

must necessarily be confided to the discretion of its administrative officers, and it can be productive only of mischief, in the treatment of such questions, to substitute the discretion of strangers to the power, in place of that of the officers best acquainted with the necessities of the case, and to whom the Legislature has specially confided their exercise."

One morning, after the second music-hall was finally closed, McGlory, addressing a crowd that stood about the door, said: "I think the guys up the street [referring to the Paulist Fathers] are on the

level when they won't let these double-chested fellows here open."

There was much humor about the whole fight. Anyhow, it has resulted in the triumph of law and order and decency. There is no more wholesome section of the city to-day than this. The Police Department deserves the credit. Without exception, from the Commissioner down to the vigilant patrolman, they stood by the law-abiding citizens of the district. The moral of it all is that if the best citizenship holds up the arms of the police, they can always be counted on to do their full duty.

## The Tax Problem in Wisconsin

By William J. Anderson

(Formerly a Member of the Wisconsin State Tax Commission)

**I**N its general features the tax problem in Wisconsin does not differ widely from that of the other Middle Western States. There is a lack of uniformity in the valuations placed by assessors upon the same kinds of property in different counties, and in the different towns of the same county; a large percentage of intangible personal property escapes the assessor; manufacturing properties are assessed below the average of real estate, and there is, throughout, the confusion incident to the effort to adapt a primitive system to the complex property conditions of the times. Besides these general features, however, is the question of the taxation of public service corporations, particularly railroads. It is the present status of this question which differentiates and really determines and defines the problem in this State.

That this feature of the problem is of paramount importance at the present time is due to several causes. What is known as the general property tax is the system in force in Wisconsin. For many years, however, the railroads and some other corporations of the same class have paid, in lieu of all other taxes, a certain percentage of their gross earnings. This license fee, as it came to be called in 1860, is paid directly into the State treasury, and those corporations are thus exempt from local taxation. The percentage method of taxing railroads was instituted in 1854. It does not appear

that it was contemplated that railroads should pay either more or less by this method than if taxed on the ad valorem basis. But inability to make satisfactory comparison between the amounts paid by them and the property taxed by the ordinary method very soon led to the belief that the railroads were (or might be, at least) paying less than other property. Thus it came about that, almost from the time the new method was adopted, up to the time of the organization of the present State Tax Commission, there had been more or less dissatisfaction and agitation over the question. A partial record of this agitation is to be found in the changes made in the law. It was first enacted by the Legislature of 1854, a charge of one per cent. of the gross earnings being imposed as a license fee; in 1859 some slight changes were made; in 1862 the rate was advanced from one to three per cent.; in 1874 the rate was advanced to four per cent.; and in 1876 the law, substantially as it is to-day, was passed. The roads were classified according to their gross earnings per mile, and four per cent. was made the maximum rate. Since 1876 there has scarcely been a session of the Legislature in which the subject of railroad taxation did not come up in some form.

When the present State Tax Commission was created by the Legislature of 1899 and charged with the duty of securing "improvement in the system and an

equalization of taxation in the State," railway taxation was the dominant feature of the problem confronting them. The same was true when, after the death of one of its members, the Commission reorganized and began active work early in 1900. There was no doubt in the minds of those who had followed the course of tax discussion as to what phase of the problem should first engage their attention. There were political considerations which made it prudent to take up the railroad question first, but more important than these was the economic necessity for doing so. In no other way could a foundation be so well laid for remedying the other evils of the tax system. Moreover, such was the general feeling on the subject that the work of the Commission would have been discredited in advance had any other phase of the problem been given first place. The condition, therefore, was not of the Commission's making, and, in relegating to second place the other features of the problem, they believed they were not deceived as to their relative importance.

