NTA Forum

Perspectives, Ideas and News from the National Tax Association Fall, 1991

From the Editor

How ought the United States to tax income from international economic activity — income from domestic activities of foreign-owned corporations, and income from overseas branches of U.S. multinationals?

Since the inception of the corporation income tax, U.S. tax policy has attempted to balance the goal of achieving uniform treatment of domestic and foreign operations of U.S. companies (known as capital export neutrality) with the goal of maintaining international competitiveness, which calls for comparable taxation of U.S. and foreign-based multinationals. Because of the varying tax practices of other countries, these goals are not mutually consistent.

For the past several decades, U.S. tax policies have tended to emphasize the goal of capital export neutrality and to pay less attention to international competitiveness. In some instances, U.S. taxes are *higher* on foreign than on domestic source income. Current U.S. policies have developed during a period when the U.S. was a major capital exporting nation and could afford to ignore the more favorable tax treatment given income from international operations by other countries.

Today, with the serious economic challenge posed by foreign multinationals, many observers believe the time has come to place greater emphasis on international competitiveness and to eliminate those features of U.S. tax law that result in discrimination against foreign source income.

In this issue Peter Merrill and Robert Patrick detail a number of features of U.S. tax law that impair the ability

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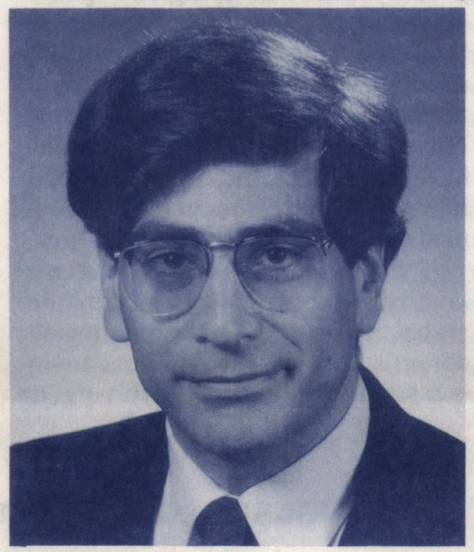
U.S. International Tax Policy for a Global Economy

Peter R. Merrill and Robert J. Patrick, Price Waterhouse



Peter R. Merrill

Robert J. Patrick

This article is based on a recently released Price Waterhouse report sponsored by a coalition of multinational corporations, including food, petroleum, chemicals, electronic equipment, other manufacturing, and financial companies, under the auspices of the National Chamber Foundation.[1] The report is intended to be a resource document for further discussion and debate as the United States addresses the economic challenges of remaining competitive in the world economy. The report identifies principles *for the development of international tax policy and suggests* options *for reform and simplification consistent with these principles. A significant finding of the report is that the tax treatment of foreign-source income under U.S. rules may impose an additional tax burden on the U.S. companies as compared with companies headquartered in other major industrial countries.*

New International Economic Environment

Over the last three decades, the U.S. role in the world economy has changed substantially. In 1967, U.S. corporations accounted for over half of all outbound foreign direct investment in the world and our nation produced about 40% of world output. Today U.S. corporations account for less than one-third of foreign direct investment and the U.S. economy produces less than 30% of world output (Figure 1.) Over the last three decades the U.S. share of world exports has fallen from 17 to 12%, and the number of U.S.-headquartered entries in

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the list of the world's 20 largest corporations (ranked by sales) has fallen from 18 to 9.

