



## "More Unequally Taxed than any People in the Civilized World": The Origins of Georgia's Ad Valorem Tax System

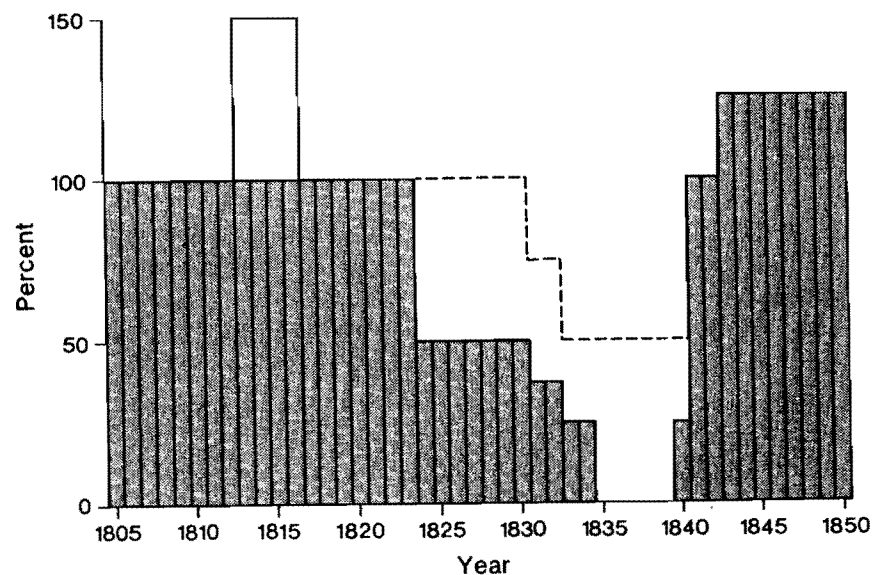
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**I**N 1838, the state tax system began to emerge as a significant issue in Georgia politics. That system, which rested squarely on the tax act of 1804, had changed little in format since the eighteenth century, but Georgians had been paying state taxes at reduced rates for many years. Beginning in 1824, Georgia had slashed its tax rates in half, further reductions had followed, and since 1835 its citizens had paid no poll or property taxes whatever to their state government (see Graph 1).<sup>1</sup>

Now, however, it seemed that a return to taxation was unavoidable. Tax-free sources of revenue—the revenue that had permitted tax reductions and suspension—had dried up. These sources had included payments by the United States government for Georgia's western lands (most of today's Alabama and Mississippi) in the 1810s, much of it invested in bank stock; the sale of public land in Georgia, much of it also invested in banking; earnings from investments in various banks and then in the state's Central Bank; and the distribution of a federal treasury surplus to the states in 1836. But land revenues dwindled, the federal distribution ended, and the economy sank into depression. Moreover, Georgia embarked on a giant experiment in public enterprise, the state-owned Western and Atlantic Railroad, which drained capital from the Central Bank and resulted in a growing public debt.<sup>2</sup> That debt was likely to prove much bigger before the railroad could be completed and could begin to pay its own way and perhaps even contribute profits

<sup>1</sup>The outlines of Georgia's early tax legislation can be traced in Thomas R. R. Cobb, comp., *A Digest of the Statute Laws of the State of Georgia* (Athens, 1851), 1065-71.

<sup>2</sup>Milton Sydney Heath, *Constructive Liberalism: The Role of the State in Economic Development in Georgia to 1860* (Cambridge, Mass., 1954), 139-223, 254-76, 368-77; Peter Wallenstein, "State Power in Antebellum America: Georgia's Quest for a Tax-Free System of Public Finance," paper given at the History Department Seminar, Virginia Polytechnic Institute and State University, February 1984.



GRAPH 1.

Georgia's state tax rates, 1805-1850, displayed as a percentage of the rates for 1805 (1805: 100 percent), together with 1) an extra tax (1813-1816) during the War of 1812 and 2) state taxes collected solely for county purposes, 1824-1840.

to the state treasury. While nontax revenues vanished, expenditures rose for debt service.

Thus it was that in 1839 Georgia's newspapers went to press with some words about state finances. The *Augusta Constitutionalist* acknowledged widespread aversion to direct taxes and anticipated "strong opposition" to any substantial tax hike. Nevertheless, it contended, Georgians must "make up their minds to pay sufficient taxes for the support of the government, until such taxes can be dispensed with, without injury to the public interest." Taxpayers might find solace, however, with the prospect that they "would have to submit to additional burdens only a few years; after which all taxes may be removed, when the people will enjoy the fruits of their sacrifice." Meantime, as the Milledgeville *Federal Union* expressed the hope, the "deranged state of our finances" might "give rise to a revision of our system, which has always been one of the worst in the world."<sup>3</sup>

<sup>3</sup>Augusta *Constitutionalist*, reprinted in Milledgeville *Federal Union*, November 19, 1839; "Governor's Message," in *Federal Union*, November 5, 1839.

The quest for a tax-free system of state finance was a central feature of pre-Civil War America, yet tax revision, in particular the adoption of ad valorem taxation, was widespread as well. State after state, in North and South alike, finding that reliance on taxes could not be avoided, moved to ad valorem. Replacing the previous systems of specific taxes, which had featured various rates for each carriage, slave, or one hundred acres, ad valorem systems taxed according to value. Everywhere tax reform resonated to rhetoric of "equality of burdens."<sup>4</sup> In the South, such efforts were energized by prospective gains and losses in tax revenue derived from slaves, the characteristic property of planters, and from land, that of yeomen. Not only did small farmers oppose planters, but in Georgia urban interests clashed with rural, as spokesmen for the cities sought to remove from the tax laws serious inequities against urban property. Moreover, Georgia had to confront the problem of securing a stable income, one that did not fluctuate like a barometer measuring the condition of the economy.

Tax policy remained a central issue in Georgia politics through the 1840s and into the 1850s. Of several efforts to renew, and then increase, state tax revenue, three were successful. Despite such efforts, however, it was not until 1852 that Georgia adopted an ad valorem system. Amid conflicting efforts to amend the tax system, all groups but the city people had something to lose by breaking free of the moorings of the basic 1804 act. Through the 1840s, therefore, efforts to adjust the tax burden would reach an impasse, broken only when someone suggested simply retaining the old tax system, which legislators then rushed to adopt as the most workable compromise.

Along the way, even when no changes were enacted, voting patterns on fiscal issues displayed significant splits among legislators by region, political party, and social group. Democratic representatives, pursuing a general Democratic bent toward limited governmental activity, particularly if that activity

<sup>4</sup>Richard T. Ely, *Taxation in American States and Cities* (New York, 1888), 131-39; Robert A. Becker, *Revolution, Reform, and the Politics of American Taxation, 1763-1783* (Baton Rouge, 1980); George Ruble Woolfolk, "Taxes and Slavery in the Ante-Bellum South," *Journal of Southern History*, 26 (May 1960), 197.

required taxes, tended strongly to vote against higher rates. Whigs, on the contrary, though they shared a statewide regard for low taxes, were committed to a program of internal improvements and, when safeguarding the state's credit seemed to compel it, were willing to vote higher taxes.

Party and constituency operated in tandem. Most Whig legislators came from commercially oriented districts—black belt<sup>5</sup> and urban, planter and merchant. Democrats came mostly from predominantly white, subsistence farming districts. Urban Whigs favored appropriating larger amounts for internal improvements, and they sought to remove the tax inequities against town property and to shift more of the tax burden to rural property. Democrats, too, tried to translate their interests into tax policy. Whenever it became clear that more public revenue had to be gathered, they attempted to derive it from slaves, railroad stocks, income, and other property of the wealthy. Democrats sought and Whigs opposed cuts in poll taxes.

