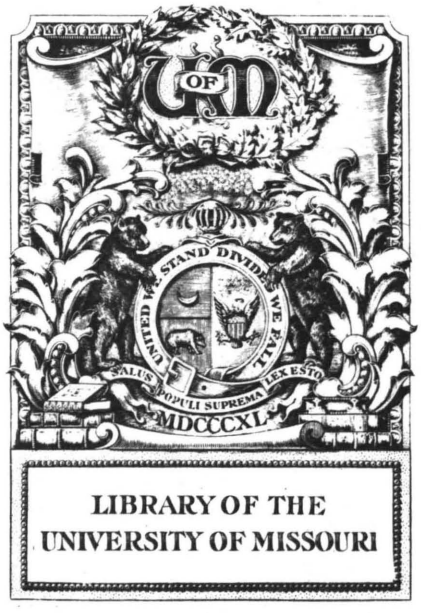
NARDIN, EARLY FINANCIAL HISTORY OF MISSOURI. THESIS 1904



THESIS.

EARLY FINANCIAL HISTORY OF MISSOURI.

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EARLY FINANCIAL HISTORY OF MISSOURI.

The financial history of Missouri properly begins with the history of the territory of which Missouri was, in the earliest time, a part. That territory, however, the field of attempted French colonisation and of Spanish dominion, affords matter rather for an interesting chapter of French or Spanish financial history than for a financial history of Missouri. It may almost be said that only geographical reasons justify including in this paper a chapter on the Spanish period. Certain it is that there is no continuous development, and we shall see that there is little influence to be traced from the former period to the development under the jurisdiction of the United States. But on account of what little there may be I shall notice briefly the period of Spanish domination. I pass over with slight notice the French period because there was not even the geographical reason for its consideration, there having been no settlement in the territory that is now Missouri until after the transfer of the country to Spain.(1) Only so far as the French period affected Spanish policy will it be noticed.

(1) The settlement at Ste. Genevieve, supposed to have been established in 1735 is an exception to this statement, but it was very small and never became an independent settlement till after the transfer of the country to Spain.

THE FRENCH PERIOD.Lasalle on the Mississippi accomplished nothing in the way of permanent settlement. Iberville and Bienville succeeded in establishing permanent settlements,but after their establishment the growth was very slow.Ten years after the settlement of the country began,the first ship came to trade with the colony.(1) In 1705,on account of the distance of the territory from the French possessions in Canada,a separate colony was formed and a governor general appointed.(2) He was soon discouraged,however,and returned to France to report no progress,there being but twenty eight families in the colony,and one hundred and seventy five men in the King's pay.Then the country was granted to Crozat, a French merchant,but his venture resulted in no better success for the colony and brought ruin on himself.(3) Exclusive trading privileges were then granted to the India Company,but failure followed this attempt as it had the previous one.The French government then took control and things went from bad to worse till in 1735 the expense of the colony rose to 887,205 livres,there were no commodities for trade with the Indians,and

(1)Martin,History of Louisiana,p 110.
(2)Ibid,p 111.
(3)Ibid,pp 114 et seq.

there was such dissatisfaction among them that there was danger of a transfer of their allegience to England. With things in this condition, in 1761, a memorial was presented to Spain asking that aid be given in protecting the country against the English.[1] Such in brief is the history of the French domination of Louisiana.

TRANSFER TO SPAIN. The colonisation of Louisiana, as of all other American territory at this time, was for the purpose of bringing wealth and power to the colonising country. Louisiana was affording neither to France. It was a decided burden, yet such a burden as France did not wish to see fall into the hands of a rival power. When Spain did not respond to the call for aid in protecting the country, France adopted the only other means of keeping it out of the hands of the English, offering it as a gift to Spain. At a time when the nations of Europe were fighting for territory, it might be expected that such a gift would be gladly accepted, but such was not the case. France feared that the country in the hands of England would be a source of power to that country and on that account was anxious to give it away rather than see it fall into her hands. But

(1) Gayarre, History of Louisiana, pp 74-89.

Spain, on the other hand, could see in the country a burden for herself and was therefore slow about accepting the gift. One of the French ministers said concerning a memorial to be presented to Spain; "Considering that there are things in this memorial which might point out to the court of Madrid proximate cause for conflict with England and thus render the cession of Louisiana less acceptable to Spain, it seems proper that this memorial be recast so as to produce a more favorable impression on that government."(1) When the offer was made the Spanish minister accepted it conditionally, and on the 13th of November, 1762, the King of Spain declared that in order the better to cement the union which existed between the two Kings, he accepted the donation tendered him by the generosity of his most Christian Majesty.(2) There is in this very acceptance evidence of the spirit in which the gift was received and the slight esteem in which it was held; but later circumstances bring out more clearly the real feeling in regard to it. No one was pleased with the transfer but the nation that was getting rid of the territory. The inhabitants were as re-

(1) Gayarre, History of Louisiana, p 108.
(2) Ibid, p 92.

luctant to be transferred to Spain as was that country to receive them.The governor whom the Spanish King sent out was expelled from the country in 1768,and many petitions were sent to the French government asking that the country be taken back by Franch.In a Spanish cabinet meeting the question of giving the country back to France was discussed,and the Duke of Alba said:

"I am of the opinion that the King ought to retain Louisiana on account of the extreme importance of the Mississippi's being the fixed and settled limit of the English possessions.

"And taking into consideration that from the possession of that colony it does not seem that any other advantage can arise than that of determining incontestable limits between the neighboring powers,I am of the opinion that it be reduced within very narrow bounds in order that its administration should cost the King as little as possible."

Don Juan de Arriaga gave as his opinion:

"From the moment that France offered to cede Louisiana,it seemed opportune to me to take her,not because itmight be a profitable possession to us in a

pecuniary point of view,but because of the advantage which we obtain of securing indisputable limits between us and the English,who never stand in need of some pretext or other to overstep them,without any open and avowed act of transgression."(1)

This attitude on the part of the Spanish government is significant in regard to the financial history of the colony.Charles III.in his instructions to the first governor for Louisiana,declared:

"I have resolved that in my new acquisition,there shall be no change in the administration of its government,and therefore that it be not subjected to the laws and usages that are observed in my American dominions, from which it is a distinct colony,and with which it is to have no commerce.It is my will that it be independent of the ministry of the Indies,of its councils and of other tribunals annexed to it;and that all which may relate to the colony,shall pass through the ministry of the state,and that you communicate with me,through that channel alone,whatever may be appertaining to your government."(2)

To relieve the colony of the policy which was pursued with the other American possessions of Spain,was to relieve it of such impositions and exactions as are

(1)Gayarre,History of Louisiana,pp 209-250
(2)Ibid p 158.

notorious in the history of colonial policies, and which had for their purpose the filling of the coffers of the King of Spain.(1) Louisiana, accepted as a favor to the French King rather than from him, and held as a check to England rather than as an advantage to Spain, was not made the field for exploitation. Instead of drawing revenue from the colony, the Spanish King accepted it as a tax on his resources, a necessary expense, and did not attempt to make it self supporting. The extent to which support was derived from the colony remains to be noticed.

IMPORT AND EXPORT DUTIES. At a time so near to that in which the Mercantile System had its highest development as was this period, it is not to be expected that commerce would be free from restrictions. By a proclamation of the King of Spain to the first governor of the territory it was provided that the trade with Spain should be confined to six ports of the Peninsula.(2) In 1768 there was an exemption from duty of all trade with these ports, but this did not relieve the cause of com-

(1) Prof. Blackmar, in his work on Spanish Institutions of the Southwest, says: "There can be no excuse made except that of bigotry and ignorance, for the manner in which the hand of avarice reached out to pluck the products of the mines and of the soil, to drain all accumulated wealth in order to support churches and monasteries and to fill the coffers of the King of Spain" Johns Hopkins Studies, Extra Vol. X. p 56. (2) Martin History of Louisiana, p 216.

plaint as the colonists held that they could not procure the goods they needed at these ports.As a consequence of this condition there was a considerable trade with England.When,however,the war with the American Colonies broke up this trade,the King issued a decree granting, for a period of ten years,the privilege of trade with any of the ports of France where there was a Spanish Consul;but no specie was,in any case,to be experted. It was also provided that goods direct from Spain should be admitted on the payment of a duty of four per cent.,the same act reciting that; "It being just that commerce should contribute to the support of the colony,and the expenses it occasions,a duty of six per cent.is laid on all merchandise exported and imported by the King's subjects in the Peninsula,Louisiana,and West Florida,according to a moderate assessment."(1) The proclamation of 1782 provided that commerce should be carried on with all the nations of Europe with which Spain had commercial treaties,a duty of fifteen per cent. being levied on all importations from such nations,and six per cent.on exports,except slaves which were to continue free from duty,and spedie which was not to be ex-

(1)Martin,History of Louisiana,pp 236-7.

ported in any case.The commerce coming from the allowed ports of Spain was free from duty,except foreign merchandise coming from such ports in foreign bottoms,which was subject to a duty of three per cent.(1)

LAND TAX.Under the condition that land was granted without price to settlers,it is not to be expected that there would be a tax on land.The problem of progress in agriculture was always one of some importance in the colony of Louisiana,and not only was land granted without price,but in 1795 there was even a provision that to each family of at least two white persons fit for carrying on agriculture who should settle in the colony, a sum of two hundred dollars should be given.(2)But there were some requirements of those who were given lands. In the first place it was provided that the grants should be contiguous,and a further provision made it impossible for the land to be sold until the original settler had raised three crops on at least one tenth of it.If one tenth of it was not put into cultivation within two years the whole of it would be forfeited.(3) Lands so forfeited were to be sold at auction if pos-

(1)Martin,History of Louisiana,p 260.
(2)Ibid,p 265.
(3)Ibid,p 277.

sible,but in case it was notpossible,the sale should be made by the King's attorney,and if the purchaser could not pay cash,a quit rent should be substituted amounting to five per cent.yearly.On this land there was a tax.It was provided that a tax should be levied corresponding to the tax of media annata (*) on the salaries of officials.In levying the tax the income on which it was estimated was two and one half per cent. of the value of the land as estimated for sale,and the tax was eighteen per cent on that income.(1) Evidently the reason for this tax was that it was considered that the income from such land would be greater than from land which had not been to any extent improved.It bears some resemblance to the practice which existed in some of the commonwealths of the U nited States of taxing only improved land.

INHERITANCE TAX.The tax on inheritances represented a rather well developed form of inheritance tax.In Spain to-day the tax on inheritance varies in amount from one per cent.on direct inheritance,to ten per cent.on property passing to strangers.(2) In Louisiana the tax on direct inheritance was one half of one per cent.,and on collat-

(1)Martin,History of Louisiana,p 282.
(2)Max West,The Inheritance Tax;Columbia College Studies in History,Economics,and Public Law.Vol.IV.p 203.

(*)See page 11 for provision as to this tax on salaries.

eral inheritance from two to four per cent.,with an exemption of all estates below the value of two thousand dollars.(1)

PILOTAGE TAX.On every vessel entering or leaving the Mississippi River a tax of twenty dollars was imposed,seven of which went for the support of the government,the remainder being divided among the members of the crew and the pilot who brought the boat in.

TAX ON SALARIES.The tax on salaries extended to all civil employments and was levied in all cases where the amount of the salary was more than three hundred dollars.The amount of the tax was equal to half the first year's salary,and was payable in from two to four yearly installments.Only the first incumbent of a newly created office was exempt from the tax.Very similar to the tax on salaries is that on saleable offices,such as regidors,clerks of the Cabildo,and notaries.

