1641 ★ 1789

Antecedents: Legislative Finance Committees in Great Britain and America

By 1789, legislatures in Great Britain and in America had nearly a century and a half of experience with legislative finance committees. In 1641, Great Britain's House of Commons had asserted its control over public finance—and its autonomy from the Crown—when it established the first ways and means committee as a Committee of the Whole House with jurisdiction over revenue. American and early state legislatures adopted British parliamentary practices, and adapted them to local conditions. American ways and means committees tended to be smaller bodies that included appropriations as well as revenue matters. The Constitution of the United States incorporated the experience of Anglo-American legislative autonomy by granting to the House of Representatives the exclusive right to originate revenue bills.

"Every legislative proposition which has been passed or rejected since the first establishment of a legislature in this country, has been determined to be law, or not law, by the forms of parliamentary proceedings." (Thomas Jefferson, 1778) [1]

The control over public finance lay at the very heart of the development of representative government in the Anglo-American tradition. In the 17th and 18th centuries, the elected representatives of the people in both Parliament and the American colonial legislatures sought to limit the autocratic power of the Crown or its representatives to levy taxes without their prior consent. The Constitution of the United States in 1787, moreover, institutionalized this concept by bestowing upon Congress the power to levy taxes. When the First Federal Congress assembled in New York City in the spring of 1789, its members were in virtual agreement that the popularly elected house of the legislature should initiate money bills. There was less agreement on how public finance was to be administered.

The purpose of legislative control over public finance was to separate those who administered the laws from those who made the laws and levied the taxes. In principle this made for good government, but in practice there has always been a close connection between administration and legislation. By the mid-18th century, the British had developed a parliamentary cabinet system that intermixed legislative and executive functions. The heads of the executive departments were also the leaders of the House of Commons; these members not only made the laws, but they were also responsible for administering them.

Legislative and executive functions were also mixed in the American Continental Congress in the 1770s and 1780s. An early experiment with legislative committees gave way to a reliance upon executive boards and ultimately to the creation of executive departments, including the Department of Finance under Robert Morris. Although Morris and most of the members of the Board of Treasury were not taken from the ranks of Congress, they were considered to be the agents of the legislature. This intermingling of legislative and executive functions formed a frame of reference for the members of the First Federal Congress as they considered both the legislative procedures and the administrative mechanisms to levy and to collect taxes under the new Constitution.

Parliament and the Taxing Power

The members of the First Federal Congress were well aware of the history of representative government in England and the long and bloody power struggle between King and Parliament. The control over public finance, known in the 18th century as "the power of the purse," was central to the contest between the executive and legislative branches of government. The creation of the Committee of Ways and Means in the House of Commons in 1641 was an important development in legislative efforts to restrain the financial prerogatives of the Crown.[2]

Before the English Civil War in the mid-17th century, the monarchy resisted Parliament's attempts to limit its financial autonomy. Throughout the Middle Ages, large revenues from lands owned by the Crown and from certain customary dues had kept the monarchy financially independent from the legislature, except for certain "extraordinary" needs, such as the waging of war. For such expenses the Crown had traditionally obtained a bill of "aids and supplies" from Parliament. Rather than appropriating a specific sum, bills of aids and supplies enabled the King to levy taxes. Although such bills became the accepted method for imposing taxes, the House of Commons had no control over how such moneys were spent.[3]

During the 17th century, Parliament sought to obtain control over finance by devising institutional mechanisms to ensure that moneys would be spent according to its wishes. One of these mechanisms was the creation of small committees selected from the membership to investigate the disposition of public funds. A second and ultimately more enduring mechanism was the creation of two finance committees: the Committee of Supply (1620) and the Committee of Ways and Means (1641). The function of the Committee of Supply

The birthplace of the Ways and Means tradition: Members of Great Britain's House of Commons convene in this 1708 illustration of the lower house of Parliament. Seeking autonomy from the Crown and control over money bills, the House of Commons in 1641 created the first Committee of Ways and Means to oversee revenue matters. Parliament's committee became the prototype of ways and means committees set up to deal with financial concerns by several assemblies in colonial America.

was to consider the needs, or "estimates," of the government as requested by the Crown, and to appropriate a given sum for that purpose. The Committee of Ways and Means then considered precisely what its name implied, the "ways and means for raising the Supply granted" to the Crown. The House of Commons, by utilizing these two committees, separated the legislative functions of appropriations and revenue.[4] By meeting as Committees of the Whole House, these committees also provided greater procedural flexibility and privacy, since the Speaker—considered to be the "king's man"—was excluded from the proceedings.[5]

In addition to asserting its claim to originate supply bills, the Commons also sought to limit, if not repeal, the right of the House of Lords to amend or to reject money bills. The lower house passed several resolutions in the mid-1600s that limited the upper body's power to amend its legislation.[6] The lower house no longer defined its role as merely a supplier of funds for use at the Crown's discretion, but as a body with the ability to determine how those funds were to be spent. For the most part the upper house acquiesced in this distribution of power, which established the basic relationship between the two Houses of Parliament that exists today.

