

(Expressly for the Review.)

## The Buffalo Tax Conference Called by the National Civic Federation.

BY LAWSON PURDY.

A Conference on Taxation was held at Buffalo on May 23d and 24th. The conference was composed of delegates from about thirty-five States appointed by the Governors of the States. A few of the delegates were sent by national organizations, which were entitled to three delegates each. About one hundred and fifty delegates were in attendance.

The Committee on Arrangements had appointed a committee on Programme, of which Professor Edwin R. A. Seligman was chairman, and the other members were: F. W. Taussig, Boston; Henry Boyer, Philadelphia; Richard T. Ely, Wisconsin; Lawson Purdy, New York; Henry C. Adams, Michigan; Frederick N. Judson, St. Louis; P. I. Bonebrake, Topeka. Mr. Ralph M. Easley was the Secretary of the Committee on Programme, and the credit for the success of the conference is due to him. Mr. Easley is the Secretary of the Federation, and was busy for months in preparatory work, which resulted in the large attendance at the conference.

The work of the Program Committee chiefly fell upon Prof. Seligman, and was performed with discretion and knowledge which did much to make the conference interesting, instructive and useful, and to make its deliberations and conclusions respectfully considered by the public.

Mr. Frederick N. Judson, of St. Louis, was elected Chairman, and he introduced Mr. Seligman to make an introductory address. Prof. Seligman gave an historical sketch of the tax system of the United States, and the conditions which gave it birth. Conditions have changed and the tax laws have not kept pace. They were comparatively well suited to a primitive society, but are totally unfit for the social life of to-day.

It was evident that Mr. Seligman felt that the important work of the conference was to break down the superstitious reverence for the general property tax.

James R. Garfield followed Prof. Seligman, and delivered an address on the Listing System in Ohio. He attacked it vigorously, and showed by facts and figures how unjust and impracticable is the attempt to tax intangible personal property. He advocated a more thorough taxation of the real property of public-service corporations, in which the chief element of value is the franchise. He also advocated the separation of the sources of State and local revenues.

Frederick C. Howe, Mr. Garfield's partner and former Secretary of the Pennsylvania Tax Commission, and at present a member of the Cleveland Common Council, and known as a "Johnson Republican," read a paper on the taxation of public-service corporations, particularly those doing an interstate business. He believed that they should be taxed as a unit, and the value ascertained by the rule upheld by the Supreme Court in the State R. R. Tax Cases, reported in 92 U. S. Under this rule the entire property value of the corporation is ascertained by adding together the market value of the stock and bonds and then apportioning this value according to the mileage within the State.

A paper on the taxation of banks and trust companies by Mr. Charles S. Fairchild, former Secretary of the Treasury, was read by his secretary, Mr. L. Carroll Root. Mr. Fairchild argued that the tax upon banks and trust companies should be equal and should not be heavy. He showed that they performed functions of great value to the community, and that their prosperity was no excuse for imposing burdensome taxes, as they possess no monopoly.

Mr. Allen Ripley Foote, editor of "Public Policy," read a paper on the taxation of municipal public-service corporations. Mr. Foote's contention was that public-service corporations are monopolies, and that they must be treated as such; that the attempt to introduce competition is always a failure and always

a mistake; that the charges of a public-service corporation should be limited so as to produce only sufficient revenue to pay interest on the actual capital invested; that their accounts should be public and audited by public authority. When this is done every tax will be an element of cost and will increase the charge for service. He, therefore, advocated their entire exemption from taxation so that the users of the service should reap the entire benefit of reduced expenses.

Mr. Foote's paper was the last of the day, and was read so late that there was unfortunately no opportunity for its discussion. The earlier papers, especially that of Mr. Garfield, drew out a great deal of discussion. A greater number of the delegates appeared convinced that the attempt to tax intangible personal property resulted in such injustice that it ought to be abandoned.

