *idem*, 1920, pp. 369-371; Figures for 1921 were furnished by the State Tax Commission in letters addressed to the National Industrial Conference Board and bearing dates of June 13 and July 11, 1922.

²⁴Counties and schools only. Capitation taxes and miscellaneous licenses included. Report of the State Tax Commission, 1913, p. 339; *idem*, 1920, p. 439.

²⁵Fifth Biennial Report of the North Dakota Tax Commissioner for the Fiscal Years 1919 and 1920, pp. 80-81; figures for 1920 and 1921 were derived from data enclosed by the Tax Department in its letter to the National Industrial Conference Board under date of June 23, 1922.

²⁶Fifth Annual Report of the Tax Commission of Ohio, 1914, p. 376; *idem*, for the year ending Dec. 31, 1920, p. 8. The figures for 1920 and 1921 were

derived from a circular issued by the Office of the Tax Commission, Department of Finance.

³¹Second Biennial Report of the State Tax Commission, 1913, p. 85; Sixth Biennial Report, 1921, *idem*, pp. 38-41; and letter of the State Tax Commission to the National Industrial Conference Board under date of June 16, 1922.

³²Includes licenses collected by local governments, part of which reverts to the State government. Amount for 1912 was secured from Report of the Secretary of Internal Affairs for the year ending Nov. 30, 1912, Part I, p. 9B; figures for 1919 were interpolated; figures for 1920 and 1921 were derived from Report on Productive Industries, Railways, Taxes and Assessments, Waterways and Miscellaneous Statistics of the Commonwealth of Pennsylvania for the year 1920, Dept. of Internal Affairs, p. 889.

³³Data refer to municipalities and are exclusive of amounts reverting to the State. First Annual Report of the Board of Tax Commissioners, Jan. 15, 1912, pp. 119 ff; Eighth Annual Report of the Board of Tax Commissioners of the State of Rhode Island for the Biennial Period 1919-1920, p. 42 insert. Figures for 1921 were derived from data submitted by the Board of Tax Commissioners in its letter to the National Industrial Conference Board under date of June 14, 1922.

³⁴Counties and schools only. Includes capitation and dog taxes. Report of the Comptroller-General of South Carolina to the General Assembly for the Fiscal Year 1912, Part II, pp. 93-96; *idem*, for the Fiscal Year 1919, pp. 50-53; *idem*, for the Fiscal Year 1920, pp. 61-64, Seventh Annual Report of the South Carolina Tax Commission, 1921, pp. 111-114.

³⁵Annual Report of the Tax Commission of the State of South Dakota, 1919-1920, pp. 108-109; *idem*, 1920-1921, pp. 106-107. Figures for 1921 were submitted by the State Tax Commission in its letter to the National Industrial Conference Board under date of June 15, 1922.

³⁶Counties only. First Biennial Report of the Tennessee State Board of Equalization, 1919-1920, pp. 114 and 135; letter of the State Tax Department to the National Industrial Conference Board under date of June 20, 1922.

³⁷For counties only, computed from tax rates and valuations with figures interpolated in the case of counties for which rates were lacking. Annual Report of the Comptroller of Public Accounts for the Fiscal Year ended Aug. 31, 1919, Table 46 and *idem*, Fiscal year ended Aug. 31, 1920, Table 80.

³⁸Biennial Report of the State Auditor for the Period ending Nov. 30, 1920, pp. 47-48; mimeographed compilation furnished by the State Board of Equalization.

³⁹Biennial Report of the Commissioner of Taxes of the State of Vermont for the Term ending June 30, 1920, pp. 126-131, and letter of the Commissioner of Taxes under date of July 8, 1922, addressed to the National Industrial Conference Board.

⁴⁰Second Biennial Report of the State Tax Commissioner of Washington for the Period ending Sept. 30, 1920, pp. 30-32; Statement of 1921 Taxes Due in 1922, prepared by the Division of Municipal Corporations, pp. 7-8.

⁴¹Letter of the State Tax Commissioner to the National Industrial Conference Board, dated June 15, 1922.

⁴²Includes soldiers' bonus in 1919. Tenth Biennial Report of the Wisconsin Tax Commission, 1920, p. 124 and Bulletin No. 15 of the Wisconsin Tax Commission, June, 1922. Figures for 1921 were submitted by the Wisconsin Tax Commission in its letter to the National Industrial Conference Board under date of June 15, 1922.

⁴³Counties and school districts only. Third Biennial Report of the Commissioner of Taxation of Wyoming, 1913-1914, p. 76; First Biennial Report of the State Board of Equalization of Wyoming, 1919-1920, pp. 44-64 and Appendix F. Figures for 1921 were furnished by the State Board of Equalization in its letter to the National Industrial Conference Board under date of June 15, 1922.

TABLE 20: PER CAPITA LOCAL LEVIES OF THE GENERAL PROPERTY TAX*

State	1912	1919	1920	1921
Arizona.....	\$13.41	\$26.58	\$33.63	\$32.75
California.....	24.51	29.13	35.08	44.69
Colorado.....	17.08	30.35	36.07	.....
Connecticut.....	13.80	27.36	.....	.....
District of Columbia.....	17.49	20.83	21.69	28.02
Florida.....	5.44	10.76	11.87	12.70
Idaho.....	15.67	32.21	.....	.....
Illinois.....	14.34	27.11	30.30	.....
Indiana.....	14.18	20.67	22.12	35.05
Iowa.....	15.16	29.97	36.58	28.91
Kansas.....	13.86	28.14	.....	.....
Kentucky.....	2.28	4.36	5.24	6.12
Louisiana.....	5.35	13.32	17.30	17.90
Maine.....	15.46	15.31	20.76	22.38
Maryland.....	10.16	15.31	21.57	22.95
Massachusetts.....	19.25	27.70	33.27	35.54
Michigan.....	12.87	26.05	33.55	36.74
Minnesota.....	14.96	33.20	41.52	41.05
Missouri.....	7.98	13.05	.....	.....
Nevada.....	17.62	38.04	45.78	49.38
New Hampshire.....	12.24	23.25	23.78	28.62
New Jersey.....	14.21	24.29	30.18	33.47
New Mexico.....	6.53	19.65	.....	.....
New York.....	22.04	30.73	33.40	36.91
North Carolina.....	2.65	6.73
North Dakota.....	15.11	38.25	41.80	40.93

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TABLE 20: PER CAPITA LOCAL LEVIES OF THE GENERAL PROPERTY TAX—*continued*

State	1912	1919	1920	1921
Ohio.....	\$14.03	\$24.94	\$34.74	\$35.95
Oregon.....	21.38	29.35	36.08	39.72
Pennsylvania.....	12.26	18.15	19.47	22.42
Rhode Island.....	12.80	20.81	26.62	27.42
South Carolina.....	2.27	5.10	7.40	7.54
South Dakota.....	14.46	37.69	49.48	46.37
Tennessee.....	2.77	5.25	6.77	7.50
Texas.....	2.63	4.90	5.27	.....
Utah.....	12.42	22.00	30.46	30.88
Vermont.....	10.45	15.27	20.86	.....
Washington.....	18.85	37.09	40.57	36.93
West Virginia.....	7.59	18.53	22.01	23.42
Wisconsin.....	12.83	26.90	33.62	33.59
Wyoming.....	11.01	24.38	28.39	36.42

* For details as to the local authorities covered by this table, see individual footnotes to Table 19. The computations in the present table were made upon the basis of figures of these authorities.

