thought of Mr. Wilson in this matter and that cabinet slates built up out of lists of campaign workers are the work of idle pastime.

Mr. Bryan's habitual care in expressing himself is noted in what we have taken from his article. It does not intimate whether he intends to seek an elective or to accept an appointive position, but makes it plain that if he does so it will be on the ground that he can serve the people in the position so sought or accepted and not that he has done so. This is the position of an eminently self-respecting man.—Knoxville (Tenn.) Sentinel.

THE CABINET

That cabinet positions ought not to be used for the payment of political debts or in requital of personal services, but should be made for the good of the country and the party as a whole, is the view taken of the task in which the president-elect is engaged by Mr. Bryan. This is set forth in the current number of The Commoner, and may be regarded as Mr. Bryan's way of letting it be known that his own case has not yet been disposed of.

That he is not quite clear as to the desirability of being placed at the president's council board, is indicated by the remark that "an individual, if he had proper motive for working, finds sufficient compensation in the triumph of ideas, principles and policies." This seems to mean that there are some gentlemen embarrassing the president-elect by their so-called claims, and that he, Bryan, is not one of them. None the less, it is true that a great majority of democrats would like to see Mr. Bryan made secretary of state.—Brooklyn Citizen.

SUBSTITUTES FOR THE PERSONAL PROPERTY TAX

(Continued from Page 5.)

tangible property is discriminated against in the way the assessment is made. The assessor must perforce "estimate" the value of lands, live stock, or household goods, and everybody knows how generally his estimates fall short of the true value. Not so of mortgages or money on hand or on deposit. There is no room for estimate. A dollar is a dollar here, and so it goes on the schedule. And the result is that while it might easily be shown that such property, entirely aside from the question of double taxation, because of its less stable character be taxed at a lower rate than land, it is as a matter of fact, taxed at an excessively higher rate—when listed!

The matter of evasion by undervaluation is so vital that it may be well to consider it for a moment. After the 1903 revision of our revenue law the assessors were required to list property at its true value, one-fifth of which became the assessed valuation. In 1904 the broom was new and it ought to have swept clean; and yet an investigation made by Mr. T. A. Polleys of the C. St. P., M. & O. R. R. Co., showed that the "true value" returned on lands other than lots, was 85 per cent of the value as disclosed by the transfers and by bankers' estimates. Further investigation in 1907 showed that the returned value was only 75 per cent of the true value. One would expect for various reasons that the undervaluation has since become more marked; and the census figures of 1910 indicate that this has actually taken place. The census gave a value to lands and buildings (exclusive of town lots and the improvements on them) of $1,811,557,000. The assessed valuation of this property that year was $203,346,658, which multiplied by five for the full value found, would be $1,016,733,000, or about 50 per cent of the value ascribed by the census. The average assessed valuation of horses in the state is $16.46, which means a true value of $82.30. A syndicate could probably be formed to take them all at an advance on that.

These cases of undervaluation are cited to show how the difficulty, already great enough where all property is assessed at its full value, is greatly increased, when the tax officers try to reach intangible property. The higher rate made necessary by undervaluation makes a heavy tax on property assessed at its full value. Some of my students have figured out that a resident of Lincoln under last year's tax-rate would have to pay 27 per cent of his income from a 6 per cent mortgage in taxes, and 40 per cent of the income from a deposit in a savings bank drawing 4 per cent. Now an Englishman is pretty well inured to the burden of paying taxes; but he feels that his load is grievous when his income tax reaches a shilling in the pound, and that is only a 5 per cent tax. The highest rate imposed by our civil war income tax was 10 per cent on the largest incomes; and that was regarded as confiscatory and led to much evasion. It is little wonder that a 27 per cent or a 40 per cent tax drives property that can be concealed into hiding.

For dealing with this situation three proposals have been put forward:

1. Strengthen the law, making the penalties for evasion more severe, and above all improving the administrative side. Such proposals usually take the form of a tax-inquisitor, or ferret, law such as Ohio has had for a number of years. This plan is proposed with much less assurance than it formerly was for the simple reason that it doesn't work as expected. It works in "spots," those who are ferreted yield up; but the ninety and nine who are not ferreted do not. I can not discuss all phases of such laws but will put it to the test that must always be applied to a revenue law —that of getting the revenue. The statistics for Ohio show that the law has failed to uncover the property. In 1881 the assessors listed 150.3 millions of money credits, and securities; in 1893 they found 162.5 millions; by 1906 the amount declined to 148 millions, and by 1909 to 137.4 millions.

