

RELATED THINGS CONTRIBUTIONS AND REPRINT

THE DIGNITY OF LABOR.

For The Public.

The master of a trade may proudly sing:
"I am a power on the earth, and earn
The right to call myself a man. I turn
The wheel of progress, and I feel a king
Among the useless drones. The shame and sting
Of charity I know not, for I learn
To use my gifts. The highest plane I yearn
To reach, to merit all that life may bring."

"Who earns not, steals his dinner," thus the old
Proverb runs. We may labor with the heart,
If not with hand and brain. In every part
The world is full of agony untold,
That cannot be assuaged by all the gold
Of earth; and yet a kindness done may start
The tears that soothe all pain—may pluck the dart
From festered wound, which else might keep its hold.

All honor to the brown and skillful hand,
The swell of muscle, and the nerve like steel,
That conquers obstacles, that turns the wheel
Of progress round. They cultivate the land,
And build the mighty temples, vast and grand;
They labor for the good and common weal
Of all mankind, and bear the royal seal
Of mighty Labor's independent hand!

HENRY COYLE.

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THE FARMERS' INTEREST IN AN ELAS- TIC TAX SYSTEM.

Portions of an Address Delivered by Lawson Purdy of New
York, Before the Commercial Club of St. Louis,
October 20, 1906.

It is often assumed that the taxation of personal property under the general property tax is in the interest of the farmer. So far as intangible property is concerned the tax is theoretically indefensible, and the practical results show that the farmer has nothing to gain from such taxation. It is frequently stated that the farmer's property chiefly consists of land, and that improvements on land and movable property form a smaller proportion of his property than of the property situated in cities. This assertion is contrary to common observation of social growth, and to the facts disclosed by assessment rolls.

When a country is first settled land has no value. The property of the first settlers consists of such movable things as they bring with them. The net property to appear consists of improvements made upon the land, such as houses, barns, fences and the improvement of the land for cultivation. Such communities still exist, and the value of their land is a small part of their aggregate property. As the density of population increases the value of land relatively increases, until we reach the condition of the City of New York, where in the sections in which land is most valuable improvements are not worth more than half as much as the land. There is one residence section of New York, less than three square miles in area, in which the land value alone, exclusive of the buildings, exceeds in value the as-

essed value of all the real estate, buildings included, in the whole State of Kentucky. In two other sections in the business district, which does not include the financial center, the value of the land alone exceeds the entire real estate assessment of the State of Missouri. These two sections are less than six square miles in area. The assessed value of the land exclusive of improvements is \$919,000,000, and the real estate assessment is \$1,291,000,000.

The value of movable personal property bears some relation to the value of buildings, and it is obvious that as land grows more valuable the movable property on it is worth less in proportion. These deductions are all emphasized by the assessment rolls of States which have the general property tax. In Ohio, Illinois, Kentucky and Missouri, personal property is a larger share of the property taxed in the country than in the cities. The Missouri assessment rolls for 1903, the latest I could obtain, confirm this statement. There are only four large cities in the State, and the effect of the personal property taxation is shown by a comparison between the city counties and the remainder of the State, and between the city of St. Louis and one of the rural counties. In the four city counties personal property amounts to less than 20 per cent. of the total assessed value of real and personal property, while in the remainder of the State it amounts to 29 per cent. In St. Louis personal property amounts to 20 per cent., and in the rural county of Camden it amounts to 35 per cent. of the total. Camden County is an exceedingly good illustration of the way the taxation of personal property affects the farmers. The assessed value of the property in the county is \$2,003,040. Of this amount 35 per cent. is personal property, and two-thirds of this personal property by value consists of live stock; that is, over one-fifth of the entire taxable value of Camden County is live stock. Under a severe listing system it is absolutely impossible for farmers to avoid paying taxes on their live stock, and the result is that farmers, as a class, pay vastly more in taxes than they ought to pay. The effect of this upon the cities is indirect, but none the less extremely harmful. The farming industry is discouraged, and country boys are driven to the cities, where their competition reduces the wages of those who are city born.

Such being the facts, it should be easy to convince the rural population that they have everything to gain and nothing to lose by new methods of raising State revenue.

Six years ago the New York Tax Reform Association devised a plan for raising State revenue, which at the same time would obviate the necessity for levying a State tax on all property as assessed by local officials, or of imposing any more special taxes on selected subjects. By this plan so much revenue as the State should require in excess of the revenue produced by the special taxes then in force would be apportioned to the several counties of the State in proportion to the revenue raised by each county and by all the taxing districts within it. Then the counties were to be left free to raise that amount of State revenue under the general laws of the State by taxing only such subjects as they should select. After a consideration of the matter for six months, the Committee on Taxation of the New York Chamber of Commerce unanimously reported in favor of

this plan, and the report was unanimously approved by the Chamber. In their report the committee pointed out that the tendency of the legislature to derive revenue from special taxes for State purposes, and to rely on this revenue exclusively, would take away from taxpayers that interest in State expenditure and State taxation, which is present when taxation is direct; that it would tend to promote extravagance; that it would throw the burden of State expenditures upon the urban political divisions; that it would deprive the political divisions of the State of subjects of taxation. It was also shown at that time that the various business interests of the State would always be in danger of being singled out as subjects for special taxation for the increasing needs of the State.