While Whigs and Democrats differed little in political power in the 1840s, they differed markedly in fiscal policy. Democrats representing North Georgia's yeomen farmers sought lower taxes than did Whig legislators from planter and urban counties. By contrast, urban legislators promoted the higher taxes that would pay the public debt, protect the state's credit, and promote railroad construction.<sup>6</sup> Though greatly outnumbered by rural delegates, they also worked consistently, and finally with success, toward a smaller share of the tax burden for their constituents. Regardless of party, legislators were forced to fit their priorities to new circumstances that constrained their choices, and decisions of the 1840s necessarily differed from decisions of the previous decade.

<sup>5</sup>I use the term "black belt" with reference to demography, not soil type. To be precise, I consider the Georgia black belt to be that half of the state's counties with the highest percentage black population at each census; it extended along the Atlantic coast and up the Savannah River, then pushed broadly south and west from the Augusta area past Macon toward Columbus.

<sup>6</sup>For valuable comments as these questions relate to other states, see Lee Benson, *The Concept of Jacksonian Democracy: New York as a Test Case* (Princeton, 1961), 86-109; Herbert Ershkowitz and William G. Shade, "Consensus or Conflict? Political Behavior in the State Legislatures During the Jacksonian Era," *Journal of American History*, 58 (December 1971), 591-621. On the basis of developments in Georgia, however, I would emphasize the role that tax considerations played in Democrats' greater reluctance to spend public money, and I see less difference between North and South than do Ershkowitz and Shade.

Though Georgians handed over increasing sums to tax collectors, they could console themselves with the prospect that nontax revenue might again emerge to ease their burdens. Georgia resembled other states in finding itself compelled to resume taxation, but, more than other states, it pushed doggedly on in its quest for a revenue system that did not depend primarily on taxes. Considerable success, though belated and temporary, finally rewarded Georgia's efforts. By the late 1850s, the state's policy environment differed as much from that of the 1840s as the latter had from the mid-1830s. Investments in the Western and Atlantic Railroad began to generate the long-awaited revenue, and tax rates turned down again. Georgia's degree of success, not the quest itself, proved unique among American states.

## I

When the 1838 legislature convened, Georgia had collected no poll or general property taxes since 1834. During that time, the state had levied taxes at half the rates established by the basic 1804 act, but had relinquished all proceeds to the counties in which they were collected. The only state tax revenue came from the separately administered tax on bank stock, and even it was levied at half-rates.

The 1838 session continued the suspension of taxes for another year, but it left open the likelihood of an early return to general taxation. It directed the governor to appoint three commissioners, their duty to suggest "a system of finance for the State, which calling into action all her resources . . . [would] sustain, as in the present age they should be sustained, the great interests of public Education and Internal Improvement." According to the legislature the state had in the past "relied chiefly, for the means of meeting the ordinary expenses of Government, of Public Education, and of the public works undertaken by her, on the revenue drawn from her public lands, and her Bank Stock." As these traditional resources dwindled and public works expenditures continued, Georgia needed a new system of public finance.<sup>7</sup>

<sup>7</sup>*Report of the Commissioners Appointed by Authority of the Legislature, on the Subject of*

The commissioners' report outlined the arguments generally employed by supporters of fiscal change during the next dozen years. They advised that schools, public works, and general expenses each be financed in a different way. They urged, for example, that the state poll tax be raised to \$1.00 and that it be allocated to public schools, though that recommendation was not enacted until after the Civil War.<sup>8</sup>

No tax could be expected to carry the full burden of financing public works. The commissioners lauded the resources of the Empire State of the South but resorted to Scripture to warn of the hazards of failure to compete successfully for the immense trade between the Mississippi and the Atlantic: "From him that hath not, even that he hath, shall be taken away from him." They rejected the notion that the cost of the Western and Atlantic Railroad, "which is to descend as a rich and enriching inheritance to all future times, ought to be levied by taxation . . . within the brief span of years employed in its execution." Rather, they suggested a parallel with wartime finance to justify "fiscal anticipation."<sup>9</sup>

Public debt might be contracted either to defend the country "against great evils" or to acquire for it "great and permanent benefits." Must this principle "lie dormant in times of peace"? "*So have not thought our people or Government,*" declared the commissioners. To force immediate payment for internal improvements, they argued, would "doom the country to languish under the perpetual want of all channels of communication between distant parts, except those which nature gave, or

<sup>8</sup>*the State Finances* (Milledgeville, 1839), 3-4. The commissioners were John MacPherson Berrien, a once and future U. S. senator; William W. Holt, for many years a judge of the Middle District; and Absalom H. Chappell.

<sup>9</sup>*Ibid.*, 34-35, 39-41. Not until 1888 did Georgia enact a state property tax for schools. Despite occasional calls, like the commissioners', for allocating poll tax revenue to schools, all state funds for elementary schooling before Reconstruction derived from one nontax source or another. Forrest David Mathews, "The Politics of Education in the Deep South: Georgia and Alabama, 1830-1860" (Ph.D. diss., Columbia University, 1965); Peter Wallenstein, "Prelude to Southern Progressivism: Social Policy in Bourbon Georgia," in Winfred B. Moore, Jr., and Joseph F. Tripp, eds., *Developing Dixie: Modernization in a Traditional Society* (forthcoming).

<sup>10</sup>*Report of the Commissioners*, 5, 31-32.

private enterprise might be stimulated to supply."<sup>10</sup> But private enterprise's inability to prosecute great public works constituted one of the central reasons that the legislature had instructed the commissioners to suggest how the state might finance the Western and Atlantic Railroad.

Though railroad construction might best be financed through deficit spending, the sale of state bonds required that the treasury have a dependable source of income. Potential bondholders demanded assurance that the state could redeem its promise to pay semiannual interest as well as the principal on the bonds. Since nontax revenue could no longer be depended on, property taxation must now provide the bulk of state treasury revenue. Pending consideration and adoption of a broad new scheme of taxation, the commissioners urged a return to the old tax system. Such action would provide a stop-gap while legislators deliberated a proposed new tax system.<sup>11</sup>

Renewed interest in taxation made Georgians, already burdened by a depression, increasingly aware of major inequities in the state's tax laws. Commercial property (town lots and merchandise)—though valued at less than one-tenth the value of agricultural property (rural land and slaves)—yielded fully half as much in taxes. The state levied the same tax on a merchant's stock worth only \$100 as it did on a slave worth \$500 or even \$2,000. "In a system thus unequal in its operations," observed the commissioners, "there can surely be no justice." Citizens had a right, the commissioners declared, that taxation "be fair and equal, in proportion to the value of property, so that no one class of individuals, and no one species of property, may be unequally or unduly assessed."<sup>12</sup>

<sup>10</sup>*Ibid.*, 32-33 (italics in original). The report recommended public assistance to private enterprise, as well, in the construction of railroads, though only to railroads that were nearly completed and that would add to the productivity of the Western and Atlantic. If enough work had been done to secure a mortgage on the actual value of the railroad, the state might advance the company a loan. If the line were nearer completion, on the other hand, direct investment might yield profits to the state. *Ibid.*, 42-43, 59-62.

<sup>11</sup>*Ibid.*, 3, 7, 43-44, 55-59.

<sup>12</sup>*Ibid.*, 5, 8-10, 44. Though the tax on slaves produced the bulk of tax revenue (see Tables 1 and 2), the rate on slaves was lighter than that on other major types of property. The 1804 act levied taxes of \$0.31 per poll (white man), per slave (under the age of 60; regardless of market value), and per \$100 worth of town lots or stock in trade. Thus the effective rate on a \$400 slave was only one-fourth that on merchandise and urban real estate.

Observing that "equity requires that each citizen should contribute equally according to his property," the commissioners suggested that an ad valorem general property tax replace the miscellaneous specific taxes. Property should be subject to a uniform tax according to its value, so they proposed a tax of \$1.25 per \$1,000 valuation.<sup>13</sup> Such a tax would reduce rates on merchandise and town real estate by three-fifths.<sup>14</sup> At the same time, it would raise slightly the average tax on slaves and would redistribute the burden on slave property according to value. In most cases, it would substantially raise taxes on rural real estate, for not only was land the most lightly taxed form of property, but rural buildings and other improvements had previously escaped all taxation. Money and solvent debts would become liable to taxation as would cattle, horses, and mules above a number to be specified by the legislature.

