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# PUBLIC FINANCE

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# **PUBLIC FINANCE**

TO  
PROFESSOR CHARLES JESSE BULLOCK

## PREFACE

The subject matter of Public Finance relates to facts and phenomena with which everyone is familiar, either through the payment of taxes or on account of receiving, in some form or other, the services and benefits of government. The collection of public revenue and its disbursement in the discharge of governmental functions are matters of practical concern to all citizens.

Nevertheless, Public Finance has seldom received the attention and thoughtful study to which its practical importance entitles it. There has been a gap between our everyday experience with taxpaying and public disbursement, and our interest in, or knowledge of the principles which should govern proper procedure in these important activities. While the range and expense of public activities were limited, involving an outlay that was easily met, there was less need for concern over the cost of government, the application of proper business methods in public administration, or the manner in which the burden was distributed. But the rapidly accelerating tempo of public expenditure is dissipating this indifference, and many persons are groping for an understanding of the nature and extent of the problems involved. These problems must be approached through the systematic study of Public Finance, which thus becomes one of the most significant branches of the entire curriculum, from the standpoint of practical affairs as well as from that of formal knowledge.

This book is offered as a means of bridging the gap between the practical experience with public financial affairs and the general unfamiliarity with principles. It is more, however, than a treatment of theories. The aim throughout has been to translate into concrete terms the principles which underlie the levy of taxes, the expenditure of public money

and the use of public credit, by means of illustrations and facts drawn from familiar experience.

It is a pleasure to record here our acknowledgment of the material assistance rendered by friendly counselors. From Professor E. T. Miller of the University of Texas, and Professor Jacob Viner of Chicago University, who read all of the manuscript, and from Mr. A. E. Holcomb, Secretary-Treasurer of the National Tax Association, many helpful suggestions and criticisms were received. To each of these critics we hereby extend, however, full absolution from all responsibility for the opinions advanced and the facts presented in the book.

H. L. L.

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**PART I**  
**INTRODUCTION**



