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Article Summary: When a graduated income tax was proposed, Moore wrote a series of letters to congressmen asserting that above a minimum income every American should pay ten per cent in taxes. This proposal from Nebraska's first millionaire brought negative responses from the congressmen.

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Photographs / Images: Senator Gilbert M Hitchcock, Senator George W Norris, R E Moore in his office, Representative Dan V Stephens

R. E. MOORE AND THE INCOME TAX OF 1918

BY RUTH MOORE STANLEY

ONE of Nebraska's leading financiers in the twenty-five years between 1890 and 1915 was the self-made millionaire, R. E. Moore, founder of the Security Investment Company which stood for many years on the northeast corner of Thirteenth and N Streets in Lincoln. A native of Illinois, Moore had first seen Nebraska in 1869, while on a trip to explore the Grand Canyon with famed Major John W. Powell, his geology professor at Illinois Wesleyan University in Bloomington.¹ In the summer of 1869 Robert Emmett Moore was nineteen years old and had just received a B. A. degree from Illinois Wesleyan; after two more years, during which he studied law in Bloomington and Champaign, he was admitted to the

¹ From biographical notes on R. E. Moore submitted to the Nebraska State Historical Society, Oct. 12, 1940, by W. H. H. Moore (b. 1888), a nephew, son of John H. Moore (1853-1927). Major John W. Powell (1834-1902) was later the first director of the U. S. Geological Survey and also of the Bureau of Ethnology. Among his numerous writings was the 1879 report, *Lands of the Arid Region*, which designated the hundredth meridian as the western limit of arable land.

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bar in Illinois.² In other words, the self-made millionaire was not self-educated. His father, originally a pioneer circuit rider and later presiding elder of the Methodist Church in Illinois, was, through habits of thrift and fortunate real estate investments, sufficiently well off by 1865 to send several of his children to college.³

R. E. Moore was strictly on his own, however, when he arrived in the village of Lincoln to begin a law practice in the autumn of 1871. He gladly accepted a post as justice of the peace in order to make ends meet while getting started in the legal profession. He was not discouraged; Lincoln, Nebraska still seemed a far likelier spot for a young lawyer with political ambitions than had well-settled Bloomington, Champaign-Urbana or Springfield, which were already teeming with lawyers and politicians.

Whether R. E. Moore also hoped for wealth in these early years, we do not know. But the youthful dreams of a political career did not lead quite as far as the governorship of Nebraska. He was mayor of Lincoln, 1883-1885, and served as state senator for three terms (1887, 1891, 1893.) For one term, 1895-1897, he was lieutenant-governor.⁴ During the 1890's the Populist movement was reaching its height in Nebraska; in fact the governor with whom Moore served, Silas Holcomb, was a Populist. It was an odd combination, for R. E. Moore, as we shall see, was conservative Republican to the core. The star of William Jennings Bryan was rising at this time, and the Populist party by fusing with the Democrats continued to flourish in Nebraska for a few more years. All in all, Moore may

² From a signed biographical outline prepared for the Nebraska State Historical Society before 1913 by R. E. Moore. Hereafter referred to as REM's outline for NSHS.

³ From family letters of the Rev. W. H. H. Moore (1814-1899), father of R. E. Moore. Collection of the writer.

⁴ REM's outline for NSHS.

have decided after the state elections of 1896 that he had little to gain by continuing to run for public office.⁵

In addition, he had been accumulating money in an unexpected way, during the ten years since 1886. The law practice had come to an end in 1877,⁶ after a partnership of several years in a firm which included General Amasa Cobb and T. M. Marquette as senior partners.⁷ It was not that law was unprofitable; rather, the farm loan business was more so. As early as 1874, when he first took a farm loan agency for the Phoenix Mutual Life Insurance Company of Connecticut,⁸ Moore had seen the possibilities for financial gain in the buying and selling of farm lands in the developing western state of Nebraska. In 1878 he decided to form his own loan agency, first as a partnership with his brothers John H. and Thomas W. Moore.⁹ The agency—for real estate, insurance, farm loans and investments—was incorporated on February 1, 1886, as the Security Investment Company in Lincoln.¹⁰ Eight years later he told a nephew that the firm's income was \$60,000 a year;¹¹ by 1901, thirty years after R. E. Moore's arrival in Lincoln, he was a millionaire.¹²

He did not lose interest in politics as his wealth increased, but understanding that money was power, he exerted influence—some might say pressure—upon candi-

⁵ James C. Olson, *History of Nebraska* (Lincoln, 1955), refers to 1897 as "the only time [during the 1890's] when the Republicans had control of neither the legislature nor the executive office." p. 240. Also: "The destruction of Republican control, begun in 1890, was complete by 1896." p. 245.

⁶ REM's outline for NSHS.

⁷ *Nebraska State Journal*, December 7, 1921.

⁸ John M. Holcomb to R. E. Moore, June 4, 1914. R. E. Moore papers, Nebraska State Historical Society, hereafter cited as REM papers.

⁹ "Robert Emmett Moore," in *Lincoln, the Capital City and Lancaster County, Nebraska*, Vol. 2 (Chicago, 1916), p. 461.

¹⁰ From letterhead of Security Investment Company, Dec. 6, 1922.

¹¹ Papers of the Rev. E. A. Moore (1873-1949), a nephew of R. E. Moore; from a letter, Oct. 1935, collection of the writer. Hereafter referred to as EAM papers.

¹² *Nebraska State Journal*, June 10, 1908.

dates and elected officials to support measures he favored and to help defeat those he opposed.¹³ He called himself a "Lincoln Republican," perhaps because his father had known Abraham Lincoln from the time when both were youths of eighteen and together had taken goods by flatboat down the Mississippi to New Orleans.¹⁴ While Moore throughout his life was unusually sympathetic to Negroes,¹⁵ the term "Lincoln Republican" actually did not describe him as well, after middle age, as "conservative Republican." He abhorred the Populist movement of the 1890's, and later the Socialist Party of America as organized in 1901 with Eugene V. Debs as presidential candidate.¹⁶ Any plank in the platform of the Omaha Populist convention of 1892 was suspect, including the one which demanded a "graduated income tax;" and R. E. Moore thought it no coincidence that the 1901 Socialist Party platform also called for a "graduated income tax."