Finally, in 1689, the English Bill of Rights settled the long struggle between the Crown and Parliament. One key provision eliminated the Crown's authority to impose taxation:

> That levying money for or to the use of the Crown by pretence of prerogative, without grant of Parliament, for longer time, or in other measure than the same is or shall be granted, is illegal.[7]

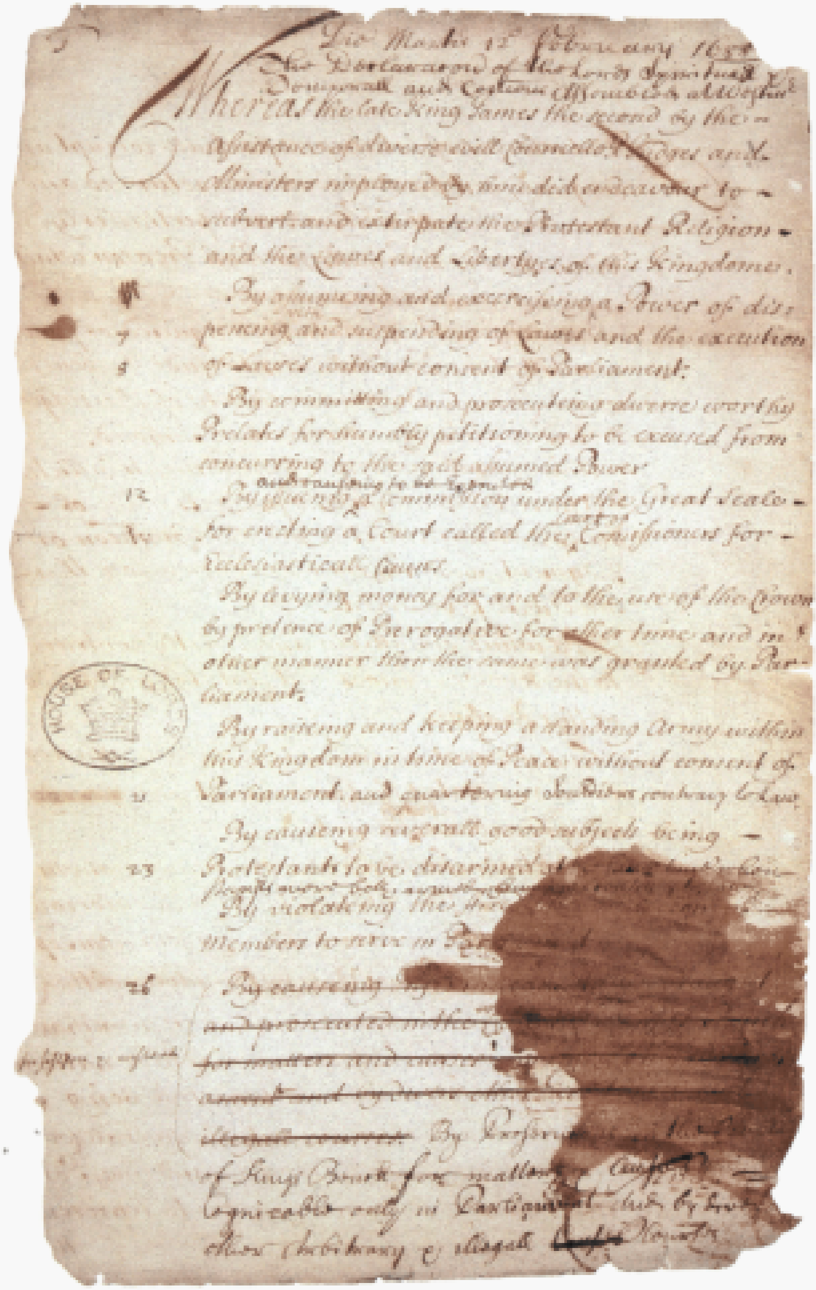
Thus, by the 18th century the balance of power between the three levels of the British government had been achieved: The Crown retained the authority to request bills of supply, but only the lower house, through the deliberations of its two finance committees, could grant these funds by statutes authorizing expenditures and imposing specific taxes—measures which the upper house could accept or reject but not amend.[8] This relationship defined the parameters of power between the executive and legislative branches in the Anglo-American world, and set the stage for the conflict over public finance in the American colonial legislatures prior to the Revolution.