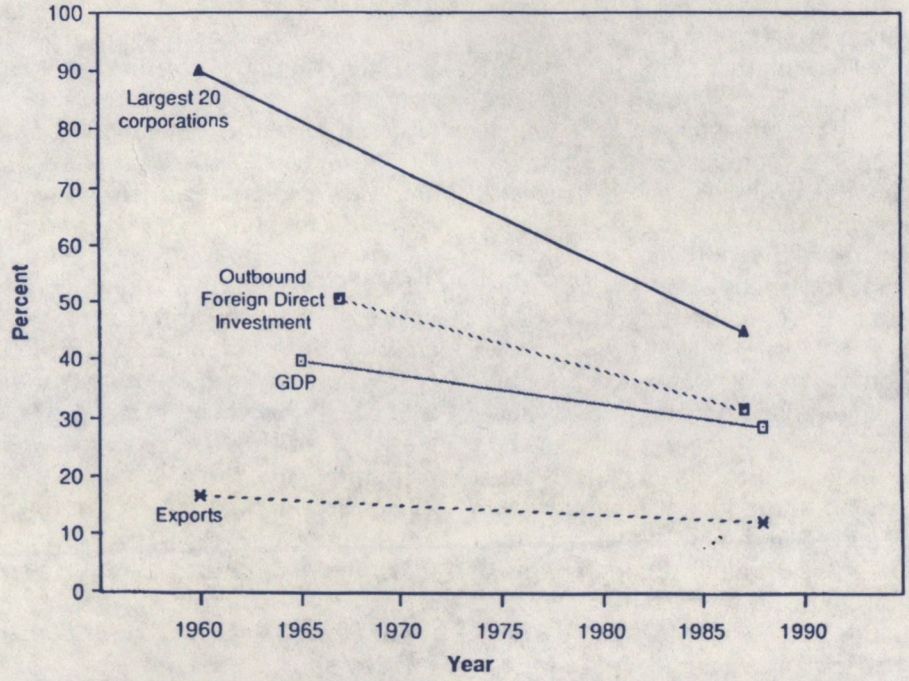
In the new international economic environment, Europe and the Pacific Rim rival North America as regional superpowers. The single European Community market in 1992 and the conversion of the Eastern European economies from centrally planned to market-oriented economies will further expand European influence.

In the 1960's, the U.S. economy was so dominant that tax policy makers felt little need to analyze how the U.S. system for taxing foreign income affected the competitiveness of U.S. companies in world markets. Indeed, there was considerable support for measures such as the Burke-Hartke bill in 1972 (H.R. 14052) which would have erected tax and other barriers to international investment by U.S. companies.

The U.S. economy is no longer so dominant that we can afford to ignore global competition in formulating our nation's tax policy. It has become increasingly obvious that relying on exports alone to penetrate foreign markets is not, in most cases, a viable strategy. International competitiveness frequently requires global manufacturing and marketing strategies to avoid tariffs and nontariff barriers, to reduce manufacturing and transportation costs, and to maximize the value of intangible assets (*e.g.*, know-how, brand name, *etc.*). The critical importance of international operations is illustrated by the fact that foreign affiliates now account for 30% of worldwide sales and 43% of worldwide profits of U.S. multinationals.

Arguments that we must discourage U.S. investment abroad to protect domestic employment are thoroughly obsolete in the new international economic environment. In an increasingly open economy, discouraging U.S. companies from producing in low-cost locations will not protect U.S. jobs; instead, these jobs will go to foreign-based multinationals with lower costs. Indeed, the evidence suggests that multinational investment promotes exports: two-thirds of U.S. merchandise exports were associated

FIGURE 1—U.S. SHARE OF WORLD ECONOMY



Source: Price Waterhouse, "U. S. International Tax Policy for a Global Economy," April 1991.

with U.S. multinationals and the industries that are most active overseas tend to be the same industries that are the most effective exporters. Also, recent data demonstrate a significant link between foreign investment and increased research activity in the U.S.

In short, global investment strategies are critical to the competitiveness of the U.S. economy. While the importance of the United States in the global economy has declined, the importance of foreign markets to the U.S. economy has greatly increased. Over the last three decades, the value of trade has more than doubled relative to national income and the share of U.S. corporate profits from foreign sources has more than tripled (Figure 2.)

It is not always recognized that our nation's Gross National Product includes net income earned by U.S. citizens and U.S.-owned capital located overseas, but does not include profits generated by foreign-owned capital located within the United States. Income earned by foreign affiliates of U.S. companies are a rapidly growing share of our GNP which should not be overlooked when formulating policies designed to increase the growth of national income and U.S. competitiveness.

Comparison of U.S. and Foreign Rules for Taxing Income Across International Borders

Differences between the U.S. rules for taxing cross-border investment and those of other major developed countries include the method for relieving international double taxation, the sourcing and expense allocation provisions, the extent of taxation of unrepatriated foreign income, the rules applicable to income from joint ventures, and the treatment of investments in developing countries.