Though the rate was to be uniform on all items taxed, some property would still remain untaxed. Untaxed property, the commissioners advised, should include all property currently exempted from seizure to pay private debts—something of a standard deduction.<sup>15</sup> In addition, all household furniture and all plantation tools (unless kept as merchandise for sale) would remain exempt from taxation. Also exempt would be all property belonging to anyone whose real and personal property was worth less than an amount still to be specified.<sup>16</sup>

The ad valorem tax, together with the poll tax, bank dividends, and the tax on bank stock, would satisfy Georgia's revenue requirements. Moreover, as state-aided railroads reached completion, the treasury would no longer suffer a drain on its resources. Rather, it would once again profit from public investments, this time as profits from investments in railroads

<sup>13</sup>*Ibid.*, 8, 44-45, 58.

<sup>14</sup>Since taxes at the time had been suspended, my statements regarding reductions compare the proposed rates with an assumed resumption of the 1804 rates.

<sup>15</sup>According to the insolvent debtors' laws of Georgia, certain property remained beyond the reach of the law for execution for private debts—including 20 acres of land (together with improvements), not to exceed \$200 in value; two beds; a spinning wheel and a loom; one cow and calf and a horse or mule; the common tools of the debtor's trade; and the family Bible. Cobb, comp., *Digest of the Statute Laws of the State of Georgia*, 385.

<sup>16</sup>*Report of the Commissioners*, 45-46.

"convert[ed] expenditure into income."<sup>17</sup> Renewed nontax revenue could permit Georgia to resume its quest for a tax-free fiscal system.

## II

The 1839 legislature responded to the need for revenue and the report on finances by resuming limited state taxation. Legislators agreed to keep the previous year's half-rates, but they differed over whether all, part, or none of the resulting revenue should go to the counties. At first, the House of Representatives voted to continue the tax act of the previous year, which would have left the proceeds with the counties and provided no revenue to the state. Later, the upcountry blocked an attempt by urban and black-belt representatives to obtain the entire tax revenue for state purposes. Finally, the House voted to maintain half-rates but to divide them equally between the state and the counties. Though the Senate voted to strike the revenue-sharing clause and thereby double the state's income, it receded from its amendment upon House insistence. Thus the 1839 legislature maintained half-rates for 1840 but now retrieved a share for the state<sup>18</sup> (see Graph 1).

The following year, after similar disputes between Whigs and Democrats, the legislature again increased taxes. To relieve the state's continuing fiscal squeeze, Governor Charles J. McDonald (though a Democrat) advocated resumption of full state taxation. Though Democrats in the House voted (64-11) to revert to the policy of the 1830s and levy no taxes, Whigs voted successfully (17-84) against that effort. George W. Crawford of Richmond County, a future Whig governor, proposed an ad valorem tax of \$0.80 per \$1,000 property value; Whigs split nearly evenly, but Democratic representatives rejected it

<sup>17</sup>*Ibid.*, 57-59.

<sup>18</sup>*Georgia Journal of the House of Representatives* (1839 session), 330-36, 383-83, 435-37 (cited below as *JHR*); *Journal of the Senate* (1839), 315 (cited below as *JS*); *Acts* (1839), 218-19. For more detail on legislative maneuvers of the 1840s, see Peter Wallenstein, "From Slave South to New South: Taxes and Spending in Georgia from 1850 Through Reconstruction (Ph.D. diss., Johns Hopkins University, 1973), Tables 14-15 (pp. 357-60), which give roll-call voting patterns by party and constituency (black belt and predominantly white), and pp. 84-116.

overwhelmingly (9-63). Compared with the 1804 rates, Crawford's proposal would have left average taxes on slaves largely unchanged, raised taxes on rural land, and lowered by three-fourths those on city property, and all four representatives from Chatham County (Savannah) voted for it. Finally, the House revived the basic 1804 tax act, and the president of the Whig-controlled Senate—future governor Charles J. Jenkins of Richmond County—cast the deciding vote for the bill. The new tax act could be expected to quadruple state tax receipts.<sup>19</sup>

Newspaper response to the tax hike varied by party. The Milledgeville *Southern Recorder*, Whig voice of the state capital, deemed the act "inadequate." The Democratic Milledgeville *Federal Union*, on the other hand, castigated the higher taxes as "useless and oppressive" and called the Whig legislators responsible for levying them men who "would not if they could" relieve the people.<sup>20</sup>

By 1841, realistic expectations with regard to tax changes had stabilized around the 1804 act. No one proposed reverting to the 1838 act and depriving the state of all tax revenue, nor was there a sustained attempt to obtain a new system. In the end, legislators left the tax law unchanged. Before that, however, in both houses, Democrats unsuccessfully supported and Whigs opposed 20 percent reductions in rates.<sup>21</sup>

In 1842, Governor McDonald found himself forced to request still higher taxes: "A small addition to the amount of taxes now paid, judiciously distributed, so as to bear most lightly upon those least able to pay, is all that is required." A majority in the House agreed that a temporary tax increase was necessary but could not agree on how to tamper with the 1804 rates. Finally, the legislature retained the 1804 tax system but

<sup>19</sup>An "index of dissimilarity" offers a comparison of the two parties' voting patterns in the legislature. It is obtained by subtracting one party's percent Yea vote from the other's; the higher the difference, or index, the greater the disagreement. If, for example, one party votes 4-0, and the other 0-4, the index is 100; if 3-1 and 1-3, it is 50; if both the same, 0. On the vote to suspend taxes again, the index was 69. See Michael F. Holt, *The Political Crisis of the 1850s* (New York, 1978), 27. Representatives of Georgia's five largest towns voted 9-4 for the \$0.80 proposal and 7-6 for an even higher ad valorem rate of \$1.00, which was defeated 19-170. *JHR* (1840), 201-203, 372-80; *JS* (1840), 12, 21, 378-79; *Acts* (1840), 175-77.

<sup>20</sup>*Southern Recorder*, December 29, 1840; "The Taxes," *Federal Union*, September 14 and 28, 1841.

<sup>21</sup>*JS* (1841), 285-93; *JHR* (1841), 215-16.

raised all rates by one-fourth<sup>22</sup> (see Graph 1). After the third increase in four years, the burden had become much greater but remained distributed in the traditional manner. Reconsidered after rejection, the increase of 1842 would have failed but for the nearly unanimous support of urban Georgia.<sup>23</sup>

The following year state finances appeared much sounder, and Governor McDonald declared tax revenue "more than sufficient." One thing that helped was that, in a bipartisan move to cut expenses, Georgia switched from annual to biennial legislative sessions. On the other hand, the Whig legislature of 1843 resumed construction on the Western and Atlantic Railroad and modest spending on schools, both of which had been interrupted.<sup>24</sup>

In 1845, when the General Assembly next met, Whig Governor George W. Crawford proposed a partial ad valorem system as a more adequate and more equitable method of obtaining public revenue. Referring to the sweeping social and fiscal changes in Georgia in the four decades since passage of the 1804 act, he decried the inequities of that law, which, he claimed, had become "more plainly exhibited by every advance we have made in extent of territory, increase of population and change of staple." Undoubtedly the "inequalities of the present system" had been allowed to continue so long since nontax revenue had "averted the necessity of general taxation." Now the return to reliance on taxation mandated greater fairness. He proposed, on the one hand, minor reductions in poll taxes and in taxes on slaves and, on the other, an annually adjusted, uniform ad valorem tax—not to exceed \$2.50 per \$1,000 valuation—on all real estate, town and rural alike.<sup>25</sup>

<sup>22</sup>*JHR* (1842), 9-12, 280-82.

