

THE COST OF A NATIONAL CRIME.

Analysis of the Revenue and Expenditure of the United States Past and Future.

"I speak not of forcible annexation, for that cannot be thought of. That by our code of morality would be criminal aggression."

WILLIAM MCKINLEY.

EXECUTIVE MANSION,
April 11, 1898.

Many problems are now pending in respect to the past and future of national taxation which may be stated in the following terms:

First. What are the necessary or normal peace expenditures of this government when economically administered?

Second. From what sources have these revenues been derived?

Third. Was the revenue derived under the act known as the Dingley bill sufficient to meet the normal or peace expenditures in the last fiscal year?

Fourth. Was it likely to suffice in the present fiscal year except for the war with Spain?

Fifth. Will the Dingley bill with the recent war revenue act combined yield a sufficient revenue to meet the probable future expenditures, assuming that the surplus cash in the Treasury at the beginning of the war and the proceeds of the war loan of \$200,000,000 will have sufficed to cover the cost of the war, which may now be assumed?

In order to develop the facts in the case the official figures of the last fiscal year will be given and analyzed per capita.

These figures will then be compared per capita with the figures of the previous twenty years, 1878 to 1897 inclusive.

The per capita method of comparison, often very delusive, is in this case the only fit standard because it gives an accurate standard of the economy or otherwise of each variation in our fiscal policy, and also because down to the enactment of the recent war revenue measures the taxes have been derived almost wholly from articles of common use and consumption, and have therefore been borne in much greater measure by consumers without distinction than with regard to their relative earnings or incomes and their ability to pay.

I.

What are the necessary or normal expenditures of the government economically administered?

From 1878 to 1897 inclusive, a period of twenty years, the standard or unit of value was gold, and all transactions were substantially at that standard, specie payment on a gold basis having been resumed January 1, 1879. In the short period covered by this term antecedent to that date the so-called premium on gold was so small as to be a negligible element in the case.

The following table gives the facts:

Year.	Population.	Net revenue.	Per capita of revenue.
1878	47,598,000	\$257,763,879 00	5.42
1879	48,866,000	273,827,184 00	5.60
1880	50,155,783	333,526,611 00	6.65
1881	51,314,000	390,782,263 00	7.60
1882	52,495,000	403,525,250 00	7.68
1883	53,690,000	398,287,582 00	7.41
1884	54,911,000	348,519,870 00	6.36
1885	56,118,000	323,690,706 00	5.76
1886	57,404,000	333,439,727 00	5.86
1887	58,680,000	371,403,277 00	6.33
1888	59,974,000	379,266,075 00	6.32
1889	61,289,000	387,050,059 00	6.31
1890	62,622,250	403,080,082 00	6.43
1891	63,975,000	392,612,447 31	6.14
1892	65,516,000	354,937,784 24	5.42
1893	66,946,000	385,819,628 78	5.76
1894	68,397,000	297,722,019 25	4.37
1895	69,878,000	313,390,075 11	4.48
1896	71,390,000	326,976,200 38	4.58
1897	72,937,000	347,721,705 16	4.77
		\$6,693,343,355 23	5.81

Net expenses.	Per capita of expenditures.	President.
\$236,964,327 00	4.98	Hayes.
100,947,884 00	5.46	
267,642,958 00	5.34	
290,712,888 00	5.08	
257,981,440 00	4.91	
265,408,138 00	4.94	Arthur.
244,126,244 00	4.44	
200,226,935 00	4.63	
242,483,138 00	4.22	
267,032,179 00	4.56	
267,924,801 00	4.46	Cleveland.
289,288,978 00	4.88	
318,040,710 00	5.07	
365,773,905 35	5.71	
345,023,330 58	5.27	
383,477,954 49	5.73	Harrison.
367,525,279 83	5.37	
356,195,208 29	5.10	
352,179,446 08	4.93	
365,774,159 57	5.01	
\$5,891,629,904 19	4.97	Cleveland.