Finance Committees in American Colonial Legislatures Before 1775

American colonial legislatures both imitated the British parliamentary model and adapted it to the conditions of colonial status. In Great Britain, the executive (the Crown) and the legislative branch (specifically the lower house) shared the power to initiate finance legislation. Two conditions had to be met before the enactment of such measures: the Crown had to request money and the Commons could then define the terms of its monetary grant. In time, the executive request became more a matter of form compared to the actual power of the Commons to initiate money bills. In the American colonial legislatures, the lower houses similarly denied the right of both governors or upper houses to initiate or to amend such measures.

Colonial government bore a striking resemblance to the parent country. The executive function was represented by the governor, either a Crown appointee in the royal colonies or an agent of the proprietor in the proprietary colonies. Most colonial legislatures were composed of an appointed upper house, usually referred to as the governor's council, and an elected, representative lower house or as-

A draft of the Declaration of Rights composed by the House of Commons opens with an assertion of grievances against King James II and follows with a listing of 13 rights. These grievances formed the centerpiece of the British Bill of Rights adopted in 1689. This act limited the power of the throne, ensured the right of Parliament to meet frequently and to have freedom of speech in debates, and confirmed the right of Commons to control public finances. The Constitution of the United States incorporated many of these principles, including the exclusive right of the House of Representatives to originate revenue bills.


Whereas the late King James the second by the assistance of diverse evill Councellors Judges and Ministers imployed by him did endeavour to subvert and extirpate the Protestant Religion and the Lawes and Liberties of this Kingdome.

By assuming and exercising a Power of dispensing with and suspending of Lawes and the execution of Lawes without consent of Parliament.

By committing and prosecuting diverse worthy Prelates for humbly petitioning to be excused from concurring to the said assumed Power

By issuing a Commission under the Great Seale for erecting a Court called the Court of Commissioners for Ecclesiasticall Causes

By levying money for and to the use of the Crowne by pretence of Prerogative for other time and in other manner then the same was granted by Parliament.

By raising and keeping a standing Army within this Kingdom in time of Peace without consent of Parliament and quartering Souldiers contrary to Law

By causing severall good subjects being Protestants to be disarmed

sembly. Throughout the colonial period, the lower houses jealously maintained their similarity in function and authority with the British House of Commons, in spite of periodic attempts by the Crown to check the assemblies' control over colonial finance.[9]

The power to originate money bills, to audit accounts, and to determine how taxes should be spent were the three basic components of the assemblies' efforts to control colonial finance. Like the House of Commons, the American legislatures assumed power over expenditures by appropriating specific, detailed revenues, and by appointing

officers to dispose of the sums. In the process, colonial legislative procedure imitated British precedent in which the basic principles and terms of a revenue bill were discussed in Committee of the Whole House; the procedure differed in that a smaller committee would then be appointed to draft specifically defined legislation. In the case of a military emergency the King, through the governor, would request a monetary grant. The lower house would then convene into a committee of ways and means to determine the methods of raising money, and a select committee would draw up the necessary "supply" bill. The reason that the colonies did not use a Committee of the Whole for appropriations remains obscure, but it possibly reflected the belief that once general principles had been decided by the entire membership, the technical details could be better worked out in a smaller committee selected for that purpose.

Some colonial assemblies established committees with the same names as those in existence in Parliament, but the number of members varied to suit the needs of each legislature. In New York, for instance, the Assembly created, following British custom, committees on Grievances, Elections, and Courts of Justice; these were Committees

During the British-French struggle for control of North America, Redcoats slip down the St. Lawrence River, land at a small cove, and climb to the Plains of Abraham overlooking Quebec (left). From this commanding position, the troops forced the French to surrender the city on September 13, 1759. The British victory, led by Gen. James Wolfe (right), mortally wounded during the attack, made British dominance of Canada inevitable and foreshadowed the end of the French and Indian War. In the 1750s, as France and England clashed in colonial America, Virginia and North Carolina each appointed British-style ways and means committees to raise funds for military defense against Indian attacks.

of the Whole, appointed during each session to handle claims and hear elections disputes. The committees of Virginia's House of Burgesses had similar names, but their memberships were smaller, with additional members appointed during the course of a session as the need arose. Most colonial committees were given permission to meet as they wished, and to call for any papers or persons that could provide additional information for their reports.[10]