<sup>23</sup>*JHR* (1842), 347-48, 361-62, 372-73, 418-19. Georgia's largest towns in the 1840s (each with a population of at least three thousand in 1840 and five thousand in 1850) were Savannah, Augusta, Macon, and Columbus. U. S. Census Office, *Compendium of the Sixth Census* (Washington, D. C., 1841), 50; U. S. Census Office, *Compendium of the Seventh Census* (Washington, D. C., 1854), 338-393.

<sup>24</sup>Though Whigs consistently voted higher levels of taxes and spending than did Democrats, Milton S. Heath characterizes Whigs as the fiscal "conservatives" (*Constructive Liberalism*, 273), and Paul Murray emphasizes the Whigs' commitment to reductions in taxes and spending: *The Whig Party in Georgia, 1825-1853* (Chapel Hill, 1948), 120; *JHR* (1843), 11; *Acts* (1843), 14-16, 43-44, 138-40; Lucien E. Roberts, "Sectional Factors in the Movements for Legislative Reapportionment and Reduction in Georgia, 1777-1860," in James C. Bonner and Lucien E. Roberts, eds., *Studies in Georgia History and Government* (Athens, 1940), 120-22.

<sup>25</sup>*JS* (1845), 10; see Treasurer of the State of Georgia, "Report," 1845, pp. 83, 86.

The proposed changes would also facilitate reliable expectations concerning annual tax revenue. "Certainty in amount may, by the plan proposed, be always realized, so that the government may be placed beyond contingency of want to which it has been exposed by the fluctuating amount of taxes." When the comptroller general received the tax lists from the counties each July, he could determine what amount of revenue the land tax had to produce. He would then advise tax collectors of the rate they must collect on the value of real estate to pay for that year's appropriations.<sup>26</sup>

The first tax bill discussed in the Whig-controlled 1845 House was a partial ad valorem one, along the lines that the governor had suggested. The main point of the bill was not to produce more revenue but to establish a new system, at once more equitable and more predictable. The bill proposed to tax real estate, together with all improvements, at a rate not to exceed \$1.20 on each \$1,000 value. Since under the existing system town lots were taxed together with any improvements at higher rates, while rural land was taxed by the acre at lower rates and without regard to improvements, the proposed bill would have raised taxes on rural real estate as sharply as it reduced those on urban lots. It promptly came under attack. With partial success, Democrats sought much lower taxes on land. North Georgia Democrats failed in an effort to tax such previously untaxed property as railroad stock and large holdings of cattle. Black-belt Whigs successfully voted to continue to exempt capital invested in Georgia state bonds and to retain a low tax on money loaned at interest. After considerable wrangling of this sort—and after rejecting, on a straight party vote, a North Georgia Democrat's motion to reduce taxes to the 1840 rates—the legislature simply perpetuated the tax act passed at the previous session.<sup>27</sup>

As outgoing governor in 1847, Crawford submitted a similar plan at the next legislature. He intended it to be "the first in a series of measures . . . [leading] to the adoption of the *ad valorem* plan of taxation." Because of a lack of statistical infor-

mation on which to base tax rates, he regarded as premature the immediate adoption of an ad valorem system, but partial adoption would tend to simplify and equalize the tax system. Crawford suggested that the tax on rural land and improvements need not exceed \$1.00 per \$1,000. In consideration of the legislature's rejection of a partial ad valorem bill the previous session, he proposed a rate of twice that much on town lots—which would still offer a reduction of one-half.<sup>28</sup> Such discrimination between the two types of real estate, he hoped, would elicit more votes from rural representatives.

While the 1847 session wrestled with tax policy, it added to the urgency of tax reform by authorizing higher expenditures. Any increase in spending necessitated greater public revenue, and legislators proved consistent in their voting on financial matters. Delegates from white counties, having regularly sought lower taxes, tended strongly to vote against higher state spending, for whatever purpose. Those from the black belt, and especially those from urban districts, voted for increased appropriations as well as higher taxes.

Though the state was not yet assured adequate revenue to service the already existing debt, it needed additional funds to complete the Western and Atlantic Railroad. Supporters of the Western and Atlantic desired both the commercial advantages of completion and the public revenue that a completed road would provide the state. In 1847, Democrats sought to block or modify a Whig measure authorizing the governor to borrow \$375,000 to complete the railroad. Upon defeat of efforts to postpone completion, anti-Western and Atlantic forces attempted to guarantee that "the people of Georgia shall in no event be taxed for the redemption" of the proposed railroad bonds. As an alternative, one North Georgia Democrat proposed a one dollar tax on every slave to constitute a sinking fund for redeeming the bonds. Whigs beat back all these efforts. Having run the gauntlet of hostile Democrats, the measure was passed, as Whigs voted 52-10 in the House and 20-3 in the Senate. Democrats opposed the measure 15-43 in the House and 8-12

<sup>26</sup>JS (1845), 10.

<sup>27</sup>JHR (1845), 210-43, 295-99.

<sup>28</sup>JS (1847), 9.

in the Senate, though there were defections by some from counties along the route of the railroad.<sup>29</sup>

Despite the increase in debt, legislative maneuvers on tax matters in 1847 proved only a variation of the recurring theme of the 1840s. Though the House instructed its Committee on Finance to come up with "an adequate tax for the support of Government, upon the principles of more equality than the present system,"<sup>30</sup> the proceedings displayed legislators' inability to agree on a new system. Legislators also tangled over the maximum property tax rates to be established.

Once again, the main struggle was between black-belt Whigs and upcountry Democrats. After defeating a Democratic attempt to block any increase in total taxes, Whigs voted to increase the amount to be raised for 1848 by about one-fourth over the 1847 figure. At the same time, Democrats carried an amendment to tax, at \$5.00 per \$1,000, all bank stock, manufacturing stock, and railroad stock of concerns "connected either directly or indirectly with the Western and Atlantic"; Democrats voted 47-8 for the proposal, and Whigs were not united enough to defeat it. Still, after these and other maneuvers, the House retreated. By perpetuating the tax act of the previous session, the legislature escaped both a welter of contending tax bills and the need to create an acceptable substitute for the ancient system.<sup>31</sup>

Considering the tax bill he faced inadequate, Governor George W. Towns, an ad valorem Democrat, attempted to force the issue. In a veto message, he noted that the legislature had just authorized a \$397,000 increase in the public debt, and 6 percent interest, or nearly \$24,000 a year, would have to be paid on the new issue of state bonds. The governor claimed he had assented to such legislation under the illusion that the same legislature that created the debt would also provide for its payment. Higher appropriations, he observed, could hardly be reconciled with revenue left unchanged. To avert a deficit, the governor vetoed the bill and insisted on "the adoption of a

system of Finance equal in its operation upon all, and adequate to the wants of the State." The House, jealous of its prerogatives, responded expeditiously. It appointed a special committee of five, which immediately assured the House that projected revenue would be sufficient, claimed for the legislature a solicitude equal to the governor's for preserving the state's credit, and recommended repassage. When both houses overrode the veto (97-4 and 31-1), any tax changes had to await the action of another legislature.<sup>32</sup>

"Viewing as an evil of no ordinary magnitude the present system of specific taxation," Governor Towns tried again at the 1849-1850 session to effect its repeal. He condemned the "patchwork" character of the tax system as a "capricious, ill-digested, and miserable expedient," whose "gross inequality" was "universally acknowledged." It operated unequally in both the classification of lands and the uniform tax on slaves. If there was maldistribution in the state tax burden on agriculture, though, even clearer was the discrimination against commerce: "If commerce is injurious to the State, strike at it boldly; but if it is essential to the well-being of the people, conducive to their prosperity and honorable in its aims and object, abstain from all discrimination against it." By contrast, not only would an ad valorem system equalize rates among all property currently taxed, it would also tax all other property and thereby "make the available or productive property of the State bear its equal and just proportion of the burden of Government." Seeking to banish the specter of angered constituents, he admonished legislators, "Place your tax act upon the plain principles of equality of burdens and equality of benefits, and the people will sustain you."<sup>33</sup>

Governor Towns stressed the problem of predictability as well as "equality of burdens." He warned that "a degree of uncertainty and doubt must ever attend the present mode of raising revenue." Fluctuations in the value of property, together with "the elasticity of conscience," constantly threatened either a surplus of revenue, which was "grossly unjust to the

<sup>29</sup>The index of dissimilarity in the House vote was 58; in the Senate, 47. *JHR* (1847), 243-47, 257-58; *JS* (1847), 320; *Acts* (1847), 301-302.