The delegates from Indiana, who were nearly all members of the State Tax Board, contended that their system of taxation reached all property and taxed it equally. They spoke as though they were very proud of it, and as if they thought it was unique. No one at the time was in a position to deny their statements, but later in the day Mr. Garfield looked up the last census reports and put questions to them, which they were utterly unable to answer, and it was clearly shown that their system failed to reach even all tangible personal property, to say nothing of the intangible.

There was quite a lively discussion between those who contended that it is impossible to tax a *chose* in action on the ground that a tax must be paid by the owner of the property by reason of the laws of shifting, and those who were entirely ignorant of the laws of incidence and shifting might contend that a *chose* in action could be taxed, and that it was only a question of reaching it.

At this session the following Committee on Resolutions was appointed: Edwin R. A. Seligman, Chairman; Frederick N. Judson, Missouri; James R. Garfield, Ohio; N. S. Gilson, Wisconsin; Lawson Purdy, New York.

The committee had several conferences before the next day's session, and agreed to report the following resolutions:

"Resolved, That it is the sense of this conference that a permanent organization be effected for the promotion of inter-State comity in taxation and of tax reform in general; and to that end that a committee of fifteen be appointed by the chair to act as an executive committee until another meeting of this conference; and that the executive committee be authorized to select a general committee of 100, with at least one member from each State.

"Resolved, That the executive committee be authorized to take proper steps for the collection and dissemination of information in regard to State and local taxation, and for the attainment of the other objects of the conference.

"Whereas, Modern industry has overstepped the boundaries of any one State and commercial interests are no longer confined to merely local limits; and,

"Whereas, The problem of just taxation cannot be solved without considering the mutual relations of contiguous States; be it

"Resolved, That this conference recommends to the States the recognition and enforcement of the principles of interstate comity in taxation. These principles require that the same property should not be taxed at the same time by two State jurisdictions, and to this end that, if the title deeds or other paper evidences of the ownership of property or of an interest in property are taxed, they shall be taxed at the situs of the property and not elsewhere. These principles should also be applied to any tax upon the transfer of property in expectation of death or by will, or under the laws regulating the distribution of property in case of intestacy.

"Resolved, That the State and local revenue should be so separated as to methods and subjects of taxation as to give to the counties and municipalities the largest powers of local option in taxation."

The committee decided that it would be unwise to press the resolutions to a vote if any opposition should develop.

## SECOND DAY.

At the morning session of the second day, Prof. Seligman presented the report of the committee, and in answer to a question explained the meaning and object of the last resolution. Consideration of the resolution was postponed until the end of the day that the delegates might have time to consider them.

Frederick N. Judson, of St. Louis, author of "The System of Taxation in Missouri," read an able and interesting paper on the taxation of mortgages. He described the many attempts that have been made in California, Michigan and elsewhere to force the mortgagee to pay his supposed share of taxation. He showed carefully and clearly that the only possible way to reach the mortgagee is to exempt mortgages and then interest rates will fall so that the mortgagee will receive the lowest return for the use of his money commensurate with the security offered.

The second paper at the morning session was read by Judge Howard, of Indiana, on the system of taxation of that State, and the Indiana men again contended that it was unique and perfect. Professor Tooke, of Illinois, read a paper on tax conditions in Illinois, in which he said that the Illinois system was almost identical with the Indiana system, and they found it extremely unsatisfactory. He advocated the abolition of taxes on intangible personal property and the separation of the sources of State and local revenues, and local option in taxation.

E. C. Westerhaven, of West Virginia, said that the laws of that State were almost identical with those of Indiana, but that they were an absolute wreck. He urged the separation of the sources of State and local revenues.

The afternoon session was almost entirely devoted to the question of separating State and local revenue and local option. A paper, by Mr. George F. Seward, Chairman of the Committee on Taxation, of the New York Chamber of Commerce, was read by Mr. Wiley, of Philadelphia. Mr. Seward contended against the imposition of specific taxes for State purposes, and in favor of the apportionment of State taxes on the basis of local revenue.