During the colonial period, standing committees tended to be utilized in large and populous colonies with strong commercial and cultural ties to Great Britain.[11] In these areas, competing local interests prompted the adoption of sophisticated legislative methods previously developed in the mother country. The only exception among the large colonies was the Massachusetts Assembly, which generally preferred to transact its business through committees created for a specific purpose, i.e., those which are today known as select committees. The legislatures in smaller and less populated colonies also elected to employ this method.[12]

The colonial development of ways and means committees reflected a pattern of imitation and adaptation. Ways and means committees were originally appointed in the colonies to supply money for the King's use in special circumstances. Legislative records reveal that several of the colonies, such as Virginia and North Carolina, appointed ways and means committees during the 1750s for military purposes, specifically to defend the frontiers from Indian attacks, and

then ceased to reappoint such committees once the necessity for special funds had ended.[13] These ways and means committees were Committees of the Whole House like that of the House of Commons. Twenty years later, during the Revolution, many of the state legislatures again used ways and means committees for essentially the same purposes. This time, however, they patterned their committees on the example of some of the larger states, such as Pennsylvania and Virginia, whose ways and means committees were smaller bodies that administered additional financial chores. Thus the idea of ways and means committees evolved sporadically in America, first in the colonies whose legislative procedures were most closely patterned on the British model, and later in other colonies as an informational agent of the House in the preparation of tax plans.

State Legislatures During the American Revolution

Independence posed new and complex problems for American legislators. The early state governments were faced with the task of creating legislatures whose structure combined elements of British parliamentary procedure with notions of the accountability of the government to the governed. This was a knotty problem because the basic procedural structures of the existing colonial legislatures were rooted so

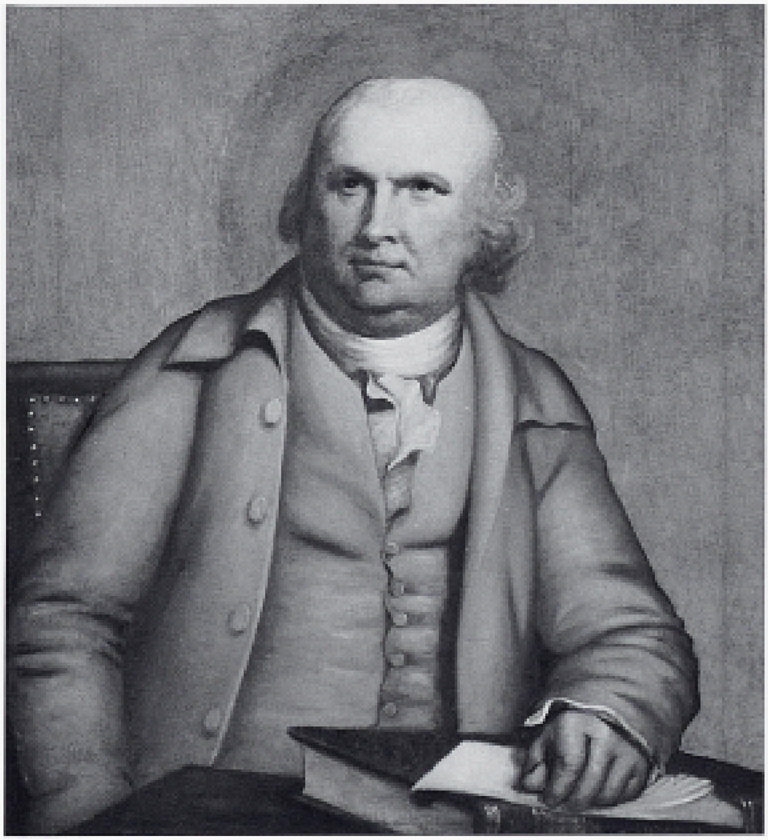
American colonists protest the Stamp Act (left). When Parliament imposed taxes without representation in the mid-1760s, the colonies united in outrage. A riot helped lead to the repeal of the Stamp Act, but colonial discontent lingered and later exploded in the Revolutionary War. At right, firebrand Patrick Henry rouses the Virginia House of Burgesses. The Revolution prompted more colonies to form ways and means committees to finance the war. During and after the Revolution, the states faced the problem of blending British parliamentary rules with new notions of self-government.

firmly in parliamentary precedent. While certain practices associated with the British system were unacceptable, such as the arbitrary exercise of sovereign power by one branch of government, Americans nonetheless revered their shared Anglo-American political heritage.

