

Mark Hanna outfit. With his millions, his ambitions, and his incapacity, he would make a suitable successor to Alger. But McKinley will never take McLean into his official family at Washington. McLean is too useful to Hanna in the democratic sheepfold.

### NATURAL TAXATION.

Taxation has been so long and so universally applied without reference to fundamental principles of justice and high expediency, has been so generally imposed by arbitrary codes, that a pernicious idea has taken root, not only in the common but also in the expert mind, that there is no science of taxation, no system of natural laws to which taxation may be scientifically adjusted. This idea is ably controverted by Thomas G. Shearman. A leading member of the New York bar, a legal author of national reputation, an expert in statistics, a profound student of taxation whose opinions everywhere command respect, and withal a writer of exceptional perspicuity and force, Mr. Shearman's discussion of the subject cannot fail to interest and instruct. It is to be found in a work of his which first appeared three years ago, and is now reissued in a revised and enlarged edition under the imprint of Doubleday and McClure, the title being "Natural Taxation—an Inquiry Into the Practicability, Justice and Effects of a Scientific and Natural Method of Taxation."

#### I.

Mr. Shearman argues that unless there be a science of taxation, there is no science of government, for government implies taxation. Taxes are the indispensable condition of government; upon them it lives, and without them it would die. Just as certainly, therefore, as the existence of the body implies a science of food, the existence of human society implies a science of taxation. Taxes are the food of the body politic.

He entertains no doubt that "every branch of human life, just as truly as vegetable life, is governed by natural laws of unerring accuracy and invariable operation." If it were not so, if in human affairs there really were no natural standards of right and wrong,

then Mr. Shearman believes that neither college professors nor book writers should presume to say anything about taxation; he would refer the whole subject "to Senator Quay, with power."

But we may be sure, he declares, that there is a science of taxation, which we can learn if we only listen to the voice of nature. Nature teaches this subject as she teaches everything else—"by the stern pressure of necessity driving us forward, while every path except the right one is hedged up with difficulties and penalties." Unscientific taxation is as certain, he proceeds, "to produce bad government and bad social conditions, as is bad food to produce indigestion and decay in the human body." If, therefore, we find taxation bearing most heavily upon those least able to pay, upon those who derive least benefits from government; if we find it taking "from the poverty of the poor to add to the wealth of the rich;" if we find it easily evaded by fraud or falsehood, and therefore paid only by the honest and truthful; if it can be collected only by oppressive and degrading methods; if it unnecessarily hinders the increase of wealth and comfort among the people as a whole; if it corrupts the morals of the people or necessarily brings into existence a class which finds its profit in promoting wastefulness and extravagance in public affairs; if it forces the real taxpayer to make two payments where the government receives but one—if these are the results of taxation, the taxation that produces them is unscientific, unnatural. They are the penalties with which nature wards us off from wrong methods of taxation, while driving us on to further investigation and experiment until we shall find the right one.

Starting from that premise, Mr. Shearman enters upon an extended and extremely interesting and practical inquiry into the working and effects of the methods of taxation commonly in use.

#### II.

Indirect taxation first claims his attention. This system, the one most in use in all civilized countries to-day, is shown to possess about all the faults that he has enumerated as tests of bad taxation. Mr. Shearman calls it

"crooked taxation," not only because it is indirect, but also because its peculiar tendency is to make the rich richer and the poor poorer, to burden those least able to bear it, to remove legitimate checks upon the extravagance of government, to foster a class whose incomes depend upon legalized robbery, to perpetuate tax burdens lest vested rights suffer by their removal, and to promote public corruption by making business profits depend directly upon legislation. These assertions are established by a great wealth of statistical citation clearly explained.

One of the most striking features of this part of Mr. Shearman's inquiry is his demonstration that indirect taxation makes the rich richer and the poor poorer. We have space only to state the result of the demonstration. The laboring classes of the United States who in 1880, under the prevailing system of indirect taxation, accumulated only 19 per cent. of the total wealth-product of the year, could have accumulated with no more self-denial as much as 43 per cent. in the absence of taxation; whereas the rich, who accumulated 64 per cent. with taxation, could have accumulated only 39 per cent. without it.

#### III.

Concluding from his inquiry thus far, that nature testifies in unmistakable terms against the naturalness of indirect taxation, Mr. Shearman next considers the question of direct taxation. And since the only variations of that method now in use to any important extent are the income tax, the succession tax, and the general property tax, he confines his attention to these.

With the same precision and force that characterize his treatment of indirect taxation, he argues against all three. The income tax he finds to be unfair and in many respects impracticable, one of his objections to it being that it falls as heavily upon incomes earned by hard personal labor as upon those derived from accumulated wealth. The succession tax, though measurably successful as a supplemental tax, could not be made the sole source of public incomes, and is essentially unfair. It is to the general property tax, however, that Mr.