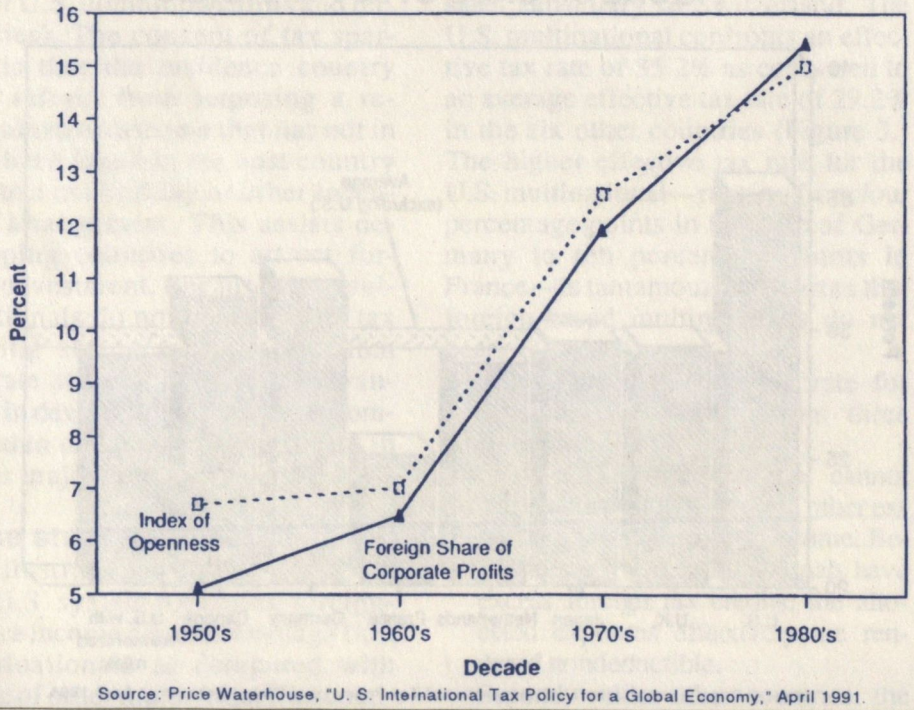
Relief from double taxation.

U.S. persons are taxed on their worldwide income but are allowed a credit, subject to limitations, against U.S. tax on foreign source income for foreign taxes imposed on this income. Separate foreign tax credit limitations apply to numerous categories of income: passive; high-withholding tax; financial services; shipping; dividends from a noncontrolled foreign corporation; oil extraction and oil related income; U.S. source income taxable by treaty partners; general category for income not otherwise classified; and three types of income related to Domestic International Sales Corporations (DISCs) and Foreign Sales Corporations (FSCs). Also, a "look through" or tracing concept requires that dividends, interest, and royalties paid by U.S. controlled foreign corporations (CFCs) have the same character for foreign tax credit purposes in the hands of the U.S. parent as the income had at the foreign corporation level.

By contrast, other countries employing a tax credit system to avoid double taxation generally do not distinguish business income by type. The U.K. foreign tax credit system computes an allowable credit for each item of foreign source income; however, dividends from a non-U.K. corporation are regarded as being from a single source and are not subjected to U.S.-type look-through rules. This allows a U.K. multinational to average the foreign taxes imposed on its foreign source income. Japan and the U.K., like the U.S., impose a limitation on interest subject to high withholding taxes and Japan has enacted certain limitations with respect to its credit system that the U.S. does not have.

In contrast to using a foreign tax credit to avoid double taxation, Canada, France, Germany, and the Netherlands, by statute or tax treaties, exempt dividends from substantial "participation" (nonresident corporations in which the resident corporation owns a certain amount of stock, generally at least ten percent) and, with the exception of Canada, profits derived from nonlocal permanent establishments. The exemption applies without regard to whether the foreign operation is low taxed or high taxed. These exemption systems generally retain full taxing jurisdiction over foreign income other than dividends or foreign branch income, although some

FIGURE 2—GLOBALIZATION OF THE U.S. ECONOMY



Source: Price Waterhouse, "U. S. International Tax Policy for a Global Economy," April 1991.

provide reduced rates on exclusions for foreign source royalty income from licensing technology.

Sourcing of income and allocation of expenses.
The United States has the most highly articulated set of sourcing and expense allocation provisions in the world, many of which conflict with provisions adopted by other industrial countries. Under the "tracing" approach adopted by France, Germany, and the Netherlands, it generally is not difficult for a resident multinational to receive a full deduction for borrowings and research expenses incurred within the home country. Thus, expenses incurred by a resident corporation may offset income derived in the home country, regardless of whether nonhome country income exists or whether the country uses a foreign tax credit or exemption system.

By contrast, the U.S. rules on apportioning expenses result in expenses incurred in the United States offsetting income derived outside the United States which, in turn, reduces the amount of foreign tax credits that can be utilized by U.S. companies.