LICENSES.There was but one case of a license tax; that was the tax levied on the right to sell spirituous liquors.(2)

The most important of these sources of revenue is the tax on exports and imports.With the exception of

(1)Martin,History of Louisiana,p 288.
(2)Ibid,pp302-3

the cash remittance from Vera Cruz,these duties afforded the larger part of the income of the colony.In 1802 the duties collected at the custom house amounted to $117,515;the amount brought from Vera Cruz in the same year amounting to $402,258.(1) It is a striking fact in the financial history of the country that such an immensesum was expended in the government of the colony. In 1785,when the population was only 27,584,the expenditure amounted to $449,389;more than sixteen dollars for every inhabitant of the country.The expense of the government of North Carolina,when the population was 377,721,was only $56,930.(2)It is evident from this com - parison that if the colony of Louisiana had been compelled to meet the expense of the government,there would have been a chapter in the financial history of the territory,the details of which would be of absorbing interest.But there was not even an attempt to raise the revenue from the colony itself.In 1799 a royal prodlamationcalled for a patriotic loan,reciting that it was not desired to impose exactions on the colony till all other means had failed.(3)Nor are there any

(1)Martin,History of Louisiana,p 304.
(2)Ibid,pp 242-4
(3)Annals of St.Louis,Vol.Ip 289.

records of complaint on account of exorbitant fees. In the case of the fees for surveying land it was provided that they should be proportional to the amount of work done, and in upper Louisiana, "the legal fees of office on notes and bonds, and other disputed claims, even to judgment and execution never exceeded four dollars."(1) Moreover when Don Pedro Piernas, the lieutenant governor of Upper Louisiana left the province, a memorial was drawn up and signed by the leading citizens of the territory declaring that there had been no unjust exactions or burdens during his administration.(2)

The policy was consistently maintained of considering Louisiana a necessary expense, without trying to make it self supporting. The poverty of the country relieved it from the exactions which were imposed on other Spanish colonies, and thus rendered this chapter of the financial history of the country one to be briefly written. The expenditure was sufficiently striking to be worthy of special notice, but since it was not supported by the colony it is a part rather of Spanish than of Missouri history.

(1) Stoddard, Sketches of Louisiana, p 281.
(2) Annals of St. Louis, Vol. I. p 30

LOCAL TAXATION.Since it is local taxation with which we have to deal when we take up the period of history under the jurisdiction of the United States, the local taxation of the previous period is naturally of the most interest.By a proclamation of February 22, 1771,a revenue was assigned to the city of New Orleans, consisting of an annual tax of forty dollars on every tavern,billiard table,and coffee house;a tax of twenty dollars on every boarding house;one dollar on every barrel of brandy brought into the city;and a tax of three hundred and seventy dollars on butchers.To make certain that this tax would not be shifted the butchers made a declaration that they would not raise the price of meat on account of the tax.For keeping up the levee, an anchorage duty of three dollars was granted on every vessel of two hundred tons and upwards,and half that amount on smaller vessels.Land about the public square was granted to the city and was sold for a yearly rent.(1)

The sources and the amount of revenue for the year 1802 are seen in the following table.

Hire of stalls in the beef market------ $2,350.

Tax of seven eighths of a dollar on every carcas of beef exposed for sale--- 3,325.

(1)Martin,History of Louisiana,p 214.

Tax of a quarter of a dollar on every carcas of veal or mutton exposed for sale	$1,200.
Hire of Green and fish markets	1,385.
Tax of half a dollar per barrel on flour	2,800.
Tax of forty dollars on taverns and billiard tables and of twenty dollars on boarding houses	3,500.
Tax of three dollars on every ship anchoring, to be used for levee repairs	500.
Tax of two dollars on every pipe of tiaffa imported,	800.
Rent of old market house	1,800.
Rent of ground on square	132.
Ground rent arising from the sale of ground	693.
Movable shops and stalls	360.
Tax of one dollar on vessels entering the Bayou ST.John	470.
Total	$19,313.

It is important to notice that in this list there is nothing in the form of a property tax.The tax is not levied on land but on the privilege of using the land.Not on the property of the merchants but on the property sold,or on the privilege of selling the property,the tax is levied.(1)

In support of streets,it is required that these who have property bordering on the streets shall keep

(1)Martin,History of Louisiana,p 309.

up that part in front of their property in fit condition for carrying on traffic. In the village laws of St.Louis it is provided that, "All the inhabitants whose lots face a street through which passes a rivulet shall be obliged, to give current to the water to the Mississippi River, to make the necessary drains and bridges, to repair the same, and at all times put the streets in condition for the circulation of vehicles.

"Besided the cases explained in the foregoing article, the streets in general shall be repaired and kept in condition by the owners of lots fronting on them."(1)

From these sources the revenue of the Spanish towns in Louisiana was derived. But there is little more reason for dwelling on the system of local taxation than on the general system. Neither contributes to very considerable extent to the system that developed under the later period of the jurisdiction of the United States. Only the license taxes on taverns and billiard tableswill be found to continue in that period, taxes on property being introduced to take the place of the privilege taxes which form such a large part of the system just noticed.

(1) Annals of St.Louis, Vol.I.p 216.

FINANCIAL CONDITION. In a country where there are no mines of the precious metals, and where the exports are less than the imports, the problem of a circulating medium becomes one of serious consequence. Such was the state of affairs in the territory of Louisiana, and this problem was a serious one, not only throughout the Spanish and French periods, but even well down into the period of the domination of the United States. The solution of the problem in the French period was attempted through the liberal use of paper money, the first to circulate being the notes of the India Company, which were for a time considered more valuable than the notes of the French government.(1) When, however, the company failed there was a collapse of the value of its paper, and in response to a petition from the colonists the King issued, in 1735, two hundred thousand livres of card money which was made legal tender for all payments in the colony.(2) It was the opinion of the financiers that the King's paper would not suffer such depreciation as did that of the company, but in this they were mistaken. In 1744 the King's paper had so depreciated that

(1) The stock kolders thought that the great amount of land they held would make great profits possible, they declared a dividend of two hundred per cent., the stock rose to sixty times its original cost, and the notes took the place of the securities of the government. Martin, History of Louisiana, p 142. (2) Ibid, p 173.

it was necessary to give three hundred livres in paper for one in coin.Consequently the government decided to take another step toward establishing a stable currency.In reality,however,it was not a step toward stability,but the step which determined that there should be no stability.Instead of redeeming the paper at par, as might have been expected,the basis of redemption was one hundred livres for two hundred and fifty livres of the deprediated money.Moreover the redemption was not in specie but in notes on the treasury of France which had to stand a further discount.The reason for thus redeeming the notes at such a small per cent.of the face value was,it was said,because they had been given in payment of expenses which had been raised in proportion to the depreciated currency which had preceded their issue.(1) But whatever the reason,the result could be nothing else but that all paper money in the future would be of very doubtful value.If the government was to redeem its notes only on the basis that was set in the market,there was nothing to keep it from going to the lowest possible limit.When the need arose for more money in the colony there was another

(1)Gayarre,History of Louisiana,p 22

clamor for an issue of paper,but it was opposed by Lenormant,the Intendant Commissary of the colony.(1) But his successor did not have the same notion of the evils arising from the use of paper money,and therefore on his own authority,without consulting the government at home,he caused to be issued notes which were to be given for all the King's expenses and debts,and exchanged for all other obligations,so that they should become the only currency of the colony.When news of this plan reached France an order was at once dispatched to the colony demanding that all such notes be replaced by drafts on the treasurers-general of the Crown of France.(2) Again in 1759 there was an issue of paper money by the Intendant Commissary.(3) From t ime to time the expenses of the colony were paid in due bills,and when the transfer to Spain took place there was in the colony seven million livres of unredeemed paper money.(4)

The policy which had been adopted in the case of the

(1)Lenormant said:"I admit that another emission of paper money would afford relief to the treasury of the marine department at home;but a relief that would be only temporary and would not exceed the duration of one year,would not counterbalance the risks which are inseparable from the introduction of this kind of currency in the country.###### "Gayarre,History of Louisiana, p 37. (2)Ibid,p 52. (3)Ibid,p 85. (4)Ibid,p 158.

card money had not been changed and the legal rate of redemption at the time of the transfer was at a discount of seventy five per cent.(1)

When the news of the transfer to Spain reached the colony there was great consternation on account of the possibility that the Spanish government would ignore the obligation of this paper.But as soon as the Spanish Governor began to show that he was willing to recognise the paper money,the cupidity of the colonists rose to such an extent that they refused his offer of redemption at the same rate allowed by the French government,declaring that they were certain that the French King would redeem itat par if it was not done by the Spanish authorities.(2) The absurdity of this position needs no comment in the light of the history of the French redemption which has just been recited.The proposition that he should redeem the paper at par was very justly rejected by the Spanish governor.The matter dragged on and the circulation of the depreciated paper continued till 1768 when by an order of the council of the French King it was provided that the paper should be reduced to three fifths of its nominal value,and

(1)Gayarre,History of Louisiana,p 159.
(2)Ibid,p 160.

for this reduced amount certificates bearing five per cent.interest should be issued.A French official was allowed to stay in the colony to arrange for this redemption.The act in regard to the paper money was the last act by France in regard to Louisiana in this first period of domination.(1)

Under the domination of Spain the paper money policy did not run rampant as in the French period.There was only a slight emission of such money in the beginning of the period and it was not continued.There was, however,always a debt for the payment of the officers of the colony and supplies for the troops,and this was paid in certificates which did not bear interest and which circulated at a discount of from twenty five to thirty per cent.The depreciation was not on account of any uncertainty as to the final redemption of the certificates,but from the fact that in the market there was a great scarcity of Spedie.In 1802 these certificates were redeemed by an issue of bills on the treasury of the army or marine at Havana,one half of which could be paid for with the certificates and the other half with cash.There was not,under the Spanish period,(2)

(1)Martin,History of Louisiana,p 203.
(2)Ibid,p303.

the pressure for the use of paper money which had existed during the French rule,for there was a large amount of money sent into the colony from the other Spanish possessions in America,and this,to a considerable extent,furnished the necessary circulating medium. But this was true only as to Lower Louisiana.The money thus sent into the country did not find its way into the upper territory.Paper,however,did not take its place,but the produce of the country served the purpose of providing an article of exchange.In 1776 the merchants of St.Louis presented a petition reciting that as the custom had grown up of settling their accounts in furs and peltries,there ought to be some regulation of the condition of such articles when exchanged.Accordingly there was issued a decree which provided rules for the exchange of furs,attempting thereby to make the condition of exchange more uniform in order that exchanges might be more easily and justly made.Conditions as to drying and weighing were the chief considerations in in this order.

As to the general conditions in Upper Louisiana Billon says:

"Let it be understood that the above remarks in

regard to the livre apply solely to the mode of keeping acounts,there being but little if any coin in the country,the circulating medium being furs and peltry at a fixed price per pound--forty cents for the finest,thirty for the medium,and twenty for the poorest,whether established by law or custom does not appear;but unless otherwise stipulated by contract all transactions were understood to be in the above medium.(1) After the transfer to Spain the coin of that country began to appear, but in limited amounts,and we find a few transactions in hard dollars in contradistinction no doubt to the soft or fur dollars.As to paper money none had ever been seen in the country at that early day,and if there had been any,but few would have been able to make out the denomination."(2)

It is evident that Upper Louisiana was never subjected to the same conditions as prevailed in the lower country on account of the free use of paper money.The solution adopted in the upper territory was more satisfactory,for though the articles they adopted were often of some uncertainty as to the amount of value

(1)Even after the transfer to the U nited States transactions were made in peltries,records being found of land transfers which were so paid.

(2)Annals of St.Louis,Vol.I.p 90

they were never,as was the paper of the French period, almost entirely worthless.The disadvantage arising from the lack of a uniform and convenient medium of exchange we shall find continuing for a considerable time in the following periods of the territorial history.

FIRST TERRITORIAL PERIOD.1804-1806.