<sup>30</sup>*JHR* (1847), 144.

<sup>31</sup>*JHR* (1847), 368-73, 385-92.

<sup>32</sup>*JHR* (1847), 525-31; *JS* (1847), 558-59.

<sup>33</sup>*JS* (1849-50), 14-17.

People," or "the still more perilous hazard" of insufficient revenue. Such "uncertainty in providing adequate means to meet all demands" at the state treasury depreciated the state's credit, and the capitalists who sought investments in state securities would look elsewhere than Georgia.<sup>34</sup>

Towns tied the need for a reliable income directly to the new role in state finance that the Western and Atlantic would soon play. Until such time as the railroad began to produce profits for the treasury, he noted, the state would have to continue depending almost entirely on taxes. Even then, those profits could not be estimated reliably, and as they grew, they would lend strength to the rationale behind a switch to ad valorem. If nontax sources produced \$250,000, for example, then "it would be necessary only to raise by taxation a sum sufficient to supply the deficiency" that remained.<sup>35</sup> To the degree that new nontax sources of state revenue came to replace former ones, the state could cut taxes again.

Meanwhile, the cities were becoming increasingly restive under their inequitable share of the tax burden. For a decade they had sought relief in an ad valorem system. As the Bibb County (Macon) Superior Court grand jury remonstrated in 1849, "Believing as we do, that the present tax law is unequal and oppressive in its operations, we would most respectfully request our Senator and Representatives . . . to use their best endeavors to have an ad valorem tax bill passed." The Milledgeville *Southern Recorder* was more outspoken in its effort to attract the legislature's attention: "The present system is . . . partial, unequal, unfair, oppressive, and tyrannical." Seeking to exploit the Democrats' own rhetoric, that Whig paper went on to declare: "The Democratic party having the control of the Legislature, will have on this occasion an admirable opportunity of illustrating their much boasted principles of equality to all, and special privileges to none. There never was a more unequal system than the present one of taxation."<sup>36</sup>

<sup>34</sup>*Ibid.*, 14-15.

<sup>35</sup>*Ibid.*, 16.

<sup>36</sup>Macon *Georgia Messenger and Journal*, February 7, 1849; "The Legislature," *Southern Recorder*, October 16, 1849.

In the 1849-1850 House, a bill to perpetuate the traditional tax system directly confronted a bill to establish an ad valorem tax system. The ad valorem bill proposed to tax all property at a uniform rate, except that it would continue to exempt all farm tools as well as household furniture worth up to \$500 per taxpayer. Even though the amount of revenue was not an issue, rural Democrats were notably unreceptive to the ad valorem bill, particularly since it offered to exempt no property other than tools and furniture. Representatives of counties against whose property the traditional tax system discriminated, particularly urban legislators, voted unsuccessfully for the change to ad valorem. Urban representatives (those from Chatham, Richmond, Muscogee, Bibb, Clarke, and Baldwin counties) voted consistently against the traditional bill and for the ad valorem bill.<sup>37</sup>

Other tax issues separated Whigs from Democrats, urban legislators from rural ones, and representatives of black-belt counties from those with small-farmer constituencies. Black-belt Whigs defeated a proposed elimination of the \$0.39 poll tax on white men, for example, but they could not prevent its being lowered to \$0.25. Before mid-century, railroads in Georgia, newly completed, were exempt from taxation. Democrats, using their small majority to replace the lost revenue from poll taxes with a corporation tax, changed that in 1850. The legislature enacted a tax of one-half of one percent on the net annual income of the Georgia and Central railroads. Urban representatives supported retention of the poll tax, opposed even reducing it, and voted against taxing railroads.<sup>38</sup>

The 1847 and 1849-1850 sessions made progress on defining property for purposes of ad valorem taxation, even if they failed to enact such a system. By a two-to-one margin in 1847, representatives set a precedent for widening that definition by voting to curtail the tax exemption for livestock. A Democrat from south Georgia's Ware County proposed continuing the livestock exemption. Though representatives from counties with more than \$40 per capita in livestock supported the pro-

<sup>37</sup>JHR (1849-50), 525-30, 562-64, 757, 778-82; *Southern Recorder*, December 4, 1849.

<sup>38</sup>JHR (1849-50), 424-26, 440-72, 531-51; *Acts* (1849-50), 378-79; see Heath, *Constructive Liberalism*, 272 (for dates of railroad completion).

posals 11-2, other House members rejected it 28-75. Again in 1849-1850, the House defeated such a motion. Representatives from south Georgia, where livestock raising was most concentrated, supported the amendment unanimously, but it lost 49-60.<sup>39</sup> Economic interests continued to dominate roll-call behavior.

### III

In response to agitation over the Compromise of 1850 and the first general threat of Southern secession, a temporary political realignment occurred in Georgia.<sup>40</sup> Two new groups emerged in 1850 and 1851. The Constitutional Union party consisted of former Whig politicians and such Union Democrats as Howell Cobb. The Southern Rights party took over the forces for secession, most of whose leaders were Calhoun Democrats. Since the remnants of the Whig party, strong though seeking a new party vehicle, controlled the Constitutional Union machinery, Unionist and normally Democratic small farmers had no political party to follow. To the substantial degree that the 1850 and 1851 Georgia elections comprised referenda on the question of secession, small farmers had to choose between the party of secession and the traditional party of the plantation. The repudiation of secessionist leadership led to an overwhelming victory by the Constitutional Union party, which swept the governor's office and all but a scattering of seats in the legislature. Some jurisdictions that in the 1840s generally went Democratic sent Whigs under the Constitutional Union label to the legislature in 1851. Their doing so, and thus superimposing external political conflict on internal political struggles in Georgia, helped shape state tax policy.

Governor Towns, repeating his advocacy of an ad valorem tax before leaving office in 1851, centered his arguments for a new tax system on "the sound principle of taxation, that the burthens of Government should rest upon the objects of its

<sup>39</sup>The index in the 1847 vote was 57. *JHR* (1847), 361-62; (1849-50), 527-30; "From Slave South to New South," 65 (map displaying per capita livestock ownership).

<sup>40</sup>See Richard Harrison Shryock, *Georgia and the Union in 1850* (Durham, 1926), and Horace Montgomery, *Cracker Politics* (Baton Rouge, 1950).

protection." Since all forms of property received equivalent benefits of government protection, Towns could see no justification for exempting some forms or for taxing some types much more heavily than others. Moreover, the governor contended, the United States Census of 1850 provided reliable data on which an estimate of the necessary ad valorem tax rate could now be based.<sup>41</sup>

Various Georgia citizens elaborated some themes of the argument for tax changes. They tended to share the view that each taxpayer's wealth, benefits received in protection, and ability to pay were roughly commensurate. "Let every one pay a certain poll tax," one north Georgian suggested, "and then in proportion to the amount of his . . . property over and above a certain sum, say \$500. This would relieve from taxation a few milk-cows, work-horses, and some house-furniture, and would exempt every poor man not worth over \$500 from being taxed (aside from the poll tax) for the support of government."<sup>42</sup>

Similarly, "An Old Tax Payer" declared that "Governments were instituted to protect persons and property; [since] property requires more protection than persons, . . . [it seems clear that] *every one should pay in proportion to the amount he has at stake.*" Under the specific tax system, however, he found many instances of taxation "without the slightest regard to value." Some property—furniture, livestock, and rural real estate improvements—was untaxed; other property was heavily taxed: "Is it right that a nabob's place in the pine woods filled with the richest furniture and his stables with the finest horses should pay less than another man's *cow house*, who happens to live in a town or some insignificant village that is so unfortunate as to be *called* a town." "If we are not *highly* taxed," he concluded, "we are more *unequally* taxed than any people in the civilized world."<sup>43</sup>

<sup>41</sup>"If discriminations are to be tolerated at all," Towns declared, "I am clearly of the opinion it should be in favor of real estate, as against personal; but certainly there is no equality or justice in a system of finance exacting different rates of taxes on lands of the same value." *JS* (1851-52), 14-15; Comptroller General, "Annual Report," fiscal year 1851, p. 6. Manuscript U. S. Census Schedule 6, *Social Statistics* (microfilm, National Archives), lists each county's property valuation; as a participant in the 1851-52 tax debate, the *Southern Recorder* published the figures, November 18, 1851.