Moore could not get over the belief that an income tax of almost any kind was confiscatory. Many were his unknown acts of private charity, and Lincoln General Hospital was first made possible by the terms of his will in 1921.¹⁷ Sixteen years later his widow carried out his known wish when she bequeathed \$200,000 more for an addition to Lincoln General Hospital, as well as the income from the residue of her estate for its maintenance and operation. According to her will's provision, "said building shall be known as R. E. Moore Memorial [wing of Lincoln General Hospital] . . . to which at all times shall be admitted worthy poor persons . . . for hospitalization, with-

¹³ O. W. Webster to R. E. Moore, January 24, 1916; A. J. Sawyer to R. E. Moore, December 16, 1916; R. E. Moore to A. J. Sawyer (unsigned carbon) January 29, 1917; W. H. H. Moore, April 12, 1916; E. J. Burkett to R. E. Moore, April 17, 1916. REM papers.

¹⁴ Letter of Laurence Moore Byerly (1879-1965), a nephew of R. E. Moore, Dec. 14, 1955. In Laurence Moore Byerly papers, collection of the writer.

¹⁵ e. g., R. E. Moore's letter to the editor, *Lincoln Daily Star*, April 9, 1920.

¹⁶ EAM papers, 1935.

¹⁷ *Lincoln Daily Star*, Oct. 28, 1925.

out cost, fees or charges as much as possible, and without discrimination as to nationality or creed."¹⁸

R. E. Moore's money had not come to him through inheritance or by accident; he himself had made it, and he felt strongly that his ought to be the disposition of it.¹⁹ By rigid economy he had accumulated the first sum which was his own to lend along with the funds of eastern insurance companies.²⁰ After that, continued habits of thrift and "close application to business," combined with shrewd judgment and—as he himself would have to admit—the rise in real estate values as Nebraska grew, had made him in 1901 "Lincoln's wealthiest citizen."²¹ If he wanted to send secret gifts of coal to the city's poor,²² to help the Colored Orphans' Home in Macon, Georgia,²³ to award prizes for farm boys and girls through Nebraska's state college of agriculture,²⁴ to contribute a thousand dollars to the Preachers' Aid Society of Illinois,²⁵ to contribute generously to the building fund of the Plymouth Congregational Church of Lincoln, Nebraska,²⁶ such matters were, he thought, his own business. He did not like to have committees tell him what he was expected to give for the new Y.M.C.A. building in Lincoln, that he ought to buy a site for the new public library, or build a needed high school for the city.²⁷

As for the Sixteenth Amendment to the constitution which led to the 1913 income tax, this amounted in Moore's eyes to government confiscation of private property. The surtaxes of the 1913 income tax, moderate as they were

¹⁸ Will of Mrs. Emily J. Moore, filed for probate in Lancaster County Court, Lincoln, Nebraska, ca. Aug. 20, 1937.

¹⁹ EAM papers, 1935.

²⁰ *Nebraska State Journal*, June 10, 1908.

²¹ *Ibid.*

²² EAM papers, 1935.

²³ B. J. Bridges, president of Georgia Colored Industrial and Orphans Home, to R. E. Moore, November 14, 1916. REM papers.

²⁴ University of Nebraska to R. E. Moore, June 15, 1915. *Ibid.*

²⁵ Robert Stephens to R. E. Moore, Oct. 12, 1915. *Ibid.*

²⁶ C. R. Russell to R. E. Moore, July 3, 1915. *Ibid.*

²⁷ *Nebraska State Journal*, June 10, 1908.

by present-day standards (1% against all incomes above \$3,000, rising to a maximum of 6% on incomes above \$500,000), seemed outrageous and "socialistic" to R. E. Moore. He began to buy tax-exempt municipal bonds and 5% government bonds of Canada.²⁸ But then came the Revenue Act of 1916, which doubled the income tax of 1913; and less than a year later, the War Revenue Act of 1917 doubled the income tax again, bringing the first surtax to 4% and taxing incomes as low as a thousand dollars. The graduated surtax and the tax on corporation earnings were also raised, and a new graduated "excess profits tax" took from 20 to 60 per cent of whatever business earnings exceeded the 1911-1913 average.

World War I had to be financed, and by May, 1917 the United States was largely carrying the Allies' as well as its own tremendous effort. "Money was needed immediately, and . . . the income tax, with its surtax feature, offered an easy means of expanding the national revenue."²⁹ Consequently the proposed Revenue Act of 1918 sought to impose still higher surtaxes: 6% on the first \$4,000 in excess of credits and 12% on the remainder, 65% on incomes in excess of \$1,000,000. In addition, the excess profits tax reached a maximum of 30% of the net income not exceeding 20% of the invested capital, and 65% of the net income in excess of 20% of the invested capital.

R. E. Moore decided it was time to protest, and thereupon composed a two-page letter, copies of which went first to Nebraska's two senators, George W. Norris³⁰ and

²⁸ R. Ayer of Spitzer and Co., New York to R. E. Moore, March 17, 1916; Henry C. Olcott of Continental and Commercial Trust and Savings Bank of Chicago to R. E. Moore, March 23, 1916. REM papers.

²⁹ Hicks, Mowry and Burke, *The American Nation* (Boston, 1963), p. 409.

³⁰ George William Norris, Republican, of McCook, Nebraska, member of the 58th, 59th, 60th, 61st and 62nd Congresses, 1903-1913; U. S. Senator, 1913-1942.

Gilbert M. Hitchcock,³¹ and a few days later to the Nebraska congressmen and to Senator Henry Cabot Lodge.

Senator Norris, who was undoubtedly as busy as any of them, replied twice and at greatest length, but all who responded wrote conscientiously and reasonably. The letters of R. E. Moore and Senator Norris follow:

Office of
R. E. MOORE
148 So. 13th St.

Lincoln, Neb.

Hon. George Norris
U. S. Senator
Washington, D. C.

Dear Sir:—

I beg to call your attention to the fact that under the constitution of this state taxes must be levied in proportion to the amount of property a man possesses, so that no man shall pay more than his proportionate share of the public burden, gaged by the property he owns.

