Mr. BARTLETT. I will.

Mr. HILL. I understand in the last congressional election in Kansas it was made an essential that everybody who was a candidate and desired his name to go on the ticket as a candidate should, as a preliminary, pay $3,000 to somebody——

Mr. BARTLETT. Yes.

Mr. HILL. In order to get their names on the ticket.

Mr. BARTLETT. You can expect anything from Kansas, you know.

Mr. HILL. I know it is a great progressive State and a good State and——

Mr. BARTLETT. But anything curious can come from Kansas.

Mr. HILL. I would like to know whether the manner in which the money is expended comes in any way to the knowledge of Congress under the law which we passed in the last Congress?

Mr. BARTLETT. I do not think it does.

Mr. HILL. That is just what I think. The law is a farce.

Mr. LLOYD. Mr. Speaker, I ask to have my request put again.

Mr. FINLEY. Mr. Speaker, I would like to have the request of the gentleman stated.

The SPEAKER. The request is to print in the CONGRESSIONAL RECORD certain forms with the affidavits of money expended touching congressional nominations and elections and also to have the Clerk print enough of them to furnish to Members——

Mr. BARTLETT. To furnish to Members or candidates?

The SPEAKER. And other candidates. Is there objection?

Mr. BARTLETT. Mr. Speaker, I am going to object; I think it is a very foolish proposition.

EXCISE-TAX BILL.

Mr. UNDERWOOD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 21214.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 21214, the excise-tax bill, with Mr. MOON of Tennessee in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read the title, as follows:

A bill (H. R. 21214) to extend the special excise tax now levied with respect to doing business by corporations to persons, and to provide revenue for the Government by levying a special excise tax with respect to doing business by individuals and copartnerships.

The CHAIRMAN. Under the order of the House the committee will consider the bill under the five-minute rule for two hours.

Mr. UNDERWOOD. Mr. Chairman, I have a committee amendment which I desire to offer to this bill. The amendment is to section 3, and I ask unanimous consent that I may offer it at this time.

The CHAIRMAN. The gentleman from Alabama [Mr. UNDERWOOD] asks unanimous consent that he may offer a committee amendment to section 3 of the bill at this time.

Mr. MANN. Reserving the right to object, let the amendment be reported.

Mr. UNDERWOOD. I will state to the gentleman what it is: On page 5, line 12, after the word "dollars," I desire to strike out the word "gross," so that it will read—

But persons having less than $4,500 income are not required to make such report.

That leaves out the word "gross."

Mr. FOSTER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. UNDERWOOD. Yes.

Mr. FOSTER of Illinois. Striking out the word "gross" leaves this to mean $4,500 net income.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. UNDERWOOD. Now, Mr. Chairman, I wish to say to the committee that as this bill was originally offered it required all persons having a gross income of $4,500 to make a report of their income. After further consideration we have concluded that that might work a hardship; that there might be many persons who had an income of only $1,000 or $2,000 net income whose gross income would be as much as $4,500 or above. And in order not to force those people to make a report and annoy them with making a report, we propose to strike out the word "gross" and let it read simply "$4,500 income," which means net income, because net income is referred to in the other paragraphs of the bill and in this paragraph.

Mr. MANN. Does the gentleman think it would be net income?

Mr. UNDERWOOD. I think it would.

Mr. MANN. I do not see the difference between "gross income" and "income." If the gentleman wants to make it "net income," would it not be safer to do that?

Mr. UNDERWOOD. I have no objection to the word "net" going in before the word "income," but as all the balance of the bill refers to net income, I presume the court would accept it in that way. If there is any doubt, I would ask to insert the word "net" instead of "gross," so as to make it read "net" instead of "gross."

Mr. BARTLETT. Is debate allowed on this amendment?

The CHAIRMAN. Does the gentleman wish to be heard on the amendment?

[Mr. BARTLETT addressed the committee. See Appendix.]

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. RAUCH having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed without amendment bill of the following title:

H. R. 11824. An act to amend section 113 of the act to codify, revise, and amend the laws relating to the judiciary, approved March 3, 1911.

The message also announced that the Vice President had appointed Mr. ROOT of New York and Mr. MARTIN of Virginia to fill the vacancies in the Senate membership of the joint commission, provided under the act of April 28, 1904, for extension and completion of the Capitol Building, occasioned by the death of Mr. Alger of Michigan and Mr. Gorman of Maryland.

THE EXCISE-TAX BILL.

The committee resumed its session.