TABLE 21: PER CAPITA RECEIPTS FROM TAXATION OF STATE GOVERNMENTS

State	1903	1913	1915	1916	1917	1918	1919	1921
Alabama.....	\$1.38	\$2.01	\$2.19	\$2.21	\$2.08	\$2.29	\$2.35	\$3.57
Arizona.....	3.46	5.59	7.75	9.53	8.50	14.02	11.55	.....
Arkansas.....	.92	1.84	2.03	1.99	2.13	2.32	2.87	.....
California.....	3.34	5.86	6.79	6.73	7.12	7.05	7.70	9.87
Colorado.....	2.29	2.52	2.71	2.88	4.04	3.57	5.13	7.67
Connecticut.....	2.99	4.27	5.02	5.03	8.74	11.46	10.34	.....
Delaware.....	1.86	2.68	2.73	3.05	3.66	5.11	6.98	.....
Florida.....	1.41	2.54	2.79	2.70	2.86	3.26	3.90	.....
Georgia.....	1.30	1.88	1.84	1.92	2.13	2.26	2.14	3.29
Idaho.....	1.68	3.27	3.26	3.15	2.53	2.51	2.99	10.37
Illinois.....	1.22	2.12	3.98	2.66	3.25	4.30	4.97	5.60
Indiana.....	1.84	2.53	3.10	3.61	3.74	3.97	3.92	4.63
Iowa.....	1.05	2.34	3.58	3.34	3.50	4.38	5.37	5.07
Kansas.....	1.34	2.18	2.35	2.40	2.70	2.78	2.99	.....
Kentucky.....	1.84	2.77	2.82	3.25	3.38	3.76	4.50	.....
Louisiana.....	1.98	3.21	3.73	3.18	2.85	2.98	2.99	.....
Maine.....	2.78	6.36	6.57	8.86	6.69	7.90	8.10	.....
Maryland.....	1.94	3.41	4.49	4.52	4.96	5.59	6.00	.....
Massachusetts.....	2.30	4.35	5.14	5.79	5.67	6.25	8.14	8.62
Michigan.....	2.53	4.25	4.64	6.06	5.57	6.05	6.76	.....
Minnesota.....	2.08	4.34	6.11	6.35	5.97	6.81	6.92	11.50
Mississippi.....	1.09	1.63	1.80	1.79	1.74	1.83	1.85	.....
Missouri.....	1.36	1.84	1.97	1.96	2.08	2.25	3.03	5.15
Montana.....	2.99	3.64	4.46	4.61	4.64	7.00	6.99	4.93
Nebraska.....	1.21	1.97	2.97	3.44	2.97	2.80	1.45	7.68
Nevada.....	4.62	7.26	5.99	9.63	8.97	9.14	11.60	21.23

TABLE 21: PER CAPITA RECEIPTS FROM TAXATION OF STATE GOVERNMENTS—*continued*

State	1903	1913	1915	1916	1917	1918	1919	1921
New Hampshire.....	\$1.68	\$3.74	\$4.50	\$4.23	\$4.51	\$4.52	\$5.23	\$11.19
New Jersey.....	2.48	4.84	5.63	6.38	6.61	6.92	8.23	9.64
New Mexico.....	1.86	1.63	2.88	2.72	2.95	2.95	4.16	7.08
New York.....	2.78	4.79	4.78	3.87	5.45	6.85	7.09	....
North Carolina.....	.62	1.03	1.36	1.29	1.61	1.71	1.91	....
North Dakota.....	1.71	2.19	2.22	2.63	2.51	2.88	3.11	6.10
Ohio.....	2.00	2.43	3.47	3.02	3.32	3.66	3.78	....
Oklahoma.....	.65	1.40	1.64	2.04	2.66	3.02	3.53	5.66
Oregon.....	1.92	4.09	4.78	4.60	4.01	5.09	4.34	9.49
Pennsylvania.....	2.72	3.38	3.64	3.64	4.12	3.46	4.76	....
Rhode Island.....	2.84	4.37	4.64	4.55	5.36	6.22	6.38	9.93
South Carolina.....	.82	1.20	1.19	1.42	1.53	1.38	1.84	2.51
South Dakota.....	1.56	2.64	2.06	2.20	2.42	3.04	4.17	6.57
Tennessee.....	1.01	1.64	1.64	1.48	1.66	1.93	2.43	3.22
Texas.....	1.55	2.26	3.60	3.13	4.22	3.90	5.01	6.94
Utah.....	3.09	5.59	6.50	3.74	5.90	6.21	9.45	10.65
Vermont.....	2.53	4.59	6.26	6.69	7.61	9.00	8.85	11.98
Virginia.....	1.85	2.89	3.28	3.38	3.27	3.80	4.23	....
Washington.....	2.89	3.99	6.63	6.51	5.88	5.82	6.32	9.84
West Virginia.....	1.60	1.59	1.82	2.69	2.67	3.41	2.90	5.52
Wisconsin.....	2.34	3.83	5.33	4.82	5.16	5.76	6.20	....
Wyoming.....	2.65	3.89	4.04	3.78	5.32	7.82	6.01	9.20

TABLE 22: PER CAPITA RECEIPTS FROM TAXES AND LICENSES OF PRINCIPAL CITIES OF THE UNITED STATES¹

Cities	1902	1913	1915	1916	1917	1918	1919	1921 ²
New York, N. Y.	\$23.14	\$30.53	\$28.51	\$31.45	\$31.52	\$32.51	\$37.23	\$41.00
Chicago, Ill.	12.23	18.12	22.86	22.93	23.61	24.23	23.81	28.60
Philadelphia, Pa.	15.01	15.17	17.29	17.49	17.66	20.57	25.67	31.90
Detroit, Mich.	14.83	17.80	21.99	26.40	26.23	29.72	25.97	.....
Cleveland, Ohio	11.67	14.65	19.44	19.99	22.05	22.82	23.83	.....
St. Louis, Mo.	15.81	20.11	21.60	21.74	24.58	22.36	24.67	29.46
Boston, Mass.	33.25	35.55	36.59	38.42	39.68	37.50	47.51	57.31
Baltimore, Md.	12.68	17.16	18.44	18.73	20.87	21.05	20.62	.....
Pittsburgh, Pa.	17.31	23.14	26.89	27.77	31.47	30.75	35.73	43.80
Los Angeles, Cal.	10.40	25.40	32.89	29.71	31.85	33.40	33.38	49.20
San Francisco, Cal.	16.30	26.81	29.76	30.08	30.53	30.24	30.19	39.20
Buffalo, N. Y.	13.12	19.55	24.51	25.97	30.18	29.68	34.25	41.32
Milwaukee, Wis.	10.85	16.04	22.34	25.63	24.22	29.23	30.07	.....
Washington, D. C.	15.21	20.01	21.34	22.34	22.05	23.79	21.77	27.90
Newark, N. J.	12.07	10.92	16.96	23.26	24.30	25.47	28.50	.....
Cincinnati, Ohio	13.49	18.17	21.79	24.10	23.48	23.69	28.71	30.39
New Orleans, La.	12.58	17.30	17.65	17.37	17.34	17.57	9.77	24.98
Minneapolis, Minn.	13.36	17.02	21.36	19.24	21.42	21.59	25.86	34.27
Kansas City, Mo.	12.84	17.56	19.19	19.87	24.67	25.08	28.29	.....
Seattle, Washington	11.27	14.59	25.85	23.11	25.46	23.55	32.73	44.26
Indianapolis, Ind.	9.77	14.41	16.11	16.63	17.35	17.26	16.68	24.37
Jersey City, N. J.	10.29	11.34	13.30	13.54	18.01	18.98	21.62	26.06
Rochester, N. Y.	15.16	17.31	19.52	19.40	21.42	21.89	24.80	27.77
Portland, Oregon	7.45	18.91	20.65	16.92	16.09	23.21	29.60	.....
Denver, Colorado	13.58	18.82	17.67	18.61	20.10	17.87	22.11	27.32
Providence, R. I.	16.46	18.34	19.18	19.10	19.92	19.89	24.41	28.35