Thomas Jefferson addressed this issue as a member of Virginia's House of Burgesses in January of 1778. Jefferson rejected the Senate's right to amend revenue bills, arguing that the new state constitution did not give the upper house "equal powers over money bills." Jefferson further justified the House's exclusive jurisdiction over revenue bills on the basis of British parliamentary practice. He was careful to qualify this assumption with the argument that the authority of the House in this area did not stem from a blind adherence to British custom, but rather as a natural outgrowth of common law:

> Nor do we, by this, set up the Parliament of England as the expositor of our constitution but the law of Parliament as it existed . . . a law coeval with the common law itself, and no more liable, as adopted by us, to subsequent change from that body than their common or statute law, which we in like manner have adopted. To suppose this branch of law not existing in our code would shake the foundation of our whole legal system, since every legislative proposition which has been passed or rejected since the first establishment of a legislature in this country, has been determined to be law, or not law, by the forms of parliamentary proceedings.[14]

The focus of American state legislatures shifted from British precedent during the Revolution as they encountered the increased finan-

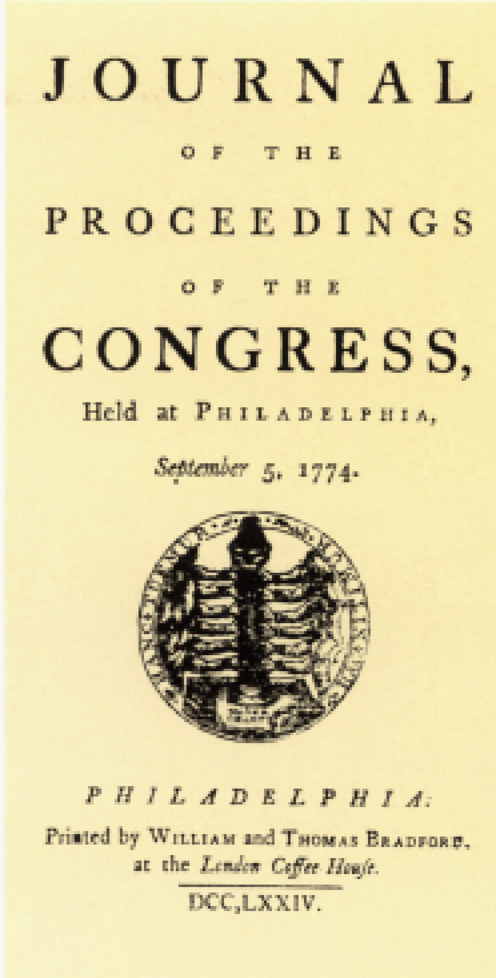


Robert Morris of Pennsylvania skillfully superintended Revolutionary War finances for the Continental Congress. He overcame serious difficulties in borrowing funds to provide material assistance in the field. His strategy to generate revenue by selling government securities would come into play in later military conflicts, especially the Civil War. As Superintendent of Finance in 1781, Morris raised the money for the Yorktown campaign. The battle gave George Washington the final victory of the war. Morris declined the job of Treasury Secretary under Washington. He joined the new government as one of Pennsylvania's first two senators.

cial burdens of the war, as well as the need to demonstrate the accountability of the government to the people.

The Revolution posed financial problems for the state governments that exceeded those faced by the colonial legislatures. The lower houses had always levied taxes to meet the ordinary expenses of government, but war placed an added strain on the public purse. Most of the newly created states were reluctant to levy unpopular direct taxes. To finance the war effort they turned to the more acceptable expedient of printing securities and currency, whose value steadily depreciated.[15] By the end of the Revolution the state governments had also incurred sizable debts to private citizens for supplies and services rendered during the Revolution.

From an administrative standpoint, the Revolution had a significant impact upon public finance in America. New mechanisms were instituted in the state legislatures to handle the complex problems of taxation, currency, loans, and the issuance of bonds and other securities. One of these mechanisms was the creation of legislative finance committees to fulfill three functions: 1) to investigate ways and means of financing the war, 2) to examine methods for settling public accounts after the war, and 3) to oversee the disbursement of public moneys by state officials.[16]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A journal report reprints the proceedings of the Continental Congress, America's first national governing body. During the Revolutionary War, the Continental Congress and state legislatures evolved different procedural machinery to deal with appropriations and tax matters. State assemblies preferred standing committees. On the other hand, the Continental Congress and its successor, the Confederation Congresses, vested executive boards and departments with fiscal chores. These diverse practices were useful frames of reference for representatives to the new Federal Congress in 1789.