The present income tax law greatly departs from this principle and it is proposed to depart from it still further in the statute to be enacted by present session of congress, as I am advised. The principle is very wholesome and just, in my opinion.

The present income tax law provides a man shall have \$1000 of his income, if he is unmarried, and \$2000, if married, exempt from taxation. This would not be possible under our constitution, but granted it is expedient to allow an exemption which would practically exclude all laboring men from the burden of the income tax, we cannot believe it would be just to tax a man on a small income so small an amount, and a man of a larger income so much larger in proportion, for example, — the man with an income of \$2500 a year under the present tax, pays a tax of \$10, while a married man with an income of \$3000 pays a tax of \$20; a man that has an income of \$4000 a year, pays a

³¹ Gilbert Monell Hitchcock, Democrat, of Omaha, Nebraska, member of 58th Congress, 1903-1905; member of 60th and 61st congresses, 1907-1911; U. S. Senator, 1911-1923.

tax of \$40. A man with an income of \$5000 pays a tax of \$80 a year. On an income of \$20,000 he pays a tax of \$1180 a year. On \$50,000 he would pay a tax of \$16,180. On \$200,000 a year a man pays a tax of \$49,000 a year. A man with an income of \$500,000 a year pays a tax of \$192,680. On \$1,000,000 he pays a tax of \$475,180 and on \$2,000,000 he pays a tax of \$1,130,180.

A man with an income of \$2,000,000 or more a year pays 63% of his income. I would ask why this wide discrimination of tax is made on large incomes, as compared with small ones. Is it because men of large incomes have caused the war or because they derive more benefit from the war than other people in accordance with their income? I think both questions must be answered in the negative. No justification can be had for such an enormous tax upon men of large incomes. It is the mere exercise of the power on the part of the Government to take the money from them.

Taxes can only be justified from the amount of benefit a man receives in proportion to the taxes he pays and when it becomes an arbitrary exaction, without regard to benefit the tax payer receives, it is inequitable.

It has been the theory in the past that the benefit of property holders in the measure of taxation, is measured by the extent of the property they own.

It cannot be claimed that a man who receives only \$2500 a year cannot afford to pay more than \$10. He can pay \$50 a year, without feeling it. A man who has a net income of \$5000 a year can readily pay \$300 a year. A man with an income of \$20,000 can afford to pay \$1800 per year.

It cannot be claimed that a man who receives an income of \$20,000 a year needs all the income for living expenses more than a man who gets an income of \$100,000 a year.

If a man who has an income of \$100,000 a year paid at the same rate as a man who had \$2500, he would be obliged to pay \$1960 only instead of \$16,180 a year.

In my opinion the minimum should be lowered so people who receive more than \$500 a year, if single, should pay taxes and if married and they receive \$1000 a year should pay an income tax. I think this should start at

10% on the net income received above the amounts mentioned so an unmarried person on an income of \$1000 a year should pay a tax of \$50 and a married person having an income of \$2000 a year should pay a tax of \$100 a year and so on in proportion up to the largest income, taxing none of them more than 10% on the net income. This would be far simpler than the present complicated plan.

The enormous number of tax payers that would be included in this system would doubtless more than compensate for the loss to the revenue by reason of reducing taxes on the very large incomes. It would certainly be more just in my view.

The present system imposes a fine on prosperity. It practically says it is a crime to be rich. A crime that must be punished very severely.

I trust these suggestions will receive your careful consideration, and remain

Very truly yours,
R. E. MOORE³²

Senator Norris' reply:

G. W. Norris,
Nebraska.

UNITED STATES SENATE
Washington, D. C.

Washington, D. C.,
June 7, 1918.

R. E. Moore, Esq.,
148 South 13th Street,
Lincoln, Nebraska.

Dear Mr. Moore:

I am in receipt of your interesting letter of the twenty-ninth ultimo, and have noted carefully, your com-

³² R. E. Moore to Senator George W. Norris, June 7, 1918 (carbon copy). Copies sent to Senators G. M. Hitchcock and Henry Cabot Lodge, Representatives Moses Kinkaid, Charles Sloan, Dan Stephens, C. O. Lobeck, A. C. Shallenberger, Claude Kitchin, Joseph G. Cannon, and Charles F. Reavis. The original to Norris must have been sent on May 29, the date referred to in Norris' reply. REM papers.

ments on the present income tax law and your suggestions as to what changes should be made by the law to be passed during the present session of Congress. I note you believe that the exemption should be lowered so that a man who is unmarried should be taxed on all his income over \$500, and if married, he should pay an income tax on all over \$1,000. I note you think this tax should be at the rate of ten per cent, and that there should be no change in the rate of tax regardless of what the income might be. The effect of this would be of course, to tax a large number of very poor people, whose incomes are small, and relieve large incomes that are now taxed at higher rates than ten per cent. This would mean in my judgment, a very large reduction in the amount of revenue we would obtain. I have noted carefully, your argument that the rate of taxation should be the same for rich and poor, and that there is no reason why a man with a small income should not pay a larger tax than he is now compelled to pay. I have great respect for your judgment, and know that you are a man of wide experience and large business activities, but I cannot agree with your argument or your conclusion. I think your plan would result in giving us an army of paupers. It would be simply impossible for a man supporting a family under the present high cost of living, and whose salary is small, to pay the amount of taxes that such a plan would require him to pay, even though in each individual case the amount might be comparatively small. I know of many instances in this city, where heads of families, getting salaries of from \$1,000 to \$1,500 per year, are absolutely unable to make both ends meet. It is simply an impossibility to buy the food and clothing necessary for a family, at present prices, with so small an income. Sickness brings absolute destitution. I could give many instances that come within my personal knowledge. I presume Washington is a little worse than other places, but the cost of living has as everybody knows, been advancing at an alarming rate, and the indications are that it will go still higher as we are compelled to issue more bonds to carry on the war. It seems to me you do not give consideration to the all important problem that is before us when we undertake to draft a law to raise revenue, — and that is, we must raise the needed revenue. We cannot get the money where it does not exist. If the man with an income of \$1,000 is unable to pay his taxes, putting him in jail for the offense will not produce the money. The old saying is applicable here: "You cannot squeeze blood out of a turnip,"—so it is useless to levy a tax upon