¹Figures appertain to the fiscal year ending with or nearest to June 30 of the calendar year specified at the head of each column. Data derived from the annual series of the U. S. Bureau of the Census, Financial Statistics of Cities.

²Preliminary figures, excluding polls.

³According to an explanation furnished by the Bureau of the Census, this reduction is almost wholly due to the allowance of an extra sixty days in the payment of taxes for the year, which shifted them out of the fiscal year covered.

TABLE 22: PER CAPITA RECEIPTS FROM TAXES AND LICENSES OF PRINCIPAL CITIES OF THE UNITED STATES¹—*continued*

Cities	1902	1913	1915	1916	1917	1918	1920	1921 ²
Louisville, Ky.....	\$12.50	\$16.87	\$18.28	\$18.55	\$18.95	\$18.96	\$20.39	\$21.89
Toledo, Ohio.....	11.29	15.83	15.68	16.60	15.21	18.94	17.25	.....
St. Paul, Minn.....	12.17	13.62	14.75	15.77	18.60	18.28	20.97	25.96
Columbus, Ohio.....	10.53	14.86	15.21	15.79	14.13	18.35	15.14	22.00
Oakland, Cal.....	9.99	16.95	21.77	19.00	19.27	17.68	20.66	27.58
Atlanta, Ga.....	10.08	13.18	14.33	14.61	14.21	15.04	14.96	27.02
Akron, Ohio.....	10.51	11.07	14.10	18.73	18.64	20.54	13.38	.....
Omaha, Nebraska.....	13.31	18.66	18.46	15.30	21.31	17.93	19.21	25.16
Worcester, Mass.....	16.93	18.61	21.28	24.26	24.63	24.80	26.80	30.24
Birmingham, Ala.....	8.63	7.95	8.35	8.01	7.60	7.83	9.42	10.29
Richmond, Va.....	12.70	17.20	18.64	17.33	17.83	18.37	18.41	24.15
Syracuse, N. Y.....	16.34	17.09	18.83	19.43	20.33	21.70	23.01	28.19
New Haven, Conn.....	13.84	16.58	18.30	18.34	19.73	20.73	20.31	.....
San Antonio, Texas.....	8.66	13.15	14.07	19.35	18.49	19.06	17.31	.....
Dayton, Ohio.....	10.47	13.02	17.61	16.15	15.47	17.36	15.53	.....
Memphis, Tenn.....	8.97	13.39	13.90	13.71	14.17	15.74	17.09	25.72
Bridgeport, Conn.....	12.42	14.54	17.61	18.46	22.50	26.29	30.06	42.87
Scranton, Pa.....	8.18	10.46	11.13	11.76	12.04	14.02	16.11	18.44
Grand Rapids, Mich.....	9.95	13.88	16.01	16.27	16.07	17.51	18.89	27.94
Paterson, N. J.....	9.88	9.69	11.32	12.88	13.29	13.20	14.75	.....
Hartford, Conn.....	17.20	23.50	25.67	26.89	28.54	31.07	29.50	.....
Dallas, Texas.....	10.59	17.34	18.84	19.57	19.08	20.02	21.58	26.17
Youngstown, Ohio.....	9.09	11.99	13.46	15.71	17.47	17.88	14.06	15.84
Springfield, Mass.....	19.00	24.28	27.83	32.30	33.22	33.33	31.83	39.95

TABLE 22: PER CAPITA RECEIPTS FROM TAXES AND LICENSES OF PRINCIPAL CITIES OF THE UNITED STATES—*continued*

Cities	1902	1913	1914	1916	1917	1918	1919	1921 ¹
Houston, Texas.....	\$14.95	\$16.19	\$18.78	\$22.30	\$21.36	\$24.31	\$24.31	\$30.57
Des Moines, Iowa.....	14.45	17.83	18.84	19.42	19.59	22.60	25.15	31.84
Fall River, Mass.....	13.23	15.30	18.79	19.60	19.95	19.77	24.83	36.56
New Bedford, Mass.....	17.00	19.71	22.22	22.07	23.12	23.39	28.27	42.41
Nashville, Tenn.....	9.62	10.14	10.88	11.82	12.66	11.87	14.49	16.04
Trenton, N. J.....	11.39	11.98	12.18	12.77	13.70	14.39	12.74	24.68
Salt Lake City, Utah.....	13.17	16.35	16.39	17.88	20.27	17.16	20.69	27.82
Camden, N. J.....	8.49	9.58	9.54	10.30	11.51	11.30	14.80	17.89
Norfolk, Va.....	12.55	17.06	16.43	18.24	19.96	21.03	18.09	24.16
Albany, N. Y.....	11.85	15.12	20.92	21.23	23.24	24.03	26.05	.....
Lowell, Mass.....	15.65	15.37	16.77	18.68	17.87	20.36	22.30	28.84
Cambridge, Mass.....	18.55	21.48	22.27	24.97	26.45	25.50	32.14	41.06
Reading, Pa.....	7.73	9.31	9.45	9.46	9.72	10.24	10.91	13.37
Wilmington, Del.....	8.10	9.15	10.63	11.09	11.93	11.56	14.07	.....
Spokane, Wash.....	12.29	13.35	12.73	12.88	11.42	10.99	18.99	25.55
Fort Worth, Texas.....	13.09	12.51	12.05	13.53	11.99	11.30	13.71	.....
Kansas City, Kan.....	12.84	15.24	13.09	13.37	10.04	18.19	11.96	19.22
Lynn, Mass.....	14.91	15.45	18.39	19.54	18.61	19.16	21.71	27.73
Yonkers, N. Y.....	16.59	21.63	20.47	22.20	25.49	30.43	35.82	39.55
Duluth, Minn.....	14.38	18.08	19.03	19.00	19.51	18.74	21.21	.....
Tacoma, Wash.....	12.63	13.74	14.66	13.39	12.77	11.18	16.28	24.49
Lawrence, Mass.....	11.46	15.78	14.65	15.35	17.56	17.41	22.31	36.12
Elizabeth, N. J.....	10.15	11.64	11.26	12.93	12.84	14.01	13.42	18.47
Utica, N. Y.....	12.40	14.64	16.61	15.94	18.36	16.48	20.06	26.02
Somerville, Mass.....	15.08	15.36	16.89	18.41	18.34	18.66	21.11	25.89
Eric, Pa.....	8.95	10.01	11.99	12.18	12.56	13.54	13.66	21.84
Waterbury, Conn.....	10.91	12.54	14.28	15.50	17.15	19.30	20.11	.....
Oklahoma City, Okla.....	.....	13.57	10.93	13.11	11.75	15.00	19.66	24.11

