

THE
Taxation Problem

BULLETIN
OF THE
National Tax Association

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The Tax Problem

Taxation, broadly speaking, measures in terms of money, the activity and economy of government. It is the tangible personal expression of the individual's contact with government and of the collective idea of progress. In the final analysis it is the thermometer by which the people are accustomed to judge whether they are expensively or economically governed.

The problem thus stated, at once suggests the difficulties in its solution. In no field of governmental activity is there more room for the display of jealousy, class feeling, narrow thinking, demagogery and political expediency. The experiences of all governments show that these attributes of human nature have been active in taxation. The resulting confusion is obvious to all and never more so than at the present time. With the possible exception of municipal rule, taxation is the phase of popular government in which the United States has made its most conspicuous failure. The absence of any broad, rational, logical, uniform system of taxation for city, state and nation is not only unjust theoretically and practically, but is absolutely destructive to intelligent voting on the merits of government, the very foundation stone of any republic.

The Solution

The National Tax Association presents no panacea for this situation. It does not presume to reform mankind. It has no pet doctrines to exploit. It recognizes the ramifications of the problem and the existence of controversial questions. It takes no sides. Its creed is simple. Its program is *mutual study, co-operation, education, discussion and experiment*. Its object is to make tax laws simpler, saner, more just and more effective but it aims to do this only after careful consideration by all who will bring to the inquiry

honest, unselfish, sympathetic, patriotic effort. It aims to try thus to solve the problems of taxation by suggesting ways and means by which the burden will fall equitably upon all. It would reshape laws in the interest of equity and truth for the sake not only of public morality but of public economy, believing that if people can be brought to feel that there is justice; that no one is really taxed beyond what is fair; that there is an intelligent distribution of a justly gathered tax and that this distribution in the hands of public officials, is carried out in an honest and thrifty way, the people as a whole will be well contented and we shall hear very much less than we do of complaint.

The Method

Over a century and a quarter ago one of America's great statesman said in substance that no part of the administration of government requires for its proper management such extensive information and such thorough knowledge of the principles of political economy as the *business* of taxation. The N. T. A. recognizes the truth of this proposition and seeks to apply it in a practical way. Principles are often obscure, their discovery is a slow process and most important of all, their application and administration must be entrusted to human agencies and be subject to the defects of such agencies. The significant portion of the observation of the statesman quoted, is in his conception of taxation as a *business* and it has remained for this generation and this Association to place the proper emphasis upon this aspect of the subject. It has constantly urged that the degree of care and expert attention be given to the administration of taxation, that is so freely conceded to be a matter of course in other governmental and private enterprises.

The Annual Conference

Believing in the above, the National Tax Association displays its chief activity through the medium of an *Annual Conference* made up of official delegates (chiefly tax officials)

appointed by the executive of states and provinces, by university presidents and by associations of chartered accountants; of state and local tax officials; of representative officers of leading industrial and public service corporations; of business men generally, lawyers and such others as take an interest in the subject. The Annual Conference is held in different parts of the country and it is here that the important work is done. Here in address, debate and discussion facts are assembled and tabulated, deductions are drawn by specialists in different departments; men are brought together to consider and thresh out controverted questions; new light is obtained and disseminated to every part of the country. Men of ability, masters in their own subject, seem to differ materially as to the solution of some questions but gradually, through conference and comparison, some reasonable solution is found for most questions. The purpose is to hear the most reliable expert witnesses that the country can produce, to get the facts, to get the technical statistics, to digest the figures and to promulgate these facts and figures and the conclusions which are to be drawn from them and submit them to the acid test of public opinion and practical trial.

The N. T. A. is thus feeling its way along. It is created to do what no layman, no single publicist, however expert or experienced, can hope to do for himself.

A significant feature is to be found in the Constitution of the Association which provides that no member shall, as such, have the right to vote in the Conference upon a question involving an official expression of opinion of the Conference. The section is as follows :-

"The voting power of the Conference upon an official expression of its opinion, is limited with the purpose of safeguarding the Conference from the possibility of having its expression of opinion influenced by any class interest; or consideration for those who devote their time to the work or management of this association; or favor for those who contribute money for its support".

