

Taxation of Private Corporation For Public Purposes.

Remarks of Hon. Leonard Rhone, of Centre County, in the House of Representatives Thursday June 4, 1885.

Mr. Speaker: The bill under consideration is a measure of justice and equity, and it involves the liberties and equalities of the citizens of the State.

A system of taxation cannot be just which considers only one class of industries, and imposes upon it almost the entire cost of Government; no system of revenue can be right that does not regard all the sources of wealth in the relation they sustain to each other and to the Government. It is greatly to be regretted that all the revenue bills which have been submitted to this House have taken into consideration only one department of the State Government; and most unfortunate indeed, that in the principals incorporated in these measures no way was devised for supplying the deficiency in our revenues occasioned by relieving some pursuits from the burdens of Governmental support. When the income of the State is diminished in one direction care must be taken to secure revenue from other sources better able to contribute a just and equitable proportion of the necessary expenditures of Government.

It is now a question whether the rights of private property shall be protected, or our rural homes shall be swept away from their present owners and individual happiness and prosperity be destroyed in order to further enrich the insatiable greed of corporate power.

Society is formed for the protection of the individual, and governments are formed for the protection of society. To carry on governments, revenues must be raised. These revenues are secured by levying contributions upon the persons and property of the citizens. This is taxation. It is therefore, the duty of all who enjoy the protection of government to pay their just proportion of taxes toward its maintenance and support.

Governments, then have the right to impose taxes upon their citizens sufficient to defray the necessary expenses; but the burden of these taxes must be equitably distributed, or what was a right in the government and a duty in the citizen becomes unwarranted usurpation in the former, and an unjust imposition upon the latter.

TAXATION WITHOUT REPRESENTATION.

The grievance which impelled our Revolutionary fathers to take up arms against the mother country is no more flagrant encroachment upon the rights of the individual than is the imposition of an unequal or discriminating taxation.

The framers of the present Constitution of our Commonwealth recognized this important truth, and by sections one and two of article ninth, strove to avert the dangers it suggests. Section one declares that "All taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws," etc.; and section two, that "All laws exempting property from taxation, other than the property above enumerated, shall be void."

The tax laws as they now stand upon our statute books usurp the rights of the people by the unequal and, consequently, unjust distribution of the burdens they impose. They deprive our citizens of the right to tax for local purposes the one hundred and fifteen millions of dollars of money on interest returned, which is scarcely a tithe of the sum thus invested. They exempt from taxation for the same local purposes the capital employed in mercantile pursuits, and also that employed by corporations, the former aggregating at the lowest estimate one-tenth, and the latter three-fourths the value of the real estate in the state, exclusive of the millions of dollars invested in corporate bonds, which are absolutely exempt from all taxation. They collect three hundred and one thousand dollars taxes from mercantile capital, three million and eighty-four thousand dollars from corporate capital, and about five million dollars from all other personal property in the state; while they impose a burden of more than thirty millions on the real estate in the Commonwealth.

Shall these laws remain longer in force? Should not others more just and equitable in their provisions be substituted for them? The people, by the flood of petitions they have poured in upon us, answer this latter question in the affirmative, and in their name the bill under discussion, is presented to this House for its consideration. We rest its merits upon the principles contained in the provisions of the constitution which we have quoted; and without further discussion of them at this time, proceed to answer some of the objections urged against it.

Among some of the principal objections that may be urged against this bill is that it will drive capital from the State. This proceeds on the assumption that all the working capital of the State is employed by corporations. But it has not yet been shown, and we do not believe that it can be shown, that this would be the effect of the bill. This allegation admits the fact that capital employed by corporations cannot compete with that employed by private firms or individuals without being paid a royalty or subsidy in the shape of exemption from taxation. If this be true, then ought it not give place to private capital?

Again, it is urged as a reason why real estate should continue to pay the taxes of manufacturing corporations, that they create a home market for agricultural products. Now, plausible as this may seem at a casual view, it is true in only a limited sense. In the first place, the unjust discriminations made by the transportation corporations enable the Illinois farmer to compete successfully with the Pennsylvania farmer at his own home market. And especially when we come to scrutinize the matter still more closely, and apply it to a particular locality, we find the benefits of these home markets to be limited to a very contracted area. The value of real estate, especially that used for agricultural purposes, is not enhanced ten percent, by reason of being located within twenty miles of the great manufacturing centres of Pittsburgh, Johnstown, Harris-

burg, Reading or Philadelphia, by reason of these discriminations.