those people whose conditions are such that it is utterly impossible for them to pay it. Such an attempt would not only fail to produce the money, but would bring about discontent, hardship and suffering, and induce failure in our war activities. We ought to give consideration in levying an income tax, to the ability of the man who has it to pay. We must give such consideration if we are to succeed in raising the vast amount of needed revenue without inflicting too much hardship upon the people. We should consider not only the amount of tax imposed, but we should take into consideration what the man has left after he has paid his tax. Under your plan, the man with a family to support, who has an income of only \$2,000 would have to pay an income tax of \$100. The man with a family, who has an income of \$20,000 would have to pay an income tax of \$1,900. This would still leave the man with an income of \$20,000 the sum of \$18,100. Upon this any reasonable man under any ordinary circumstances, could live not only in comfort, but in luxury, and lay aside a snug sum for a rainy day, — but the poor devil who has to sacrifice in food and other necessaries of life to make both ends meet, would be crushed down in the worst kind of poverty and suffering. He might be willing to pay, but it would be an impossibility. If the man with the income of \$20,000 is really patriotic would he not be willing to give a larger proportion of his net income to his country? It is necessary that he do so, because we cannot raise the needed revenue otherwise. He should as a matter of fact, be glad for the opportunity, because in many instances, the large incomes have to a great extent, been brought about as a result of the war.

In these times, every man, woman and child should be willing and ready to sacrifice not only the luxuries, but many of the comforts of life, in order to bring victory to our cause. If we are going to put additional burdens on the shoulders of the poor to relieve the rich, even though we might ultimately win the war with such a financial program, the close of the war would find our country in a condition that in my judgment, would be as ripe for revolution as Russia itself. It would simply mean that those who are fortunate enough to have large incomes would be much richer at the close of the war, than they are now, while those less fortunate, who are compelled to do most of the labor, would find themselves paupers. This class of people would of course, be the most numerous, and the very men of wealth who had profited by this kind of

a plan to finance the war, would find when peace came, that the millions of hungry and shivering people would not have the respect for property or property rights that should exist in every well balanced country. My own idea is that instead of increasing taxation upon those whose incomes are small, we must go still further in levying taxes upon large incomes. To my mind, if we discard all other questions but that of necessity, we would have to do this. The only alternative would be to raise a larger proportion of the needed revenue by selling bonds, which would as you know, mean still further increase in the cost of living, and additional burdens upon those who are even now finding difficulty in maintaining themselves and those dependent upon them. I can see no other way out of it, and it seems to me that all of us should unite in this determination: first, that all those who are of proper age and physically able should fight, — make the supreme sacrifice if necessary, and, second, that all others should sacrifice their entire incomes if necessary, beyond a reasonable living. I have received many letters from people of large incomes, who agree with this plan, and who say that they are willing to give up all of their incomes and if necessary, part of their capital. It seems to me this is the patriotic viewpoint to take. I believe we ought to be willing to do it, but further than that, I believe that the stern realities of the fact is going to make it necessary for us to do it.

With kind regards, I am

Very truly yours,

G. W. NORRIS³³

R. E. Moore's answer to the above letter is missing from the files, but its contents may be readily guessed by reading the senator's reply of June 17:

³³ *Ibid.*

G. W. Norris
Nebraska

UNITED STATES SENATE
Washington, D. C.

Washington, D. C.,
June 17, 1918.

R. E. Moore, Esq.
148 South 13th Street
Lincoln, Nebraska

Dear Mr. Moore:

I am in receipt of your letter of June 11th. The figures you give as to the incomes received by the men in your letter mentioned, from which they were able to save something, would not in my judgment, apply to present times. It undoubtedly was true a few years ago. The instance you give of a man working for you, who received \$35 per month, and out of that boarded and clothed himself, and later took a trip to Europe with his wife, might have been true in years that have passed, but would be impossible now. A man receiving \$300 per year, would not be able buy shoes and clothing for an entire family under present conditions. Everyone concedes that the poor man ought to be able to send his children to school the same as the rich man. A man with from three to five children attending school, with an income of \$300 per year, would be unable if he lived in a city, to buy the food necessary to sustain his family under present conditions. It would mean that he would have to take his children out of school and put them all at work. If he sent them to school, it will be conceded I think, that it would be necessary for them to be clothed in such a way that they could meet in school and associate with those children coming from other homes, where money was no particular object. On such a salary, it would absolutely be impossible for such a thing to be done at the present time. I know from my own experience, that living in Washington on any of the salaries you mention, would be impossible. I am unable to employ a coachman, or even a hired girl in the house. My wife and daughters do all the work in the house and do all the sewing. In the last two years, we have not been able to go to the theatre a single time. We do not go into society, because we are not able to live and pay the expenses that would necessarily be incurred if we did. Every man feels it a duty to do something in the

way of charity, and when I make my contribution to such things, and feed and clothe my family, it takes practically every cent of my salary, living in the most strict economy. For the last three years, I have not been able to save a single penny of my salary. Not a penny has gone for theatres, for society, for whiskey, or for anything of that kind. If I had not saved some money prior to that time, from which I get a small income, I would run behind every month. This month, on account of paying my income tax, I will spend several hundred dollars more than my salary.