A TERRITORY OF THE UNITED STATES.With the transfer of the territory of Louisiana to the United States,a greater change takes place in the condition of the country than has occurred at any of the previous transfers. With the transfer to Spain in 1762,we have seen that there was little change in the government or general condition of the country.The transfer again to France in 1800 had not really taken place as to the administration of the government,when the final change was made in the grant of the territory to the United States. But this transfer marks the beginning of something new. At this time the real,continuous history of the country begins.As has been before noted,the financial system of the Spanish period is a part of that of Missouri in little more thanthat it existed within the same territorial boundaries.That system was but a make shift even in Spanish finance,and resembles in little the system that develops under the jurisdiction of the United States.The Spanish system represented the arbitrary impositions of a despotic government,impositions mild because there was no promise of profit in more

grinding exactions,but not the less arbitrary because mild.It represented an attempt of an absolute government to lighten an unavoidable burden which the territory imposed,not that the territory might be benefitted, but that it might afford protection to other possessions. The system developed under the jurisdiction of the United States represents the attempt of a people to solve the problem of providing for themselves protection against hostile forces,internal and external; and to develop the country that it may afford them a permanent home,and the government that it may provide for all what each cannot provide for himself.It is not the history of the same people under different conditions,for even the people are different.The predominance of the French at the time of the cession is soon changed by the immigration of Americans from the States, thus putting in charge of the affairs of the territory a people long schooled in the art of self government and the development of such institutions as are needed for the protection and development of a frontier community.Their efforts and accomplishments it is now my task to follow.

ORGANISATION OF THE GOVERNMENT.The treaty ceding the territory of Louisiana to the United States was approved April 30,1803,[1] and on October 31,of the same year,Congress passed an act authorising the President to take possession[2] of the territory.By an act of March 26,1804,the territory of Louisiana was divided,that below the thirty third degree of north latitude being called the territory of Orleans,and that above the thirty third degree the district of Louisiana.This upper division,the one with which we have to deal,was placed under the jurisdictiom of the governor and judges of the territory of Indiana,and they were given power"to establish courts and to prescribe their jurisddction and duties,and to make all laws which they may deem conducive to the good government of the inhabitants[3]".This,however,was only a temporary provision and by an act of March 3,1805,a separate government was organised for the territory.By this act it was provided that there should be a governor and judges,as in the territory of Indiana,in whom should be vested the legislative power,and who should establish such courts and make such laws as were needed for the good govern-

(1)American State Papers,Foreign Relations,Vol.II.p50
(2)United States Statutes at Large,Vol.II.p 245.
(3) Ibid,p 283. (4),p 331.

ment of the territory.[1] This form of government continued till 1812, at which time Congress provided another plan, substituting for the governor and judges of the former period, a general assembly as the legislative body in the territory. This assembly was composed of a house of representatives elected by the people, a legislative council chosen by indirect election, and the governor appointed by the President.[2]

It is evident, therefore, that there are three distinct periods within the territorial period, each represented by a peculiar condition of government, and each presenting definite characteristics from the standpoint of public finance. It seems expedient, therefore, to recognise these periods as separate divisions within the territorial period and to give to each a separate discussion.

REVENUE UNDER THE TERRITORY OF INDIANA. 1804-1806.

The act of the Congress of the United States, entitled; "An act erecting the territory of Louisiana into two territories and providing for the government thereof," approved March 26, 1804, provided that the district of Louisiana should be divided into sub-districts according to the convenience of the inhabitants.[3] Accordingly

(1) United States Statutes at Large, Vol. II. p 331
(2) Ibid, p 743. (3) Ibid, p 283.

the district was divided into five smaller districts. These smaller districts, during this period, are the units of government recognised in the financial affairs of the territory. There is no provision for a territorial revenue, and so far as the financial affairs are concerned there is no such thing as territorial existence. It is not at all remarkable that this state of affairs existed, for the country was a part of another territory, it had no independent government, and there was no more need or reason for it being made a separate unit than that any other part of the territory of Indiana should have been made a separate unit in the administration of financial affairs. It is but the logical result of existing conditions. The fact, however, is still of some consequence in that it leads to noteworthy conditions later.

In consequence of the power given them to make such laws as they considered conducive to the good government of the inhabitants of the territory, the governor and judges of the territory of Indiana passed a measure providing for district revenue. The provisions of this act are of particular importance in that they represent the very beginning of the financial history of the State.

SUBJECTS OF TAXATION.The most striking basis for comparison of the Spanish period and the first period under the United States,is found in the sources of revenue.It has already been noted that during the Spanish period privilege and business taxes and ground rents formed the greater part of the sources of revenue.There was no tax in the district which resembled a property tax.Taxes were levied on the sale of property and on the privilege of offering property for sale,but tax on the holding of property there was none.Under the period of territorial government after the transfer to the United States,the chief source of revenue was a tax on property.The first revenue measure of the period provides that;

"All houses in town,town lots,out lots,and mansion houses in the country,which shall be valued at two hundred dollars and upwards,and all able bodied single men, who shall not have property to the amount of four hundred dollars,all water and wind mills,and ferries,all stud horses and other horses,mares,mules,and asses three years old and upwards,all bond servants and slaves,except such as the court of quarter sessions shall exempt for infirmities,between the age of sixteen and forty

years within the district,are hereby declared to be chargeable for defraying the expenses of the county in which they are found,to be collected and taxed in such manner and proportion as herein indicated."(1)

This list contains nearly every class of property which existed in the territory at that time.It is noticeable,however,that there is no provision for a tax on land.This fact is especially noticeable on account of the existence at the time of a tax on land in all the commonwealths of the United States.By 1795 the last of them had adopted a land tax into their revenue systems.(2) In view of this fact we should rather expect that the same practice would exist in the territories;certainly the tendency would be for such a tax.That it does not form a part of this first revenue system is due to theparticular conditions existing in the territory.In the first place land values were very low at the time of the session.Stoddard says:

"When the United States first took possession of Louisiana tha lands had no fixed value;they cost the settlers no more than the fees of office and the expense of surveys.About the time of the cession large quanti-

(1)Laws of Missouri,Vol.I.p 54.
(2)Taxation in American States and Cities,p 118.

tyes of land were offered for sale at twenty five cents per acre;but as soon as it was understood that the United States would postpone the sale of public lands,the people began to estimate the value of their own more highly; and in less than three years after the cession,it was difficult to purchase good lands in eligible situations, under two dollars per acre.In fine the cession had raised the general mass of property more than four hundred per cent.[1]"

The fact that land was so lightly valued made it a poor subject of taxation,but improved land was certainly valued at more than twenty five cents an acre, and the question rises as to why there was not a tax on improved land as there was in other communities.The explanation must lie in the peculiar condition of the settlements in the territory.The first settlements were made by the French from the country across the river and they gave to the settlement a distinct characteristic common to the early French communities.It is pointed out by travelers in the district that there were no towns,as in the States,where the chief business of the inhabitants was trade;nor were there settlements on

(1)Stoddard,Sketches of Louisiana,p 266.

detached farms as in other parts of the country.The center of the life of the community was the village, an agricultural settlement,and nearly the whole population of the territory was to be found in the village. About this center was the land on which the agriculture was carried on,not on separate farms,but in the common field where each was given a certain amount for the exerdise of his industry.(1) There was,therefore,no improved land as there was in the case of communities where there were separate farms.The improvements and the land were separated,and the tax was placed on the improvements. This brings about a condition distinctly different,as

(1)Col.Chouteau testifying before the land commission,said:

"Of those who first came over to this side,far the larger portion were tillers of the soil,who,by their labors in the common field,produced their own subsistence and that of their stock.Some of them in seasons when not engaged in their agricultural avocations,exercised the calling of rough artisans such as blacksmiths, carpenters,stone masons,etc.,employed in building.Others procuring small outfits of merchandise spent the winter trading with the Indians and trapping,consequently,as a matter of prime necessity,as soon as they had erected their domicile in the village they had to proceed at once to the production of their breadstuffs.For this purpose the land adjoining the village on the northwest, being the most suitable,was set aside for cultivation, and conceded in strips of one arpent in front and forty in depth,and each applicant allotted one or more according to his ability to cultivate it.This was called the common field lot."Annals of St.Louis,Vol.I.p 91.

to the placing of the tax,from that in which the improved land was taxed while dwellings and common buildings were exempt from taxation.The incidence of the tax is not different,however, since the whole population of the district was engaged in agriculture.It is true that the land in this common field was improved to a certain extent even without buildings.That it was under cultivation was a considerable mark of improvement,and it might,therefore,have been taxed as improved land,instead of placing the tax on dwellings and buildings in the villages.That the tax was not so levied was due to another peculiar condition existing in the settlement. One of the first considerations in choosing subjects of taxation is that the property chosen should have the character of private property.The extent to which the land in the common field was considered private property is a matter of some doubt.The whole field was granted to the village by the Spanish government as an appendage to the possession of every resident of the village.[1] In describing conditions about St.Louis in 1811, Brackenridge said:

"The common field was formerly enclosed on this

(1)Brackenridge,Views of Louisiana,p 127.

bank consisting of several thousand acres;at present there are not more than two hundred acres under cultivation;(Due to the extension of the American mode of farming)the rest of the ground looks like the worn common in the neighborhood of a large town;the grass kept down and short and the loose soil cut open into gaping ravines."[1]

If the land in the common field had been definite private holding of each inhabitant of the village, it does not seem probable that it would have been thus abandoned when the change took place to another mode of farming.Certainly there was a tendency toward private holding,but it seems very probable that there was still enough of the idea of common holding to influence the levying of the tax,and make it a tax on village holdings instead of a tax on land.

The tax on able bodied single men has been called a bachelors'tax,and taking into consideration the importance of population in a frontier community,and the reasons for desiring its increase,a tax on bachelors, as such,would not be without justification.But when the fact is taken into consideration that it was not

(1)Brackenridge,Views of Louisiana,p 122.

on all bachelors,only on those who did not have a certain amount of taxable property,was the tax levied,we are forced to seek other grounds for the theory of the tax.That ground seems to be found in the belief prevalent at the time that it was the duty of every man to contribute something to the support of the government. In the original Pennsylvania constitution it is recited that;"Every member of society hath a ri ght to be protected in the enjoyment of life,liberty,and property, and therefore is bound to contribute his proportion to that protection."(1) The same article was adopted into the constitution of Vermont in 1777.The further fact that this tax on bachelors developed into a general poll tax,(2) is also evidence that it was not intended as a special tax on bachelors,but that it was an attempt to make every man contribute to the expense of the government.That it applies only to single men is a concession to the married man who has no property rather than a discrimination against the bachelor.

SPECIFIC TAXES.In levying the taxes of the territory the principle of specific taxes was followed to a

(1)History of Taxation in Vermont.Columbia College Studies,Vol.IV.No.III.p 30.
(2)Judson,Taxation in Missouri,p 20

very considerable extemt.On all personal property the plan was to levy a definite sum on on each unit.The rates provided for were;on each horse,mare,mule or ass, not exceeding fifty cents;on every stud horse a sum not exceeding the amount for whiah he stands the season; on every slave not exceeding one dollar,and on every able bodied single man above the age of twenty one yearsnnot having property to the value of four hundred dollars,not exceeding two dollars nor less than fifty cents.This (1) is,of course,a crude form of taxation,but under the conditions under which the tax was to be administered there is no doubt but that the specific tax was the better form.An attempt at an advalorem assessment would have involved complications which would have made the measure less effective and would not have assured a more just or equitable imposition of the burden of taxation.

ADVALOREM TAXES.The real estate on which taxes were leviedçonsisting of houses in town,town lots,out lots,and mansion houses in the country,together with all water and wind mills,was the subject of an advalorem levy,not to exceed in amount thirty cents on the

(1)A Law regulating county rates and levies.Laws of Missouri,Vol.I.Sec.9. p 34.

hundred dollars valuation.[1] We should hardly expect trouble in the estimation of the value of such subjects, but it seems to have been a source of trouble to the authorities in this period, and we shall find continual change in the manner of appraising the property for the levy of taxes.

LICENSE TAXES. The licenses levied in this period are as confusing in their purposes as such impositions almost invariably are. In nearly every case there is the element of regulation, but in not a single case is it the only consideration. There is in every instance the element of of a tax in that there is a clear intent to derive more from the imposition than the simple cost of regulation.