Whether the railroads were bearing their just share of the tax burden the Commission conceived to be solely a question of fact. As taxed, these corporations were contributing about one-twelfth of the total revenue, including State and local. Real estate was paying about nine-twelfths of the total amount. It was believed that if the actual value of these two classes of property could be ascertained, a simple and fair comparison of their taxpaying abilities might be made. These values were ascertained and the comparison made by methods that were simple, though they involved an enormous amount of work. The average market value of all taxable real estate in the State, for five years, was computed upon the actual sales made and reported annually by the registers of deeds of the seventy counties to the Secretary of State. The township or assessment district was taken as the unit of computation. The total number of sales used was 123,124, which represented the transfer of about twenty-three per cent. of all the real property of the State. The average aggregate value of the taxable real estate of the State for five years was thus found to be \$1,193,000,000.

The value of the railroads was computed mainly upon the market quotations of the stocks and bonds of the various corporations. One computation was made to ascertain the value for one year; another to get the average value for three years; still another to get the average value for five years. Where, as was the case with several branch lines, the securities were not listed, the values were determined by capitalizing the net earnings. This latter method was used also to test the accuracy of the values obtained by the stock and bond quotations. By these methods the total values of the various roads were ascertained, and the value in Wisconsin was computed on the mileage proportion. The aggregate value of the roads in Wisconsin was found to be (taking the five years' average) \$218,000,000. The Commission based its recommendations for an increase in the tax of the railways upon the five years' average, for the reason that the real estate aggregate was a five years' average, and for the further reason that it was believed that any inaccuracies growing out of erratic market fluctuations would be practically eliminated by taking so long a period.

Without going further into detail as to the method of making the comparison, and its results, it is sufficient to say that if the railroads had been taxed the same as real estate and personal property, they would have paid into the State treasury in 1899 the sum of \$2,402,312.81, instead of \$1,546,720.69, which is the sum they actually paid. It was upon this showing that the Tax Commission, in their report to the Legislature in January, 1901, recommended that the tax burdens of the railroads be increased \$600,000 a year. It was also recommended that the present method of taxing the railroads be retained, at least until it were given a trial under conditions that would secure from the railroads an amount equal to what they would pay if taxed on the ad valorem basis.

The recommendations for an increase in railroad taxes, with those for an increase in the taxes of street railway, telephone, and telegraph companies to the amount of \$150,000, came before the Legislature in the form of bills, and all were defeated. They were defeated in the lower house, where they were introduced, and where, it was believed, the

tax-reform sentiment was strongest. In the hearing before the legislative committees the railroads based their opposition to the bills on two grounds. They held that to insist upon the tax burden of the railroads being made proportionate to that of property taxed on the ad valorem basis, while a large amount of personal property escapes taxation entirely, would be unjust. Their second contention was that the Commission had taken an inaccurate and unfair method of ascertaining the value of railroads.

It is not surprising that the public discussion of the question before the Legislature, following the report of the Tax Commission last winter, has largely increased the interest in it. This interest is centered chiefly in the railroads, but the street railways and other public-service corporations come in for their share of attention. It is clear that, whether it is desired or not, the question is likely to be the leading issue in State politics for some years, or until it is adjusted. How soon such an adjustment may be brought about no one cares to predict. The status of the question at this time certainly does not offer a pleasing prospect. The situation does not call for the denunciation of any men or interests, but it does demand the serious consideration of all who are interested in the welfare of the State. What both the railroads and the friends of tax reform have to fear is extreme legislation of a retaliatory nature against the railroads. The danger here does not arise from the fact that the tax burdens of the railroads have not been increased, but rather from the methods used to effect a postponement of action on the subject.

After giving the railroad interests due credit for sincerity in making the claim that they are now bearing their just share of the public burden, it yet remains to be said that they have not treated the orderly effort made by the State through the tax commission to adjust the matter with the seriousness and candor which it deserved. The demand for tax reform which found expression in the creation of the Tax Commission was, from its inception, so manifestly conservative and fair that the railroads might well have taken a different attitude toward it. Those who were interested in tax reform for its own sake have

not from the beginning of the movement failed to appreciate the serious nature of the problem confronting the railroads. They have realized that it is not merely the increase in taxes in Wisconsin which is involved, but the additional burden which would surely be added in adjoining States. Beyond these, again, is the still more serious possibility of State supervision of rates; for the final adjustment of the tax problem will hardly be made without involving in some measure the question of rate supervision. These two problems, though but remotely connected now, may develop very close relations in the future. It is not meant to imply that the railroad interests themselves do not appreciate their own problem. Their fault lies in not recognizing that the State also has a serious problem, and in continuing their short-sighted and trifling policy in dealing with it.