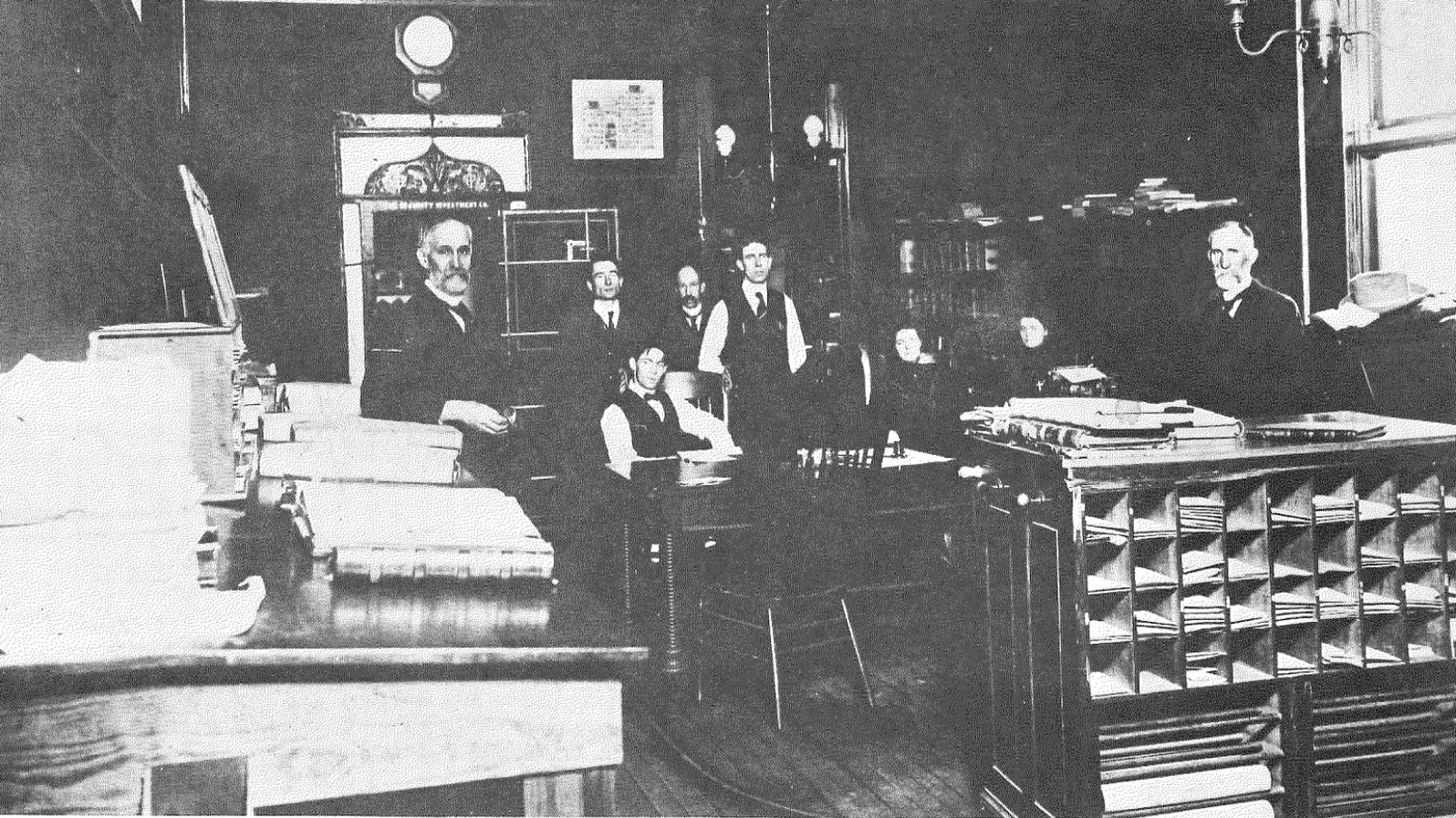
I know that many people advance the argument that if we lowered the exemption in the income tax and made all the poor people pay a small tax, they would more fully appreciate the Government. Whatever basis for such an argument there may be, it does not apply in my judgment, to the man who already has to strain every effort and every nerve to make both ends meet. He must sacrifice all the luxuries of life and many of the comforts, in order to get along. If you add a burden even of \$10 to this man, you have probably by so doing, put the last straw on the camel's back. It seems to me we must first permit every man to live and have the ordinary comforts of life, and there should be exempted from income taxes, such a living for everybody, both rich and poor. On the other hand, the man who has an income of \$25,000 or \$30,000 can pay his tax although it is levied at a higher rate, without feeling it. It seems to me that if he is patriotic, he ought to be glad of the opportunity to do this. The tax that you would get from a poor man would be small, and it would cost as much to collect it as it is worth, and after all, what we must do is to raise a vast amount of money. The people who do not have the money cannot pay it even if they want to, or if ever so stringent a law were enacted to compel them to. In the prosecution of this great struggle, we must collect the money from those who have it or we must fail. The man with incomes such as you have mentioned in your letter, of from \$300 to \$1000 can do their part by strenuous efforts in the way of increased production. The wealthy men who have large incomes, must do their part by larger contribution of funds. We cannot get the money any other way, and everybody concedes that it is our duty to go on with the war. To do this, we must have the necessary funds, and they cannot be raised by taxing the man with the \$300 income at the same rate that you tax the man with the \$1000 income, and if we should