<sup>42</sup>"Cherokee," letter to the editor, *Southern Recorder*, December 2, 1851.

<sup>43</sup>"An Old Tax Payer," letter, "To the Members of the Legislature," *Southern Recorder*, December 16, 1851 (italics in original).

The 1851-1852 session faced not only the continuing calls for a more predictable and more equitable tax system but also another call for increased tax revenue. Even with the 1847 appropriation, the Western and Atlantic Railroad remained unfinished. The Finance Committee made the case for using more state funds to hasten completion: "The State has millions of dead capital invested in that great enterprise which must remain comparatively unproductive, until its final completion. Its *rapid* progress is therefore closely connected with the successful management of our finances, as its completion will be an important aid to the Treasury, and thus for a relief to every tax payer in the State."<sup>44</sup> Much the most important spending bill in 1851-1852 called for funds for the construction, equipment, and repair of the state railroad.

Considered a final appropriation, the bill would complete the construction and equipment of the Western and Atlantic and establish it as a revenue-producing public utility. Subsequent repairs or costs of equipment would come from current revenue, and surplus revenue would be deposited in the general funds of the state treasury. In both the House and the Senate, the bill met sufficient opposition—particularly from white counties remote from the railroad—to necessitate cutting the appropriation from \$750,000 to \$525,000; even then, the Senate passed the bill by a single vote.<sup>45</sup>

In the struggle to create an ad valorem bill that could pass and that would work, a major problem in the House concerned exemptions. The Finance Committee proposed to exempt all property owned by any person whose taxable belongings were worth less than \$200, but the House adopted instead a standard exemption, set at \$500. The House also voted to exclude from taxation all annual crops and provisions, and it exempted \$500 worth of furniture, but it rejected an effort to exempt 25 cattle for each taxpayer.<sup>46</sup>

North Georgia and urban Georgia were bitterly at odds over

the ad valorem bill, which, though leaving the poll tax unchanged at \$0.25, called for \$375,000 in total poll and property tax revenue—an increase of one-third. As urban Georgia began to anticipate the fruits of its long struggle for a new tax system, north Georgia legislators, in a final effort to block passage of the ad valorem bill, offered as a substitute the tax act of the previous biennium. Black-belt representatives, led by those from the towns, overcame the votes of rural white counties' representatives and rejected the old tax system. The ad valorem bill would now pass, the *Augusta Daily Chronicle and Sentinel* guessed, "although it is exceedingly unpalatable to the up-country people." The Milledgeville correspondent to the *Savannah Republican*, less sympathetic to north Georgia, observed testily, "I cannot understand, how gentlemen representing counties that do not pay into the State Treasury, taxes enough to meet the actual expenses of their representatives in the legislature, can complain about inequality, injustice, oppression and the like. Their notions carried out, amount to this—that they are oppressed exactly in proportion as they are taxed at all."<sup>47</sup>

When the House finally approved the measure, indeed, legislators divided over it by wealth of district. Representatives of the poorer counties, where white subsistence farmers predominated and almost the only property was land, voted against a bill (14-30) that threatened both to raise state taxes and to shift proportionately more of the total tax burden to their constituents' property. Representatives of planter counties, on the other hand, voted for the bill (36-11), for it offered greater state revenue without significantly changing the taxes on slaves. Supplying the narrow margin of victory, urban legislators voted unanimously for the bill, for it promised both increased tax revenue and substantial tax relief on merchandise and town lots.<sup>48</sup>

Having passed the House, the measure still faced the Senate. The Senate cut the furniture exemption from \$500 to

<sup>44</sup>Georgia Finance Committee, "Report," December 18, 1848, pp. 6-7.

<sup>45</sup>Savannah, Augusta, and Atlanta supported the appropriation. *JHR* (1851-52), 469-79; *JS* (1851-52), 441-44.

<sup>46</sup>*JHR* (1851-52), 426-32.

<sup>47</sup>*JHR* (1851-52), 436, 450-51; *Republican*, December 27, 1851; *Daily Chronicle and Sentinel*, December 27, 1851.

<sup>48</sup>The index of dissimilarity was 45. *JHR* (1851-52), 453-54.

\$300; more important, it slashed the standard exemption from \$500 back to \$200, though it defeated an effort to remove even that. When a substitute bill, one that would have taxed all real estate and slaves very lightly, narrowly failed, the future of the ad valorem bill appeared precarious. A Savannah paper warned, "Some Senators express strong doubts of its success." Nevertheless the bill passed 22-18 and, after House approval of the amendments, went to the new governor.<sup>49</sup>

Constitutional Unionist Governor Howell Cobb expressed his "cordial concurrence with the judgment of the Legislature, in this radical measure of reform in our Tax laws," but declared the bill inadequate. New appropriations, together with payments on the public debt, would amount to the stipulated figure, \$375,000. He doubted, however, that the designated rate, \$0.83 per \$1,000, would produce the required amount. Since the Assembly had prohibited collection of more than \$375,000, he characterized the rate ceiling as redundant and proposed a supplementary tax bill to remove it.<sup>50</sup>

Both houses of the legislature rejected, reconsidered, and finally passed the requested supplementary tax bill. In the House, representatives from predominantly white counties voted 19-31 against a measure that would open the door to still higher tax rates. Representatives from the black belt, on the other hand, had more interest in producing the revenue they had voted to appropriate and supported the bill 40-19. Urban representatives supported it unanimously.<sup>51</sup> The measure opened the way to a further tax increase to \$1.00 per \$1,000 valuation for 1852 and 1853.<sup>52</sup>

<sup>49</sup>JS (1851-52), 367-78; Savannah *Republican*, January 1, 1852.

<sup>50</sup>JHR (1851-52), 694-97.

<sup>51</sup>The index of dissimilarity was 30. JS (1851-52), 594, 602-603, 616; JHR (1851-52), 796-97, 816-22.

<sup>52</sup>JHR (1853-54), 16. Although the legislature stipulated a return of \$375,000, some previous writers on the tax change of 1852 have been impressed, either that revenue increased so much under the new tax law or, alternatively, that it grew so little. Either way, they confuse the switch to ad valorem with the simultaneous, but separate, increase in the average tax rate: John Eddins Simpson, *Howell Cobb: The Politics of Ambition* (Chicago, 1973), 89; J. Mills Thornton III, "Fiscal Policy and the Failure of Radical Reconstruction in the Lower South," in J. Morgan Kousser and James M. McPherson, eds., *Region, Race, and Reconstruction: Essays in Honor of C. Vann Woodward* (New York, 1982), 358-59.