Between 1776 and 1790 more of the state assemblies began to create specialized, policy-oriented finance committees. Although not formally designated as such, some of these were committees of ways and means, charged with broad jurisdiction over money matters. The evolution of these ways and means committees in the early state legislatures was largely the result of experimentation. In New York, for example, the House created both a ways and means committee and a committee to consider means for supplying the treasury. A standing committee formally designated as "Ways and Means" was eventually appointed in Massachusetts in 1780. This committee of nine members, selected by ballot, was instructed to devise ways and means to supply the treasury for military and contingent expenses, but it went beyond these narrow instructions to recommend sweeping changes in the state's treasury department and currency laws. In other reports the committee suggested various tax plans and submitted estimates of the revenues to be gained from these sources.[17]

By 1781, the Massachusetts Ways and Means Committee pre-

The thrashing of a government official by a frustrated property-holder excites New England townspeople. This engraving reveals the anger gnawing at citizens who were losing their possessions through seizures for overdue debts and delinquent taxes in the depression years immediately after the Revolution. Massachusetts courts virtually ignored pleadings for reform. In desperation, a group of debtors—led by a sympathetic office-holder, Daniel Shays—took up arms. Though quickly defused, Shays' Rebellion of 1786–1787 demonstrated the potential for further social unrest under the weak Articles of Confederation. The insurrectionists thus unwittingly bolstered the movement that led to the creation of the U.S. Constitution in 1787.

pared the budget, and even drafted appropriations and tax bills, a task that most state legislatures still delegated to select committees. By consolidating control over revenue and appropriations, this early legislative committee exercised jurisdictional powers similar to those later assigned to the Committee of Ways and Means by the House of Representatives. For the next six years the Massachusetts House did not appoint a standing finance committee. Beginning in 1788, the House appointed a standing committee on finance and in 1789 added a standing committee on revenue. These committees were charged with far-reaching duties over public credit, debts, government expenditures, revenues, and the state treasury department. Select committees were assigned to perform certain specific functions within the jurisdiction of the standing finance and revenue committees.[18]

Pennsylvania and South Carolina also appointed ways and means committees during this period. Pennsylvania's committee, composed of one member from each county and the city of Philadelphia, prepared revenue plans and estimates, but did not draft bills. South Carolina's committee not only prepared the budget and suggested revenue and appropriations, but also framed tax bills. Thus, by the time the Constitution was ratified, several of the states had experimented with the idea of standing finance committees to administer tax, currency, and appropriations measures.[19]

The Continental Congress

The Continental Congress, unlike the state legislatures, exercised both legislative and executive functions, in what was nonetheless a confederation with limited authority. Each state was granted one vote in Congress in order to maintain the jealously guarded equality of the states. Although the Articles of Confederation empowered Congress to borrow money, to regulate coinage, and to emit bills of credit, it did not have the power to tax, since it could only allocate the costs of government among the states.[20]

Between September 1774 and May 1775, Congress transacted a wide variety of business through select committees assigned to a specific duty. These select committees provided Congress with information and drafted resolutions and bills, but they had limited authority and were disbanded upon completion of their designated tasks. Standing committees were not initially used by Congress because of the members' inexperience, and because of disagreements between various factions concerning the powers to be exercised by such panels. Some members thought that committees should exercise the executive function in order to permit the entire membership to attend to the enactment of laws and statutes. This system would have been similar to the British cabinet system, in which the heads of the executive departments held seats in the House of Commons, led by the Prime Minister. Other members proposed that executive functions should be delegated to boards whose membership would be derived from outside of Congress. The administrative history of the Second Continental Congress between 1775 and 1789 was largely a story of experimentation with these two formulas.[21]

Problems with the exclusive use of select committees became apparent during the Second Continental Congress. Members with multiple committee assignments were overburdened, and the problems and complexities associated with organizing the war effort made further specialization necessary. As a remedy, Congress in 1775 and 1776 created a group of standing committees entrusted with executive duties and functions. One of these committees was a standing committee of five members appointed in February 1776 to supervise the Treasury. Although this committee basically operated as an accounts committee to examine the accounts of the treasurers, it was also instructed to consider ways and means of supplying the army, to superintend the emission of bills of credit, and to ascertain the population of the states in order to enable Congress to determine revenue quotas due from each state.[22] Although subsequent reorganizations took place,

this congressional finance committee remained in operation until it was superseded by the Department of Finance in 1781.