The U.S. allocation of interest expense is much more restrictive than other countries. For example:

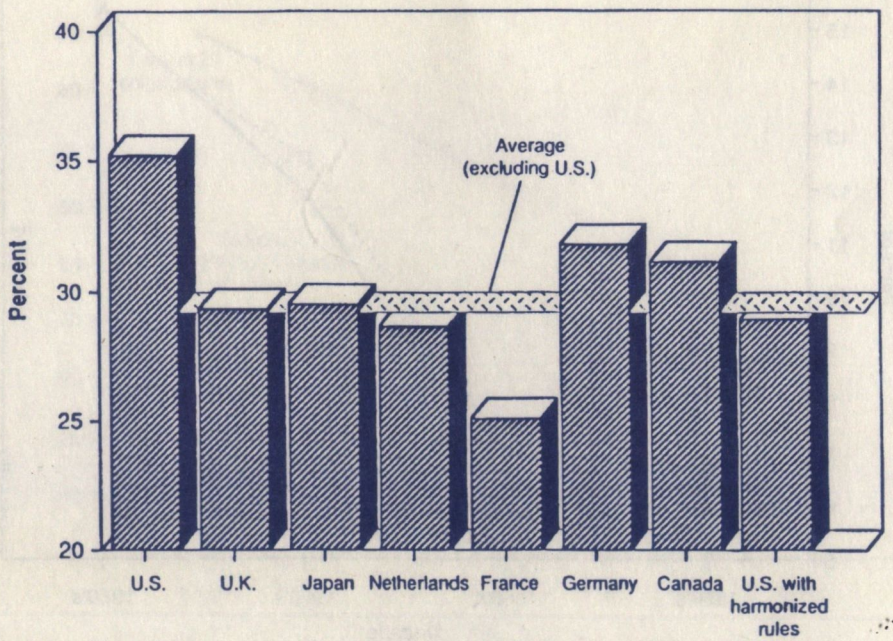
- Japan has generally adopted the U.S. fungibility principle for allocating interest expense, but Japan's allocation rules, while generally requiring the allocation to be done on an asset basis, allow an income-based allocation when assets do not produce current income. Thus, ownership of stock of foreign corporations that do not distribute dividends in a current year will not result in any interest expense allocation under Japanese rules. The result is similar to that of U.S. law prior to the Tax Reform Act of 1986.
- Canada and the United Kingdom generally do not require that interest on borrowings incurred by the resident company be allocated to foreign source income, even when the borrowings are used to fund or acquire a nonlocal corporation. Thus, Canadian and U.K. multinationals do not lose any tax benefit by borrowing at home.[2]
- France exempts only 95 percent of dividends from qualified participations, leaving five percent of these dividends taxable in France. This amount serves as a surrogate for determining expenses allocable to foreign source income. The Netherlands tax authorities often enter into rulings with their multinationals to determine a taxable amount of dividends from foreign participations that otherwise would be totally exempt. These rulings in practice can range from three to six percent of the dividend income.

Deferral
As a general principle, the U.S. taxes the income of foreign corporations only when it is repatriated to U.S.-resident shareholders, but it has moved the farthest in repealing "deferral," when compared with the other countries that have enacted antideferral systems. While the U.S. and several other major countries tax currently significant amounts of unrepatriated passive income earned by controlled foreign corporations, the United States imposes current tax on many types of unrepatriated active business income including: active banking and insurance income; shipping income; oil-related income; and income from related-person sales and services activities.

The U.S. "subpart F" system contrasts with the antideferral systems of Canada, France, Germany, Japan, and the United Kingdom, which generally do not require their residents to include currently unrepatriated active business income derived from wholly foreign activities by foreign subsidiaries. Thus, the U.S. system results in a *current* level of tax at least equal to the U.S. rate on a number of activities generating nondomestic income of U.S. multinationals. Multinationals headquartered in other countries, on the other hand, are taxed currently at the rate applicable where they are doing business, which may be lower than the home country rate.

Joint ventures
Despite the substantial growth of international investment through joint ventures, U.S. tax rules present for-

FIGURE 3—CASE STUDY ANALYSIS



Source: Price Waterhouse, "U. S. International Tax Policy for a Global Economy," April 1991.

midable tax disadvantages for U.S. companies participating in such ventures. These disadvantages include rules dealing with contributions of property to such ventures, restrictions on the foreign tax credit for dividends and interest, and the general exporting of U.S. tax-accounting rules to noncontrolled investments. For example, the United States imposes a separate foreign tax credit limitation with respect to income from each noncontrolled foreign corporation where the taxpayer's interest in the venture is between 10 and 50 percent. Canada, France, Germany, Japan, the Netherlands, and the United Kingdom do not distinguish minority-owned foreign corporations in applying their respective rules. Thus, so long as the home country corporation owns a requisite minimum percentage of stock in the foreign joint venture entity, multinationals resident in those countries obtain an advantage over U.S. multinationals.

