

Massachusetts Muddles Through

WHOEVER dubbed Massachusetts as the "State of Mind" did not possess a good standard of intellectuality because even a most superficial examination of our taxation structure shows that we usually act first and think afterwards. Massachusetts is not alone in this muddling process as is well evidenced in the plight of our sister states. Other states have not, however, been the proud possessors of an over-sized halo which has set too well on the old Bay State's brow. We of Massachusetts still take our intellectuality seriously and this fact is amply set forth in the following gleanings from the story of our taxation records.

Says the 1930 report of the Commission of Taxation:

"Three basic principles are distinguishable which still maintain after three hundred years of study and experience. These in order are:

"Taxation growing out of voluntary contribution.

"Assessment based upon the ability to pay and taxation of land and tangible personal property at the same rate and at its full value."

As a matter of fact the first principle was a failure in its infancy; the second is officially admitted as allowing "hundreds of thousands of millions" of values to annually escape taxation; and in the third principle the facts are that some property is taxed at less than its full value—some at more—and some, by accident, at its full value.

The altruistic system of "voluntary" taxation fizzled out in six years after its inception in 1628 when the colony of New Plymouth raised its first budget expenses of \$40.00 after Governor Bradford had suggested a voluntary tax. It is a far cry from the first tax of \$40.00 in 1628 to \$400,000,000 tax in 1931, and much money has gone over the spill-way in the interim.

Says the taxation historian: "The spread between the two amounts (\$40.00 to \$400,000,000) represents a long, constant and on the whole consistent development of a taxation structure along lines laid down by the founders of the Massachusetts Bay Colony. . ."

Long in time, yes. Constant and consistent, however, only in violating the pilgrim principles, which fact is amply proven by the following official statement of recent date:

Real estate has	35.37%	of all wealth but pays	64.31%	of all taxes
Personal property . . .	4.43%	" " "	8.08%	" "
Incomes	3.57%	" " "	7.31%	" "
Private corporations. .	8.83%	" " "	3.76%	" "
Public corporations. .	1.01%	" " "	1.73%	" "
Legacies and inher. .	2.00%	" " "	3.87%	" "
Insurance Co's.	5.23%	" " "	1.26%	" "
Poll tax.	%	" " "	0.82%	" "
Savings banks.	14.22%	" " "	1.07%	" "
National banks.	9.78%	" " "	0.12%	" "
Stock transfers.	%	" " "	0.11%	" "
Miscellaneous	%	" " "	0.09%	" "

It is beyond comprehension as to how this tabulation

can show a "consistent development of the structure of taxation" founded on the "ability to pay." On the contrary it shows just the opposite.

In 1634 the General Court became convinced that under the "voluntary" tax system some were giving according to their means while others were giving according to their meanness. Thereupon began the official "ability to pay" system of taxation. Fertile brains immediately conceived however, varying interpretations of this ability-to-pay with the result that the General Court, at its next session gave profound thought to the issue—with a profundity that naught but legislators know—and greatly clarified the matter by decreeing that ability meant "for their whole ability wheresoever it lies." Thus if a man's ability was scattered around the colony, with or without design, no excuse from taxes was thereby created, and colonial thrift and ingenuity at tax-dodging received its first set back. "Ability wheresoever it lies" had come to stay. The General Court failed to reckon, however, with ability to-lie and the colony gave birth to a lusty son of Prevarication. This young man has now grown to maturity having reached the ripe old age of 299 years and still going strong, and his ability-to-lie about this taxable wealth renders him without a peer in the realm of liars. He never fails annually to display his ability-to-escape taxes by periodically hiding "hundreds of thousands of millions" of values, in dollars and cents, until after the tax assessor has departed.

Says the Tax Commissioner:

"Automobile fees are not included because, technically they are not taxes, and the revenue from that source is devoted to a special purpose."

It appears, then, that we need fear only the three letter T. A. X. The three letters F. E. E. are much less to be apprehensive about. We should have no objection to an auto fee of \$25.00 though an auto TAX of \$25.00 would be intolerable. Thus we, of Massachusetts, play with the alphabet. The Commissioner of Taxation then proceeded to demolish his entire argument, supporting the pilgrim principles of ability-to-pay, by naively adding that "many forms of taxation are failing to bear a proper proportion of the expenses" of government.

But the ability-to-pay system of taxation encountered further difficulties and. . . "By 1646 this system of taxation was proving inadequate."

"The number of men who were debarred from becoming freemen because they were not church members and thus escaped taxation altogether became so large . . . that the General Court again went into profound meditation, finally emerging with the bright idea of a poll tax. Twenty pence per person was considered a sufficient imposition upon the Godless heads of these landless, luckless and witless members of the Massachusetts Bay Colony. If one of these unfortunates did not possess twenty pence his ability-to-pay was none the less defined and due, so help him God.

