Theme 2: Taxes in U.S. History Lesson 2: Early Tax Issues



Senator from Massachusetts

Facts

An embargo on British goods during the War of 1812 allowed U.S. infant industries to grow and prosper. When the embargo was lifted, businesses in the North were threatened by foreign competition.

- The country is growing rapidly, and Americans are eager to buy more goods.
- The government needs revenue to provide public services and to pay off war debts.
- Protective tariffs help constituents sell products at higher prices, but they can't be too high or people won't buy as many, and revenue will decrease.

Opinion

• It is important to give infant industries a chance to become world competitors and provide employment to Americans. The United States needs to become self- sufficient.

Senator from South Carolina

Facts

- The world production of cotton has grown rapidly, and its price has fallen from 31 cents a pound in 1818 to 8 cents a pound in 1831.
- South Carolinians import most of their goods from Europe or northeastern states. Tariff levels doubled between 1816 and 1828 to about 50 percent of the goods' value.
- Southern cost of living has increased while income from cotton sales has fallen. Europeans are not buying as much cotton because their income from American trade is reduced.
- President Jackson has indicated his intention to enforce federal tax laws.

Opinion

• Tariffs are important for a strong economy, but the level is too high. Wealth and resources are being transferred from the South to the North. A state has the right to nullify a federal law. South Carolina may leave the Union.

Senator from Ohio

Facts

- The federal government receives most of its revenue from tariffs and the sales of public lands in the West.
- To help the growth of the West, the federal government needs to allocate resources and revenue to build roads and create defense.
- Westerners have a strong, growing market for grains and livestock in the expanding country.

Opinion

 Westerners need policies that encourage a strong Union. More government revenue should come from tariffs, rather than from taxes on land sales. The United States should not be so dependent on foreign-made goods. Each section of the country should produce the goods for which it is best suited—cotton in the South, grain in the West, manufacturing in the North.