The standing committee system inaugurated by Congress in 1775 eventually encountered difficulties similar to those experienced by select committees in earlier sessions. Periodic relocations of Congress and poor attendance hampered the ability of standing committees to function effectively. The Continental Congress experimented with the creation of executive boards to remedy this problem, as well as the continually deteriorating state of national finance. The difficulties the Committee for Superintending the Treasury had experienced in 1776, for example, culminated with a resolution in late December, "That a committee of five be appointed to prepare a plan for the better conducting the executive business of Congress, by boards composed of persons, not members of Congress." [23] In 1779, Congress completely reorganized its fiscal administration by creating the Board of Treasury, only two of whose five members were taken from the ranks of Congress.[24]

Between 1780 and 1781, Congress replaced its executive boards with a system of executive departments to perform most administrative functions. On February 7, 1781, Congress replaced the Board of Treasury with the Department of Finance and elected Robert Morris

"The representatives of the people . . . ought to hold the purse-strings," argued Constitutional Convention delegate Elbridge Gerry of Massachusetts (right). Gerry, a future member of the Committee of Ways and Means, equated the Senate with Britain's House of Lords and raised the historical objection to granting the upper house the power to initiate money bills. Delegates struck a compromise that distilled more than 150 years of legislative experience: The House of Representatives would originate revenue bills; the Senate would have the power to reject or amend them. At left, George Washington presents the final draft of the U.S. Constitution for signing on September 17, 1787.

as its superintendent. Morris, a wealthy Philadelphia merchant, brought some order to the existing financial chaos. Congress appointed select committees to communicate with the superintendent on matters of policy. On June 17, 1782, for example, a committee on finance chaired by James Duane was named to inquire into Morris' management of the Treasury. Morris resigned in 1784 due to continuing congressional criticism and the difficulties of financing a war through the weak instrument of the Articles of Confederation. Congress then recreated a three-member Board of Commissioners to administer the Treasury.[25]

By 1787 most of the delegates to the Constitutional Convention were familiar with the basic procedural outlines of public finance in the Anglo-American tradition as they had developed in Great Britain, the American colonial and state governments, and the Continental Congress. Typically, the legislature held the power of the purse through its lawmaking function—often utilizing finance committees in informational or oversight roles. The executive branch, however, administered public finance through elected or appointed boards or departments of the treasury.

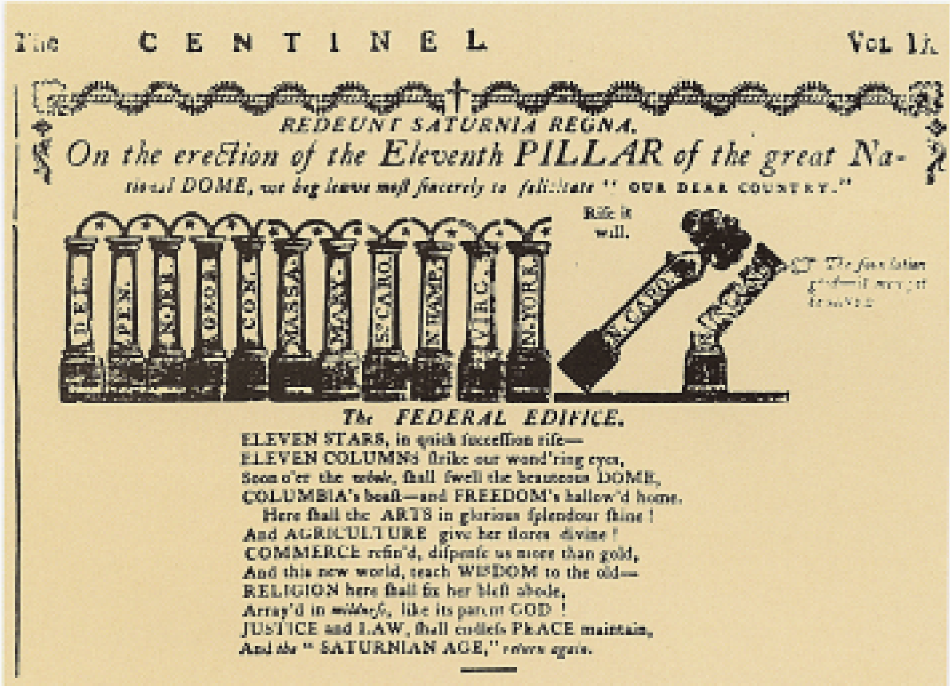
The Constitutional Convention

The powers and responsibilities of the national legislature were greatly expanded under the Constitution. Nationalists such as James Madison and Alexander Hamilton led the movement to revise the Articles of Confederation to remedy the central government's fiscal instability. Many of the delegates to the Constitutional Convention in the spring and summer of 1787 shared the belief that the national government's inability to impose and collect tax revenues had been its most serious inadequacy. To resolve this problem, the lower house of the legislature, to be known as the House of Representatives, was empowered by Article I, Section 8 of the Constitution: "To lay and collect taxes . . . to pay the Debts and provide for the common Defence and general Welfare of the United States."