TABLE 22: PER CAPITA RECEIPTS FROM TAXES AND LICENSES OF PRINCIPAL CITIES OF THE UNITED STATES¹-continued •

Cities	1902	1913	1914	1916	1917	1918	1919	1921 ²
Schenectady, N. Y.....	\$5.38	\$13.56	\$15.38	\$17.83	\$19.99	\$19.10	\$38.20	.....
Flint, Mich.....	9.89	10.91	10.47	14.29	18.18	12.81	.....	.....
Fort Wayne, Ind.....	7.82	10.17	11.10	11.23	11.81	11.56	11.47	\$14.63
Evansville, Ind.....	8.04	11.64	11.60	12.69	12.94	12.80	13.25	.....
Savannah, Ga.....	10.50	12.65	13.20	18.54	15.07	15.40	13.76	.....
St. Joseph, Mo.....	6.00	13.17	13.06	13.51	13.77	14.84	19.07	.....
Jacksonville, Fla.....	9.32	11.03	11.42	12.18	12.06	10.87	12.82	.....
Manchester, N. H.....	11.14	13.51	14.70	14.98	15.37	16.42	17.43	.....
Canton, Ohio.....	9.24	10.98	11.34	12.36	14.16	16.27	15.18	16.26
Peoria, Ill.....	12.18	17.04	18.24	17.10	18.97	19.41	18.42	23.29
Harrisburg, Pa.....	7.78	12.98	13.35	13.22	13.53	14.24	14.88	22.19
Knoxville, Tenn.....	6.91	11.60	11.95	11.51	13.50	14.59	10.59	15.23
Bayonne, N. J.....	9.07	12.76	12.60	14.17	15.54	15.34	17.74	29.82
Wilkes-Barre, Pa.....	7.41	11.14	11.08	12.35	14.19	14.16	16.60	.....
Troy, N. Y.....	13.16	19.80	19.50	19.99	20.16	20.04	23.21	.....
Allentown, Pa.....	7.68	8.70	9.97	11.10	11.16	13.13	13.84	16.12
El Paso, Texas.....	.....	15.14	20.32	15.20	15.36	16.49	16.61	8.68 ³
San Diego, Cal.....	.....	24.82	37.95	40.18	38.73	38.07	33.64	31.25
Wichita, Kan.....	.....	13.92	16.83	14.82	14.20	14.14	17.56	21.60
South Bend, Ind.....	7.66	11.62	11.51	11.68	12.30	11.79	13.91	19.09
Sioux City, Iowa.....	11.42	13.48	17.41	19.07	19.32	21.46	19.29	.....
Hoboken, N. J.....	9.50	14.36	13.40	16.24	16.33	18.43	19.86	29.06
Portland, Me.....	14.74	18.97	18.99	20.05	19.80	20.83	23.08	.....
Charleston, S. C.....	10.87	11.16	15.64	14.78	14.82	16.21	14.97	27.37
East St. Louis, Ill.....	10.46	10.43	11.88	11.69	11.50	11.50	14.32	18.15
Terre Haute, Ind.....	10.27	11.50	12.04	12.40	13.44	13.20	13.75	.....
Brockton, Mass.....	14.37	15.80	17.48	19.59	19.64	19.93	24.28	26.23
Sacramento, Cal.....	12.09	16.64	20.59	20.42	19.23	19.82	24.30	.....

TABLE 22: PER CAPITA RECEIPTS FROM TAXES AND LICENSES OF PRINCIPAL CITIES OF THE UNITED STATES—continued

Cities	1902	1913	1915	1916	1917	1918	1919	1921*
Binghamton, N. Y.....	\$11.31	\$11.36	\$13.16	\$17.24	\$18.43	\$21.56	\$20.40	\$25.38
Tulsa, Okla.....	.....	14.22	.....	.....	23.03	27.11	21.67	.....
Johnstown, Pa.....	7.03	9.60	10.34	10.27	11.36	12.15	14.75	20.61
Rockford, Ill.....	8.49	13.98	15.13	15.51	15.62	18.45	16.32	22.32
Little Rock, Ark.....	5.61	8.79	9.21	8.89	7.87	7.65	10.36	.....
Passaic, N. J.....	8.40	8.67	8.17	10.65	10.40	10.56	11.38	19.04
Pawtucket, R. I.....	13.88	14.88	15.52	15.82	16.63	19.10	18.93	28.98
Saginaw, Mich.....	9.72	13.67	14.01	13.14	14.14	15.02	16.29	.....
Holyoke, Mass.....	15.38	16.42	19.19	19.44	20.12	20.62	24.85	33.69
Altoona, Pa.....	7.55	10.09	10.30	10.21	10.95	10.93	11.22	.....
Mobile, Ala.....	8.05	9.10	9.63	8.58	8.45	8.65	8.44	11.66
Springfield, Ohio.....	9.08	10.83	13.21	11.33	13.20	14.04	14.55	19.30
Springfield, Ill.....	12.20	14.34	17.25	15.63	16.93	13.83	18.94	26.41
New Britain, Conn.....	8.79	12.68	14.42	14.70	16.53	16.63	18.09	.....
Covington, Ky.....	8.79	9.48	11.03	11.10	10.83	10.19	11.09	16.33
Chattanooga, Tenn.....	8.17	9.42	9.60	10.70	10.90	10.67	12.78	17.59
Davenport, Iowa.....	13.44	16.45	18.76	18.34	18.84	19.57	20.27	26.66
Lansing, Mich.....	.....	13.36	13.73	13.72	16.60	18.81	13.74	.....
Berkeley, Cal.....	.....	12.53	15.39	15.83	15.53	14.63	18.61	26.34
Chester, Pa.....	7.45	8.51	8.46	8.66	9.69	10.63	9.46	14.50
Racine, Wis.....	8.44	11.52	15.62	15.53	15.27	17.14	19.17	25.47
Lincoln, Neb.....	8.38	17.03	18.20	19.23	20.62	20.07	21.52	28.35
Lancaster, Pa.....	6.50	7.56	7.93	8.20	9.31	9.35	9.88	12.50
Haverhill, Mass.....	12.80	16.14	17.71	19.80	19.87	20.37	22.56	28.09
Augusta, Ga.....	8.11	10.40	12.24	13.80	13.13	17.39	16.59	30.07
Macon, Ga.....	.....	9.89	12.12	10.74	10.51	11.26	11.31	18.38

IV

THE PRESENT PROBLEM OF TAXATION IN THE UNITED STATES

The fact has been impressed on the popular mind within the last year or two that the yield of federal taxes has been declining, and this coupled with the exaggerated importance often assigned to the position of federal taxes in the entire system of American public finance has served to lull taxpayers into the belief that the peak of the burden is a matter of the past. It cannot be gainsaid that the federal tax burden, measured in terms of dollars, irrespective of price changes, has grown smaller in bulk although it does not necessarily follow that it is more easily borne. Federal taxes totalled \$4,926 millions in 1919; in 1921 actual collection by the Federal Government amounted to \$4,430 millions—a decline of 11.2%. But it should not be overlooked that the 1921 dollar had a purchasing power of 26.9% more than the 1919 dollar,¹ and hence the federal tax burden in 1921 was actually 15% higher in the aggregate than in 1919. Furthermore, with slower movement of stocks and relatively large inventories, payment of federal taxes in 1921 very likely presented a much more difficult problem to the average business man than in 1919.

