

Not for thee the requiem strain,  
 Tho' our lips with sorrow quiver,  
 And the tears, that fall like rain,  
 Mingle in Grief's ceaseless river.  
 Friend beloved and comrade tried,  
 Hearts are faint and eyes are hollow;  
 But, whatever fate betide,  
 Where thy footsteps led, we follow.

\* \* \*

## ABOLITION OF PERSONAL TAXATION.

Abstract of Address of Frederic Cyrus Leubuscher at a Regular Meeting of the New York Real Estate Owners' Protective Association of the 12th and 22nd Wards on April 4th.

"A man who cannot be acquainted with me, taxes me; looking from afar at me, ordains that a part of my labor shall go to this or that whimsical end, not as I, but as he happens to fancy. Behold the consequences. Of all debts men are least willing to pay the taxes. What a satire is this on government! Everywhere they think they get their money's worth, except for these."

This was not written by a wild-eyed anarchist with his pen dipped in blood, but by that American philosopher of sweetness and of light, Ralph Waldo Emerson. We all know that what he says is true,—of all debts men are least willing to pay the taxes, for which they do not think they get their money's worth. And consciously or unconsciously, even those who have never given the subject of political economy a passing thought feel that the taxes on personal property are the most unjust and vexatious of all. The average land owner pays his real estate taxes more willingly, for he feels that the value of his land was made largely by the community in which he lives, and not by himself. His personal property, however, he acquired himself, either with his own labor, or in exchange for money which represents his labor; and if any part of it is taken away from him, in the shape of taxes or otherwise, he suspects that he is being robbed.

I oppose the taxation of personal property for two reasons: first, it is economically wrong; second, it cannot be equitably assessed or collected. My opposition is therefore based on both moral and business grounds. As compared with a tax on land value it is an economic mistake, because a tax on land value will not reduce the quantity of land an iota, while a tax on personal property will lessen production.

Take a homely illustration: If the State of New York were to impose a tax of \$5 on every suit of clothes manufactured in the State, the manufacturer would add the tax, in his charge to the wholesaler, the wholesaler would pass it on together with a little profit to the retailer, and the retailer would charge it to you and to me. Summer is now coming on, and the other day I opened

the chest in which my summer suits were carefully laid away in camphor, to see if they would do this year. I found them quite shabby, and decided to get some new ones. But supposing the legislature had, at this session, enacted such a law and I found that the manufacturer had passed that tax on until it reached the retailer, I might decide that my last year's suit would do for another summer. And millions more would decide the same way, with the result that the consumer would buy fewer suits from the retailer, he in turn would order fewer from the wholesaler, who in turn would cut down his orders on the manufacturer. The result would be that all along the line workingmen, salesmen and clerks generally would be discharged. You must realize gentlemen, that though the individual workman or clerk has a small income, and therefore, a small purchasing power, in the aggregate he constitutes the great majority of our ninety millions of population and is the biggest buyer. So, if the workman does not receive steady and remunerative employment "the butcher, the baker and the candlestick maker" will suffer.

This homely illustration suffices to show the effect of the taxation of personal property, not only in lessening production, but in shifting the tax on to the consumer. A tax on the value of land however, cannot be shifted, for land is a fixed quantity, and its value is dependent entirely on the number of people in the community who demand sites for business and for homes.

Not only is a tax on personal property economically unsound, but it is inexpedient and impracticable. Here is a community of almost five millions of people. How is it possible for seven tax commissioners and sixty assessors to appraise the value of the personal property of this enormous population? Assuming that only one million have any personal property, and assuming that one assessor can appraise the personal property of one thousand men and women, it would take one thousand assessors to do the job. The average pay of an assessor is \$2,500 per annum, so that a thousand additional assessors would add two and a half million of dollars to the budget, and about four points to the tax rate,—probably equalling the amount of the additional personal tax they would succeed in unearthing.

The method now employed in making up the personal tax rolls is about as unscientific as one could imagine, for it is almost entirely guesswork, the names being largely selected haphazard. A most notable exception is made in the case of widows and orphans, whose names are obtained from the Surrogate's Court. This fact alone is enough to condemn the whole system, were it otherwise sound.