Several issues were discussed at the convention relating to taxation. One controversial question was whether the new government's ability to levy taxes should be specifically designated, or "enumerated," as one of its powers. The Virginia Plan, introduced by Edmund Randolph on May 29, would have given Congress powers and certain "legislative rights" not specified, whereas the New Jersey Plan, introduced by William Paterson on June 13, would have vested Congress with various enumerated powers, including the ability to tax. This was a delicate question. For the delegates to grant Congress powers previously reserved to the states—and to prohibit the states from exercising those powers—would be to establish Congress as the nation's supreme legislature. It would also limit the states' resources to establish a power base independent of the national government. The Constitution in its final form prohibited the states from laying duties on imports, although they could collect all other forms of taxes. Congress, on the other hand, could levy all forms of taxes except export duties. Because import duties were by far the more lucrative source of revenue, this arrangement benefited the federal government at the expense of the states.[26]

A second and more important issue was whether the upper or the lower house of Congress would have original jurisdiction over money bills. This issue raised old fears of aristocracy and old arguments against the upper house assuming any authority over public finance. Some delegates equated the Senate with the House of Lords and thus opposed any grant of power to the upper house to originate money bills. Elbridge Gerry of Massachusetts, for example, argued that the lower house as "the representatives of the people" should have the power of origination, because "it was a maxim that the people ought to hold the purse-strings." [27] George Mason of Virginia produced the most reasoned argument based upon British precedent. "The practice of Engld was in point," the Virginia legal scholar argued, since "The House of Lords does not represent nor tax the people, because [it is] not elected by the people." Mason likewise concluded that "the pursestrings should be in the hands of the Representatives of the people." [28]

Not every delegate shared Gerry and Mason's fears of an aristo-



"Rise it will": An illustration in the Massachusetts Centinel *predicts that North Carolina will soon join the colonnade of states that have ratified the Constitution. New York took its place as the "Eleventh Pillar of the great National Dome" on July 26, 1788. Rhode Island, fractured by antifederalist sympathies, was the last of the original 13 states to ratify. Once confirmed as the law of the land, the Constitution institutionalized the right of the House of Representatives to provide the ways and means of managing the fiscal responsibilities of the nation.*

cratic Senate. Some saw no problem with both houses originating such legislation as long as their members remained accountable to the electorate either directly or indirectly. Pierce Butler of South Carolina, for example, who denied that there was any close analogy between the proposed Senate and the House of Lords, complained that "We were always following the British Constitution when the reason for it did not apply." [29] James Madison developed the argument that the Senate would have a salutary restraining effect upon potential excesses in the House of Representatives if the upper house were given the power to amend money bills originated in the lower house.[30] In the compromise eventually adopted, the lower house was entrusted with the exclusive authority to originate money bills. The Senate, on the other hand, would have the power to reject or to amend these bills. Article I, Section 7 provided the basic framework for the division of revenue authority between the two bodies: "All Bills for raising Revenue shall originate in the House of Representatives, but the Senate may propose or concur with Amendments as on other Bills."

Conclusion

The combined experience of the British Parliament, American colonial and state legislatures, and the Continental Congress provided three basic lessons to American legislators in the area of public finance. The first lesson was the right of the popularly elected lower house of the legislature to initiate revenue bills. The power of the purse had been a major issue in the conflict between Parliament and the Crown; in the colonies it was a contributing factor to the American Revolution. A second lesson had been provided as lower houses experimented with mechanisms such as ways and means committees to perform its traditional fiscal responsibilities. The House of Commons committee was a deliberative body of the whole House on revenue issues only. American committees, on the other hand, tended to be smaller, select committees, some of which even drafted legislation. The centralizing tendencies of national government, as well as the pragmatic problems of fiscal administration, contributed to the third basic lesson, which was that the legislature must share authority over finance with the executive. In Great Britain this shared power was institutionalized in the cabinet system. The Confederation Congress similarly created an executive board and then a department to administer public finance. The reports, estimates, and even draft legislation prepared by these executive officers created a system of mutual dependence between the legislature and its agents. As with any such close relationship, the potential for conflict as well as cooperation was ever present.

The Constitution of the United States distilled this nearly 150 years of legislative experience when it granted original jurisdiction over money bills to the lower house of Congress. The power to tax was at the heart of the new scheme of government. Although the Constitution outlined the basic jurisdictional relationships between the various branches of government, Congress was left to establish its own legislative procedures. None perhaps was quite so crucial as the power of the purse. If the infant republic was to survive, it would have to raise the revenue to pay its debts.