Still further to fortify the General Court's grim determination to make ability-to-pay a paying ability, it also required that a "faculty tax" be imposed on laborers, and others, according to their earnings. To differentiate between ability and faculty is a neat legalistic stunt which requires a special course in cramping the mind of the embryo juggler of words.

In 1738 this faculty tax blossomed into a tax on incomes and it was added to our wonderfully complex tax machine in 1780 when our present constitution gave to the legislature power to levy "proportional and reasonable assessments, rates and taxes," albeit the tax commissioner now charges that "many forms of taxation are not bearing the same proportion."

That which the ability-to-pay advocates lacked in the science of political economy they seemingly strove to balance by an extended exercise of compassion. Exemptions from taxation were extended to "the poor, the old, the sick and the infirm" as fast as our boasted civilization produced them. Then taxes were removed from the faculties of "ministers, grammar school masters and students of Harvard college." As to ministers, masters and students, the ability-to-pay system had again blown up under the pressure of emotion. It was not well to irritate with taxes those who dispensed recommendations for admission to heaven. Upon school masters devolved the duty of making a lasting impression of the soundness of the ability-to-pay theory upon youthful minds, and the burden of sustaining Harvard's traditions, profundity and superiority was load enough for the able-to-pay parents who viewed Harvard as next, if not equal, to heaven. Today (1933) these growing exemptions amount to "more than one billion, three hundred and fifty millions of dollars in valuation, and a greater amount in intangible personal property wealth, which cannot be tabulated."

In 1930 the assessed valuations upon land only, in Massachusetts, totaled \$2,224,828,629. This represents a per capita valuation of only \$525.00 or about one-half of what it should be. This means that Bay State industries are unjustly burdened with two and a quarter billions of dollars—which burdens filters down through the mass of humanity until it finally rests upon the weekly wages of the poor majority in the form of indirect taxation—which burden is actually borne by those having the least "ability to pay."

Today (1933) Massachusetts plumbs the depths of taxation, because the daily press reports that the commissioner of taxation has ruled that the two and a half millions of dollars now deducted from the wages of employees (to feed the unemployed) must pay an income tax!

THOMAS N. ASHTON.

REAL individualism is grossly libelled when the present economic system is labelled "individualism." Socialists who do so can not complain when their own doctrine is misrepresented.

Social Injustice

SEVERAL years ago in a Colorado town request was made of the local charity organization for a supply of coal. Investigation found a housewife evidently in comfortable circumstances, who complained indignantly that the railroad company had placed a watchman on its tracks across the street from her home and had thereby deprived her of a privilege which she had enjoyed for a long time of helping herself to coal from cars on the track.

This incident illustrates how the transfer of property without knowledge or consent of its owner, without opposition or interference and without any recompense being made therefor, may in the mind of the favored party, and by the hallowing influence of time, come to be considered a personal privilege, a vested right.

This housewife was honest as the term is generally understood, honesty based upon expediency rather than principle. She would hotly resent being classed as a common thief and would not think of helping herself at a neighbor's coal bin. That would have involved the personal equation in a disagreeable way. But the railroad coal car, on the other hand, was quite impersonal. What she took would hardly change the recorded weight of the car and in any event the loss would be infinitesimal upon the stockholders of mine, smelter or the railroad company.

In every large city, and increasingly so, it is the custom when erecting large and expensive buildings for corporations to make use of land owned by others and secured by 99 year leases. This process involves the payment of a tribute which is pure economic rent, all taxes having been paid by the owner of the building. The transfer of this value is made without the knowledge or consent of its rightful owners, without their objection or interference and without any compensation whatever being paid in return for same. In this respect the transaction is exactly the same as that which was made by the Colorado woman. Of course, there is this difference between the two illustrations, the first being a violation of common law and involving arrest for theft, conviction and punishment for same, whereas in the second case the transfer is made in accordance with legal requirements, being entirely regular in every way and without involving any moral obliquity. Here again the sanctifying influence of time is to be observed. The responsibility for the robbery, for such it really is, lies with society and not with the individual. At all times we must keep in mind the fact pointed out by Henry George that property may be secured only by one of three methods, either by earning it, by receiving it as a gift, or by robbery.

The above is only one of the many forms of special privilege which in our present system of taxation rob the many for the benefit of the few. The more common avenue by which economic rent, a community value, is conveyed into possession of individuals who have no rightful title to it, is the collection of this unearned increment by landlords from tenants everywhere, when such rent is in excess of