The Clerk read as follows:

Be it enacted, etc., That every person, firm, or copartnership residing in the United States, any Territory thereof, or in Alaska or the District of Columbia, shall be subject to pay annually a special excise tax with respect to the carrying on or doing business by such person equivalent to 1 per cent upon the entire net income over and above $5,000 received by such person from all sources during each year; or, if a nonresident, such nonresident person shall likewise be subject to pay annually a special excise tax with respect to the carrying on or doing business by such person equivalent to 1 per cent upon the amount of net income over and above $5,000 received by such person from business transacted and capital invested within the United States and its Territories, Alaska, and the District of Columbia during each year. The term "business," as herein used, is and shall be held to embrace everything about which a person can be employed, and all activities which occupy the time, attention, and labor of persons for the purpose of a livelihood or profit. The word "person" wherever used in this act shall be held to include natural persons or individuals and firms or copartnerships.

Mr. CANNON. Mr. Chairman, I offer a pro forma amendment to strike out the last word.

I shall not discuss our constitutional power to enact this bill. I have listened to the discussion, which in the main has been able, on both sides of that legal question; and even if I were competent to discuss it as intelligently, perchance, as it has been discussed, there is no time in five minutes to discuss it.

I intend to be purely practical in my discussion of this bill, without regard to whether it is constitutional or not.

There are $124,000,000 in the general fund in the Treasury. We had last year $47,000,000 of surplus revenue under existing law. We have advanced for the construction of the Panama Canal from the general fund in the Treasury, over and above what the Government has been reimbursed, in round numbers $126,000,000. This amount is reimbursable.

I have no doubt that the surplus at the close of this fiscal year will be more than it was at the close of the last fiscal year. I believe it will be over $50,000,000. Now, under existing law, saying nothing about reimbursement for moneys advanced for the Panama Canal, the revenues are ample to care for the Government; and, Gen. SHERWOOD, if the pension bill that bears your name should be enacted into law, the Government revenues would be large enough, without one additional dollar of taxation, to pay the additional expense caused by the enactment of that pension bill. [Applause.]

Now, here we are in the session preceding the presidential election. My friend from Alabama [Mr. UNDERWOOD], the leader upon that side of the House, fires in his revenue bills, although he has no more idea of their being enacted than he has that he will repose in Abraham's bosom when he crosses over to the other side. [Laughter.] They are all pure leather and prunella. When I have said that I have said all I desire to say upon this subject. Yet, under the able leadership of the gentleman from Alabama [Mr. UNDERWOOD], they will continue to fire in

these bills, continue to talk about taxation, continue to weep crocodile tears for the poor oppressed people; when the agitation that they make in seeking to gain this political capital brings, through fear and apprehension in the minds of great multitudes of people, whatever of distress now rests upon the country. [Applause.]

Mr. CAMPBELL. Mr. Chairman, I offer the amendment which I send to the Clerk's desk, to come in after line 13, page 2.

The CHAIRMAN. The pro forma amendment offered by the gentleman from Illinois [Mr. CANNON] will be considered as withdrawn, and the gentleman from Kansas [Mr. CAMPBELL] offers an amendment which the Clerk will report.

The Clerk read as follows:

Provided, That the provisions of this act shall apply to the incomes of persons who have retired from or are not engaged in active business, and to married women who have separate incomes from property in their own names, under the laws of any State of the Union.

Mr. UNDERWOOD. Mr. Chairman, I desire to reserve a point of order against that amendment.

The CHAIRMAN. The gentleman from Alabama reserves the point of order.

Mr. CAMPBELL. Mr. Chairman, the purpose of this amendment is to reach those larger incomes which do no one any good except the recipients, and which are not reached by the bill as it is.

The gentleman from Alabama [Mr. UNDERWOOD] stated yesterday, in answer to a question, that the provisions of this bill would not reach the incomes of men who had retired from or were not engaged in active business.

It is well known to everyone that the large incomes of the country are received by men who are to-day idle and who are known throughout the country, in the parlance of the present, as the idle rich. This bill will not reach the income of any one of these persons. I should like to see the incomes of Mr. Carnegie and Mr. Rockefeller, and of the other great retired captains of industry, pay something under the provisions of this law. Without the amendment I have offered they will not be required to pay one cent.

I am also anxious to reach that other large class who have enormous incomes, the women of the country with colossal fortunes who marry foreign counts and live abroad. The provisions of this act would not reach them without this amendment. With this amendment, every countess living on the Continent of Europe or anywhere else, having property in the United States from which she receives an income, would have to pay something for the maintenance of the Government from which she has expatriated herself. Without this amendment these larger fortunes of this country would not pay a cent of tax under the provisions of this bill. With this amendment the incomes that ought to be reached will be reached.

But it is answered that this provision is in violation of the Constitution as laid down in the Pollock case. Well, we are appealing to the Supreme Court of the United States to reestablish an income tax, and it is just as well to take this provision up to the court with the question the bill raises as it is. We are only starting a lawsuit in any event, and we may as well include in that suit something that will be worth the trial. [Applause.] This provision will make it worth while to have passed this law and to have taken it to the Supreme Court of the United States.