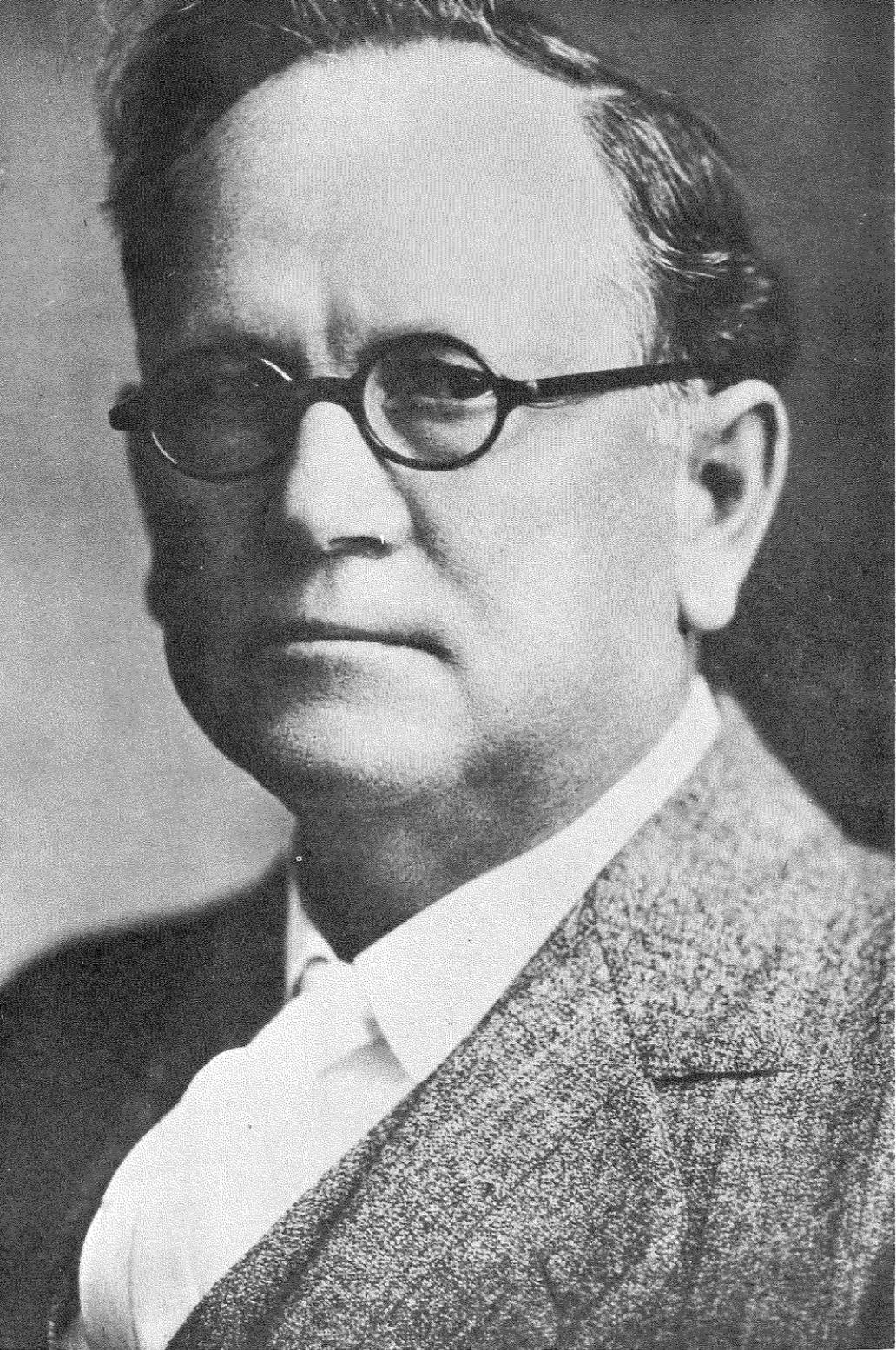
Senator Gilbert M. Hitchcock.



Senator George W. Norris.



R. E. Moore standing at the left in his office.



Representative Dan V. Stephens.

attempt it, we would break down the poor man and when the war was over he would be a pauper, while the rich man's property would be vastly increased. This would bring about an undesirable condition even in times of peace.

I have no feeling of animosity against the rich man. I have no jealousy against him. I would not under any circumstances, do him a harm or an injury, but the very existence of our country is at stake, and we must conscript his wealth. If we leave him a luxurious income and do not interfere with the principal, leaving him at the close of the war, as well fixed as he is now, he ought not complain.

With best regards, I am

Very truly yours,

G. W. NORRIS³⁴

R. E. Moore let some weeks go by before answering Senator Norris's second letter. When he replied it was from a hotel in Portland, Maine, where he had gone to escape the Nebraska heat.³⁵

Congress Square Hotel
Portland, Maine
July 8, 1918

G. W. Norris
United States Senate
Washington, D. C.

Dear Sir:

Your esteemed favor of the 17th of June last has been forwarded to me here where I am temporarily stopping. Your letter reminds me of the expression that "one half of the world does not know how the other half lives." You state that it is impossible for you to live on the salary of \$7500 per year, and if you did not have other means of income, you could not get along at all. It is a surprise to

³⁴ *Ibid.*

³⁵ Moore traveled a good deal, usually by train. He would ship his Pierce-Arrow by freight, for use during his vacations. O. G. Boyd, Pennsylvania Railroad to R. E. Moore, July 29, 1918. REM papers.

me. I know many people who get much less than this and they live upon it. The fact is that an ordinary man I think could save \$5000 a year upon a salary of \$7500, if he lives as he ordinarily would live. However, I know well that a man who gets \$7500 a year is tempted to spend it all.

The incident I gave in my letter of a young man who had a wife and is bank cashier, who told me recently on several different occasions that it cost him only \$300 per year to live, is a recent transaction and not an old story such as you imagine. The case of the man who received \$35 per month and out of that boarded and clothed himself, and later took a trip to Europe with his wife to be. [*sic.*]

To my way of thinking the affairs of a man generally based upon my knowledge of affairs of men generally, a man could well afford to pay \$50 per income tax a year, who receives \$2500 a year and a like amount in proportion to larger amounts received by him. Conceding that the amount named by me as a minimum in my former letter is too small, certainly the present minimum as named by law is not unreasonable. That is, \$2000, for a man with a family, \$1000 for a man without a family, and starting with this minimum, I think he can well afford to pay 10% of the excess above the minimum provided by law. I think the bill should be reformed in this respect. That is, that the amount of taxes on these smaller incomes should be increased 10%, and if this is done, it will not be necessary to increase our taxes on the larger incomes, which in my judgment is already excessive.

Very truly yours,

R. E. MOORE³⁶

Apparently Senator Norris did not reply to this letter.

Senator Henry Cabot Lodge, an acquaintance of R. E. Moore, replied briefly and noncommittally to the Nebraskan:

³⁶ REM papers.

June 12, 1918

My dear Sir:

I have received your letter of the 7th. It is impossible to predict just what action will be taken on the points you raise, but you may rest assured that I shall give your views the fullest consideration when the revenue bill is taken up by the Senate Committee of which I am a member.

Very truly yours,

HENRY CABOT LODGE³⁷

The viewpoint of Senator Hitchcock, although essentially the same as Senator Norris's still shows certain 1918 differences between progressive Republicans and progressive Democrats:

UNITED STATES SENATE
Committee on Foreign Relations

Gilbert M. Hitchcock, Nebr., Chairman

June 18, 1918

Mr. R. E. Moore,
148 S. 13th Street,
Lincoln, Neb.

Dear Sir:

I have your letter asking me to justify the graduated income tax.

In principle the graduated income tax is justified on simple theories.

First, that the man of large wealth has greater natural capacity for contributing to the burden of supporting the Government.

Second, that he derives a far larger benefit from the maintenance of government.