Tax sparing

The United States is the only major developed country that does not overtly grant tax-sparing credits to developing countries (with the exception of Puerto Rico and certain other U.S. commonwealths and territories). The concept of tax sparing is that the residence country will refrain from imposing a residual tax on income that has not in fact been taxed in the host country due to a tax holiday or other incentive arrangement. This assists developing countries to attract foreign investment. Because U.S. multinationals do not benefit from tax sparing arrangements, they often operate at a competitive disadvantage in developing countries as compared to multinationals resident in other major industrial countries.

Case study analysis

To illustrate the extent to which the U.S. system for taxing foreign-source income can disadvantage U.S. multinationals as compared with those of other major industrial countries, Price Waterhouse developed a number of case study examples. The cases compare the effective tax rate (including both home and host country national income taxes) that results when the same cross-border operations are conducted by foreign affiliates of parent corporations based in the United States, Canada, France, Germany, Japan, the Netherlands, and the United Kingdom.

The U.S. economy is no longer so dominant that we can afford to ignore global competition in formulating our nation's tax policy.

The situations presented are not isolated examples. The facts are based on the average characteristics of U.S. corporations engaged in manufacturing and trade as reported by the IRS.

In the first example, comparative tax computations are made for a representative controlled corporation which performs manufacturing operations in Italy and sells to Europe through a sales subsidiary in Switzerland. The U.S. multinational confronts an effective tax rate of 35.2% as compared to an average effective tax rate of 29.2% in the six other countries (Figure 3.) The higher effective tax rate for the U.S. multinational—ranging from four percentage points in the case of Germany to ten percentage points in France—is tantamount to a surtax that foreign-based multinationals do not bear.

The higher effective tax rate for U.S. companies results from three sources.

- First, a U.S. multinational cannot avoid allocating interest and other expenses to foreign-source income. Because many U.S. multinationals have excess foreign tax credits, the allocated expenses effectively are rendered nondeductible.
- Second, unlike other countries, the Subpart F rules deny a U.S. multinational the benefit of deferral where a base sales company is used to reduce foreign taxes. This causes the income on which a U.S. multinational is subject to current tax to exceed the amount on which the other multinationals are currently taxed.
- Third, the U.S. rules for claiming a "deemed paid" foreign tax credit essentially produce more U.S. taxable income from a foreign operation than an otherwise identical domestic operation. This occurs because the United States, unlike other countries, requires the deemed paid credit to be based on earnings and profits rather than (foreign) taxable income.

If the United States were to harmonize its tax rules (regarding the calculation of the allocation of interest and other expenses, the taxation of foreign base company sales income, and the deemed paid credit) with those of the other six identified countries, the effective tax rate would drop to 28.9 percent—approximately equal to the average effective tax rate for multinationals headquartered in these six countries.

The second case study example involves the same fact pattern as the first except that the Italian and Swiss subsidiaries are noncontrolled rather than wholly-owned foreign corporations. As in the first case study example, the effective tax rate paid by the U.S. multinational is higher than that paid by multinationals headquartered in any of the other six countries. The U.S. rule requiring a separate foreign tax credit limitation for dividends from each noncontrolled foreign corporation (in addition to the U.S. expense allocation rules) results in a competitive disadvantage relative to foreign multinationals in the use of joint ventures. These joint venture arrangements are increasingly important vehicles for spreading risk and penetrating new markets such as Eastern Europe.

Implications for U.S. International Tax Policy

Much of U.S. international tax policy on foreign direct investment was

formulated in prior decades in economic circumstances very different from those we confront today. In particular, (1) U.S. companies are now less dominant in global markets, and (2) the U.S. economy is increasingly reliant on foreign markets. In view of these changes, it is now appropriate to review U.S. rules for taxing foreign-source income.

. . . we should seek to remove from the Internal Revenue Code provisions that discriminate against foreign investment.

The Price Waterhouse study assumes that the lower-rate/broader-base policy adopted in 1986 remains of major importance to the competitiveness of U.S. businesses whether engaged solely in business in the U.S., in exporting, or in worldwide operations. That policy enhances tax fairness among all sectors of U.S. business and has been emulated by rate reductions by a number of foreign countries with respect to their companies.