The plan of apportionment indorsed by the Chamber of Commerce was not adopted, and all these prophecies have been fulfilled.

Professor Edwin R. A. Seligman of Columbia University, who is regarded as the leading authority on taxation in the United States, and who for many years has advocated the divorce of State from local taxation and the raising of a large part of the revenue for State purposes by special taxes, wrote a review of recent tax legislation in New York for the Review of Reviews of July, 1905. After pointing out that a system of state revenue which depended exclusively on special taxes is inelastic and objectionable from other points of view, he said:

This is an unfortunate state of affairs, and will, if persisted in, lead to ultimate disaster. Every modern system of taxation must possess the element of elasticity. There is one scheme that has been suggested by the New York Tax Reform Association in New York and Ohio, and which has been put in partial operation in the State of Oregon, which would bring about this result. This is a method of apportioning the State tax and granting local option in determining the subjects of local taxation. It rests upon the idea that the necessary revenues may be derived by making each locality contribute to the State revenues in proportion to its own expenditures. The scheme possesses four advantages: First, it would provide elasticity, as did the old system; second, it would tend to keep down State expenditures, because each locality would be interested in the control of State finance—an interest which is now fast being lost; third, it would tend to keep down local expenditures; and fourth, it would enable each locality to raise its revenues in any way that seemed best to it, and would put a stop to the conflicts between country and city. If the rural districts desired to maintain the personal property tax, they could do so; if the large cities desired to substitute something else, they would be equally free to follow their bent.

The Local Option or Home Rule bill proposed by the New York Tax Reform Association was carefully drafted to avoid conflicting laws. It provided simply that the appropriate authorities of any county might exempt from taxation any class of property. It did not permit the separate counties to make any new law for the taxation of any property; all they could do was to remove a class of property from the taxing power.

Any one familiar with the actual practice of assessors in any State, could readily foresee what would happen if such power of exemption were granted to local homogeneous communities, for in every State to-day such local option is to a large extent exercised in fact, without the sanction of

law. Instances of this will probably occur to everyone. I knew of a case in the State of New York where the assessors by a formal vote resolved not to assess any personal property at all. In some rural counties live stock is never assessed. I was told the other day that in Chicago there is practically no attempt to assess the shares of stock of foreign corporations in the hands of individual holders. The outrage of such an assessment is recognized and the law deliberately nullified. Doubtless such practice is common in the State of Missouri. With legal local option there would soon be legal exemption of classes of property which to-day are seldom assessed, and gradually all intangible property would be exempted, and such other exemptions of movable property would be made as experience should demonstrate would be for the welfare of the community.

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A NEGRO WHO IS THINKING.

For The Public.

The following conversation took place on Friday of last week between myself and a Negro bootblack who has a little stand on the South Side. He is a middle aged man with a fine head and an intelligent face and the pronounced dialect of the Southern-raised Negro. The incident is interesting as indicating that our colored brethren are responding to the influences of the moral awakening to economic wrongs now so manifest in our land!

I had just looked over the morning paper and was folding it to put into my pocket when Rastus broke in with:

"Ah see dey is gettin' aftah dat Stan'ard Oil bunch mighty hahd."

"That's true, how do you like it?"

"Suits me all right, sah. Ah doan like no trust nohow."

"Why?"

"Cause dey done put de price of everythin' so high a man kaht ha'dly live on what he makes."

"Guess you've got a kick coming, my friend, for your race has always voted for the party that is owned and controlled by the trusts."

"Ah know we has, but Ah ain't wid 'em no moah."

"Well, they're trying to even up by putting a colored man on the bench."

"Doan you b'lieve it; dat man nebber will get on de bench. Dey put him on de ticket to get our votes; now dey'se gwine to count him out."

"Anyway, Uncle, you ought to be glad you're free."

"Yes; but Ah ain't free. Co'se Ah's free to stay heah so long as Ah pays mah rent. So is a Chinaman, or so would Ah be in China if Ah paid de rent dere. Ah's free to buy what Ah needs if Ah pays de trust prices. Ah done told a white labor man this mornin' dat he was no mo' free den mah grandfather, who was sold on de block."

"Uncle, I see you're doing some thinking. What do you think of President Roosevelt's action in discharging the colored troops for failing to inform on the wrongdoers in their companies?"

"Ah doan think no colored man has any business hirin' out to de gov'ment to shoot down de po' working men who may be strikin' fo' better pay, an dat's what dey'se in the ahmy fo'; but at de same time