In all their contention before the Legislature last winter the railroad interests did not go into the merits of the questions involved. These questions, briefly summed up, were: (1) Are the railroads in Wisconsin paying taxes equal to the amount they would have to pay were they assessed and taxed by the same rate and method as the other property of the State? (2) Should railroads be called upon to contribute to the State revenues, by any method, as large an amount, proportionately, as real estate or personal property? The nearest they came to dealing with the first question was to assert that the railroads were paying relatively more taxes in Wisconsin than in any of the adjoining States. The second question received no consideration. If there are reasons based upon sound economic principles why public-service corporations should not contribute to the public revenues an amount proportionate to that paid by other classes of property, they were not brought forward, and apparently have never been sought for by the railroad interests. This is but another way of saying that the railroads have never yet in this State treated the subject as a well-defined economic problem to be dealt with scientifically, but have contented themselves with the short-sighted policy of postponing action from one legislative session to another.

# Religious Life in America

## V.—New Tendencies in the Old South

By Ernest Hamlin Abbott

**I**N most of the sermons and religious addresses I heard in the South the conception of religion seemed to be that of a preparation for a world to come rather than a mode of earthly life. The matter for chief concern seemed to be, not for the relation of the individual with his God and his fellow-men, but rather the condition of his soul after death. In respect, therefore, to religion which did not deal primarily with the affairs of a rational existence in this world, congregations seemed to be expected to suspend their reasoning power and put in its place an unquestioning credence, called faith in the formulas, always purporting to be derived directly from the Bible, which set forth the way to attain a happy eternal destiny. It would be a mistake to infer from this that I found religion divorced from morality. On the contrary, nowhere have I heard moral precepts more explicitly, even dogmatically, asserted than by Christian people of the South. But these precepts seemed to be regarded either as tests for ascertaining the sincerity of conversion or as rules more or less arbitrarily imposed upon believers. Religion was considered to be not so much motive infusing all life as one of the departments, though to be sure the chief department, of existence.

This view of religion may account for the fact that I found religion easily alluded to under all sorts of circumstances. A group of men in a Georgia city club, their "high balls" being all the while brought to them in rapid succession by the waiter, were as ready to mention, and dismiss, the subject of religion as the subject of college education or initiation into the ancient order of "Buffaloes."

The prevalence of this view of religion makes it easy to understand why there is so large a proportion of church membership to the population in the South. It is much simpler to forego the right of rationalizing religion and keeping aloof from the church if one is assured that by

joining the church one need substitute unquestioning credence only in regard to a future life considerably removed from every-day affairs. In Richmond, Va., the Secretary of the Young Men's Christian Association, a Pennsylvanian, told me that it was almost impossible to find men who would do personal religious work. On the other hand, both from testimony and from direct evidence, I was convinced that both church attendance and church membership were natural and expected. The secretary I have just mentioned, in the same breath in which he deplored the lack of spirituality of the young men of Richmond, declared that it was "the thing" there for men to belong to the church. Others, more intimately associated with the city—one, for instance, a physician, whose conversation leaned more naturally to the race problem in its pathological aspects and to politics than to religion—told me without qualification that this was true. On the Sunday that I spent in Richmond I attended the morning service of a Baptist church. The congregation filled the pews. I was ushered to a pew toward the front, where I was shown every courtesy by the occupants. It was Communion Sunday, and as the church practiced "close communion," I withdrew at the end of the preaching service; but, for the first time in my life under those circumstances, I found myself in the minority. The majority of the congregation—and I do not think my judgment regarding this is at fault—remained for communion. This experience helped me to understand why, upon entering my room at the hotel the evening before, I found lying on the table two books which at first I thought had been left there by some previous occupant of the room, but soon discovered to be a Prayer-Book and a Testament and Psalms, the property of the hotel.

About this ingenuous regard for the externals of religion there is the same elusive charm that hovers over Southern