Having led the struggle for ad valorem taxation, Georgia's cities supplied the margin of victory in 1852 in both houses of the legislature. Throughout the previous decade, legislators from Georgia's few cities had usually voted as a bloc on tax issues, but with scant success when rural legislators voted as an opposing bloc. When rural Georgia divided, however, the towns could sometimes swing a legislative majority to their side. Representatives from counties containing towns of at least 750 population voted for the 1852 tax bill 16-0.<sup>53</sup>

#### IV

The Savannah *Republican* greeted the enactment of the "great reform" with superlatives. It threw one last barb at the tax system now happily replaced: "The citizen should contribute to the support of the Government according to his *means* and not according to the *kind* or description of those means."<sup>54</sup>

Enactment of the 1852 tax act simultaneously increased property taxes and redistributed the larger tax burden. Regardless of changes in the distribution of the tax burden, aggregate property taxes increased nearly one-half. With the advent of a uniform tax rate, some types of property bore tax burdens substantially different from their shares under the previous system. There were local differences, of course, but most rural real estate bore much higher taxes, while urban real estate obtained significant tax relief (see Tables 1 and 2).<sup>55</sup>

<sup>53</sup>*Compendium of the Seventh Census*, 338-93; JHR (1851-52), 453-54; see Charles Grier Sellers, Jr., "Who Were the Southern Whigs?" *American Historical Review*, 59 (January 1954), 335-46. Aside from the crucial support of urban interests, two other factors contributed to the enactment of Georgia's new tax system. Given the narrow margin in favor of passage—four votes of forty in the Senate, nine of ninety one in the House—passage may be attributed in part to the antebellum system of apportionment in the House, which was based on the federal ratio and gave the black belt a perennial advantage over the upcountry, and in part to the 1851-52 legislative session's unusual party alignment.

<sup>54</sup>*Republican*, December 27, 1851 (italics in original).

<sup>55</sup>No statewide totals are available for years between 1849 and 1857. My figures for both years differ from those in Heath, *Constructive Liberalism*, 376, for reasons I explain in "From Slave South to New South," 363. And my percentages for 1857, though precise for categories of property, must be approximate for tax shares because of the \$200 exemption. Unfortunately, few tax digests have survived that could provide more county-level data for 1851 and 1852.

TABLE 1  
State tax incidence, by type of property  
(amount and percent of the total), Georgia, 1849 and 1857

Type of property	1849		1857	
	Amount	Percent	Percent	Amount
Slaves	\$130,311	49.1%	42.3%	\$179,152
Rural land	52,559	19.8	25.8	109,346
Town lots	35,937	13.5	5.7	24,030
Stock in trade	16,601	6.3	2.2	9,466
Money at interest	9,949	3.8	—	—
Money, solvent debts	—	—	15.9	67,116
Pleasure carriages	15,201	5.7	—	—
Stallions	2,986	1.1	—	—
Furniture (\$300+)	—	—	0.4	1,616
All other	1,889	0.7	7.7	32,418
Total	\$265,433	100.0%	100.0%	\$423,142

Sources: "Taxes in Georgia," Milledgeville *Southern Recorder*, November 18, 1851; Comptroller General, *Annual Report*, 1857, pp. 23-25.

Note: Dollar amounts are rounded.

TABLE 2  
Percentages of state property taxes, by types of property,  
before and after introduction of the ad valorem tax system, in selected counties

County	Type of Property	1851	1852	Relative change
Baldwin	Slaves	43.0%	43.6%	1%
	Land	14.4	18.7	30
	Town lots	18.2	4.9	-73
	Other (carriages, stock in trade, money at interest, livestock, etc.)	24.5	32.8	34
Hancock	Slaves	64.1%	53.2%	-17%
	Land	12.6	22.6	79
	Town lots	8.0	2.3	-72
	Other	15.4	22.0	43
Walton	Slaves	55.2%	43.6%	-21%
	Land	19.1	26.2	37
	Town lots	6.3	1.4	-78
	Other	19.4	28.8	48

Source: Tax lists (microfilm), Georgia Department of Archives and History

Note: Baldwin (Milledgeville): 43% white, 1850; 14% increase 1851-52, Hancock County: 36% white, 1850; 31% increase, Walton County: 64% white, 1850; 31% increase

The tax changes least affected both the wealthy and the poor in rural Georgia. The average tax on slaves—the largest portion of planters' wealth, and also the largest source of tax revenue in Georgia—amounted to little more in 1852 than it had in 1851. Therefore, though state taxes on many planters—the group holding the bulk of Georgia's wealth—increased by about one-third, planters' share of the total tax burden changed little. Slave property, in fact—though it continued to be the largest source of tax revenue<sup>56</sup>—bore a reduced share of the property tax burden.<sup>57</sup> At the base of the white social structure, the propertyless were, of course, unaffected. And the standard exemption of \$200 worth of property provided limited tax relief to the poorest of the property holders, or, if they owned small amounts of previously untaxed property, left them virtually unaffected.

The two social groups most influenced by enactment of ad valorem taxation were yeomen farmers and holders of urban property. Because of the 75 percent cut in state taxes on urban real estate and merchandise, the tax changes proved most advantageous to owners of urban property. The votes of urban legislators made possible the enactment of a uniform ad valorem tax system, and the new tax system in turn facilitated the growth of towns in Georgia in the 1850s. By 1857, urban landowners and merchants reported more than triple the 1849 value of town lots and more than double the 1849 value of

<sup>56</sup>In view of the near unanimity with which Georgia historians have mistakenly told the story differently, the significance of the tax on slaves must be stressed. According to one, for example, a "tax on real estate" constituted "practically the sole source of [state] revenue." Robert Preston Brooks, *Financing Government in Georgia, 1850-1944*, Institute for the Study of Georgia Problems, *Bulletin of the University of Georgia*, 46 (May 1946), Monograph No. 5, p. 12. For similar statements that "the chief burden of taxation" in antebellum Georgia fell on land, see Dorothy Orr, *A History of Education in Georgia* (Chapel Hill, 1950), 177, and Simpson, *Howell Cobb*, 89. Since, for much of the pre-Civil War period, Georgia's state government derived the bulk of its revenue from returns on various investments, from land sales, or from the federal government—and not from any particular object of taxation—such emphasis on a land tax is doubly misleading.

<sup>57</sup>Characterizing the ad valorem tax as anti-planter, some writers invert the politics of Georgia taxation and reverse the consequences of the new system for planters and yeomen. Woolfolk, "Taxes and Slavery in the Ante-Bellum South," 197-98; Fred Siegel, "Artisans and Immigrants in the Politics of Late Antebellum Georgia," *Civil War History*, 27 (September 1981), 224n. Regarding planters' tax burdens and slavery, see Peter Wallenstein, "Rich Man's War, Rich Man's Fight: Civil War and the Transformation of Public Finance in Georgia," *Journal of Southern History*, 50 (February 1984), 19.

stock-in-trade. Yet state taxes on these two important types of urban property in 1857 totalled less than two-thirds the amount a decade earlier (see Table 2). But many yeomen, by contrast, making up the savings that urban dwellers now enjoyed, paid much higher taxes—double and more—in 1852 than before.<sup>58</sup>

As before the advent of ad valorem taxation, the wealthy counties continued to generate most of the state's tax revenue. The lowest per capita state tax in 1860 (\$0.11), as in 1850 (when it was \$0.09), was collected in north Georgia's Gilmer County (97 percent white). Southwest Georgia's Dougherty County (only 27 percent white) now paid the highest (\$0.82). The highest in 1850, Richmond County (Augusta), dropped from \$1.20 to \$0.73. If urban counties produced higher-than-average per capita state taxes, it was because they contained substantial wealth and not because, as under the pre-1852 tax system, urban property suffered discriminatory tax rates. If, on the other hand, the predominantly white counties still paid very low per capita taxes, it was because their people were poor, not because their property was lightly taxed.<sup>59</sup>

## V

The Western and Atlantic began to fulfill its fiscal promise in the 1850s. After receiving its last antebellum appropriation in 1852, the railroad was able to finance all subsequent maintenance and improvements in the 1850s out of operating revenue. In addition, it began in 1854 to make payments to the state treasury. The \$50,000 payment in 1854 grew to more than \$100,000 in 1857 and 1858. Under the energetic governorship of Joseph E. Brown, North Georgia Democrat, the railroad netted the state over \$400,000 in each of the years 1859 and 1860. In fact, state revenue in 1860 from the Western and

<sup>58</sup>The maldistribution of wealth helps explain how so many rural property holders could pay so much more than the average tax increase.

