

central and the local governments to submit to a highly technical delimitation of their respective functions as seen by the courts in a condensed and very oracular written Constitution. For the sake of the enormous benefits which federation has brought, the country has submitted to highly technical and perhaps unduly restrictive judicial review of the acts of Congress and of the state legislatures. Very early in the course of our constitutional development the national and the state governments sought and obtained protection from each other's taxing power by the application of the principle that the power to tax involves the power to destroy. Successive elaborations of this principle brought us to the decision in *Evans vs. Gore*,<sup>5</sup> that neither the state nor the Federal government can impose any tax on the securities of the other, or on the interest derived therefrom.

In addition to the state and local securities, whose exemption rests on a constitutional foundation, two other classes of bonds are exempt from Federal income taxation; namely, those issued by the Federal government and its possessions, and those issued under the provisions of the Federal Farm Loan Act.

The considerations which lead to the grant of tax exemption to the Federal securities were almost entirely fiscal. If the Treasury Department decides that it is better business policy to subject future

<sup>5</sup> *Evans vs. Gore* (1920), 253 U. S. 245.