Shearman here devotes most attention. This is the tax which is so widely approved because it aims to subject all classes of property to equal taxation; but Mr. Shearman shows that however good its aim, like the Irishman's friend who said he always aimed to tell the truth, it is a very bad shot. Instead of bearing equally upon all classes of property, the general income tax is most unequal in operation, and like indirect taxation, rests with heaviest weight upon those least able to bear it.

In support of his position regarding the general property tax, Mr. Shearman makes liberal demands upon the testimony of experience. This is directed especially to considerations respecting so much of the general property tax as falls upon chattels—personal property taxation. The experience of the Roman empire and of the Netherlands in the past, and that of New York, Ohio, Maryland, West Virginia, Vermont, Connecticut, California and Massachusetts in modern times, is spread before the reader, to show that neither dread of physical torture, nor respect for the pains and penalties of perjury, is sufficient to enforce personal property taxation with the slightest approximation to uniformity.

The chief sufferers from the lack of uniformity are farmers. Their personal property cannot be secreted nor lied about, while that of the rich in cities can be and is both secreted and lied about, with the result of throwing back upon farming communities a burden of taxation which they have endeavored to put upon the cities. In demonstration of this, Mr. Shearman draws extensively upon the tax statistics of Ohio, where an attempt to enforce the general property tax with severity against the intangible personalty of cities operates much more severely against the tangible personalty of country districts.

Most writers who attack the personal property tax, stop there. They see no objection to the taxation of landed improvements. But Mr. Shearman proves that most of the reasons for the exemption of chattels, apply with equal force to improvements upon land, which he aptly describes as "really nothing but chattels attached to land." All taxes

upon improvements, he argues, are indirect; they distribute themselves among tenants. These taxes are prejudicial to the public good because they discourage improving; they cannot be assessed with a reasonable approximation to equality, and in consequence the dwellings of the rich are assessed less in proportion to their value than those of the poorer class; and, as in the case of personal property, the residents of cities are taxed less fully and accurately upon improvements than are villagers and farmers.

#### IV.

Concluding from his inquiry that "every form of indirect taxation is unjust to the poor, and that every form of so-called direct taxation thus far examined is unjust to the honest," which, in accordance with his hypothesis, condemns them all as unnatural and therefore unscientific, Mr. Shearman sets about discovering the natural system. It proves to be a method of direct taxation which he had not yet examined.

"If we can find in actual use," he begins, "in every civilized country, a species of taxation which automatically collects from every citizen an amount almost exactly proportioned to the fair and full market value of the benefits which he derives from the government under which he lives and the society which surrounds him, may we not safely infer that this is natural taxation?" The question does not appear to admit of a negative answer. Such taxation would certainly be just, and if just it must be natural. But it is generally understood that although there are numerous systems of this character in theory, no such system is anywhere in actual operation. That, however, is a mistake. Mr. Shearman explains that it not only is in operation, but that it is a familiar operative system all over the world. Upon this point let us quote him fully. He says:

Such an automatic, irresistible, and universal system does exist. All over the world, men pay to a superior authority a tribute, proportioned with wonderful exactness to these social advantages. Each man is compelled to do this by the fact that other men surround him, eager to pay tribute in his place if he will not. The just amount of this tribute is determined by the

competition of all his neighbors, who calculate to a dollar just how much the privilege is worth to them, and who will gladly take his place and pay in his stead. Every man must, therefore, pay as much as some other man will give for his place; and no man can be made to pay any more.

The allusion here is obviously to ground rent. But as Mr. Shearman explains, we call it ground rent only when it is paid to individuals; when paid to the state, it is called a tax. Yet in the one case as in the other, a tax it is and nothing else. Where there is no government, there is no ground rent. As government becomes more complex with the growing demands of society, ground rents increase. Ground rent, therefore, "is the tribute which natural laws levy upon every occupant of land, as the market price of all the social as well as natural advantages appertaining to that land, including necessarily his just share of the cost of government." Thus Mr. Shearman argues. Proceeding, he insists that ground rent is just, as being the exact equivalent of the advantages which the government gives by securing men in the possession of land commanding those advantages. "Here, then," he concludes, "is a tax, just, equal, full, fair, paid for full value received, returning full value for the payment, meeting all the requirements of that ideal tax which professors and practical men alike have declared to be an impossibility. It is not merely a tax which justice allows; it is one which justice demands. It is not merely one which ought to be collected; it is one which infallibly will be and is collected. It is not merely one which the state ought to see collected; it is one which, in the long run, the state cannot prevent being collected."

As may now be inferred, Mr. Shearman regards landowners as natural tax gatherers, who are not as yet required by the state to render an account of their trust. He would cause them to do so by concentrating all taxation upon land, valued as if it were bare of improvements, and irrespective of whether improved or not. In other words, the natural system of taxation which Mr. Shearman advocates is the single tax with which Henry George's name and fame are associated. Mr. Shearman, how-

ever, would limit the amount of taxation to the necessities of government economically administered.