<sup>59</sup>For fuller evidence regarding changes in the distribution of the state property tax burden, including tabular statements of groups' and individuals' taxes, see "From Slave South to New South," Tables 18-21 and Maps 7-9 and 14-15. Per capita figures are for white and black populations combined.

Atlantic Railroad, \$450,000, exceeded that from all taxes combined (\$430,614).<sup>60</sup>

Ever since Georgia reluctantly revived state taxation in the late 1830s, citizens had anticipated tax relief whenever the Western and Atlantic at last began to produce profits. Not only might expenditures be expected to decline as the state paid off its indebtedness—Governor Howell Cobb promised the legislature in 1853, "As soon as the public debt shall have been extinguished, we can with propriety reduce our taxes one half"<sup>61</sup>—but the state railroad would provide an alternative to taxation as a source of revenue.

Renewed efforts to cut state taxes materialized even before the Western and Atlantic began to produce revenue. In the 1853-1854 session, for example, a North Georgia Democrat submitted a bill to revive the 1850 tax act, a proposal designed not only to wipe out the tax increase of the previous session but also to revert to the system of specific taxes. In general, representatives from urban and planter counties supported retention of the ad valorem system, while representatives from farmer counties sought a return to the 1850 act. Eventually, the legislature re-enacted the ad valorem tax system and raised from \$375,000 to \$400,000 the sum to be produced.<sup>62</sup>

Georgia's new tax system received little challenge after 1854, and even the \$400,000 figure remained unchanged until the secession crisis in late 1860. In theory, the ad valorem tax perfectly matched nineteenth-century views of fiscal fairness, according to which people should pay taxes proportional to their wealth. Administrative difficulties left any system imperfect, however, and some problems appeared immediately. The average reported value of slaves displayed sharp differences

<sup>60</sup>Comptroller General, "Annual Report," fiscal 1854, p. 6; 1855, p. 4; *Annual Report*, 1856 (Columbus, n.d.), 8; 1857 (Columbus, n.d.), 22; 1858 (Columbus, 1858), 42; 1859 (Milledgeville, 1859), 38; 1860 (Milledgeville, 1860), 36; I. W. Avery, *The History of the State of Georgia from 1850 to 1881* (New York, 1881), 71-72; James Houston Johnston, *Western and Atlantic Railroad of the State of Georgia* (Atlanta, 1932), 43-53, and table giving a financial summary of the Western and Atlantic, 1836-70, pp. 106-107. For a fuller description of state finance in late antebellum Georgia, see my "Rich Man's War, Rich Man's Fight," 18-23.

<sup>61</sup>*JS* (1853-54), 19.

<sup>62</sup>"From Slave South to New South," 123-24; *Acts* (1853-54) 109-110. The 1854 act also made general the provisions of the 1850 and 1852 acts taxing the net annual income of only certain specified railroads.

from one county to another, differences that could not readily be narrowed through the work of tax officers in single counties.<sup>63</sup> Taxes at specific rates (under the 1804 act), rather than at value (however determined), had at one time been hoped to smooth out such differences, and clearly both systems posed administrative problems. Other problems became more apparent in later years, when a larger share of Georgia's wealth came to consist in intangible property, particularly stocks and bonds. Unlike such tangible property as land or slaves, intangible property readily escaped the eye of tax officials.

Beginning in 1854, the more important changes in Georgia's pre-Civil War revenue system involved the long-awaited combination of rising railroad profits and declining tax rates. Wealth in Georgia doubled during the prosperous 1850s, from \$335 million in 1850 to \$672 million ten years later. That increase in wealth enabled the state to reduce the property tax rate and still obtain a constant tax revenue. Between 1852 and 1860, the state property tax rate declined by more than one-third—\$1.00 per \$1,000 valuation (or one-tenth of one percent) in 1852 and 1853; \$0.90 the next three years; \$0.80 in 1857; \$0.75 in 1858; and \$0.65 in 1859 and 1860.<sup>64</sup>

The tax rate decline after 1853 left intact the *redistribution* of the tax burden that the ad valorem system effected. It also left unchanged the increases in general property tax *revenue* introduced in 1852 and 1854. Wiping out the boost in 1852 of average property *rates*, however, it reduced the average state tax rate in 1860 to little more than it had been in 1805 (or 1841).

Fiscal responsibility and administrative ability supplied two keys to the success of Georgia's revenue system in the 1850s. The state did not prematurely relinquish tax revenue, as it had in the 1830s when it lived off its capital and destroyed the

Central Bank. Moreover, unusual administrative ability characterized the men in charge of the revenue system, especially Governor Joseph E. Brown, elected to the first of his four terms in 1857.<sup>65</sup> As the editor of the *Sumpter Republican* wrote in 1859, "Governor Brown's stern official integrity has endeared him to the people, and his successful management of the State Road has made him thousands of friends. As long as he pays in \$35,000 per month [to the state treasury] from that source, it were vain to oppose his election." In 1865, the North had won the Civil War, and Brown was no longer governor, but Sidney Andrews, a visiting northern journalist, discovered that Brown had "more personal popularity than any other man in Georgia. Everybody seems to concur in the assertion that he managed her finances better than any other Governor they ever had."<sup>66</sup>

The Civil War transformed Georgia's new revenue system. The Western and Atlantic Railroad's earnings diminished, and taxation became—as it had been in the 1840s—the major source of state revenue. With emancipation, however, the largest portion of the tax base vanished; thus real estate, and yeomen owners, carried even more of the burden of taxation than the change to ad valorem had placed on them. Georgia's tax rates no longer drifted down; instead, the war and postwar years brought much higher rates than before, rarely less than four times those of 1852.<sup>67</sup> Georgia's postwar revenue system, though based on that of the 1850s, functioned in a very different way. In its new incarnation, it endured into the twentieth century. But the new century eventually brought the gasoline tax, income tax, sales tax, massive new transfers from the federal government, and—much as in the 1830s—the state's relinquishing the property tax to the counties.

<sup>63</sup>Others were Peterson Thweatt, who served as comptroller general for a decade beginning in 1855, and several superintendents of the Western and Atlantic Railroad—William M. Wadley, on loan for a year from the Central of Georgia Railroad; Governor Herschel V. Johnson's appointee, James M. Spullock; and Brown's choice, Dr. John W. Lewis. Part of the large increase in Georgia's property valuation reflected tighter administration of the tax laws by local tax officers, largely a result of Thweatt's supervision. Avery, *History of the State of Georgia*, 71; Joseph H. Parks, *Joseph E. Brown of Georgia* (Baton Rouge, 1977), 53-89; Comptroller General, *Annual Report*, 1857, pp. 9-17; 1859, pp. 6-17; 1860, pp. 4-5, 12-20.

<sup>64</sup>*Republican* quoted in Parks, *Joseph E. Brown of Georgia*, 83-84; Sidney Andrews, *The South Since the War* (Boston, 1866), 243.

<sup>67</sup>Wallenstein, "Rich Man's War, Rich Man's Fight," 26-27, 38-39.

<sup>63</sup>Comptroller General, *Annual Report*, 1859, p. 9. "Equalization" has continued to be an important concern of the Georgia Department of Revenue even in recent years.

<sup>64</sup>As total revenue doubled between 1852 and 1860 while tax rates dropped, up-country representatives began to match the willingness of their black-belt colleagues to spend state money, particularly on education. Wallenstein, "State Power in Antebellum America"; Comptroller General, *Annual Report*, 1857, p. 13; 1858, p. 6; 1859, p. 9; 1860, pp. 8, 55; *JHR* (1853-54), 16; *Compendium of the Seventh Census*, 190.