The next paper was read by Senator James W. Bucklin, of Colorado, Chairman of the Commission charged with the revision of the tax laws of that State, and author of the amendment to the Colorado constitution adopted by the last legislature. He described his visit to the Australasian colonies and the character and effect of the Australasian land tax, and the effect of the local option enjoyed in New Zealand and some other colonies to exempt all property other than land values from taxation for local purposes.

Mr. Bucklin made a very able argument, and made a good impression on the conference. His paper led to many questions and to much discussion, which was interrupted for the reading of a paper on local option by Lawson Purdy, of New York. Mr. Purdy endeavored to prove that the most effective assault upon the general property tax could be made through local option; that no law not in harmony with the moral sense of a community can be enforced, and that a large degree of local option is exercised although unsanctioned by law; that so long as different communities have different ideas in regard to taxation, the best way and the just way is to leave them alone to work out their own salvation. That experience would thus be gained which would ultimately lead to great improvement. In order to make local option practicable it is desirable to separate the sources of State and local revenues, and that this can best be done by apportioning State taxes to the several counties of the State in proportion to local revenue. Further discussion of Senator Bucklin's paper and local option followed, and then papers were read by Assemblyman Rodenbeck on the desirability of a codification of the tax laws of the various States, and by Robert H. Whitten, of Albany, on the taxation of inheritances.

During the day the different State delegates had been consulted in regard to the resolutions read in the morning. No opposition to the first resolution developed, but a delegate from Michigan felt that the political conditions in his

State were such that the local option resolution would be inadvisable. This delegate was connected with the State government, and probably had in mind the so-called Ripper bills, recently adopted by the Michigan legislature. These bills had nothing to do with taxation, but as they violate all principles of home rule, the delegate's fear of a local option resolution is easily understood. It was arranged, therefore, that the Michigan delegate should move the adoption of the resolutions with the exception of the last, and that the last resolution should be referred to the committee for further consideration, to report at the next conference. This motion was adopted unanimously.

An examination of the resolution on taxation which was adopted will disclose the fact that it is eminently fair, and that it renders all taxation of intangible personal property practically impossible. Probably some of the delegates hardly appreciated the far-reaching effect of the resolution, at the same time its adoption in view of the character of the delegates is eminently gratifying.

The conference was useful in bringing together men working for common ends in many States, and in spreading information where it is most needed. Many of the delegates were members of tax commissions or tax officials. In the main they were broad-minded and ready to accept suggestions. The single delegate from the State of Florida went home enthusiastic for local option.

---

(St. Paul (Minn.) *Dispatch*, April 27th.)

Certainly one of the great thinkers of whom Emerson said beware for "all things are at risk" was let loose upon this planet when the spirit of Henry George became incarnated. The value of that spirit to the world is hardly yet to be measured, for Henry George placed in motion certain great forces that will not have become expended until man sees the end of the travail of his soul and becomes satisfied. It has now become generally acknowledged that he was one of the great thinkers of the century. You meet no man who, consciously or unconsciously, does not owe to Henry George many of the beliefs which he cherishes as his own, as his most precious. Doubtless if all those in the United States who believe in "single tax," for instance, were to form themselves into a party it would sweep the country. It would not be necessary now to do as Tom Johnson once did, talk the single tax chapters of "Progress and Poverty" into the *Congressional Record* and use it as campaign material. It is a doctrine pretty well understood to-day, and while every man may not indorse it, every man must acknowledge it one of the wedges to force better conditions.

There was never a life lived with such singleness of purpose as was that of Henry George. Every incident in it contributed to the building up of his system of economics, which it looks more and more each day as though the world would have to try.

---

(Clinton (Mass.) *Item*.)

The single-taxers will be justified in feeling that they have gained a distinguished recruit in Hon. Charles Francis Adams, who believes that the system will come into vogue within the next generation.

---

The decision of the Supreme Court of the United States declaring the tax on export bills of lading unconstitutional contains this significant passage: "Indeed, it is only of late years, when the burdens of taxation are increasing by reason of the great expenses of government, that the objects become a matter (matters) of special scrutiny."