FERRY LICENSE. Whatever regulation there may be in the tax on ferries, it is of a character which even to-day there is often need of in places where it is not imposed. In the first imposition on ferries it is likely that there was very little of the purpose of regulation. It is probable that the case was very much like the tendency at the present time to levy a tax on institutions where regulation is needed but where none comes

(1) A Law regulating county rates and levies, Sec. 11. Laws of Missouri, Vol. I. p34.

from the simple levy of a tax.The ferry of that time appealed to the financiers of the territory as a suitable subject of taxation and a tax was imposed,just as the street railway appeals to the financier of the present as a fit subject of taxation with the result that a tax is imposed on it.It happens that regulation is needed in both cases,and it happens that in neither case does the simple imposition of a tax accomplish the purpose.In the first revenue measure of the territory it was provided that at the first meeting of the court of quarter sessions after the thirty first day of March annually,there should be a tax levied on all ferries in the district,and the court was instructed to take into account the income of the ferry in making the levy.(1) In levying the tax as directed the court went a step further and imposed real regulations on the ferry by determining the rates that might be charged in the exercise of the business.(2) This was,of course,but the logical policy to pursue in regard to such institutions, and the very importance of the ferries and the possibility of imposition by those managing them,made the

(1) A Law regulating county rates and levies, Sec.14.Laws of Missouri,Vol.I#.p 34.
(2) Annals of St.Louis,Vol.II.p 10

course clearly evident in the direction of imposing definite regulations.It will be noted later that there were further regulations needed and established.

TAX ON MERCHANTS.This tax,which was an imposition of fifteen dollars on every merchant in the district who offered for sale any other than the goods which were the product or manufacture of the district,and the payment of which was a condition precedent to the right to carry on such a business,was,at the time of (1) its imposition,one of the most doubtful of the taxes of the period as to its primary purpose.Was it a remnant of the old policy of discriminating against all outside traders,or was it a part of a more modern policy,namely,of discrimination against foreign goods? It is not probable that it was the first named policy, for it had been discarded even in the places where it had once had acceptance.Neither is it probable that it was the policy of discrimination against foreign goods for the protection of those made or grown at home, for that policy had been discarded by the United States in so far as trade between the commonwealths was concerned.Furthermore there was nothing in the district

(1)A Law regulating county rates and levies,Sec.14. Laws of Missouri,Vol.I.p 34.

to protect.There were no manufactures,(1) and there was no danger of competition from without with the raw produce of the district.Moreover there was,in a later act,the same tax but without the discriminating feature,tho it was again at a later time introduced.In the light of all the conditions,it seems hardly probable that there was any purpose of protection in it.It is more likely that it was purely a revenue measure,and that those dealing in home products were exempt from the tax because they were small dealers and the burden would have been too heavy for them to bear,and further because it was not desired that any thing should interfere with the exchange and sale of such products.

TAVERNS.It has been already noted that there was a tax on taverns during the period of Spanish domination,and attention was called to the fact that it would continue down into the later periods.The provision for a tax on taverns is not included in the general revenue law for this period and the special act providing for it is not to be found.It is certain,however, that there was such a tax,for the court proceedings of April 15,

(1)Even as late as 1816 an editorial in the Missouri Gazette calls attention to the fact that there are no manufactures in the territory.Annals of St.Louis, Vol.I.p 101.

1805 provide that a tax of twenty five dollars a year shall be levied on all taverns in the district.[1] If there had been no special need for regulation it is yet likely that there would have been a tax on taverns during the Spanish period when there was a tendency to levy taxes on every kind of business. But there was special need for regulation. In the whole territory of Louisiana there was very close association with the Indians, and the evil of allowing them to get hold of intoxicating liquors was one which was very evident to the settlers in the territory. An order of the lieutenant governor of Upper Louisiana in 1803, recites that the one prime cause of all the disorder with the Indians is the fact that some parties continue, in spite of all prohibitions, to sell liquor to them, and as a means of removing the cause of the disorder it was provided that there should be only a limited number of taverns in the settlements, and that each should pay such a tax as the governor should see fit to levy in each case.[2] Whatever tax might have been levied without any attempt at regulation, it is evident that in this case the levy of the tax and the purpose of regulating the sale of liquor are very

(1) Annals of St. Louis, Vol. II. p 10.
(2) Ibid, Vol. I. p 333.

closely connected.

TAX ON BILLIARD TABLES.Very similar to the tax on taverns is that on billiard tables.The court at the special session of 1805 levied a tax of one hundred dollars on every Billiard table in the district of St. Louis.This tax was,of course,a considerable source of revenue;but it seems impossible to avoid the conclusion that the desire to limit and regulate billiard rooms was the chief motive in the determination of this form of tax.The lack of energy and general laziness of the inhabitants of Louisiana was one of the great troubles which existed during the whole of the early period and limited the growth and development of the district. Billiard rooms seem to have been a force for the encouragement of this laziness and an ordinance of New Orleans of January 1,1798 provides that the billiard rooms shall be open only at stated times on holy days, and on work days workmen are not to frequent them during work hours.Minors and slaves are not to frequent them at any time.(1) These facts,together with the large tax which was imposed on each table,argue very strongly for the conclusion that the desire to regulate the evil

(1)Annals of St.Louis,Vol.I.p 277.

of billiard rooms was behind the tax which was imposed on billiard tables.It is true,however,that the imposition was much more than the cost of regulation,and that it was a real license tax.

FINES.Under the act entitled,"A Law providing for the punishment of certain crimes,"fines are provided for the punishment of every crime except treason,murder, arson,and rape.In the case of treason there is forfeiture of goods to the district,and in the case of arson so much of them is forfeited as is necessary to make good the loss incurred by the persom injured.(1) There is a marked tendency to the incorporation in the fine of an amount sufficient to make good the loss or damage to the injured party.In the case of house breaking there was a fine of one hundred dollars for the use of the district if nothing was stolen;but if there was any t theft the fine should be triple the amount of the goods stolen,two thirds to go to the injured party and one third to the use of the district.(2) In the case of larceny, restoration was required and a fine imposed equal to the amount of the goods taken,with a fine of four times the amount in the case of a second conviction,and it

(1)A Law providing for the punishment of certain crimes,Secs.1-4.Laws of Missouri,Vol.I.p 15.
(2)Ibid,Sec.5.

was specially provided that if the person had not property with which to pay the fine he might be bound out for a term not to exceed seven years to any person who would discharge the sentence.(1) Another special provision was for the payment of a part of the fine to the informer. In the act regulating the practice of attornies a fine of two hundred dollars was imposed for practicing without a license, and one half of the amount was given to the person who furnished information concerning the breach of the law.(2)

FEES. There is no provision concerning fees in the revenue measure, or in any of the acts concerning public officials, of this period. There was, however an act for the determination of the fees of the various offices which was repealed by the act of July 7, 1807; but it was not printed and is not now in existence.(3) What its special provisions were it is not possible to say. It is, however, a reasonable inference that there was an extensive provision for fees, for such payments were common during the Spanish period, and we shall see that they are extensively provided for in the period imme-

(1) A Law providing for the punishment of certain crimes, Sec. 13. Laws of Missouri, Vol. I. p 15.
(2) A Law regulating the practice of attornies, Sec. 10. Laws, Vol. I. p 49.
(3) Laws of Missouri, Vol. I. p 177, (note)

diately following this one.

ADMINISTRATION.Revenue has not been provided when the property to be taxed has been determined and the limits of the rate fixed.But so far we have paid attention only to this part of the financial affairs of the period.The very important matter of administration is yet to be noticed.It is a fact well recognised in matters of taxation that all must fail in a revenue system unless it is provided with effective administrative machinery,and it is therefore worthwhile to give somewhat detailed attention to the development of this part of the finandial system of Missouri.It must first be noticed that,as in the case of the subjects of taxation every thing begins new.The absolute change which took place in the plan of local government when the country was transferred to to the United States,is significant in this connection,because it made necessary this building anew of all the administrative machinery.The systems were entirely different.Under the Spanish period,one man,the Intendant General,had full charge of all matters of apportionment,levy, and collection of taxes in the district.Under the domination of the United States,there was the beginning

of such machinery as was suited to be a part of a democratic government,and the development of that machinery it is worth while to follow.

COURTS.In consequence of the power given them to establish courts and pre scribe their jusisdiction and duties,the governor and judges of the territory of Indiana provided for two courts in the district,the general court of record and the court of quarter sessions.(1) To this last named court,which was an institution of the county or sub-district,was given the central power of controlling the financial affairs of the territory. To this court the assessor was required to make his return of the property of the district which was subject to taxation.The court appointed the appraisers who were to pass on the value of the property for which an advalorem tax was provided.With a list of all the property of the district before it,the court was to take into acaount all the expenses of the distr ict, the claims that were against it and the contracts unfilled,also the revenue that would likely be received from other sources,and from these facts determine the rate of tax which would be necessary on all the prop-

(1)A Law establishing courts of judicature,Laws of Missouri,Vol.I.p 58.

erty of the district to raise the amount needed for the expense of the district.[1] But the power of the court was not limited to the right to lay such taxes as were necessary to meet the expenses of the district. The further power of incurring such expenses was delegated to the same court. It was expressly provided that the court of quarter sessions should enter into contracts for the building anew or repairing of courthouses, jails, pillories, stocks, whipping posts, and district bridges, when and so often as it deemed such such work necessary to the convenience of the district.[2] It is further to be noted that this court of quarter sessions was not merely an executive body, but had judicial powers, and that before it came all action for the collection of taxes or for the punishment of officials who failed to perform in a satisfactory manner the duty of administering the revenue laws.[3] In short it possessed all powers needed for the exercise of financial authority in the district except the power of legislation. In administration it was the central and final authority. The extent to which

(1) A Law regulating county rates and levies, Secs. 2-12. Laws of Missouri, Vol. I. p34.
(2) Ibid, Sec. 17.
(3) A Law establishing courts of judicature, Sec. 4. Laws of Missouri, Vol. I. p 58.

this concentration of power in one body is the result of influence from the Spanish period,may be a matter of some doubt,but the wisdom of such a system for the district at that time cannot be doubted.The change of government,by introduding less arbitrary and slower action in the administration of the affairs of the district,caused some dissatisfaction as it was,and it could have only resulted in less efficient administration of the financial affairs if there had been more complicated organisation of the administrative machinery.

ASSESSMENT AND COLLECTION.The power of the agents for carrying out the orders of the court was little less concentrated than was the power of the court itself.The duties of assessor,collector,and district treasurer fell on one official who was also the holder of another office in the district,that is the sheriff. As assessor it was his duty to make a complete list of all the property in the district,and return the same to the court of quarter sessions.(1) He was not required to make a house to house canvas of the district in order to assess the property,but had only to advertise his presence at stated places and times,and penalties were

(1)A Law regulating county rates and levies,Secs.2-7. Laws of Missouri,Vol.I.p 34.

provided for all who did not report to him correct lists of all property in their possession subject to taxes. The one part of the assessment of property which was not performed by the sheriff,was that of appraising the value of such property as was to bear an advalorem tax.This work was performed by two discreet householders in each district who were appointed by the court of quarter sessions.(1)

In the collection of such taxes as the court saw fit to levy,the sheriff was given the aid of the right to sell property and to imprison single men for failure to pay their taxes.But even with these provisions the task of collecting the taxes was not an easy one.The old trouble of lack of money was still present,and so pressing was it that we find provision in the court proceedings of 1805,that taxes might be paid in shaven deer skins from October to April,at all other times in cash.(2) As treasurer of the district it was the duty of the sheriff to keep in charge the funds,and this was,no doubt,the lightest of his duties.

This concentration of the work of assessing and collecting the taxes was necessary on account of the

(1)A Law regulating county rates and levies,Sec.11. Laws of Missouri,Vol.I.p 34.
(2)Annals of St.Louis,Vol.II.p 11.

small amount collected in each district.The compensation allowed the sheriff for his work of assessing and collecting the taxes was ten per cent.on the amount collected,and for the duties of treasurer he received two per cent.on all money paid out on the order of the court of quarter sessions.(1) If an officer had been maintained for each of these parts of the administration of finance, the system would have resembled that of the Spanish period in that it would have been more expensive than it was productive.