With respect to drafting income tax rules specifically applicable to the foreign income of U.S. businesses, the study identifies three guidelines:

First, we should seek to remove from the Internal Revenue Code provisions that discriminate against foreign investment. The ability of U.S. companies to compete in global markets is sufficiently important to the domestic economy that it should not be discouraged through discriminatory tax policies.

Second, we should seek greater harmonization of U.S. tax rules with those of our major competitors. When the United States overwhelmingly dominated the world economy, the adverse consequences of nonconforming tax rules were limited by the lack of major foreign competitors and the tendency for other countries to follow U.S. tax developments. With increased worldwide economic integration, however, differences among U.S. and foreign country tax rules are much more likely to interfere with international flows of capital, both portfolio and direct investment. As illustrated by the case study examples, when inconsistencies among tax systems interfere with decisions relating to location of operations, research, or financing, American companies often are the losers.

Third, we should strive to reduce the complexity of our tax rules regarding foreign-source income, which are the most complicated in the world and impose enormous compliance costs relative to the revenues raised from foreign source income. Complexity undoubtedly is an impediment to foreign investment by small and medium sized U.S. corporations.

Options for Change

In summary, U.S. tax law departs in numerous respects from international norms in ways which impose higher tax burdens on U.S. multinationals. For example:

- Foreign-headquartered multinational companies are permitted full deductions for their interest, research and other costs, while U.S. expense allocation rules effectively prevent the benefit of a full deduction for many taxpayers.
- Foreign governments allow tax deferral for a wider scope of foreign subsidiary operations. Thus, foreign-based multinationals can use a single company to sell and service products throughout the European Community and defer home country tax and sales and service income. By contrast, The United States imposes immediate tax on foreign affiliates of U.S. companies involved in cross-border sales and service activities.
- The United States imposes a minimum tax on foreign income when foreign income is a high percentage of total income, which often results in double taxation.
- The United States fragments its foreign tax credit into different lines of business income while other countries either exempt broad categories of foreign business income or permit a simpler foreign tax credit calculation. Thus, many foreign jurisdictions do not require the computation of multiple limitations which raise the total tax burden on foreign-source income.

The Price Waterhouse report contains an extensive discussion of options to modify particular tax rules consistent with the principles of eliminating discrimination against foreign-source income, achieving greater harmonization with international tax norms, and reducing the complexity of the international tax rules. These options include:

- Generally permitting deferral for the following types of active business income: foreign base company sales and services income where there is no direct reduction in the U.S. tax base; oil-related income; and financial services income for those taxpayers actively engaged in the financial services business on a worldwide basis.
- Restoring a *de minimis* exception to anti-deferral rules that is based on a meaningful percentage of gross income.
- Restricting foreign tax credit limitations to two primary categories: active business income and passive portfolio income, with special limitations for high withholding tax interest and U.S. source income. The need for separate limitations for active banking (and other financial services income) and shipping income merits further consideration; if retained, the financial services category should be broadened to encompass all related income from the conduct of the business.
- Eliminating the separate foreign tax credit limitation for noncontrolled foreign corporations and allowing look through based on a simplified approach, *e.g.*, using gross income of the foreign corporation as measured by financial statements or the foreign tax return; eliminating the special rules applicable to foreign oil and gas income; and eliminating the 90% limitation on the use of foreign tax credits against the alternative minimum tax.
- Reflecting foreign borrowings in the allocation and apportionment of interest expense; allowing a U.S. corporation, borrowing on its own ability, to allocate and apportion its interest on the basis of its assets (including the assets of any lower-tier subsidiaries); reconsidering present interest expense allocation rules as applied to finance companies operating in a conglomerate group; and providing for an equitable allocation of research expenses.
- Providing symmetrical treatment of domestic and foreign income and expense including domestic loss recapture.
- Reviewing and revising U.S. tax laws to facilitate participation by U.S. taxpayers in international joint ventures.
- Encouraging the extension of foreign country corporate/shareholder tax integration relief to U.S. direct investment.

With the increased openness of the U.S. economy and the rise of global competition, it is now appropriate to review our rules for taxing foreign-source income in light of the current economic realities. U.S. tax policy today must take far greater account of the tax systems and practices used by other countries.

[1] *U.S. International Tax Policy for a Global Economy*, 1991. The report may be ordered from the National Chamber Foundation, 1615 H Street, NW, Washington, DC 20062 (202/463/5552).

