

Taxation – America’s Disdain Part II

Lead: On February 3, 1913, the sixteenth amendment to the Constitution was adopted – making the income tax a permanent part of life in the United States.

Intro.: *A Moment in Time* with Dan Roberts.

Content: Until the Civil War, the United States government relied heavily on tariffs (the taxes on imported goods) for revenue. Although the Constitution prohibited the government from imposing a direct tax on citizens, in 1862, during the Civil War, Congress passed an act which authorized the collection of the income tax in order to help finance a war that was costing the United States treasury one million dollars a day by 1862. With the Republic under threat, resistance to the income tax was not widespread. The wartime emergency income tax was reduced after the war and repealed in 1872.

The idea of an income tax, however, was supported by many citizens, especially advocates of the poor. They argued that the income tax, a progressive tax, put the heavier burden on the

wealthy. National tax policy became a form of wealth re-distribution. It was considered by many to be inherently fairer than the regressive tariffs and excise taxes which put the burden on middle income and poor people. By the end of the 19th century the idea of raising revenue through the income tax had gained acceptance in parts of Europe and in several U.S. states. In 1894, Congress attempted to revive the income tax, but the following year the Supreme Court ruled the tax was unconstitutional which forced supporters to amend the Constitution. In 1913 the 16th Amendment to the Constitution was ratified, making the income tax a permanent part of life in the United States. Withholding began in 1943, as a support for the war effort. Ironically, the cry that “taxes are too high” has been more or less a permanent part of American politics since colonial times, today on average Americans pay less slightly less in taxes than citizens of other developed nations. Only South Korea, Mexico, Australia, and Japan have lower tax burdens.

At the University of Richmond, this is Dan Roberts.

Resources

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