GOVERNMENTAL ACTIVITIES.A financial history has to do with the functions of government in the exercise of which revenue is expended,no less than with the means by which,and the sources from which the revenue is derived.If the demands of the government were fixed,and its functions absolutely incapable of change or extension,there would be as little to the science of finance as there would be to the science of economics if the wants of human beings were incapable of expansion.If the demands on government to-day were as simple as they were a century ago,with the increased wealth of the present they would be as easily supplied as would the wants of society of the eighteenth century by the means

(1)A Law regulating county rates and levies,Secs.8-21. Laws of Missouri,Vol.I.p 34.

of production at hand to-day. If such were the case compulsory payments might have passed away and governments be by this time supported by voluntary contributions. But since the wants of government are no more fixed and absolute than are the wants of individuals, the method of expenditure is of as much interest in public finance as is the principle of consumption in the field of private economics. That the problem of revenue in Missouri to-day is as pressing as it was in this earliest period, is sufficient evidence of extensive development in the wants of the government.

In this early period, as in any frontier community, only the simplest functions were exercised, and the most necessary duties of government performed. Courts were established for the punishment of crimes and the enforcement of the laws.(1) The office of sheriff was established for the purpose of bringing to justice offenders against law and order.(2) As an assistant in this work the office of constable was provided for.(3) The other offices provided for were those of probate judge and recorder, both of which performed a function of most fundamental importance. The privilege conferred on the court of quarter

(1) Laws of Missouri, Vol. I. p 58. (2) Ibid, p 65.
(3) Ibid, p 51. (4) Ibid, pp 46 & 57.

sessions in regard to making contracts provided that they should be for courthouses,jails,pillories,stocks, whipping posts,and district bridges;all save the last facilities for providing protection for society.Furthermore,protection in the broader sense,that is protection against foes from the outside,was a pressing necessity. Indians,always wavering between friend and foe,were on every hand.Accordingly it was provided that every male inhabitant of the district between the age of sixteen and fifty should be liable to perform militia duty.There was no fund for the equipment of the men so it fell as a tax on every man to supply himself with the equipment needed for active service.(1) No compensation was provided for,but compensation was not needed to insure effective service.The knowledge of the consequences of failing to provide protection against this possible foe afforded all the stimulus needed to insure effective service on the part of the inhabitants of the district.

SUMMARY.Such is the beginning of the taxing system of the State.It is a real beginning,for there is little more of the taxing system carried over from the former period than there is of the government.Every form of tax

(1) An Act establishing and regulating the militia.Laws of Missouri,Vol.I.p 42.

common to the former period has passed away, except the license tax on taverns and billiard tables, and taxes on property have taken the place of taxes on privileges. The things which are found in this first period are not so significant for what they are as for what they become and we shall find their importance in their development.

SECOND TERRITORIAL PERIOD.1806-1812.

GOVERNMENT.In the form of government in the territory,this period marks no change.The governor and judges have the same powers and duties as were possessed by the authorities of the territory of Indiana during the preceding period.But though the form was the same, there was a significant difference from the former period in that there was a separate government for the territory.In the first period we have seen that there was no territorial unity,and no provision for territorial revenue,none being needed so long as the country was under the government of the territory of Indiana. But with the establishment of a separate government there was need of revenue for its support,and in supplying that need the financial history of the territory began.That is not to say,however,that there was a marked change with the beginning of ## the period for there was only the beginning of what is to be a gradual development,running through several years,and involving in its course some interesting considerations.

SUBJECTS OF TAXATION.During this second period of territorial existence there were two revenue measures, each of which extended somewhat the field of property

subject to taxation.The first act,of July 8,1806 provided that plantations actually in cultivation,exceeding the value of two hundred dollars,should be subject to taxation.[1] This is the single case of extension under the first act.The next act,of Nov.11,1808,provided that tanyards and distilleries should be added to the list of taxable property,a tax was placed on pleasure carriages,and the tax on land was made more general than it had been under the former act,being extended to all lands under cultivation.There was one slight limitation of the subjects of taxation in the provision that only single men who did not have property to the value of one hundred dollars should be subject to the tax,whereas in the former act it had been provided that all who did not have property to the extent of four hundred dollars should be subject to the levy.[2]

There is little of importance in this extension of taxable property.The imposition of a tax on land was due to the fact that conditions had so changed as to make such a tax feasible.It has already been pointed out that after the transfer to the United States there

(1)An Act for raising district rates and levies, Sec.6.Laws of Missouri,Vol.I.p 69.
(2)An Act for regulating the fiscal concerns of the territory,Sec.10.Laws of Missouri,Vol.I.p 226.

was a marked tendency to increase the value of land, thus removing one of the conditions which in earlier times made a tax on land impracticable.Then there was the further fact of a change in the American mode of settling on detached farms,thus bringing the land and improvements together,thereby removing another reason that had formerly existed for exempting the land from taxation. Finally,with this change all doubt as to the position of land in the field of private property disappeared, thus removing the last condition that had stood in the way of a land tax.The tax on pleasure carriages was perhaps justified on the ground that the possession of such luxuries was indicative of extra ability to pay, but a more direct reason for the imposition may be the fact that there was a tendency to make discrimination against the wealthy class.The tax on tanyards and distilleries did not differ from the advalorem tax on the property of the former period.These extensions represent no development of the policy of taxation,butsimply the logical extension of such taxes as had been levied in the former period.

Under the act for the regulation of the practice at law there was,however,a form of tax not found in the

revenue system previous to this time,namely,the tax of fifty cents on every original writ and execution,and upon every conviction by verdict or confession had in the court of quarter sessions.[1] This imposition might be taken for a fee,but the fact that there was a provision in the act concerning fees which[2] covered this same point,makes it clear that it was something different from the payment for the service rendered.Moreover,it is definitely called a tax,and there is a specific provision that it shall be a source of revenue to the county,the proceeds from it to be paid into the treasury every six months.

RATE OF TAXATION.Along with the extension of the field of taxable property there is a more marked increase in the rate of tax levied.In the former period the rate of advalorem taxes was not to exceed thirty cents on the hundred dollars.By the act of 1806 the limit was extended to fifty cents on the hundred[3] dollars, and under the later act of Nov.11,1808 was placed as high as one dollar on the hundred dollars valuation.[4]

(1)Laws of Missouri,Vol.I.p 105.
(2)An Act ascertaining the fees of the several officers,Sec.4.Laws of Missouri,Vol.I.p 162.
(3)An Act for raising district rates and levies, Sec.12.Laws of Missouri,Vol.I.p 69.
(4)An Act for regulating the fiscal concerns of the territory,Sec.11.Laws of Missouri,Vol.I.p 226.

The specific taxes were not correspondingly increased. The tax on horses,mules,mares,and asses was less by twelve and a half cents than it had been in the first period,and on all other property the rate remained the same as it had formerly been.(1) These facts reflect the condition of the country and the change that was taking place.In the first territorial period subjects available for taxation were practically limited to the enumerated list of personal property,but in thisperiod there is a marked growth and extension of the value of other property,and taxes placed on it are increased in proportion to this increase of value.There is a decided shifting of the burden of taxation from personal to real property.

LICENSE TAXES.All the license taxes of the former period were continued in this.The licensing of ferries had become a matter of more strict regulation,the policy being adopted of recognising the ferry as a natural monopoly and subjecting it to such regulations as were necessary to protect the public against abuse of the special privilege granted.It was provided that no one should keep a ferry who had not been granted a license,

(1)An Act for regulating the fiscal concerns of the territory,Sec.11.Laws of Missouri,Vol.I.p 226§

and for the grant of the license the court of quarter sessions was directed to impose a tax not to exceed one hundred dollars,and also to determine the rates of toll that might be charged.If the ferryman failed at any time to transport persons,and horses and wagons,there was a penalty,for every such failure,of two dollars. For not keeping a good,substantial boat a penalty of thirty dollars was imposed,and for general non-performance of duty the license might be revoked and granted to such persom as would give satisfactory service.The fact that there was a closer regulati on and at the same time an increase of the tax on ferry license,does not establish the fact that either is the cause of the other.The fact is that both are the result of the same condition.Increased density of population,bringing with it greater travel and more extensive business for the ferries,made closer regulation necessary,and the same condition made a greater payment possible without imposing an undue burden.

The limit of the tax on billiard tables was reduced by the act of 1806 to fifty dollars a year,but it was

(1)An Act for the regulation of ferries.Laws of Missouri,Vol.I.p 80.

raised again in 1808 to one hundred dollars.[1] The tax on merchants was increased from fifteen dollars a year to ten dollars for every six months.[2] Taverns were to pay a tax on their license, not to exceed thirty dollars, or to be less than ten.[3] It appears from these considerations that there was no extension of license taxes except in the single case of ferries, and the extension there was but a proportional increase corresponding to the increase of the business and importance of the institution on which it was levied.

FEES. It has been noted that the fees of the first territorial period were an unknown quantity. But in this period there are very definite provisions for the payment of fees, in the act of July 7, 1807. It was attempted in this act to give a list of fees covering all the official activity of the territory and the intention was to a very great extent accomplished. Fees for the Attorney General were determined in six definite cases which ranged in amount from two to fifteen dollars. Councillor's and attorney's fees in the general court and court of common pleas for six separate acts ranged in amount from three to five dollars. Fees of the clerks of the

(1) An Act regulating the fiscal concerns, Sec. 11. Laws of Missouri, Vol. I. p 226. (2) Ibid, Sec. 29.
(3) An Act to license and regulate taverns, Laws, p 84.

general court,court of common pleas,oyer and terminer, and quarter sessions,were spedified in forty five cases in amounts ranging from ten cants per hundred words for copying,to one dollar for such acts as granting licenses. Sheriffs' fees were prescribed in twenty five cases ranging in amount from three cents per mile for distance travelled in serving subpoenas,to ten dollars for executing death warrants.Witnesses'fees per day and per mile travelled in attending trials were provided for,coroners' fees were prescribed in four cases and jurors'fees in two,ranging in amount from one cent for ten words of copying to two dollars for ex amining executors'accounts. Nineteen separate fees were provided for the justice of the peace,ranging in amount from ten cents to one dollar.Recorders' fees,fees of the clerk of the orphans court, constables'fees,and fees of the court criers,ranged from ten to seventy five cents and there were from three to five cases in each office for which fees were provided.In addition,it was provided that for any service performed by the clerk of any court or by any shariff, for which no fees were provided by law,it should be lawful for the court to allow and tax to their respec-

five clerks and sheriffs a reasonable amount,to be proportioned to the fees provided by law for similar service.(1)

To insure against abuse of the privilege of charging fees,it was provided that in each case where there was a charge the definite subject of the charge should be submitted in writing to the person from whom payment was due.Moreover,it was provided that each officer to whom fees were allowed should post in a conspicuous place in his office a table of the charges which he was permitted to make,and neglect to comply with this rule incurred a fine of two dollars for every day that such notice was not posted.(2) By a supplementary act of Nov.5,1808 the fees of the Attorney General in the case of indictments were increased,"not a true bill"being allowed a charge of fifteen dollars to be paid out of the treasury of the district,and "a true bill" thirty dollars to be paid out of the district treasury or the defendent's estate.(3) An explanatory act of Oct.30,1810, provided that the fees of the sheriffs and clerks should be paid out of the treasury of the district in every case where the defendent or prosecutor was not liable.(4)

(1)An Act ascertaining the fees of the several officers of the territory.Laws of Missouri,Vol.I.p162.
(2)Ibid,Sec.22.
(3)Laws of Missouri,Vol.I.p 222. (4)Ibid,p 248.

It is at once evident from these provisions that fees were the chief source of the salaries of the officers of the counties at this time,and indeed that they formed the greater part of the revenue of the counties though the amount did not appear in the revenue reports.This fact is significant in that it offers explanation to later development in which it seems that the amount of revenue which goes to the support of the counties is small in comparison to the territorial revenue.