[2] In the case of the U.K. multinational, however, allocating the interest to U.K. source income can cause Advance Corporation Tax (ACT) utilization problems in some cases. Because foreign tax credits offset U.K. mainstream tax prior to ACT, if insufficient U.K. source income is present in the U.K. multinational, ACT incurred upon a distribution by the U.K. multinational to its shareholders will result in an additional tax cost to the multinational. Therefore, the foreign tax credit benefit of not requiring interest incurred by a U.K. multinational to be allocated to foreign source income can be offset by the potential failure of fully utilizing ACT.

NTA Seminar on Taxation of Business Property

A planning committee headed by John H. Bowman, of Virginia Commonwealth University, is putting the final touches on plans for a seminar on "Taxation of Business Property: Is Uniformity Still a Valid Norm?" The seminar will be held March 5-6, 1992, at the Peabody Hotel in Memphis, Tennessee.

The seminar is designed to examine policy issues related to taxation of business property of all kinds, in light of economic changes that have altered the nature of much business property and, perhaps, the economic rationale and feasibility of uniform *ad valorem* taxation itself.

Topics to be covered include:

The Changing Business Property Tax Base;
Emerging Legal Issues;
A Reexamination of Uniformity as a Policy Objective;
Enforcement of Uniformity;
Classification and Related Breaks for Nonbusiness Property;
Property Tax Abatements as an Economic Development Tool;
Implications of Changing Assessment Technology;
Assessment of Environmentally Damaged Property;
Trends and Issues in Taxation of Personal Property; and
Future Directions for Business Property Taxation.

The seminar will be cosponsored by the Institute of Property Taxation and the Lincoln Institute of Land Policy. It will be designed to appeal to a wide range of corporate and governmental tax personnel, as well as to academic students of property taxation.

Mark your calendar now. Full seminar details and registration materials will be mailed around December 1.

Attention, Researchers

The fourth annual NTA Survey of Research in Progress on Taxation and Public Finance Topics is under way.

A survey form is included in the back of the June issues of the *National Tax Journal*, on which you are invited to enter a brief description of your ongoing research. Send it in to NTA headquarters before January 1. A summary report listing projects by category will be published around February 1.

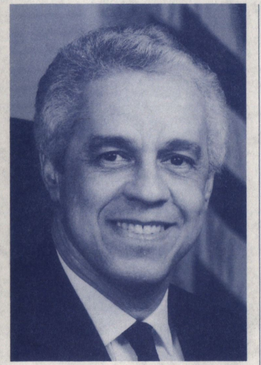
Response to the preceding surveys has been very encouraging. The report has proven useful to both producers and consumers of public finance research by letting them know what topics are under investigation, and by whom. Program committees for NTA conferences and seminars have used the results to identify potential participants. In at least a few instances, researchers have been asked to serve as consultants or expert witnesses because of their ongoing research.

The value of this survey obviously depends on its breadth of coverage. So if you have one or more active projects, please take a moment to complete and mail the form so as to let your colleagues know of your research activities and interests.

From the Editor,
(continued from page 1)

of U.S. corporations to compete abroad and offer recommendations for reform. These issues are central to the current reconsideration of U.S international tax policy. A major session at the Williamsburg Conference (November 10-13) will also be devoted to this topic.

The editor welcomes comments on Merrill's and Patrick's argument, as well as submissions of short articles on other topics of interest and value to a wide range of tax professionals.



Lawrence Douglas Wilder

Wilder to Address Conference Luncheon

Virginia Governor Lawrence Douglas Wilder will be the featured speaker at the Conference luncheon in Williamsburg on Monday, November 11.

A recently announced candidate for the Democratic presidential nomination, Governor Wilder has distinguished himself as a fiscal conservative, having held the line on state taxes and spending during a time of severe fiscal difficulties. Despite restricted revenues, the State finished fiscal 1991 with a small surplus, thanks to stringent budgeting and conservative revenue estimates. Tax increases have been avoided.

Governor Wilder has not announced a topic for his luncheon address but it seems likely, given the nature of the audience, that he will take the opportunity to discuss his fiscal philosophy and policies.

Preconference Workshop on the Concept of Economic Efficiency in Tax Policy Analysis

On Sunday, November 10, NTA will offer a special Preconference Workshop on the concept of *economic efficiency* as it is used in analyzing tax policy issues.

All taxes have economic side-effects, usually harmful to the efficiency of the economy. Policy analysis requires that these effects be identified and their importance weighed.

