February 20, 1934

The Hon. Herbert H. Lehman
Governor of New York
Albany, New York

Personal
My dear Governor

Let me put in your hands a brief statement relative to a matter which may not come before you officially at the moment, but which I see discussed in the public press from time to time.

This has to do with the matter of the exemption from taxation of certain properties held by educational, charitable and religious corporations, and used definitely and specifically for the public purposes of those corporations.

I fancy that there has grown up some abuse of our well-established American public policy in regard to this matter, and that it is these abuses which are attracting unfavorable public attention and which at some time or other will need correction.
In reply to the fundamental question, however, it seems to me that a very far reaching principle of public policy is involved. The American people have from the beginning differentiated in their political organization between the sphere of Government and the sphere of Liberty. They have set up Government and defined and regulated its powers and activities. Everything not so delegated they have retained for themselves in the sphere of Liberty.

All activity of Government is, ipso facto, of a public character, but there often has been and often is much more and much greater public activity and public service in the field of Liberty than in that of Government. When this public activity and public service takes definite form, as it does in the case of an institution incorporated for purposes of education, of philanthropy or of religion, that public service is recognized by Government through exempting the property so used from taxation for the support of Government. This has been for more than a century and a half established American policy, and it has attracted the attention and aroused the enthusiasm of the civilized world. It should, under no circumstances, be interfered with or restricted even if abuses have grown up under it. These abuses, when discovered, should be dealt with by
themselves and as a thing apart.

Were public service in the sphere of Liberty to be made impossible or discontinued, the burden upon Government would become intolerable, for all these institutions (save those devoted to religion) would have either to be maintained by Government directly or abandoned— in either case the result would be calamitous.

I had the honor of presenting this whole subject and the principles underlying it in 1915, when the State Constitutional Convention, then in session, had this matter under consideration and referred it to a committee for study and report. The members of that Convention clearly understood the principles involved and declined to disturb them in any way.

I am sure that so important a subject is one which will have great interest for you, and I am writing now not because there is any particular measure or proposal to be debated or combated, but simply to express my profound interest in the subject and to put before you its controlling principles as I see them.

With cordial regard, I am

Faithfully yours,

[Signature]