GROWTH OF STATE AND LOCAL TAXATION

Aside from this situation, the increase of state and local taxes has been nothing short of phenomenal. During the war, as stated above,² local expenditures were kept down to the absolute minimum; borrowings of local governments were subordinated to the needs and necessities of the emergency. High prices of labor and materials in themselves discouraged the construction of public improvements and the undertaking of public works which could be postponed to a period of greater advantage without loss or detriment. It was after the war that we find a mercurial ascent in local government expenditures. Stimulated, on the one hand, by the decline in prices of labor and materials, and on the other, by the desire to aid in

¹Based on index number of wholesale prices of the U. S. Bureau of Labor.

²See p. 13.

partially solving the unemployment problem which became acute as the depression set in, the state and local governments entered into ambitious construction programs. This situation was accentuated by later efforts to increase salaries of government employees and by the stimulus embodied in lower money rates and in tax-exemption features attaching to government security issues. By virtue of the latter fact, local governments were able to secure better terms than private enterprises.

Bonds issued by states and municipalities of the United States totalled \$2,020 millions in 1921, compared with \$1,438 millions in 1920, \$736 millions in 1917 and \$647 millions in 1915. The growth in long term issues has been much more pronounced in the last two years than that in short term issues, indicating that borrowings have been more for improvements, the benefit from which extends over a long period of time, than for the purpose of meeting current liabilities and paying off maturing obligations, as is indicated in the following table:

BONDS ISSUED BY STATES AND MUNICIPALITIES*

(thousands of dollars)

	Long-term	Short-term	Total
1922 (9 months).....	\$1,039,939	\$210,605	\$1,250,544
1921.....	1,304,289	716,104	2,020,393
1920.....	773,664	664,087	1,437,751
1919.....	770,195	450,094	1,220,289
1918.....	262,819	473,135	735,954
1917.....	444,933	392,444	837,377
1916.....	497,404	292,407	789,811
1915.....	492,590	154,728	647,318
1914.....	445,906	286,055	731,961
1913.....	408,478	483,218	891,696
1912.....	399,046	192,450	591,496

**Bond Buyer*, Jan. 7, 1922, p. 5, and Oct. 7, 1922, p. 27.

That local taxes have risen prodigiously is attested by figures relating to levies of general property taxes presented in Table 19. Information was obtained for forty-one states, including the District of Columbia, and in all probability the conclusions that apply to them hold also for the remaining ones. The gain in local taxes levied in 1919 over those levied in 1912 was 82%; in 1920 the increase over the preceding year was 21%; and in 1921 a further gain of 12% was registered. Similarly, data have

been compiled for thirty state governments, which reveal an increase of 37.5% in taxes and licenses collected in 1921 as compared with 1919. When cognizance is taken of the rise in purchasing power of the dollar since 1919, local burdens have been increased still further and compare in importance with federal tax receipts.

A comparison of the nation's tax bill in the past two decades (Table 23 and Chart 5) reveals the shifting of the center of gravity in variance with economic conditions prevailing in this period. Before the war, federal taxes constituted but three-tenths of total taxes. State and local taxes had been growing faster than federal taxes. During the war and immediately after the armistice, the tables were reversed and state and local taxes began to occupy a subordinate position. In 1921, however, we find that federal taxes have fallen from over three-fifths of the nation's total to slightly more than one-half, while state and local burdens have been rapidly approaching the point where they begin to share equal importance with federal taxes.

TAXATION AND NATIONAL INCOME

It will be ascertained from Table 23 that whereas taxes related to national income constituted but 6.7% in the calendar year 1902 and 6.4% in the calendar year 1913, the percentage had increased to 12.1% in the calendar year 1919, and in the calendar year 1921, on the basis of a rough estimate of that year's income, the tax burden of all government authorities in this country represented 16.7% of the nation's income. The latest estimates of the national income¹ by the National Bureau of Economic Research relate to the year 1919; the 1921 figures were estimated on the basis of declines in the value of crops and animal products since 1919 and in the physical volume of principal manufactures, which, translated into dollars, was further accentuated by a drop of 12.1% in average prices.

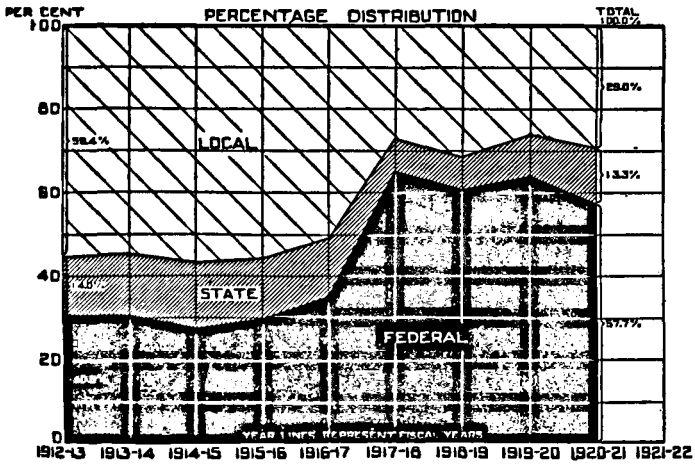
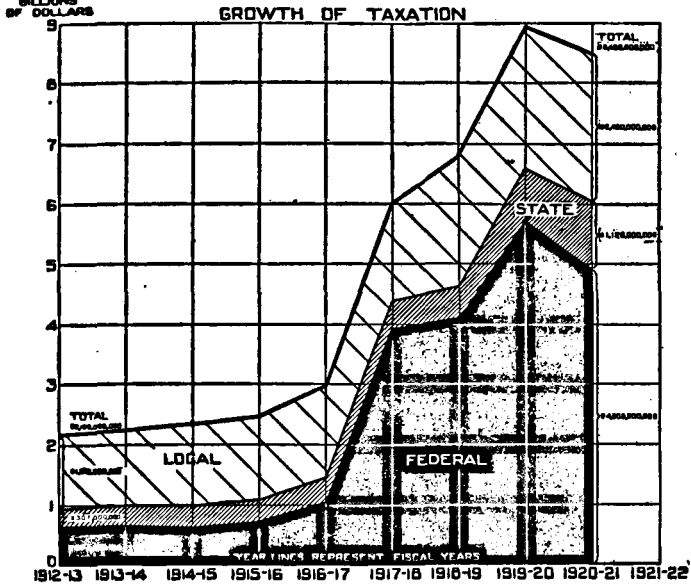
What is the significance of these figures? How does this tax situation affect the national income? What problems does this suggest with which the period of reconstruction must grapple?