Of further significance is the policy that the indorsement of the Conference is given only to those ideas which have prac-

tically unanimous approval of the voting membership at the Conference. The object of the Association declared in the Constitution is :—

“ To formulate and announce, through the deliberately expressed opinion of an Annual Conference, the best informed economic thought and administrative experience available for the correct guidance of public opinion, legislative and administrative action on all questions pertaining to taxation, and to interstate and international comity in taxation.”

Educational Activities

Aside from the publication and distribution of the proceedings of the Annual Conference, the Association through its membership, constantly exerts an influence for the betterment of conditions. It acts as a clearing house for the interchange of ideas and information pertaining to public finance, laying before the people of one community the results of experience in other communities. Through its inspiration and suggestion, local associations of similar purpose have been formed in a large number of states and annual conferences of these associations are held, the proceedings of which are made available to all. Literature is constantly being circulated and the membership is kept advised of the latest thought and of the results of legislation throughout the country. Standing and special committees of experts are doing effective research work during the year, their reports being submitted to the annual conference for discussion.

Thus a committee on the *U. S. Income Tax Law* is engaged in co-operation with other agencies, in an attempt to improve that law so that the ends desired by Congress will be achieved in the simplest, most economical and least troublesome way. Again, the Committee on *Increase in Public Expenditures* is beginning a campaign for publicity of the “understandable” facts and figures about the growing cost of government. It hopes and expects to carry forward in an effective way, plans for securing adequate attention to present needs along the lines of efficiency and economy.

An Important New Activity

Quite recently it has been decided to undertake the publication of a bulletin which will circulate among the membership and constitute thus an effective medium for mutual intercourse and discussion. It will aim to contain brief newsy matter of interest covering events in various parts of the country and will be especially devoted to the interchange of views of taxing officials. It is planned to start this periodical early in 1915 and it will be distributed free to members of the Association.

Annual Proceedings

The most important part of its work is the publication and distribution of the volumes containing the addresses and discussions at the Annual Conferences. The seven volumes already issued, covering annual conferences held in the years 1907-1913, contain a vast amount of practical up-to-date information on the subject, most of it not available elsewhere. The volumes are cloth bound, fully indexed and average approximately 500 pages each. The price of the current volume to non-members postpaid is \$3; of the previous volumes, \$2. Volume 8, covering the conference held at Denver in September 1914, will be issued January 1st, 1915.

Membership-Support

For the development of its plans and purposes above outlined, the Association earnestly seeks the support of all persons who believe in this work and who will co-operate in its plans to secure more equitable and business-like methods of taxation and more economical and efficient management of the fiscal affairs of the states, provinces and cities. Already the membership includes the state taxing officials of practically all the states and dependencies of the United States and of many Canadian provinces, numerous city and county officials, many lawyers, accountants, tax agents of corporations, civic and taxpayers associations; economists, students, in-

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vestigators and public-spirited business men. Its volumes circulate among practically all state libraries and state reference bureaus, many university, city and local libraries. They are to be found in most of the Canadian provinces and to some extent abroad.

The Association is supported by contributions, membership dues and through sales of its publications. To carry out its plans, a large and representative membership is greatly needed. The annual dues are \$5.00, payable upon application and annually thereafter. Each member is entitled to receive free the annual volume and each bulletin or pamphlet issued. He may purchase back volumes and extra copies of the current volume at \$1.00 each. Membership and the seven back volumes may thus be secured for \$12.00 postpaid.

Correspondence may be addressed to the Secretary or Treasurer. Checks should be made payable to the Treasurer.

Address :

A. E. HOLCOMB, *Treasurer,*
15 Dey Street, New York, N. Y.

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Madison, Wisconsin.

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I enclose check \$ _____ covering dues for the current year.

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1914-1915

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