FINES AND FORFEITURES.The general law which we have noticed in the first territorial period with its long list of fines and penalties,was still in existence during this second period.Nothing had been taken from it and much had been added.There was hardly a law passed that did not carry with it some penalty or forfeiture. In the case of the revenue laws there were many penalties,not only on the individuals who should try to evade the payment of taxes,but also on the officials who should fail in the execution of the laws.Failure of an official to execute the laws was regarded in the same light as breach of the law,and the punishment was as carefully provided.The policy of offering a general

reward for the conviction of those who failed in the execution of the law,or of those who violated it,was still followed in the practice of allowing a part of the fine to the person who gave the information leading to conviction.(1)

TERRITORIAL REVENUE.One of the most interesting facts in the financial practice of the territorial period of Missouri,was the separation of the territorial and county taxes.In the law of 1806 it was provided that twenty per cent.of all the revenue collected should be paid into the treasury of the territory,there having been no provision for territorial revenue in the first period.By the act of June 22,1808,entitled,"An Act to create the office of district and territorial treasurer, defining certain duties of the sheriffs,and providing a more sufficient fund to defray the expenses of the territory," it was provided that the revenue derived from fines and forfeitures,and licenses,should go into the territorial treasury.(2)This marks the beginning of the division of the subjects of taxation between the two jurisdictions;and whatever may have guided the legislators in the determination of the subjects that should be given for the support of territorial affairs,it

(1)An example of this is seen in the law regulating ferries.In the three cases in which fines are provided,half of them go to the pro secutor.Laws of Missouri,Vol.I.p 80. (2)Laws of Missouri,Vol.I.p 191.

happens that they were well chosen. They were of such a nature as to be uniform over the whole territory, and not subject to wide variation on account of different bases of valuation or rate of assessment. They were, furthermore, less dependent on the administrative machinery of the district than was any other form of tax. The licenses were simply granted by the courts and the tax collected as the license was granted. Fines and for feitures also were dependent only on the courts and involved but one process in the levy and collection. It may indeed be said that this was a judicious beginning of the change from a very bad system to a very good one. It is hard to imagine a system which has in it greater possibilities of weakness than that under which a per cent. of the total revenue collected was given to the support of the territorial treasury. Under such a provision, allowing at the same time the counties to determine their own expenditure and the amount of revenue that should be raised, it is at once evident that the county that chose could pay a very small part of the territorial revenue, while on the progressive county there would be a special tax on its progressiveness. The fact that the

greater part of the necessary expenses of the counties was borne by fees which did not come under the provisions of this plan made it all the more possible for a county to make a very light levy and thus a small contribution to the territorial support.On the other hand, where there was special necessity which a county had to meet there was a special tax on that necessity.That it was so soon necessary to resort to other means of supplying the needed revenue for the territory, is good evidence of the failure of the per centage plan.That in the adoption of a new plan of supplying the territory with needed revenue, there wasa division of the subjects of taxation,must be attributed to the fact that the district was the unit before there was territorial revenue, or territorial unity so far as an independent government was concerned.If the territory had first been the unit, the plan of giving to the counties a part of the rate levied would not have met with the failuse which we have in this case,or if the plan of allowing them to levy their owm rate had been adopted,as it was in the case of towns,the problem would have been sdlved without the division which we find in this case.It might

have been solvedin this case bythe territory levying a separate tax,but there was the very good reason against such a solution that the territory had no machinery for the administration of such a tax.In the face of these conditions there was but one satisfactory solution of the problem and that one was adopted in allowing to the territory the whole revenue derived from such subjects as were of easy administration.The solution is interesting in the light of recent tendencies and accepted theories of taxation.

TAXATION IN TOWNS.In 1808 the first provision was made for the incorporation of towns in the territory. The act of June 18 provides that such towns as ask through two thirds of their tax paying inhabitants shall be incorporated and the power given them to elect trustees who shall have power,"To pass by laws and ordinances, to prevent and remove nuisances,to restrain gambling, to provide for the licensing,regulating,or restraining theatrical or other public amusements,to prevent or restrain the meeting of slaves,to regulate and establish markets,to erect and repair bridges,to cause the streets to be cleaned and repaired by the inhabitants

thereof,and if any refuse to clean or repair the part assigned to them,the trustees may hire the cleaning and repairing the same,and levy and collect the price thereof on the persons so refusing,to impose and appropriate fines,penalties for the breaches of their ordinances, to lay and collect taxes,to enact by laws for the prevention and extinguishment of fire."(1)

It will be noticed here that the same method of keeping up the streets is adopted here as in the case of the towns during the Spanish period.This illustrates very well the limited extent to which governmental activities were exercised.The supervision of streets is one of the simplest functions but it is only half way exercised here in the provision for compulsory re quirements on the part of the inhabitants.The necessity to the public was recognised in this provision but the government did not undertake to meet it by the definite exercise of the activity of keeping up the streets.

In the exerdise of the taxing power it was provided that distress and sale of property might be resorted t o for the collection of taxes,except that no law should be passed subjecting vacant lots or pieces of ground

(1)An Act concrning towns in the territory,Sec.5. Laws of Missouri,Vol.I.p 184.

to be sold for taxes.Moreover,there is the further limitation which provides that the rate of levy shall not in any one year be more than one half of one per cent. on the assessed valuation of property.(1)

The following report of the treasurer of St.Louis for the year 1810,shows the slight importance of the revenue for the city at that time.The receipts from all sources were $529,68,and the total expenditure amounted to $399,15.(2) In view of the fact that the population of the town at that time was fourteen hundred,it is evident that the functions of government were not extensively exercised.

ADMINISTRATION.In determining the property that should be subject to taxation,the financiers of this early period had little choice.The range of property was not wide in extent or varied in character.The extent and development of taxable property was determined and limited by the development of forms of property.But in the development of the administrative machinery there were not such limits.In this case there was possible as great variation as there might be different combin-

(1)An Act concerning towns,Sec.7.Laws of Missouri,Vol.I.p 184.
(2)Annals of St.Louis,Vol.II.p 22.

ations of the units of which the machinery was composed. It is not strange that in the building of new machinery for the administration of the revenue laws there should be constant change and widely varied development.The very possibilities made dissatisfaction probable,and together with the difficulties of the situation rendered change and uncertainty of any attempted method very likely.

In the first revenue measure of the period there was little break from the marked concentration of power which was noted in the former period.There was,however, a slight break in that the administration was taken from the court of quarter sessions and given to a special board of commissioners created for the purpose of managing the financial affairs of the county.This board consisted of three members who should hold by appointment of the governor for a term of three years,one term expiring each year;and two assessors from each of the sub-districts which the court of quarter sessions mig ht make. To this joint board was given all power which the court of quarter sessions had possessed in regard to the financial affairs,but they did not,of course,possess

judicial power.There was,however,one extension of power over that possessed by the court,in that the assessors performed the duty of appraising the property for assessment,whereas in the former period it had be en performed by a specially appointed commission.In determining the expenditure of the district this commission had the same power as had been possessed by the court.(1) There is in the composition of the commission some evidence of an increase of territorial influence in the management of the financial affairs.From the control of the court of quarter sessions which was distinctly a district institution this period marks a change to a commission which held by direct appointment of the governor of the territory for the express purpose of managing the financial affairs.That is not to say,however, that the governor was placed in a position to control the affairs of any district.The fact that there were appointed by the court of quarter sessions two assessors from each of as many districts as they might see fit to make,and that these assessors had equal power on the board with the commissioners,made it possible and even likely that the ultimate control would be in

(1)An Act for raising district rates and levies, Sec.1.Laws of Missouri,Vol.I.p 69.

the hands of the agents of the court. It represents only a slight increase of territorial influence. It is one of the beginnings of things that develop in later periods.

The duty of collecting the taxes was still combined with the duties of the sheriff's office, but the work of assessing the property was in the hands of a separate official.[1] Moreover, between the sheriff and the central authority was interposed the district treasurer whose duty it was to bring action against the sheriff for any dereliction of duty, and to report to the board of commissioners a careful record of all moneys paid into his hands.[2] In the collection of taxes the sheriff was empowered to sell property, and in the case of the tax on able bodied men to imprison them for failure to pay.[3] The assessors were authorised to levy triple taxes on those giving fraudulent returns, and rewards were offered for the conviction of parties giving such returns. The officials were placed under heavy bond to guarantee the performance of the duties of their respective offices, heavy penalties were imposed for fallure to perform such duties, and rewards were offered for the detec-

(1) An Act for raising district rates and levies, Sec. 2. Laws of Missouri, Vol. I. p 69.
(2) Ibid, Sec. 27. (3) Ibid, Sec. 18.

tion and conviction of those so failing.[1] But in spite of all these detailed precautions the system was not such a success as to prevent change at the very next opportunity. Two years later the board of commissioners was discarded and in the place of it "one competant person" appointed to be auditor of public accounts.[2] The plan of sub-districts with special assessors for each was discarded, there being two assessors from each of the districts in the new plan. The office of assessor does not seem to have been one that was eagerly sought, for it was necessary to provide that persons refusing to serve as assessor should pay a fine of twenty dollars, provided that no person should be required to serve more than one year in five.[3] Under this act the auditor and two assessors were required to perform all the duties in regard to listing, appraising and fixing the rate of tax, which had been performed in the former period by the commissioners and assessors.[4] In assessing the property it was definitely provided that it should be assessed on an appraisal of what it would sell for in ready money.[5]

(1) An Act for raising district rates and levies, Sec. 14. Laws of Missouri, Vol. I. p 69.
(2) An Act regulating the fiscal concerns of the territory, Sec. 1. Laws of Missouri, Vol. I. p 226.
(3) Ibid, Sec. 6. (4) Sec. 5. (5) Sec. 10.

The provisions of this act show a distinct break from the extreme concentration of power which we have seen in the former cases.The additor and assessors do not take the place of the commissioners and assessors which they replaced,except in regard to levying and collecting the revenue.The officers of the district do not make their reports to this body but to the court of common pleas.Moreover,the financial affairs of the district are not in the hands of the auditor and assessors to the extent which they had been in the hands of the commissioners of the former period,for the power is given of determining expenditure only to the extent of providing for repairs of jails and court houses. Plans for new improvements had to be submitted to the court of quarter sessions and approved by the grand jury empanelled at such court before they could be carried out.(1) The position of the court,then,at the close of this period is that of a supervisory body over the accounts of the district.To this extent it exercises the same powers which were exercised by it at the beginning of the territorial period,but there has been a division of powers to the extent that the duty of

(1)An Act regulating the fiscal concerns of the territory,Sec.26.Laws of Missouri,Vol.I.p 226.

levying and collecting the taxes is given to the control of the auditor and assessors.There is a decided extension of territorial influence in the creation of the office of territorial auditor.It was the duty of this official to exercise a supervisory power over the financial affairs of the territory,and the sheriffs were responsible to him for the collection of the taxes due the territory.(1) This marks the most distinct advance yet noted in the development of territorial machinery, in that it recognises territorial revenue as something distinct from that of the district and provided independent means of enforcing provisions for such revenue.

One of the conditions before noticed as affecting the collection of taxes in the territory,is the dearth of a circulating medium.We have seen that taxes might be paid in deer skins in the first period of territorial government.At this period there seems to have been still felt a need for some article with which taxes might be paid,and which would also serve for the payment of the debts of the territory.In the attempt to supply this need it was provided that in case there was not a sufficient fund in the treasury of the district with

(1)An act regulating the fiscal concerns of the territory,Sec.21.Laws of Missouri,Vol.I.p 226.

which to meet the bills presented, the treasurer should issue the following form of certificate; "I certify that the territory (or district) of------ is justly indebted to A B or bearer the sum of------ for value received as will appear from his account and the order of ----- now on file in my office bearing the date------." These certificates were to be legal tender for the payment of all debts due the territory or district treasuries, and were to bear six per cent. interest, beginning one month after date. They were to be redeemed whenever they were presented if the funds were available, preference being given to the priority of accounts or orders upon which they were issued.(1) It may not have been intended that such certificates should have any considerable circulation, but they evidently did have, for in 1817 there was an order to the treasurer to call in all certificates, to pay as many as possible, and to make a careful record as to whom the others were issued and for what amount. It was also considered necessary to provide that such certificates as were not presented within a given time should cease to draw interest.(2) It is evident that there was no hurry to cash the certificates or

(1) An Act regulating the fiscal concerns of the territory, Sec. 25, Laws of Missouri, Vol. I. p 226.
(2) Laws of Missouri, Vol. I. p 531.

a penalty for not presenting them would not have been considered necessary.