The national income is a composite figure; it represents the aggregate of individual incomes, the greater part of which is

¹National Bureau of Economic Research, Inc., "Income in the United States," *op cit.*

CHART 5: GROWTH OF FEDERAL, STATE AND LOCAL TAXATION, UNITED STATES

(National Industrial Conference Board)



consumed every year. Part of this consumption is for necessities and part for luxuries. In proportion as the damper is placed on luxury expenditures, larger amounts are available for productive investment, which yield a return and serve to increase the national income and raise the general standard of living. The United States is spending huge sums on luxuries and semi-luxuries. The falling-off in the consumption of luxuries has by no means been commensurate with the degree of change in the business cycle. In 1920, the luxury bill, exclusive of liquors, amounted to \$10,078 millions and in 1921 it had dropped to slightly below \$9,860 millions, or a decline of 2.2%.¹ If cognizance is taken of the fact that 1921 compared unfavorably with 1920 from the standpoint of employment and that the national income in that year experienced a contraction of over 30%, a decline of 2% in expenditures on luxuries and semi-luxuries appears to be a rather inadequate reflection of altered economic conditions and connotes on the whole the adoption of an expenditure policy no saner or more wholesome than that prevailing heretofore, especially in view of relatively limited price recessions in some luxury articles.

The portion of the national income remaining above the necessary consumption demands and depreciation of capital is devoted to the support of government and to the increase in capital funds. It has been estimated that the savings of the nation averaged about one-sixth of the national income in normal years. During the war there was so much destruction of wealth that despite the tremendous increase in personal savings, a net deficit was recorded. The nation's savings represented on the average 17% of the total income in the years 1909-1914, as may be observed from Table 24.

Striking a rough average, it will be found that total taxes and savings amounted to somewhat less than 24% of the national income in the six years preceding the war and that the remaining 76% represented consumption requirements of individuals, depletion, depreciation and obsolescence of property,

¹Partly estimated on the basis of returns of the U. S. Commissioner of Internal Revenue and partly on the basis of information furnished by trade associations. Because there exists a wide variance of opinion as to what are articles of luxury and semi-luxury, the estimate made here cannot be considered otherwise than as a rough approximation. Some pianos, for example, may be purchased for strictly commercial use or may find their way into schools where they are used for educational purposes, and organs may be purchased for the use of churches. Refinements of the crude data to take cognizance of these varying circumstances have not been undertaken because of the paucity of information on the basis of which modifications of the original estimates could be made. An attempt has been made only to indicate a rough total of these expenditures.

TABLE 23: TAXATION AND NATIONAL INCOME—UNITED STATES
(million dollars)

	Federal Taxes	State Taxes	Local Taxes	Total Taxes	National Income	Total Taxes as Percentage of National Income	Federal Taxes as Percentage of Total Taxes	State Taxes as Percentage of Total Taxes	Local Taxes as Percentage of Total Taxes
1903.....	\$521 ¹	\$155	\$706	\$1,382	\$20,500 ²	6.7%	37.7%	11.2%	51.1%
1913.....	668 ¹	307	1,219	2,194	34,400	6.4	30.5	14.0	55.5
1919.....	5,069	570	2,395	8,034	66,251	12.1	63.1	7.1	29.8
1921.....	4,430	783	3,150	8,363	50,000 ³	16.7	53.0	9.4	37.6

¹Average for two fiscal years.

²Estimated on the basis of King's figures for 1900 and 1910. Cf. W. I. King, "Wealth and Income of the People of the United States," p. 129.

³Estimated on the basis of the decline in agricultural production and in volume of manufactures.

TABLE 24: NATIONAL INCOME AND SAVINGS¹
(million dollars)

	Total National Income	Income Saved	Per Cent of Income Saved
1909.....	\$28,775	\$5,136	17.9%
1910.....	31,766	6,610	20.8
1911.....	31,188	5,312	17.0
1912.....	33,554	5,798	17.3
1913.....	35,580	5,746	16.2
1914.....	33,936	5,184	15.3
1915.....	36,109	8,857	24.5
1916.....	45,418	13,950	30.7
1917.....	53,860	9,437	17.5
1918.....	60,366	-2,380	-3.9

¹Figures furnished by Dr. W. I. King.

etc. With our national wealth showing a very small change since 1916 when measured in terms of an unchanged dollar, and with the industrial depression enforcing economy, it is highly likely that this percentage was increased. On the presumption that it is not a desirable policy to have the tax program interfere with present standards of living, and applying roughly 25% to the national income of 1921, we have \$12,500 millions available for taxes and fresh capital investments, of which \$8,400 millions were absorbed by taxes, leaving approximately \$4,000 millions for the latter purpose. It was recently estimated that fresh capital investments needed annually in this country at March, 1921 price levels amount to approximately \$6,000 millions.¹ This would seem to indicate that under present conditions our tax bill is fast making inroads on the surplus considered vital for our economic progress, and threatens to continue to hamper our growth materially, especially in view of the hitherto uninterrupted rise in local government taxes.

PRODUCTIVITY OF GOVERNMENT EXPENDITURES

It should be realized that the bulk of our national government expenditures are due to the war and represent a diversion of national funds into unproductive² channels. Not only does the cost of maintaining the military and naval establishments come within the scope of this statement, but also the cost of carrying and paying off the public debt incurred during the war, the straggling burden of soldiers' relief, etc. It is true that part of such government expenditures goes into the pockets of bondholders, i. e., for the service of the national debt, and part for war pensions and the like. The net reduction of the private incomes by virtue of taxation must, therefore, be somewhat smaller than at first appears, but the problem of high taxation nevertheless remains a serious one.

The argument might be advanced at this point that in view of the fact that expenditure for education, health and other social functions of the state stimulates productivity through their reaction on the individual, the recent growth of public

¹Douglas, Paul and Dorothy. "What Can a Man Afford?" *American Economic Review*, December, 1921, supplement No. 2, p. 34 ff. The U. S. Bureau of Labor index number of wholesale prices was 155 for August, 1922, compared with 162 in March, 1921; hence this estimate of capital requirements is but slightly affected by the change in prices since the date when the calculations were originally made.

²In the sense that they went largely for destructive purposes and involved in the final analysis a waste of national resources and human life.

expenditures more or less justifies itself. To what extent the premises which form the basis of this conclusion are valid is beyond human measurement. All depends on the efficiency with which these outlays are made and the direction in which they are made. Whether or not a wastage occurs and whether or not society receives in return more than it spends, as reflected in the totality of national income, is an open question. Certainly the effects cannot in any manner be accurately estimated and the problem must remain an abstract one, subject to varying opinions.

