

RAMPARTS

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Wealth & Politics: A recent decision by a U.S. Court of Appeals for the fifth circuit encourages wealthy people to run their own political candidates. The case involves Edith R. Stern, daughter of Julius Rosenwald (Sears-Roebuck) and of the Stern Family Fund, who spent some \$60,000 to back candidates for Governor of Louisiana and Mayor of New Orleans in the early 1960s. Under usual practice this money would be subject to a U.S. gift tax, which can run up to 57 percent. In the past, the tax acted as a restraint on the very rich in political endeavors, requiring them to go through circuitous and time-consuming sidesteps. Mrs. Stern protested paying the gift tax, claiming that she had spent the money "to protect my property and personal interest by promoting efficiency in government." Both the district and appeals courts agreed with her. The appeals court opinion said, "In a very real sense, then, Mrs. Stern was making an economic investment that she believed would have a direct and favorable effect upon her property holdings and business interests in New Orleans and Louisiana."