GOVERNMENTAL ACTIVITIES. In the field of governmental activities there was little change from the former period. The simple function of protection continued to be the chief activity which the government exercised. In the organisation of the militia there was recognition of the burden which the requirment that every man should provide his own equipment imposed on some, and the requirment was modified to the extent that if it was clear that the person was in such reduced circumstances as not to be able to supply his equipment, he was relieved from the payment of the fine provided in a former act for failure to so provide himself.(1)

The one extension of governmental activity was in the matter of road building. By an act entitled, "An Act concerning public roads and highways," it was provided that whenever twelve or more free holders should petition for a road, the court of quarter sessions should, if the petition seemed reasonable, appoint surveyors and three discreet householders who should determine the route of the road. There was to be a jury of twelve

(1) An Act regulating the militia. Laws of Missouri, Vol. I. p 150.

householders who should hear objections and assess damages to be paid out of the treasury of the district. For the management of the support of roads it was provided that each district should be divided into as many sub-districts as the court of quarter sessions might think necessary,and that there should be appointed from each subdistrict one or more supervisors who should have charge of making and repairing roads.There were to be also two assessors from each sub-district,who,together with the supervisors,should make the assessment for the support of roads,levying a certain number of days'work in the year,not less than two or more than thirty,the number to be determined as nearly as possible according to the property of the person.(1) The direction of road building was largely in the hands of the legislature,and the expense of the work was assessed to the treasuries of the districts thrdugh which the road was to be constructed.

SUMMARY.With the close of this period the territory had been organised under the United States eight years. With a separate government it had existed but six.It has already been noted that with the beginning of the territorial period every thing was new.The taxes were

(1)An Act concrning public roads and highways. Laws of Missouri,Vol.I.p 86.

such as the inhabitants had not known before, and the machinery was entirely different from that of the period previous to the domination of the United States. In regard to the form of taxes there has been through the period just considered a general condition of stability, and the development has kept pace with the extension of property in the territory and with the needs of the government. But in the case of the administrative machinery a different state of affairs has existed. It is almost impossible to describe in any general terms what has taken place. It can only be said that there has been some differentiation and division of the powers involved in the management of the financial affairs of the territory. Toward what the development is tending it is not possible at this time to say. In the relation of territorial and county affairs the tendency is marked in the direction of greater prominence and more control by the territory, in contradistinction to conditions in the earlier period when the district was the unit, and the only authority recognised in the financial affairs.

THIRD TERRITORIAL PERIOD.1812-1820.

GOVERNMENT. With the beginning of this period the people of the territory of Missouri had gained the privilege of managing their affairs through a legislature made up of representatives elected by the people.The general assembly consisted of the house of representatives elected by the people directly,a legislative council chosen by indirect election,and the governor appointed by the President of the United States.This organisation of government,compared to that of the former period in which the governor and judges had been the whole government,is quite elaborate.The legislative power is now vested ina body which may include thirty four members, while in the former period the number had been limited to four.The fact that the members of this body were to be elected by the people assured a more important place in the territory for the distinct territorial government,but a more direct and important consideration from the standpoint of the financial history of the territory is the necessity which the more elaborate govern-

(1)The name of the territory was changed from the "territory of Louisiana"to the "territory of Missouri"by the act of Congress establishing the general assembly.United States'Statutes at Large,Vol.II.p 743.

ment imposed of an extension of territorial revenue.

TERRITORIAL REVENUE.The beginning of the division of the subjects of taxation between the territory and county which was noticed in the former period,has at this time become so prominent that it seems expedient to discuss the development of taxable property and the rate of taxation with special reference to this division.Under the last revenue act previous to 1812, it was provided that all moneys arising from the tax on stallions,licenses,fines and penalties,should be paid into the territorial treasury,in addition to the twenty per cent.of all other taxes collected in the territory.With the first act of the general assembly the plan of making a division along two lines was discarded. There was no longer a provision requiring the payment into the territorial treasury of twenty per cent.of all the taxes collected,but separate subjects were provided from which the territorial revenue was to be raised. These subjects were,lands,houses and town lots,slaves, retailers of merchandise,carriages,license for trading with the Indians,writs and executions,and a tax of fifty cents on everydeed or mortgage recorded.A later (1)

(1)An Act supplementary to an act regulating the fiscal concerns of the territory,Laws of Missouri, Vol.I.p 329.

act added a tax of ten dollars a year on lawyers and physicians.[1] It is to be noted here that the tax on lands, houses and town lots, slaves and carriages, had, in the former period been in the field of county taxation. The tax on license to trade with the Indians was a new one as was the lawyers' and Physicians' tax. Since these subjects of taxation must have formed a very large part of the total taxable property of the territory at this time, it is evident that the extension of territorial revenue was proportional to the extension of the governmental machinery of the territory.

RATE OF TAXATION. In consideration of the rate of taxation the tendency to increase the revenue of the territory is also evident. In the case of the tax on land, however, it is not possible to make a comparison with the rate of the former period, on account of the fact that a specific tax was substituted for the adval-orem tax of the former period. But within this period there was an increase from fifty cents per hundred arpens* in the first act, to sixty cents in the act of Jan. 21, 1815.[2] There was, however, a slight limitation in the ex-

(1) An Act providing for levying and collecting territorial and county taxes, Sec. 7. Laws, Vol. I. p 382.
(2) Ibid, Sec. 1.
(*) An arpen, or arpent was five sixths of an acre.

tent to which the tax applied.The tax of fifty cents per hundred arpens provided for in the first act extended to all lands in the territory except in the case of very large tracts where only the part actually settled on together with eight hundred arpens attached should be subject to the tax.The act of 1815 distinguished between confirmed and unconfirmed lands and provided that only twelve and one half cents per hundred arpens should be levied on the unconfirmed lands.(1) There was also a provision that personal property should not be liable for the taxes on unconfirmed land,but that unpaid taxes should remain a perpetual lien on the land.(2)

In the tax on houses and town lots there was no increase during the period the rate remaining at thirty cents on the hundred dollars valuation.The tax on merchants was increased from ten to fifteen dollars for every six months,and applied to all merchants,the discrimination in favor of those dealing in home products being discontinued.The tax on pleasure carriages was

(1)The unconfirmed lands were suchas had not perfected titles at the time of the transfer to the United States,but for which grants had been made.Congress provided in 1805 that all grants which had been made previous to Oct .1,1800,to heads of families over twenty one years old,who occupied the lands at the time of the grant,should be confirmed.It was several years before all were settled.United States Statutes at Large,Vol.II.p 324.

(2)Laws of Missouri,Vol.I.p 382.

made a specific tax and the amount increased to ten dollars on four wheel carriages,and five dollars on all others.By a later act the advalorem tax was again imposed but the rate was one dollar and fifty cents on every hundred dollars valuation,while on the other property the rate was only thirty cents on the hundred dollars valuation.[1] The tax on slaves at the beginning of the period was forty cents each and was later increased to sixty two and a half cents.This seems at first sight to be a reduction from the tax of the former period when there was a dollar on each slave,but the apparent reduction disappears when we note that it is the one form of property which is taxed by both jurisdictions,the district levying a tax of fifty cents each for supplying district revenue.[2] The tax on license to trade with the Indians was increased during the period,from one per cent.on the value of the outfit under the act of 1814,to one and one half per cent.in 1815,and in 1817 it was made a specific tax,fifty dollars a year and a fee of two dollars to the clerk granting the license.[3] Trading without the required license was punished by forfeiture

(1)An Act for levying and collecting territorial and county taxes,Sec.2.Laws of Missouri,Vol.I.p 382.
(2)Ibid Sec.10.
(3)Supplement to act for levying and collecting taxes,Sec.3.Laws of Missouri,Vol.I.p 513.

of goods and it was required of the traders to give bond in the sum of one thousand dollars guaranteeing compliance with such regulations as should be made for carrying on the trade.

COUNTY TAXES. It has already been noted that land, houses, and town lots were transferred in this period to the field of territorial taxation. There was left to the jurisdiction of the county, water mills, saw mills, and horse mills; distilleries and tan yards; billiard tables; horses, cattle, mules and asses; and the tax on single men, together with a tax of fifty cents on slaves.(1) During the entire period there was but one extension of the subjects of county taxation, that one being a tax on private and unauthorised lotteries amounting to fifty per cent. of the property to be disposed of.

RATE OF TAXATION. In the first revenue measure passed by the general assembly, it was provided that the rate of taxation for county purposes should remain the same as during the former period.(2) By the act of the following year, however, there was a general reduction in the rate of county taxation. On such property as had been

(1) An Act to, provide for collecting territorial and county taxes, Sec. 10. Laws of Missouri, Vol. I. p 382.

(2) An Act supplementary to acts for regulating the fiscal concerns. Sec. 11. Laws of Missouri, Vol. I. p329.

subject to an advalorem tax,the rate was reduced from one dollar to fifty cents on the hundred dollars valuation.On horses and mules the tax was reduced from sixty two and a half to twenty five cents a head.The tax on single men was reduced from one dollar to fifty cents,and the tax on billiard tables,which during the whole period previous to this time had been one hundred dollars,was reduced to twenty five dollars.(1) It is not difficult to understand how this reduction was possible. Property was increasing in amount and thus increasing the revenue from the given rate,while there was very little extension of governmental activity in the county. For the support of the county officers fees were provided and further than this there was very little expense to be borne by the county.The situation was just the reverse from that found in the territorial affairs where there was constant expansion of the government and increase of expenditure.

SPECIAL TAXES.In the face of this reduction of the rate of taxation and the limitation of the subjects for county taxation,extraordinary expenses were arising

(1)An Act to provide for levying and collecting territorial and county taxes,Sec.10.Laws,Vol.I.p.382.

which could not be met by the ordinary revenues, and special taxes were provided for in order to meet them. In levying these taxes the division of the subjects for county and territorial revenue was not recognised, but all property was subject to the levy for this purpose. In St. Louis county for the purpose of building a jail a tax was permitted on all property subject to taxation either by the county or territory, with the limitation that the rate should not be more than fifty per cent. of the tax already imposed.(1) For the purpose of building a court house in Ste. Genevieve county the same privilege was granted for taxes to raise five thousand dollars, with the limitation that not more than one third of it should be raised in any one year.(2)

LOTTERIES. Strictly speaking lotteries did not form a part of the revenue system of the territory. It is interesting, however, to notice that they were used to provide support for institutions which are now supported by taxation, and from the further fact that a very short time before this lotteries had formed a part of the revenue systems of the American colonies.(3) The first case

(1) Laws of Missouri, Vol. I. p 611. (2) Ibid p 434.
(3) Taxation in American States and Cities, p 113.

of a lottery in the territory of Missouri, was that authorised for the benefit of the academy at Potosi.[1] A second case was for the purpose of supplying St. Louis with equipment for the purpose of fighting fire.[2] Thus it appears that lotteries without being a part of the revenue system, form a peculiar link between the past and the future. Forty years earlier they had been used for the purpose of supplying revenue for the support of the government in the colonies. Forty years later, the activities which they are supporting in this period as private affairs, have come to be supported as governmental activities out of the regular revenue of the government, but lotteries have disappeared from the revenue system entirely. It is a peculiar case of a method of raising revenue which was just disappearing, resorted to for the support of something, which, as a government activity, was just appearing.

FEES. There is no change in this period as to the policy of fees, but there is some extension of the field. By an act supplementary to the act for ascertaining the fees of the various officers of the territory, fees

(1) Laws of Missouri, Vol. I. p 497.
(2) Ibid, p 511.

additional to those allowed before were given to the justices of the peace, clerks of the circuit court, and constables.[1] The act creating the office of county surveyor provided for the fees that should go for the support of the office.[2] With these provisions it was considered that the whole field was covered, and the provision was repealed which in the first act had made it possible for the courts to allow fees for such cases as were not already provided for. Whether or not the whole field was covered, it is certain that fees provided the salaries for nearly all the county officess, the assessors, collectors, and judges of the county courts being the only ones who did not draw their support from fees. In some cases the fees were paid out of the county treasuries, but that case was the exception, the greater part being paid by the person for whom the service was performed.