That the limits of taxable capacity have about been reached, or at least that taxation is on the verge of becoming more or less unbearable, appears to be generally recognized. The consequences of this unwise policy are bound to have an unfavorable reaction on our entire national economy. Our present and prospective national income cannot much longer support any tax program which tends to encroach on the surplus available for the development of industry to the extent that recent years have witnessed. The problem bids fair to become aggravated as industry recovers from the lethargic state which characterized the past year and begins to require more capital for expansion. The continuance of so burdensome a system of taxation, aside from its stifling effects on individual initiative and effort, spells a lower standard of living for the American people.

The war has left as a heritage for the next decade or more a federal budget which is from three to four times its pre-war proportions. A large part of this amount is not susceptible of immediate reduction, and hope of materially lowering it in the course of the next few years cannot now be entertained. Under this heading there fall interest and amortization of the public debt which now absorb about \$1,300 millions annually, compared with \$23 millions in 1914; the care of war veterans, \$500 millions annually; enlarged expenditures for army and navy, which now amount to \$800 millions annually against \$217 millions in 1914; and straggling outlays in connection with the operation of government enterprises during the war which still constitute a drain on the treasury.¹ While installation of a budget system in the conduct of the federal government's finances has undoubtedly resulted in large economies,

¹It must be considered in this connection that the purchasing power of the dollar in 1922 was about 60% of that in 1914.

there still is room for further retrenchment, but it is also becoming increasingly evident that the field in which the budgetary axe can be successfully wielded has been narrowed down to a point where there is little hope of immediately reducing the government's requirements below their present levels.

LOCAL FINANCIAL ECONOMY

It is primarily in the field of local finance that attention should first be focused. Students of the unemployment problem have constantly been urging that the government undertake the construction of public improvements and public works in a period of depression, primarily because this policy helps to relieve the hardships of the unemployed, while at the same time advantage can be taken of lower costs. In a more normal period than at present, this suggestion merits commendation and assumes a practical form, but it is doubtful whether, under present conditions, it could be carried out to the extent to which it has been in recent years.

A survey recently made by The Bank of America shows the gross indebtedness of state governments alone in the United States in 1922 was \$1,072 millions,¹ compared with \$667 millions in 1918-1919.² Of the total debt outstanding early in 1922, about 34% was incurred for the construction of highways, 20% for waterways and harbors (principally New York, Louisiana, California and Massachusetts), and 12% for soldiers' bonus payments. Of the total increase in state indebtedness in the last three years, \$63 millions or 21% was incurred for highway purposes, and \$191 millions or 63% was for waterways and harbors. The outlays for soldiers' relief paid through the flotation of securities amounted to \$130 millions. These figures take no cognizance of the enormous increases in local government indebtedness, which amounts to many times the debt of state governments.³

The fact should be borne in mind that in this study we concern ourselves with taxes only and give no consideration to special assessments, for reasons enumerated elsewhere.⁴

¹The Bank of America, "A National Survey of State Debts and Securities," New York, 1922.

²U. S. Bureau of the Census, "Financial Statistics of States, 1919," p. 114.

³In 1918-1919, the combined gross debts of cities having a population of over 30,000 was \$3,904 millions, compared with \$667 millions in the case of state governments. Data on indebtedness of other local governments are not available but their totality must assume very large proportions.

⁴See p. 42.

Nevertheless, the latter burdens must be considered by the individual, for they must be paid out of his total resources. That they also have been very large in some cases is indicated by the protest made by citizens of Arkansas early in 1921 against a system that assessed betterment taxes almost equal to the full value of the property. Popular indignation at the time ran high. Certain sections of the state were, so to speak, transformed into armed camps to resist the attempts of the tax collector. This situation may not be literally true of other states, but it does bring to mind the seriousness of the problem. At a time when the federal tax burden resting on every man, woman and child in the country averages over \$41, compared with \$7 before the war, expediency should emphasize the folly of permitting local burdens to increase from \$17 per capita to over \$28 in 1919 and \$37 in 1921. When taxation represents one-sixth of the national income and begins to encroach on the national wealth, the question arises as to whether a wise national policy is being pursued.

DISTRIBUTION OF TAXATION

(To serious students of the question, however, the need of the hour is not only for a reduction in our federal tax burden but also for a more equitable distribution. The constantly growing outcry against excessive or inequitable taxation has its origin in circumstances which go far beyond personal considerations or individual circumstances. A scientifically constructed and efficiently administered system of taxation can not and should not be a respecter of persons or legal entities.)

In 1920, 27.8% of those filing income tax returns paid 92.3% of the amount collected, and 10% of those filing returns paid 84.6% of the total tax. Of the total number of gainfully employed in 1920, namely, 41,609,192 persons, only 7,259,944 filed returns, or 17.4%. The remainder did not file returns, largely owing to liberal exemption and abatement features of our income tax laws, although faulty administration and evasion probably also explain the absence of a large number of returns that should have been filed. In view of the fact that the income tax forms the bulwark of our federal finances—the only other federal taxes being those on customs, tobacco, liquors for medicinal purposes and miscellaneous excise sources which constitute about one-third of the total tax

receipts—this shortcoming assumes serious proportions and raises vital questions as to the equitable diffusion of our federal tax burden.

A glance at income tax exemptions in some of the principal democracies abroad will disclose how liberal are the exemptions which our income tax law provides. In Great Britain, exemptions of £150 and £250 are granted to single and married individuals respectively, equivalent to approximately \$660 and \$1,100, respectively, at current rate of exchange. Even in France, where the principle of income taxation has undergone very slow development and where aversion to direct taxation is popular and deep-rooted, the legislators have seen fit to provide for initial exemptions of only 6,000 francs, equivalent to \$400 at current exchange.¹ In Germany, the exemption allowed by law is so small in view of its present purchasing power that to all intents and purposes none exists.

TAXATION AND CITIZENSHIP

The ramifications of this issue are deep, and bear an intimate relationship to enlightened citizenship and enhanced interest in governmental activity. Just as in private transactions one aims to obtain the greatest amount of return for his expenditure or outlay, so it is true in public finance that interest is more keen where direct contributions are involved. Direct taxation from one point of view may thus be considered as the handmaiden of advanced civic responsibility. The burden of indirect taxation, particularly that on articles of consumption and on expenditures, is virtually imperceptible so far as the average citizen is concerned. The absence of direct and immediate pain or sacrifice which a direct impost necessitates and brings forcefully to the attention of the payer, serves to create the impression that no taxes are paid by the citizen in question and that he has nothing directly at stake in vital political and economic questions which confront the nation from time to time and which can be brought to a successful conclusion only with the aid of collective effort.

If for no other reason than that of awakening a more general interest in the conduct of government, a wider diffusion of national tax burdens may be desirable and imperative. No

¹The French system of progression in rates cannot be directly compared to that of some other countries which have adopted income taxation, and hence, in so far as the statement applies to France, it must be subjected to modification due to these peculiarities.

matter how small or nominal this sum may be, it would represent a dividend coupon upon which the citizen could draw in the future, in the form of an aroused civic pride and concern, of widened political horizon, and greater efficiency in the services that government renders. It would be an investment whose capitalized value would be immeasurable, yielding an annual return which would more than offset the sacrifice entailed in the payment of the tax.)

