

*Expressly for the Review.***The Fine on Thrift.**

TAXATION OF INSURANCE COMPANIES.

When you tax a man unjustly you rob him. There can be no two opinions about that. A Government may rob as well as a private highwayman. But if a man is robbed by a "Government of the people, for the people, and by the people"—a Government which he himself has helped to shape—he cannot, as a rule, expect much sympathy. Still, the melancholy fact is that millions of people do permit themselves to be robbed every year under the form of taxation of a good share of their earnings. Most likely it is not because they wish to be robbed, but because they have no logical idea of what taxation really should be.

Of course the Government never robs a man without some excuse. Even despotic Governments have excuses. But among all the excuses that were ever made by despots like Charles I., and George III., for dipping into the pockets of their subjects, there is nothing more odd than to tax a man for his thrift.

"No taxation without representation" used to be the old cry. It was good enough as far as it went. But there is a clear line of justice in taxation which the presence or absence of representation cannot affect. Equitable taxation as between man and man resolves itself into a debt owing by each individual to the community for whatever exclusive natural opportunity for wealth-production that community allows him to enjoy. That is the ideal single tax. But the actual system that we have to deal with has not one, but a hundred, or rather, a thousand heads—a hydra-headed monster, in fact. It does not come to the right man and say: "Pay me the debt you owe me," but it goes up to the wrong man and says: "I find that you consume the necessaries of life, and I shall fine you for your appetite," or "I find that you are thrifty; you have your life insured and I shall punish you for your thrift." We might run over the whole field of taxation and find instances of injustice equally paradoxical. But for the present let us confine ourselves to the tax on thrift.

Thrift takes many forms, but probably the most popular modern form is life insurance. Mr. F. L. Hoffman, an eminent insurance statistician, estimates in a paper on Life Insurance Taxation, read at the Civic Federation Conference at Buffalo in May last (a paper which did not at the time receive that attention in single tax circles which its importance merited), that about 13,000,000 people in the United States owned life insurance policies; that they paid annually in premiums more than \$300,000,000, and that out of this sum no less than \$6,500,000 was paid out in the shape of taxation either to the National Government, the States, or the municipalities. In other words, out of every \$100 collected in premiums, \$2.22 is paid in taxes. To that extent, therefore, the people are fined for being thrifty. Of course, the legislatures may think that in taxing insurance companies they are only taxing the shareholders and wealthy officials; they see, as Mr. Hoffman points out, the millions of dollars of funds, but they do not see the immense liability charged against these funds, or perhaps, which is more likely, they never trouble their heads at all as to where the incidence of taxation ultimately rests. But according to those competitive business principles which dominate the whole commercial world, it is safe to say that in the last analysis it is the consumer that always pays the tax on the things consumed, whether that thing be tea, tobacco, or life insurance. Behind the big figures showing the life companies' assets, behind the noble architectural piles dedicated to the work of life insurance, stand the vast army of thrifty citizens; it is they whom the taxation ultimately touches; it is their widows and orphans. Coming in the hour of their affliction upon the insurance office in which their hopes are centered, they are the real victims of the legislative robbery. High taxation means dear insurance to them, whether that dearness takes the shape of higher premiums or diminished bonuses or advantages.

Insurance companies, according to Mr. Hoffman, are taxed (1) on their

real estate and personal property accessible to the tax assessor; (2) on their premium income, and (3) on their surplus. He instances the fact that the company with which he is connected (the Prudential, which, having four millions of policy-holders, may be taken as a representative company) paid in 1899 15 per cent. of its taxation under the first, 44 per cent. under the second, and 13 per cent. under the third head. The two latter items are the only ones to which he takes any exception; the former he admits to be just. It will thus be seen that over and above the grievances which insurance companies may have in common with other people, as owners of improved property, they have special and substantial grievances of their own—grievances which, in fact, interfere greatly with the benefits which they are calculated to confer upon the community. Indeed, in some States the taxation methods are so prohibitive and vexatious that the companies (not only life but fire) have been forced to withdraw their business from those States.

The conclusion which we must draw from the facts pointed out in the paper above referred to is that a great modern institution—an institution which probably has done more to counteract the inequalities of wealth which arise from the vicious social conditions of to-day than any other single agency—the institution of life insurance, is seriously hampered and imperilled by a perverted system of taxation which visits the sins of the guilty upon the innocent and, in the name of protection, throttles defenseless people. The insurance interest, of course, are loud in their complaint, because they cannot do as much business as they would if insurance were free of taxes. Very likely insurance men as a whole would say that if only the burden on insurance was taken off the system of taxation would then be a perfect one. And the same with every other interest which is directly hindered. But the single taxpayer sees in instances like these only the individual links in a chain of injustice which must press round the neck of every man who has his living to earn, until the public mind awakens to the fact that taxation is, as above stated, a debt due to the community for the use of some natural, exclusive opportunity for wealth-production, and hence not chargeable to the laborer (by hand or brain) as a laborer. An Irish chieftain in olden times wrote to a rival chieftain in these terms: "Pay me tribute or else—" The prompt reply was: "I owe you none, and if—" If every laborer (by hand or brain) were to reply to the tax-gatherer in these terms, we should hear no more of unjust taxation. Thrift would then go unpunished; the simple-minded fellow that thought he was doing an innocent thing in insuring his life would be left to hug his delusion undisturbed. The tax-gatherer would not fail to find shoulders broad enough to bear the burden, and shoulders, too, that could not shake it off.

The Assassination and its Lessons.

BY THE EDITOR.

All great tragedies are built upon human stupidities. The brutal, treacherous killing of the Chief Magistrate of the nation was stupid by its purposelessness. The poor unbalanced, blood-stained creature who ere this shall reach many of our readers will have paid the penalty of his shameful deed, sees the man he killed shrined and sanctified in the hearts of his fellow-countrymen, his errors condoned or forgotten, his friends joining hands with his former enemies to guard his dying bed and to rescue his memory from aspersion, and the policies he stood for more firmly entrenched than ever. Before that awful tragedy and the President's heroic end no true man in all the world is his enemy. The tears spring unbidden to the eyes, the emotions tug at the heart, and the words by which we would again weigh the far-reaching results of those policies which mark a departure from the principles of the Fathers of the Republic and away from safe Constitutional precedents remain unuttered. In the presence of the dead who was our chosen a reverent silence only is befitting. The assassin has