This includes \$8,270,842.46 of "premiums on purchase of bonds."
 This includes \$17,292,362.65 of "premiums on purchase of bonds."
 This includes \$20,304,224.03 of "premiums on purchase of bonds."
 This includes \$10,401,220.61 of "premiums on purchase of bonds."

FISCAL YEAR ENDING JUNE 30, 1898.

Year.	Population.	Net revenue.	Per capita of revenue.
1898	74,389,000	\$339,327,981 11	4.56

Net expenses.	Per capita of expenditures.	President.
\$443,368,582 00	5.96	McKinley.

SUMMARY AND ANALYSIS 1878-1897, INCLUSIVE. (Made up by the compiler from annual reports slightly varying in the total from a final official summary given above in the total).

REVENUES.	Amount.	Per Capita.
Liquors and tobacco, domestic and foreign, 1878 to 1890 at 90c	\$2,954,435,557	2.476
Sugar and molasses, 1878 to 1890 at 90c	638,687,909	.606
1891 to 1897	\$119,921,302	
Less bounties paid	35,000,000	
Miscellaneous receipts	84,921,302	.457
Internal taxes other than liquors and tobacco	545,871,102	.116
Income from general tariff, omitting liquors, tobacco and sugar	138,460,194	.116
	2,573,842,070	2.160
Total	\$6,936,218,134.97	5.815

EXPENDITURES.

Civil service	\$1,603,276,987.81	1.34
War	877,582,140.47	.74
Navy	422,336,204.95	.35
Indians	163,005,042.80	.14
	\$3,066,200,376.03	\$2.57
Pensions	1,802,684,508.94	1.51
Interest	1,062,619,831.00	.89
	\$2,865,304,309.94	\$2.40
	\$3,066,200,376.03	\$2.57
	2,865,304,309.94	2.40
	\$5,931,504,775.97	\$4.97
Excess rev. '78 to '93, inc.	\$1,160,577,543	
Deficiency, '94 to '97, inc.	155,864,184	
	\$5,931,504,775.97	
Net payment of debt	1,004,713,359.00	.84
Total	\$6,936,218,134.97	\$5.81

II.

From what sources have the revenues been derived?

A glance at the above statement discloses the fact that the revenue from liquors and tobacco averaged:

Two dollars and forty-seven cents per head	\$2.476
Small internal taxes on banks, oleomargarine, etc.	.116
Miscellaneous permanent receipts	.457
Sugar and molasses	.603
Miscellaneous duties on imports other than liquors, tobacco and sugar	2.160
	\$5.815

The excess of 84 cents per head of revenue above expenditures yielded \$1,004,713,359 surplus which was applied to the reduction of the debt.

It will be remarked that the revenue from sugar and molasses from 1878 to 1890 came to 90 cents per head. The duties on sugar abated under the McKinley act, partially restored under the Wilson act, were under the Dingley act somewhat less than from 1878 to 1890.

Had these duties been maintained from 1891 to 1898 at 90 cents there would have been no deficiency in the revenue except the war expenditures of the present year, but on the contrary a surplus of about one hundred and fifty million dollars (\$150,000,000) to be added to the previous reduction of debt.

It will also be remarked that the revenue from liquors and tobacco \$2.476, with the small internal revenue taxes added .116, making \$2.592, covered the normal cost of conducting the government including the cost of what is called the new navy, leaving only interest and pensions to be covered by revenue from all other sources.

It will also be remarked that if twenty years is a sufficient period on which to base a rule the normal expenditures of the nation are five dollars per head (\$5) at which rate they are less than half the expenditures of the United Kingdom of Great Britain and Ireland, where the burden of national taxation in ratio to person is much less than in any other state or nation on the continent of Europe where militarism and compulsory service in army or navy render the masses of the people subordinate to the military classes very much less in ratio to the annual product.

III.

Was the revenue derived under the Dingley bill sufficient to meet the nor-