### V.

To the practical operation of the single tax and the sufficiency of the fund it would raise, Mr. Shearman devotes the better part of two chapters, marshaling statistics and facts, as is his wont, and demolishing the trumpery statistics that have been cited in opposition, in a way that should delight those to whom his views appeal, as it will very likely confound such as oppose them. His conclusion is that the system of public revenues he advocates as just and natural, is—since the power to collect ground rent is a delegated power of taxation—simply a proposition to “tax the proceeds of taxation, and nothing else.”

We have not the space to follow him through his very practical exposition of the incidence and justice of the single tax and the social and industrial reform it would effect, nor to review his pointed replies to objections that have been made. It will be enough to say that in all these respects his work exemplifies his well-known qualities. Facts are abundantly used with painstaking accuracy and directness of statement, and the argument rests naturally and solidly upon them. Presenting Henry George's single tax idea from the practical in contradistinction to the theoretical point of view, Mr. Shearman's book is a valuable supplement to Mr. George's. Not that Mr. Shearman is unphilosophical. On the contrary his is the only really philosophical discussion extant of taxation in itself. But it is designed to interest and influence the so-called practical classes, the hard-headed, unsentimental men of affairs, rather than abstract students.

## NEWS

War news has lost its interest. Fighting in the field is over, and fighting about terms of settlement has not yet begun. Both Spain and the United States have appointed their military commissions for the surrender of Cuba and Puerto Rico; but neither has yet named its peace commissioners who are to be charged with framing a treaty. It is understood, however, that the commissioners to

represent the United States are to be Secretary of State William R. Day, Senator Cushman K. Davis, Senator William P. Frye, Supreme Court Justice E. D. White, and ex-Secretary of the Navy Benjamin F. Tracy. The Spanish queen regent has convened the cortes for September 5th to confirm the protocol and authorize the treaty of peace.

Pending the adjustment of questions in the United States growing out of the war, a voluntary conference of representative citizens assembled at Saratoga on the 19th, to discuss the future foreign policy of this country. The conference was opened by Henry Wade Rogers, of the Northwestern University, Chicago, chairman of the committee of arrangements, who spoke in opposition to colonial expansion. Carl Schurz was the principal speaker on the same side, while Judge Grosscup, of Chicago, led the expansionist elements. Samuel Gompers, president of the American federation of labor, spoke at length against the expansion policy, as calculated to injure the labor interests of the United States. A series of resolutions reported by Chancellor McCracken, of the New York University, chairman of a mixed committee of 21 on resolutions, was adopted unanimously. After commending the policy of the administration in first trying to avoid war and then prosecuting it vigorously, the resolutions declared in favor of allowing the people of the islands surrendered by Spain to govern themselves as soon as they can be trusted to do so, they to continue meantime under the protection of the United States, and the question of ultimate annexation to be left in abeyance, subject to the mutual desires of the people of this country and of the respective islands. The conference adjourned on the 20th subject to the call of Chairman Rogers.

On the question of territorial expansion a notion of the views of the administration may be derived from an interview given out by Senator Hanna, and reported in the Chicago Tribune of the 25th. Mr. Hanna says:

We will control Cuba. It makes little difference now whether the insurgents can maintain a stable government. In less than 20 years the United States will practically own the island. It will now require 50,000 men to hold Cuba, but we will get good returns for

our investment. We have spent \$300,000,000, and we spent it well. We have done ourselves a good turn while enhancing the cause of humanity. It is evident we have a good hold on these islands, and I am glad of it. The importance of such possessions from a commercial point of view cannot be overestimated, and we are there to stay. Whether Cuba is ceded to us or not makes little difference. We will control Cuba, and we will control part of the Philippine islands, and we are now on the eve of a new era of prosperity. We began the war on humanitarian grounds, but we end it by becoming the possessors of great territory, important not only on account of commercial, but also strategic possibilities.

The cable censorship of West Indian dispatches has been raised, and the cable between Hong Kong and Manila has been restored, while the interdiction of mails between the United States and Spain has been removed. Communication, therefore, between Spain and her former colonies and the rest of the world, will soon be as complete as ever.

From Santiago, daily reports of the sickness and deaths of American soldiers are still forwarded by cable. On the 23d the total number sick was 900, as against 1,516 reported last week; the total of fever cases was 631, as against 1,139 last week; and the total deaths for the week was 47, as against 94 last week.

The bad management as to medical supplies and hospital accommodations, which made such a scandal in connection with the Santiago campaign and the invalid troop ships, seems to have perpetuated itself at Camp Wikoff, the detention camp on Montauk Point, and to have spread to most if not all the other home camps. So loud and persistent have been the complaints from Camp Wikoff that Secretary Alger visited that camp on the 24th to make a personal inspection. The official report of Brig. Gen. Terry, of New York, as to the condition of New York troops in the various camps, reveals such a serious condition that the adjutant general of the state refuses to make it public.

The controversy over the responsibility for lack of medical supplies, and the consequent unnecessary suffering of the wounded before Santiago, continues. Dr. Senn places the