Third, that it is contrary to the welfare of society for the government to tolerate conditions which permit one man to receive far more of the annual production of wealth

³⁷ *Ibid.*

than he has created or can utilize, and the tax system is about the only method of equalizing the vast discrepancies which have grown up.

Of course, this last reason is socialistic, but I can assure you there is more likelihood of progress in the direction of socialism than there is likelihood that we will retrace our steps. You would be surprised at the frequency of demands that we receive that laws be passed taking away from the very wealthy all of their income above a certain amount. I have had letters—and so have other senators—advocating a system of taxation to take away from the very wealthy all their income over \$10,000. Some more generous reformers advise that everything above \$25,000, be taken, while a very considerable number of still more liberal minded people say that no man should be permitted to have an income of over \$50,000, and if he has more the government should take the excess.

It is needless for me to say that I do not believe in this confiscation, but I do strongly support the idea of the progressive graduated income tax.

You cite the case of a man with two million dollars income who, under the present law, pays 63 per cent of his income in taxes, and you ask why an equal per cent should not be taken from the man of small income. You can easily see, however, that to tax a man with an income of two million dollars 63 per cent, still leaves him more income than he can possibly use, whereas if you applied 63 per cent to a man of \$5000 income you would compel him to change his habit of life and take away from him money actually used for family expenses.

The purpose of Congress in levying the graduated income tax is merely to take away from the very rich a part of their excess income that they do not use as income.

You say that in your opinion the minimum should be lower so that persons who receive more than \$500 a year, if single, would pay tax, and if married they should be taxed on everything above \$1000. Perhaps you are right. I will not undertake to say what the minimum should be. It is a mere matter of opinion, but I am disposed to think those whose income is only \$500 a year are already paying their share of national taxes on account of the tariff and internal revenue taxes which increase their cost of living.

Again, it must be taken into account that the cost of collecting taxes from such a large number of people with very small incomes would probably amount to as much as the government would get out of it.

Yours very truly,

G. M. HITCHCOCK
U. S. S.³⁸

Congressman C. O. Lobeck,³⁹ who evidently knew R. E. Moore, minced no words in stating complete though courteous disagreement with the Lincoln financier's letter:

HOUSE OF REPRESENTATIVES U. S.
Committee on
Expenditures in the Treasury Department
Washington, D. C.

Sixty-fifth Congress
Charles O. Lobeck, Nebr., Chairman

June 22nd, 1918

Hon. R. E. Moore
148 So. 13th St.
Lincoln, Nebr.

Dear Mr. Moore:

Your letter relative to the pending Revenue Bill received. The Committee on Ways and Means is holding extensive hearings on all the phases of the proposed legislation including Income Tax features, I therefore have referred your letter to Hon. Claude Kitchin, Chairman of the Committee.

Personally I cannot at all agree with you in your theory on Income Tax rates, all other nations in the world having this same method of taxation incorporated in the law, and automatic increase in taxes in proportion to the income of the individual. It is entirely out of the question to think of convincing the people of this country much less Congress of the United States, that men with a salary

³⁸ *Ibid.*

³⁹ Charles O. Lobeck, Democrat, of Omaha, Nebraska, member of 62nd, 63rd, 64th and 65th Congresses, 1911-1919.

of \$500 are to be taxed at the same rate as men having an income of \$5,000 or \$50,000. The present system of applying income tax will probably be increased for those having large incomes. Your letter fails to discriminate between salaries and incomes, you know as well as I do that if you were to impose a tax of 10% on men having a salary or income of \$500, \$1000, and even \$2000, under the present living conditions in this country, that they would have to borrow money to pay the tax, and these small salaries and incomes at the present time, are barely sufficient to support those receiving them.

Though I cannot agree with your views, I nevertheless appreciate your writing me, and with personal regards, I am

Yours very truly,

C. O. LOBECK⁴⁰

Moore replied to Congressman Lobeck a few weeks later that "a man having an income of \$2500 per year should pay a tax of \$50 per year . . . which he can well afford to pay. Certainly it is ridiculous that a man with a salary of \$2500 a year should pay only \$10 per year. . . . Many taxpayers make but small incomes. . . . In regard to their being obliged to borrow money to pay income tax, would say that in my judgment it would only require a little self-denial on the part of the taxpayer to pay the taxes out of his income."⁴¹ R. E. Moore was at this time contemplating the purchase of a yacht,⁴² and his household staff consisted of a gardener, chauffeur, chambermaid and cook.⁴³ But it should also be pointed out that three times in 1917 and 1918 he had contributed several thousand dollars to the Red Cross,⁴⁴ was investing heavily in Liberty

⁴⁰ REM papers.

⁴¹ *Ibid.*

⁴² H. D. Chadwick of Great Lakes Boat Building Corporation to R. E. Moore, December 1, 1919. *Ibid.*

⁴³ R. E. Moore to John H. Moore, May 17, 1919. *Ibid.*

⁴⁴ L. E. Hurtz, American Red Cross, to R. E. Moore, Febr. 19, 1918; April 25, 1918. *Ibid.*

Bonds,⁴⁵ and was soon to give five thousand dollars to the Hospital Fund of Lincoln⁴⁶ in addition to the large sums provided in his will for the new hospital.

From another prominent Democratic leader, Representative Dan V. Stephens,⁴⁷ Moore probably did not expect much comfort, and received exactly none. Instead there came a lecture which said, in effect, "You should be ashamed of yourself;" and the "Your friend," at its close did not placate R. E. Moore. His coldly correct reply of July 6 indicated that he found Stephens' letter, to say the least, unacceptable. Following is the exchange:

HOUSE OF REPRESENTATIVES U. S.
Washington, D. C.

Dan V. Stephens
3d Dist. Nebr.

Committee:

Interstate and
Foreign Commerce

June 29, 1918

Mr. R. E. Moore,
Lincoln, Nebraska.