Yet granting for the sake of argument that the bill might have a tendency to cause capital employed by corporations to seek investment elsewhere, would not its place be rapidly supplied by individual enterprise? Is it not the fact that the monopoly which the favoritism of our tax laws has given to corporate capital has done much to drive individual capital out of business? Our railroads, by their system of rebates, have long since wiped out the individual shipper. Our great coal combinations have closed and barred the mines of the individual operator; and the mammoth manufacturing corporations, of almost every class, have killed off the smaller establishments, and thus suppressed the spirit of private enterprise.

And what has been the gain and the loss of thus paying a premium upon this species of capital by exempting it from its just proportion of taxation? It is true that corporations have added much to the general welfare and prosperity of the State but cannot the same be as justly said of the individual business enterprise of our people? Does not every successful business man contribute his portion to the commonwealth, and is it not this, after all, to which we must look for all substantial and permanent advancement?

I shall never surrender the proud fact that it is to the combined energy and enterprise of the individual citizen of our great Commonwealth that she owes the exalted position she occupies among the sister Commonwealths of the Union and that upon this, and this alone, has she leaned for support in her hour of trial. There was a time, doubtless in the history of our State when it was necessary to confer special privileges upon corporations in order to concentrate capital for the accomplishment of extensive enterprises but, that time has long since passed. Such a course is always open to serious objections as it is a violation of the natural laws of trade, an encroachment on the rights of the individual, and like some of the measures of the late war can only be justified by the urgent necessities of the case, and should not be to exist for a moment longer than those necessities continue. It will not be denied that corporate capital has enjoyed the fostering care of the State as no other form of capital has. A glance at our statute book settles that fact. The benefits which it has conferred in return ought therefore to be greater than that of all other capital combined. But what does the statement of the accounts show? While some of our large manufacturing corporations have here and there built a town and enhanced the value of land in its immediate vicinity, have they not destroyed the same business conducted by individual enterprise in a score or fifty other localities? A few colossal fortunes have been gathered from a source which before yielded a thousand frugal competences.

That the people of our sister States are becoming impatient with similar grave facts is shown by the joint resolution reported by the Committee on Railroads and Canals, to the House of Representatives of the New Jersey Legislature, on the 19th of March, 1885, which reads as follows:

That for the purpose of encouraging the building of Railroads and Canals, the Legislature has granted certain exemptions and immunities from taxation, reserving, however, to the State the power to repeal the charters, and, in some cases, to take the Railroads and Canals at the expiration of fifty years; that this policy has existed for fifty years and the immunities granted have, in some cases, been an entire exemption from taxation for many years, and in other cases have been the fixing of a rate of taxation less than that born by other taxpayers; that the policy of the State has fully accomplished its purpose in the successful and profitable developments of the Railroads and Canals of the State; therefore,

Resolved, That the time has come when all such immunities and exemptions should cease, and that any further continuance of the same is unjust to the people and endangers the welfare of the State; and the State hereby declares its purpose to bring to a speedy end all such immunities and exemptions, either by the enforcement of the general law respecting taxation, the repeal of the charters of such companies, the taking of said Railroads and Canals, or the condemnation of such alleged contracts, if any exist, and by such other powers of the state, as it may be expedient to employ, to the end that just taxation may be established throughout the State.

[Concluded next week.]

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—JAMES VICK (See WILBERIES).—This new and valuable berry originated with Samuel Miller of Bluffton, Montgomery county, Missouri. As a seedling it attracted attention by the unusual glossiness and vigor of its foliage, before it fruited, and this vigor and strength of growth has to a still greater degree appeared in its enormous bearing qualities.

The berries are nearly round, of uniformly large size, deep scarlet and of excellent flavor. In respect to its keeping qualities, it is among strawberries what the Hansell and Souhegan are among raspberries. Its fruits have been known to stand on the vines a week after becoming ripe, without softening or rotting. It is not only a stand-by for family use but for a market berry it stands pre-eminently at the head. The originator of this berry is well known as a horticulturist, having originated the Martha Grape and other fruits of great value. He has never sent out a new variety which has not taken its place in the front rank and held it, and the fact that he has allowed the James Vick to come before the public as one of his seedlings is of itself evidence of its excellence.

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* While the diagram shows some of the alum powders to be of a higher degree of strength than other powders ranked below them, it is not to be taken as indicating that they have any value. All alum powders, no matter how high their strength, are to be avoided as dangerous.

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