V

GENERAL SUMMARY

The foregoing analysis of the growth of public expenditures and taxation in the United States, the United Kingdom, France, Germany, Italy and Japan, and of the relation between taxation and national income in these countries brings out the following outstanding facts:

Public Expenditures, by Countries

1. From 1903 to 1914 the total expenditures of all governmental disbursing authorities in the United States increased from \$22 to \$35 per capita; in the United Kingdom (England, Scotland, Wales and Ireland) from \$40 to \$42; in France from \$24 to \$33; in Italy from \$14 to \$22; in Germany from \$44 to \$69 and in Japan from \$5 to \$8 per capita.

2. The war greatly increased public expenditures in all these countries. Allowing for the influence of inflation and the changed price level, and reducing outlays to the pre-war internal purchasing power basis, public expenditures in the fiscal year 1918-1919 were substantially \$88 per capita for the United States, \$130 for the United Kingdom, \$84 for France, \$46 for Italy, \$114 for Germany and \$6 per capita for Japan.

3. The cessation of hostilities did not radically reduce public expenditures, largely because of the huge growth in outlays by minor political units such as states or provinces and local governmental bodies, particularly in the United States, the United Kingdom, France and Italy. Computed on the pre-war internal purchasing power basis, per capita expenditures in the fiscal year 1920-1921 were \$45 for the United States, \$61 for the United Kingdom, \$77 for France (calendar year 1921), \$26 for Italy, \$56 for Germany and \$7 for Japan.

Total Taxation, by Countries

4. From 1903 to 1914 the per capita taxation of national, state, provincial and local governments combined rose from \$18 to \$23 in the United States, from \$24 to \$27 in the United Kingdom, from \$17 to \$22 in France, from \$10 to \$12 in Italy from \$12 to \$19 in Germany, and from \$3 to \$6 in Japan. The

percentage increase during the ten-year period was largest for Japan (95%), and lowest for the United Kingdom (15%). Germany showed an increase of 62%, France 36%, the United States 31% and Italy 27%.

5. At the end of the war the per capita total taxation, reduced to the pre-war internal purchasing power basis, was \$32 in the United States, \$42 in the United Kingdom, \$9 in France, \$8 in Italy, \$20 in Germany, \$4 in Japan. In 1920-21 this per capita taxation had risen to \$41 in the United States, \$46 in the United Kingdom, \$15 in France (\$25 in the calendar year 1921), \$8 in Italy, \$19 in Germany, \$5 in Japan.

6. At present, of the six countries studied, the United Kingdom ranks first in tax burdens per capita, with the United States following close behind, Germany third, France fourth, Italy fifth and Japan last.

Federal Taxation, United States:

7. In the United States federal taxes totaled \$4,926 millions in 1919; in 1921 they amounted to \$4,430 millions, a decline of 11.2%. The 1921 dollar, however, had a purchasing power of 26.9% more than the 1919 dollar. Hence the federal tax burden in 1921 was actually 15% higher in the aggregate than in 1919.

Taxation and National Income, by Countries

8. Comparing the total per capita tax burden on the pre-war internal purchasing power basis with the pre-war national income for each of the six countries studied, it is found that in the fiscal year 1920-1921 about one-eighth of the pre-war national income of the United States was diverted into tax channels; one-fifth in the United Kingdom; one-twelfth in France (one-eighth in the calendar year 1921); one-sixteenth in Italy; one-eighth in Germany and slightly less than one-fifth in Japan.

9. In the fiscal year 1913-1914, taxes paid to national, state and local governments in the United States represented 6.4% of the current national income. By 1919-1920 the ratio had grown to 13% and by 1920-1921 to 14.3%. In the calendar year 1921, one-sixth of the national income was diverted into tax channels for the support of governmental bodies in the United States.

State and Local Taxation in the United States

10. Per capita tax burdens in the United States in 1919 were

highest in New York State (\$148.36), followed by Massachusetts (\$125.35), Delaware (\$124.41), Rhode Island \$115.25), and Michigan (\$105.71), the lowest per capita tax being that of Alabama (\$26.47).

11. In the year 1919, among all the states, the highest percentage of income (17.2%) was diverted in taxation to the support of government in New York State. Texas and Alabama showed the lowest ratio of taxation to income (7.6%). In the majority of states the ratio of taxation to state income exceeded 10% and the general average was 12.1%.

State and Local vs. Federal Taxation in the United States

12. The burden of state and local taxation is highest in agricultural and mining states, while federal taxation falls most heavily on manufacturing states. Furthermore, the burden of state and local taxation is increasing rapidly. The gain in local taxes levied in 1919 in 41 states was 82% over those levied in 1912; in 1920 the increase over the preceding year was 21% and in 1921 a further increase of 12% was shown.

13. Before the World War federal taxation constituted but three-tenths of total taxation and state and local taxes had been growing at a faster rate than federal taxes. In 1919, however, federal taxation constituted over three-fifths of total taxation. In 1921, federal taxes fell to slightly more than one-half of the national total and state and local burdens began to share equal importance with them.

14. In sixteen states, viz., Arizona, Florida, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, South Dakota, Utah, Washington and Wisconsin, per capita state and local taxation combined in 1919 exceeded federal taxation per capita.

15. Under present conditions, the tax bill in the United States is fast making inroads on the surplus necessary for economic progress and threatens materially to hamper our growth, especially in view of the uninterrupted rise in state and local government taxes.

16. It is a question of growing importance whether a reduction in and wider diffusion of national tax burden may not be desirable, not only for the protection of the national surplus but in order to awaken a more general interest in the activities of the government.

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highest in New York State (\$148.36), followed by Massachusetts (\$125.35), Delaware (\$124.41), Rhode Island \$115.25), and Michigan (\$105.71), the lowest per capita tax being that of Alabama (\$26.47).

11. In the year 1919, among all the states, the highest percentage of income (17.2%) was diverted in taxation to the support of government in New York State. Texas and Alabama showed the lowest ratio of taxation to income (7.6%). In the majority of states the ratio of taxation to state income exceeded 10% and the general average was 12.1%.

State and Local vs. Federal Taxation in the United States

12. The burden of state and local taxation is highest in agricultural and mining states, while federal taxation falls most heavily on manufacturing states. Furthermore, the burden of state and local taxation is increasing rapidly. The gain in local taxes levied in 1919 in 41 states was 82% over those levied in 1912; in 1920 the increase over the preceding year was 21% and in 1921 a further increase of 12% was shown.

13. Before the World War federal taxation constituted but three-tenths of total taxation and state and local taxes had been growing at a faster rate than federal taxes. In 1919, however, federal taxation constituted over three-fifths of total taxation. In 1921, federal taxes fell to slightly more than one-half of the national total and state and local burdens began to share equal importance with them.

14. In sixteen states, viz., Arizona, Florida, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, South Dakota, Utah, Washington and Wisconsin, per capita state and local taxation combined in 1919 exceeded federal taxation per capita.

15. Under present conditions, the tax bill in the United States is fast making inroads on the surplus necessary for economic progress and threatens materially to hamper our growth, especially in view of the uninterrupted rise in state and local government taxes.

16. It is a question of growing importance whether a reduction in and wider diffusion of national tax burden may not be desirable, not only for the protection of the national surplus but in order to awaken a more general interest in the activities of the government.

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