ADMINISTRATION. In administration this period shows greater weakness than any of the former periods, and in some cases there was a complete breakdown of the administrative machinery. One of the first acts of the

(1) Laws of Missouri, Vol. I. p 434.
(2) Ibid, p 304.

general assembly was the reorganisation of the court of common pleas and the delegatiin to it of the duties formerly performed by the court of common pleas, the court of quarter sessions, the orphans' court; and also the duties of recorder.[1] Whether this return to the concentration of the powers in one body was responsible for the failure which followed, or whether that failure was due to other conditions, it is not possible to say with absolute certainty. It is certain, however, that there was in some cases complete failure of the body, whose duty it was to administer the revenue laws of the territory, to perform that duty. The preamble of an act of 1815 recites;

"Whereas it has been represented to the general assembly that the judges of the court of common pleas for the county of St. Louis, have failed to appoint an assessor for said county and have neglected to levy and cause to be collected the territorial tax due from said county for the year one thousand eight hundred and fourteen."[2]

The fact that it was the territorial tax which

(1) An Act establishing the court of common pleas. Laws of Missouri, Vol. I. p ###.272.
(2) Laws, Vol. I. p 341.

was not collected,leads to the suspicion that the conditionexisting between county and territory,was responsible for the failure.The fact already noted that the county was supported largely by fees,and the further condition that there had been a very marked transfer of the subjects formerly of county taxation to the support of the territory,made it possible in the first place for the county officials to pass over the duty of levying the taxes,and in the second place may have been to some extent a cause of the lack of enthusiasm for the administration of the measures for the support of the territorial government.But whatever may have been the real cause of the failure,it seems to have been attributed to the organisation of the administrative machinery to such an extent as to bring about almost immediately a reorganisation of that machinery. The act establishing county and circuit courts provided for a marked division of powers,making the county court a purely administrative body,with control of all affairs concerning roads and highways,territorial and county taxes,the poor of the county,and in fact all county affairs.(1) This plan proved little more satisfac-

(1)An Act establishimg circuit and county courts, and for other purposes.Laws of Missouri,Vol.I.p 345.

tory than the former,and it was continued only till 1816 when the county court was abolished and its powers transferred to the circuit court.(1)

There were also more detailed matters of administration which were not solved.The means of securing a complete and satisfactory assessment of property had not yet been secured.The county assessors of the former period were displaced by township assessors,who were also the senior justices of the county,but after one year of this plan the duty of assessing the property was again,as in the beginning of the territorial period, imposed on the sheriff.(2)Still the assessment was so imperfect that there were spedal acts from time to time relieving the collectors from fines incurred through failure to collect taxes,because the imperfect assessment made it impossible to collect them.(3)The assessment of property subject to territorial taxes presented special difficulties,not on account of the character of the property,which as we have seen was largely real estate,but on account of the fact that it was subject

(1)An Act altering the time and places of holding circuit courts,and for other purposes,Sec.15. Laws of Missouri,Vol.I.p 444.
(2)An Act supplementary to an act for levying and collecting taxes,Sec.1.Laws of Missouri,Vol.I.p 482.
(3)Laws of Missouri,Vol.I.p 491.

only to territorial taxation yet depended on county officers for assessment.To remedy this trouble it was provided that the territorial auditor should procure a transcript of all the land in the territory made taxable by law,and submit to the clerk of each county a list of all such land in the county.These clerks,who were also recorders,revised the list from time to time according to the transfers and submitted the revised list to the sheriff for use in assessing the land.[1] This provision,it is evident,placed the assessment practically in the hands of a territorial officer.

There was also imperfect collection of the taxes on property which was properly assessed,and the greater part of the trouble was not due to any negligence on the part of the officials,but to the conditions under which the collection had to be made.Under ordinary circumstances the right to seize and sell property would make collection possible on all property which could not easily disappear,but at this time the collection of taxes on land,in spite of the right to seize and sell and that it could not be removed,was the most dif-

(1)An Act supplementary to an act to provide for levying and collecting territorial and county revenue,Sec.7.Laws of Missouri,Vol.I.p 482.

ficult of the taxes to collect,because the land often failed to sell for want of bidders.In 1814 it was provided that in case of failure to sell when it was offered,it should be carried over to the next year and offered again.(1) But in 1816 it was provided that when it was not sold on the first occasion,it should be struck off to the territory and a deed made to the governor and his successors.(2) And it was also specially provided that land should be sold only in case no personal property could be found which was liable for the taxes, except that in the case of unconfirmed land personal property was not liable for taxes.Redemption of land sold for taxes was provided for by paying to the purchaser the amount of the tax against it,together with the cost of sale and survey and one hundred per cent. interest per annum on the same,and full cost of any improvements that had been made since the purchase.(3)

In the matter of general supervision of the finances of the county,the county court in the first part of this period,and the circuit court in the latter part,had control.To these courts all the officers engaged in

(1)Supplement to an act regulating the fiscal concerns,Sec.16.Laws of Missouri,Vol.I.p 329.
(2)Supplement to an act for levying and collecting taxes,Sec.5.Laws of Missouri,Vol.I.p 482.
(3)An Act to provide for levying and collecting taxes,Sec.22.Laws of Missouri,Vol.I.p 382.

the administration of the laws made their report,and there was no auditing power over the courts accounts except that the finandial report of the county's affairs should be published in the most widely circulated paper in the county.(1) The auditor and treasurer of the territory had general power of supervision over the collection of the territorial revenue,but they were required to submit their books to whatever committee might be appointed by the legislative coundl for the purpose of examining them.(2) Moreover, it was provided that the general court might appoint such persons as it saw fit,to examine the books of the various clerks for the purpose of finding what amount of licenses and fines had been collected for the territory.From these provisions it is evident that there had been during the period a very marked tendency toward centralisation in the administration of the finandial affairs of the territory.We do not find here,as in the former periods, the territory dependent on and secondary to the counties in the matter of revenue.The territory no longer depends on county officials to administerthe laws for

(1)An Act to provide for the levy and collection of taxes,Sec.23.Laws of Missouri,Vol.I.p 382.
(2)Supplement to act for levying and collecting taxes,Sec.1.Laws,Vol.I.p 493.

its support without making those officials responsible to any territorial authority,but through their responsibility to the general assembly the officers engaged in the administration of the revenue laws for the territory,become to t hat extent territorial officers.

GOVERNMENTAL ACTIVITIES.In the important matter of the support of roads,practically the same provisions existed as in the former period,requiring that every male inhabitant of the territory should contribute his part.This was the means of providing the greater part of the support for the roads of the territory,but in the case of the construction of the road from Potosi to Boone's Lick public subscriptions furnished a part of the necessary funds and for the remainder that was needed the commissioners were instructed to draw on the treasury of Washington County to the extent of three hundred dollars,which was to be paid out of the revenue accruing from the fines provided for in the act regulating the militia.(1) For building bridges the general revenue of the county was drawn on,and for their

(1)An Act supplementary to the act to reduce into one the several acts regulating the militia,Sec.3. Laws of Missouri,Vol.I.p 468.

support the general, assessment for the support of roads was drawn on.[1]

The general supervision of the support of roads, exercised first by the court of quarter sessions, on the reorganisation of the courts in 1813 was given to the court of common pleas.[2] In the act organising the circuitand county courts in 1815 all the duties concerning roads, which had been formerly held by the court of common pleas, were given to the county court, and by the amendatory act of 1815 the duty of appointing the justice whose duty it was to divide the townships into districts for the purpose of supervision, was given to the circuit court, and in 1816 all powers exercised by the county court previous to this time were given to the circuit courts.[3]

The organisation of the militia underwent little change in this period. The members were still required to furnish their own equipment, and, as we have seen, the fines from the militia even provided revenue for the support of other institutions.[4] There was, however, a slight

(1) An Act concerning public roads and highways, Laws of Missouri, Vol. I. p 323.
(2) An Act establishing the court of common pleas, Sec. 3. Laws, Vol. I. p 272.
(3) Laws, Vol. I. p 444. (4) Supra, p 97.

burden on the territorial treasury for the payment of the adjutant general and the brigade inspectors.The district treasuries had to bear the expense of the adjutant of each regiment,and the provost martial received two dollars a day out of the militia fund which was supported by fines from the regiment to which he belonged.(1)

It is hardly proper to include schools in the governmentalactivities of this period.There was no school system in the territory whichwas supported at public expense,but there was some sign of the beginning of such schools.In 1817 an act instructed the commissioners for the court house and jail in the town of Jackson,Cape Girardeau County,to give four acres of land for the erection of a school house,(2) and on the same date a board of trustees for the schools of St.Louis was incorporated.(3) This board was given power to receive any grant or donation,and to rent or dispose of to the best advantage any land which Congress had given or might give for the support of schools in the city of St.Louis,and further support of schools was provided for in the tax allowed on stock of the bank of

(1) An Act to reduce into one the laws concerning the militia,Sec.45.Laws of Missouri,Vol.I.p 360.
(2)Laws of Missouri,Vol.I.p 520. (3)Ibid,p 521.

Missouri, the proceeds of which should go for the support of schools.(1)

This provision in regard to banks brings up the last chapter of the attempts to solve the difficulty of providing a circulating medium in the territory. We have followed these attempts in the earlier periods from issues of paper money, to attempts to carry on the business of exchange by means of furs and skins and at a later time by means of certificates of indebtedness from the treasury of the territory. In 1813 the belief which was prevalent all over the United States, that where there was a bank there was prosperity, struck St. Louis, and as a result the Bank of St. Louis was incorporated in the same year.(2) On account of the disturbed condition of the country, due to the war, the organisation was not completed at once. The charter was renewed in 1814 and by 1816 enough stock had been subscribed to make possible the election of directors. In 1818 the bank was open for business. But in the closing months of this year came the stormy time for the banks of the west, all over the country there was a suspension

(1) An Act to incorporate the stock holders of the Bank of Missouri, Sec. 32. Laws of Missouri, Vol. I. p 532.
(2) Laws of Missouri, Vol. I. p 278.

of specie payment,the bank of St.Louis was not more fortunate than the others,and after a short period of operations was forced to close.It opened again in March 1819,but continued for only a short time before closing permanently.The bank of Missouri was opened i in 1816 and continued with better success than the other western banks till 1822 when i t also went into liquidation.(1)

Banks were not strictly in the field of governmental activity during this period,but they were to the extent that it was provided for the territory to purchase a certain amount of the stock of the bank, and that it should have in return for this investment the privilege of borrowing money without indorsement up to half the amount which it owned in stock.In this period of uncertainty as to the function of banks and the relation to the government,and of necessity for what it seemed in the beginning of the banking history of the country that the banks could furnish,there was a very close relation betwwen the banks and the governments under which they carried on their business,and on this account I have noted the beginning of bamks in the territory.

(1)Annals of St.Louis,Vol.II.pp 85-87.

SUMMARY. A complete summary of the period which has been covered in this paper would involve almost a complete repetition of what has been said in the paper, for the conditions are not such as lend themselves well to generalisation. The tendencies of the period are in few cases so marked, and at the same time so regular, as to be described in general terms. In regard to taxes there is no generalisation possible but that they were simple and rested on the most common and obvious subjects of taxation, extending as the need of the government and the extension of property made it necessary and possible for the extension to take place. In the matter of form of government, there is in the period a development from the one man administration of the Spanish period, to the machinery which the general assembly and the courts at the close of the period represent. In the matter of administration there is no generalisation possible except that nothing in the whole period continued for a longer time than till there was an opportunity for change. The relation of territory and county in general shows a tendency to centralisation which is the logical and necessary result of the

development of territorial unity and machinery of government. In the field of governmental activities only the simplest functions are performed, and the extension of these functions during the period considered is not very considerable. On the whole it may be said again that every thing in the period is in process of beginning, and it may be added that the close of the period is still not more than a beginning. The period which has been covered represents the preliminary to the beginning of an American Commonwealth, and the financial history of this period is but the introduction to the history of the commonwealth. That history remains to be written and is a field abounding in interesting financial considerations.