2. The second proposal is to exempt such property and make up the deficiency by an increase of taxes where they can not be evaded. This is the plan that has been adopted in the state of Washington. Some would push the increased burden upon land; others upon business in one form or another, especially in the form of corporation taxes; others still would derive more revenue from inheritances. It is beyond the purpose of this paper to discuss these proposals; but this much may be said: with rapidly growing expenditures, bound to continue in the future, these sources of revenue are sure to be needed, and those charged with the duty of providing revenue are naturally reluctant to abandon the tax even though fraught with injustice. In this state it would mean, according to the 1910 assessment, the surrender of a valuation of about 20 millions. The largest item, however, was mortgages ($7,249,134.) no doubt largely secured in the state and hence soon to be practically exempt.

3. The third plan of dealing with intangible personalty is to subject it to a lower rate than is applied to other property. The plan is sometimes called "classified property tax." It may be opposed by the advocates of exemption on the ground that any tax is unjust; it may be opposed by the advocates of the general property tax on the ground that all property should be treated alike; it may be objected to by both that it rests on no principle except that of expediency. It must be admitted that the plan contains no fundamental reform; that it aims at making tolerable a situation that is now intolerable; that it is the practical next-step toward a more equitable apportionment of the tax burden. It does not compel a search for a new source of revenue. By adjusting the rate on intangibles—by charging only "what the traffic will bear"—more property will be listed and an equivalent or increased revenue will be secured.

This has been the experience where the plan has been tried. In 1905 New York adopted a new method of taxing mortgages. They had previously been taxed as personal property. The law substituted an annual five-mill tax, uniform throughout the state. The next year this was changed to a recording tax of the same rate (50 cents per $100) paid at time of registration and thus freeing the mortgage from future taxation. The revenue is divided equally between the state and the country. The following table shows the amount paid into the state treasury since the law has been in effect.

Year (ending June 30)	State Revenue
1906	$ 431,323.17
1907	2,442,249.73
1908	1,666,527.51
1909	1,844,821.45

In 1907 Minnesota enacted a registry law similar to that of New York. According to the report of the state tax commission it has resulted in "greater revenue and greater equality in the taxation of mortgage securities."

Pennsylvania was a pioneer in the separate treatment of intangibles. A uniform tax of 4 mills is levied on intangible property throughout the state, including mortgages, money at interest, judgments and notes and also stocks and bonds except otherwise taxed by the state. It is assessed and collected by local officers and one-fourth of the net proceeds goes into the state treasury. The result of the low rate has been to bring out a large amount of this form of property. In 1885 the assessors found but 145 millions of intangible property. A stricter assessment law enabled them to find in 1888 $429,800,00; and while in most states little or no growth in this form of wealth is shown by the assessment rolls, in Pennsylvania there has been a large and constant increase, as shown by the following:

Amount of intangible property locally assessed in Pennsylvania: 1885, $145,300,000; 1888, $429,800,000; 1891, $575,300,000; 1894, $613,900,000; 1897, $673,700,000; 1900, $722,900,000; 1903, $847,100,000; 1906, $932,900,000; 1907, $1,014,000,000; 1909, $1,140,000,000.

These figures are in striking contrast to those quoted above for Ohio showing since 1893 a decrease from 162.5 millions to 137.4 millions in 1909.

In 1911 New York extended the principle of her recording tax on mortgages to those secured outside the state, and stocks and bonds not otherwise taxed by the state. No assessment has yet been made to show the effect on uncovering property subject to the new tax, but it is safe to predict that the amount will be very large. Last year the Minnesota legislature passed a law exempting money and credits from the general property tax and subjecting them to a uniform rate of three mills for the state. Though the act went into effect only a few days before the 1911 assessments began and was poorly understood by taxpayers and assessors alike, there was listed $115,500,000 of this class of property against less than 14 mil-