My dear Mr. Moore:

I sent your letter over to Chairman Kitchin hoping that he would give an extended reply to you but upon receipt of his letter I find he is exceedingly brief. Of course he is also exceedingly busy. The truth is, Mr. Moore, I was very much surprised at the attitude that you take in your letter. It is perfectly amazing to me that men of your wide experience would hold to the view that a man with a large income should pay the same rate of taxation as the man with a small income, barely enough to live upon. Your position is inconsistent, it seems to me, to a sane and wholesome view of a man's duties to society. Certainly a man with a large income which he cannot use suffers no

⁴⁵ J. H. Moore to R. E. Moore, July 27, 1917; E. H. Mallowney to R. E. Moore, Nov. 21, 1917. *Ibid.*

⁴⁶ R. E. Moore to G. E. Baskerville, June 6, 1919. *Ibid.*

⁴⁷ Dan Voorhees Stephens, Democrat, of Fremont, Nebraska, member of 62nd, 63rd, 64th and 65th Congresses, 1911-1919.

inconvenience and makes no sacrifice in the contribution he makes to society out of that income. Whereas a man with a small income sacrifices every comfort of life to the extent of the tax he pays. All men are not endowed alike in their capacity to make money, but they may serve society in other ways to an infinitely larger degree than does the man who has the capacity to accumulate wealth. Therefore the man who has the capacity to accumulate wealth in undue ratio to that of his fellows would be robbed of his opportunity to serve society proportionately with his fellows if he did not pay a higher rate of taxation.

The facts are, Mr. Moore, as you well know, this graduated income tax is the first instance of taxation we have had in this country where the rich man paid a higher rate of taxation than the poor man. Always heretofore the situation has been the reverse. For example, I know of men living in homes that cost \$100,000 who are assessed on their household goods \$1200 to \$1500, whereas other men in the same town pay on \$60 or \$800 valuation on their household effects, in houses that they are renting for \$30 or \$40 a month.

It is very apparent therefore from the spirit of your letter as well as your contentions as to what principles ought to guide us in the preparation of a tax bill, that we are hopelessly in disagreement. I am inclosing you herewith Mr. Kitchin's letter in regard to your position.

With kind regards to you, I am

Your friend,

DAN V. STEPHENS⁴⁸

Congress Square Hotel
Portland, Me.
July 6, 1918.

Honorable Dan V. Stephens, M.C.
Washington, D. C.

Dear Sir:

Your letter of the 29th of June last has been forwarded to me here, and in reply would say my idea of the proper rule to levy taxes is possibly due to the fact that

⁴⁸ REM papers.

the constitution of Nebraska is such as it is upon the subject of taxation, and I am ready to believe that a man of a large income should pay the same rate of taxation as the man of small income. Mr. Bryan has said that a man should pay taxes in proportion to the benefit he receives. I know of no better rule to measure the benefits received from taxation than the amount of property possessed by the taxpayer. If we abandon this rule, and leave it entirely to the discretion of the people assessing the taxes, we leave the door open for every kind of injustice. As you state in your letter we are in hopeless disagreement in regard to the principles which should govern us in levying taxes.

With kind regards, I beg to remain,

Very truly yours,

R. E. MOORE⁴⁹

If Moore hoped for encouragement from his fellow Republican and Methodist, Rep. C. Frank Reavis,⁵⁰ he was again disappointed. One and all, the letters from Washington carried the same message. Wrote Reavis:

Washington, D. C.
June 22, 1918

Mr. R. E. Moore,
148 South 13th St.,
Lincoln, Nebraska

My dear Mr. Moore:

I am in receipt of your favor of the 7th inst., and have been very much interested in reading the same. I do not know how the committee will frame the revenue bill but there are certain fundamentals of taxation that should always be borne in mind. The next revenue bill will be devised to raise \$6,000,000,000, which is within \$1,000,000,000 of the total circulating medium of the United States. The only place to get this money is to go to the men who have it. I am not in favor of reducing the exemption on either married or unmarried men. The present

⁴⁹ *Ibid.*

⁵⁰ Charles Frank Reavis, Republican, of Falls City, Nebraska, member of 64th, 65th 66th and 67th Congresses, 1915-1922.

economic condition makes \$2,000 a very small amount out of which to support his family. My present judgment is that congress should be just as careful with the question of how much it should leave a man after taxing him, as it should be with the question as to how much it should take from a man. If we take \$100 from a married man with a family and an income of \$2,000 a year, we are going into his cupboard to get it. If we take \$50,000 from a man with an income of \$100,000 a year, we are taking money from him that he could not spend without injury both to himself and to society and depriving him only in the amount of money he might use for investment. This republic has to be saved and the only way we can save it is to raise sufficient funds to wage this war to a successful termination. I am candidly in favor of the English law, which on these huge incomes, takes 80% of the excess profits. We are now taking only 63% of it. I am sorry that my views on this do not meet your approval. I regret that my limited time will not permit me to go into it more fully. I would not be surprised, moreover, if before we are through this war the government would take all the excess profit after it leaves one a sufficient sum to support himself and family in the state to which they have grown accustomed. We will just have to get used to it. There is only one thing worth while now and that is the nation. We must win this war and we must have money to win. We can't get the money by taxing the poor-house. We have got to go where the money is.

Sincerely yours,

C. F. REAVIS⁵¹

After this, R. E. Moore wrote no more protests to legislators until May, 1920, when the soldiers' bonus was under consideration and proposals were being made to finance it through further surtaxes upon incomes. To a number of senators and congressmen he voiced strong opposition, declaring that for once he could agree with an opinion of William Jennings Bryan, that the proposed further surtax would amount to "robbery by the government."⁵²

⁵¹ REM papers.

⁵² *Ibid.*, June 1, 1920.

R. E. Moore was not living in 1926 when thanks largely to Andrew Mellon, a rich man who in 1921 had paid a federal tax of \$663,000 on a million-dollar income, saw his tax reduced to less than \$200,000. The Lincoln financier had died on December 6, 1921.⁵³ He had lived long enough, however, to see the successful beginning of Secretary Mellon's tax reduction program; surtaxes were lowered somewhat in the Revenue Act of 1921. No doubt as he read the new Secretary of the Treasury's advice to Congress that "high taxes tended to destroy individual initiative and seriously impede the development of productive business,"⁵⁴ R. E. Moore took satisfaction in the thought that his letters to legislators may have played some small part in bringing about what he hoped was a permanent return to normalcy.

⁵³ Family records, EAM papers.

⁵⁴ Hicks, Mowry and Burke, *op. cit.*, p. 474.