This Workshop, the second of its kind, is designed as a layman's introduction to some of the concepts that are central to contemporary economic analysis as applied to tax policies. Last year in San Francisco, a similar program played to a highly receptive audience.

Faculty for the Workshop are:

Prof. Harvey S. Rosen, of Princeton University, former Deputy Assistant Secretary of the Treasury for Tax Analysis and author of the widely used textbook *Public Finance* (Irwin, 2d ed., 1988),

Dr. Jane Gravelle, Senior Specialist in Economic Policy at the Congressional Research Service.

Prof. Ronald C. Fisher, Chairman of the Department of Economics, Michigan State University, and author of *State and Local Public Finance* (Scott Foresman and Co., 1989).

The Workshop has been organized by the NTA Committee on Education in Public Finance, chaired by Prof. Marion Beaumont, of California State University, Long Beach. It has been precertified for continuing legal education credit in Ohio and in all likelihood will qualify for such credit in other states and before other certifying bodies.

Full details on the workshop program and information concerning registration were included with Conference Program materials mailed recently to all members. Additional information or extra copies can be obtained from the NTA office.

45 Years Ago with the NTA

State Aid to Large Cities

"No state, I don't care where it is, can uphold or sustain a position with its treasury bulging with millions of dollars and other units of local government unable to carry on their activities. We in Chicago feel that we are entitled to an allocation of the state revenue back to the political subdivision in which it is collected.

"That isn't anything new. Many of your states, progressive states in taxation, have adopted that program of returning to the people who pay the state taxes a portion of the money in order that they may carry on local government and reduce the burden on real estate.

"We in Chicago feel that this problem can be solved. It can be solved by organizations such as you have here — organizations of men and women who are interested, not in a piecemeal, temporary system of taxation, but a fair, just, and equitable one."

Richard J. Daley, then Deputy Comptroller of Cook County, in welcoming the National Tax Association at its Thirty-Ninth Annual Conference, Chicago, June 3-6, 1946.

NTA Sessions at ASSA Annual Meeting

Once again, NTA will sponsor two conference sessions at the annual meetings of the Allied Social Science Associations, which includes the American Economic Association. These meetings will be held January 3-5, 1992, in New Orleans. Exact times for the NTA sessions have not yet been announced. The programs are as follows:

State and Local Taxation of Business
(Joint with the American Economic Association)
Presiding: Joseph J. Cordes, George Washington University

Papers:
Emerging Issues in State and Local Business Taxation, Thomas F. Pogue, University of Iowa;
Shooting yourself in the Foot: Local Taxation of Capital, William Oakland and Luc Noiset, Tulane University
Taxing to Fund Environmental Programs: The Case of Solid Waste, Robert A. Bohm and Michael P. Kelsay, University of Tennessee.

Fiscal Decentralization in Developing Countries
Presiding: Matthew N. Murray, University of Tennessee

Papers;
Perspectives on Fiscal Decentralization in Less Developed Countries, Roy Bahl, Georgia State University;
Decentralizing a Centralized Economy: The Case of Egypt,, William F. Fox, University of Tennessee;
Decentralizing a Command Economy: The Case of Hungary, James R. Alm, University of Colorado.

New Members

The Association is pleased to welcome the following new members who have joined between June 1, 1991 - August 31, 1991.

NAME	STATE OR COUNTRY
Cassie Bradley	Alabama
Tasneem Chipty	Massachusetts
Dean Crawford	Ohio
Paula R. DeMasi	D. C.
Shirley Dennis-Escoffier	Florida
Elizabeth P. Evans	Utah
Jerald R. Gober	Texas
John A. Hively	Ohio
Thomas Petska	D. C.
Kansas Dept. of Revenue	Kansas
Marian Krzyzaniak	Texas
Oreste F. Maltagliati	D. C.
R. Mansury	Indonesia
Vijay Mathur	India
Annette E. Meyer	New Jersey
Mithlesh Kumar Misra	India
William B. Modahl	Massachusetts
Panteion Panepistimio	Greece
PHH Corporation	Maryland
Martin Roth	New York
William Santo	Indiana
Jane Sjogre	Massachusetts
Christopher H. Stinson	Washington
Donna Synstelien	Tennessee
Janet W. Tillinger	Texas
Edward Treska	Minnesota
Donald Trippeer	S. Carolina
University of Pittsburgh	Pennsylvania
N. S. Weerartne	Sri Lanka

We invite you to join us in our work

APPLICATION FOR MEMBERSHIP

NATIONAL TAX ASSOCIATION
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I wish to become a member of the National Tax Association.

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