

Essays on the Revenue Act of 1924: Abstract

This dissertation examines the Revenue Act of 1924, one of the only laws in US history to allow for publicity of individual income tax information. Chapter one places the Revenue Act of 1924 in its historical context. I provide a summary of the bill's passage, as well as the results and partisan breakdown of other contemporary attempts at tax publicity. I show which newspapers in populous US cities print the names, addresses, and tax payments of local taxpayers, and trace the effect of variation in the distribution of income in those states. Chapter two discusses the data collection and assembly process. I describe the procedure that I used to link taxpayers between the two years of newspaper records. I make computer code and tutorials available to the research community. In chapter three, I ask, who are the rich? I find the top 400 taxpayers in the US Federal Census of Population for 1920 and 1930. I present statistics on the top 100, 200, and 400, with comparisons against Census means for Manhattan, New York City, New York State, and the United States. The rich are very much unlike the average citizen at any of those four levels. I also provide brief biographical information on the top 10. Using other lists of the rich, including Forbes lists, lists of large estates, and other small tax payment lists from 1928-1934 and 1936-1941, I give information on the persistence of high income. In chapter four, I examine the response of high-income taxpayers to the tax cuts in the Revenue Act of 1924. I do this by estimating the elasticity of taxable income (ETI) with respect to the marginal net-of-tax rate. I find elasticities ranging from 0.2 to 0.6, which is consistent with other estimates for this time period. I also find evidence that supports the hypothesis of rank preservation, which places previous studies that use this assumption on solid ground.