I have in mind the case of a client,—a widow with four children,—whose husband left her about \$26,000, of which \$25,000 consisted of four

per cent railroad bonds. The remaining \$1,000 was used up in the payment of funeral expenses and other debts. She received a notice from the tax office that she was assessed for \$25,000. The will was probated only a short time before the first Monday of January, so that no opportunity was afforded for investing the \$25,000 in non-taxable securities. There is no way therefore of getting rid of the tax this year, and she will be obliged, to pay about \$425, out of her income of \$1,000, leaving for the support of herself and her children for the whole year but little more than \$500.

You may say that this is exceptional, but try to take it home to yourselves. Probably most of you are married and have children who are dearer to you than anything else on earth. There is nothing more certain than death and taxes, and if the grim Destroyer should suddenly seize upon you, yours may be that exceptional case.

A gentleman just interrupted me to say that if the man who left a widow and four children with only \$25,000 in four per cent bonds had had any sense, he would have sold the bonds and invested the proceeds in a mortgage, thus escaping the personal tax. In the case I cited, it happened to be to the business interest of the man to hold these bonds; but the gentleman's question accentuates another point I was about to make.

This point is, that the personal tax is inexpedient because it can be so easily evaded. There are hundreds of ways in which even a rich man can swear off personal taxes. If you have one million dollars in personal property, and also two million dollars in real estate on which you have given your bond and mortgage for one million dollars, in the eyes of the law you have no taxable personal property.

Let us assume that you are in partnership with Smith, Brown, Jones & Robinson, and that your firm, although perfectly solvent, owes \$100,000. You receive a personal tax notice that you are assessed for, say, \$50,000; and your lawyer advises you that you are personally liable for all the debts of your firm, and that therefore, even if you possess \$50,000 personal property you legally owe \$100,000, and are therefore not subject to the personal tax.

Many people imagine that the Carnegies, the Morgans and the Rockefellers should be assessed for at least fifty or a hundred millions apiece. As a matter of fact, if the truth were known the greater part of the property of such multi-millionaires is invested in non-taxable securities. Another way of evading personal tax is to commit perjury. This can be done with such comparative impunity that many men and women, chafing under the injustice of the whole system, are tempted to do so.

The State of New York, when it passed a law imposing taxes on personal property, perhaps did not realize that by doing so it sought to undermine

the morale of the whole community. A man who will stretch his conscience by swearing he has no taxable personal property so far forth weakens his whole moral stamina, and lessens his power of resistance when a greater temptation arises.

And is the tax worth the candle after all? Last year the great City of New York collected only about four and a half million dollars in personal taxes at an expense of probably hundreds of thousands of dollars, and at the expense largely of widows and orphans, and worst of all, at the expense of weakening the moral fibre of the community.

But, it is said that if more stringent laws were enacted, this amount could be increased perhaps twenty-five times over. And what are the proposed laws to produce this alleged beneficial result? Why laws that would invade the personal liberty and privacy of the individual, that would give the authorities the right to examine the books and private correspondence of every citizen. To do this would require the appointment of possibly 10,000 assessors at an expense of millions of dollars, but, worst of all, would enlarge the opportunities for graft to colossal proportions. If such a law were enforced, I venture to say that not a month would pass before the righteous indignation of the people would result in a repeal at a special session of the legislature.

\* \* \*

## AN OPEN LETTER TO COL. TH. ROOSEVELT.\*

"An Egyptian Patriot" in the *Labour Leader* of April 15.

Sir:—I have just read the report of your speech delivered at the Egyptian University on Monday, March 28th, 1910. As an Egyptian patriot may I write you a few words on the subject of this speech?

I believe in your impartiality. You said that substantial education, whether of an individual or of a people, is only to be obtained by a process. But I add to this principle that freedom to the individual, as well as to a people, is the first and the most important part of this educational process. Therefore, the struggle in Egypt for national independence is a constant and conscious effort in this direction.

Again, you said Egypt is not ripe for self-government, because self-government is not a matter of a decade or two, but of generations. This is an incomprehensible declaration on the part of a man who has been twice the first citizen of a free republic which has fought for its freedom. The question of the maturity of a nation for self-government cannot even be posed, because self-government, as you know, is a natural right.

\*See *Public* of April 1, page 297; of April 3, pages 313 and 319; and of April 29, page 394.