Mr. Chairman, the amendment I have offered makes the idle man or the idle woman with a large income contribute to the support of the Government, and will in some measure relieve the active man and the active woman, with active capital, engaged in active business. This bill as it now stands requires the payment of a tax for the privilege of being active in business. It puts a premium on retiring from business, on not engaging in business, on taking capital out of business, on taking enterprise and industry out of the activities of the country.

I have always been a nationalist or a federalist and therefore have believed in an income tax properly enacted.

There has been no one step taken by our Democratic brethren in recent years that shows so conclusively that they have abandoned the idea that this is not a sovereign nation as the step they have taken to permit the Federal Government to extend its arm into the homes and business enterprises of every citizen of the Union who is in business, when his income exceeds the sum of $5,000 a year. Alexander Hamilton never pleaded for a nationalism that was greater and stronger than that. Thomas Jefferson would not have applauded the purposes of this bill. Alexander Hamilton, if he were here, would applaud this bill with the amendment I have offered. He believed always that this was a nation spelled with a capital N, and if this bill should ever become a law, if it includes the amendment I have offered, will enable the Federal Government to exercise the authority of its taxing powers over all property, active and idle as well, and make this tax bill really worth the passage. [Appause.]

Mr. UNDERWOOD. Mr. Chairman, I shall address myself to the point of order which I now make. The gentleman from Kansas offers an amendment which would bring this bill into the category of an income-tax bill, and instead of accomplishing the result he says he desires, if the Supreme Court of the United States maintained the decision in the Pollock case, it would declare the bill unconstitutional.

Of course, I hope and believe that if the question is ever presented to the Supreme Court of the United States again it will reverse the Pollock case and hold that a direct income tax is constitutional. [Applause.]

But I do not want to complicate this bill. We are writing this bill for the purpose of raising revenue, and when the gentleman states that I stated yesterday that this bill would not reach the vast wealth of men like Mr. Carnegie, it simply means that the gentleman was not on the floor when I made my speech, because I distinctly said that it would reach men of that class.

Mr. CAMPBELL. Will the gentleman yield?

Mr. UNDERWOOD. Not at present. I stated that the bill would not reach the idle holder of idle wealth, but that there would be very few men who would be exempt under this bill, and that men like Mr. Carnegie and Mr. Astor were as much engaged in business as the men who are renting office buildings or lending money in the pawnbroker's shop.

Now, the point of order I desire to make is this: This bill seeks to levy an excise tax. Under its terms it does not attempt to levy a tax on incomes, it attempts to levy a tax on the right to do business, and measures the amount of the tax by the net income of the person taxed. But the tax is not on the income or the property; it is strictly on the right to do business.

The amendment offered by the gentleman from Kansas seeks to levy a tax on certain incomes, not on the right of the person to do business, but on the incomes they derive from the property, and under the rules of this House I contend that that amendment is not germane to the subject matter of this bill.

The CHAIRMAN. Does the gentleman from Kansas desire to be heard on the point of order?

Mr. CAMPBELL. Mr. Chairman, the purpose of this bill is to levy a tax on incomes. To say that that tax shall be levied upon a man engaged in doing business is simply defining one phase of the bill. It is quite logical to add to that a provision levying a tax upon the incomes of those not engaged in business. The rules of this House make no distinction between an excise tax and an income tax. That is a matter that has been passed upon by the court, and that is for the court, but we are here passing a law under the rules of this House providing for an income tax, if we are doing anything. The provisions of this bill, as they stand, levy that tax upon the man and woman who are engaged in business, and the amendment I have offered only adds to that number the men and women who are not engaged in active business.

Is there anything incompatible in that amendment with the provisions of the bill as it stands? Is the idea of an income tax on activity so abhorrent to an income tax on inactivity that the Chair would hold that an income tax on the idle man could not be included in the provisions of the same bill with the tax on the income of the active man?

Mr. BATHRICK. Will the gentleman allow me a question?

Mr. CAMPBELL. Certainly.

Mr. BATHRICK. Is it not very apparent that Mr. Carnegie, whose holdings in the United States Steel Trust are supposed to be almost entirely in bonds, would pay an income upon the capital invested within the United States as set forth on page 2, line 5, of the bill?

Mr. CAMPBELL. That is one of the propositions that would go to the Supreme Court. I will state to the gentleman from Ohio, and if I may have the attention of the gentleman from Alabama, that I will change this from a proviso to a separate section. Therefore, if when the lawsuit reaches the court, which it certainly will if this bill should ever become a law, if the court should hold that this separate section was unconstitutional, it would still leave the tax on the activity of the country, while it would relieve the inactivity of the country from taxation.

Mr. COVINGTON. Will the gentleman yield?

Mr. CAMPBELL. Certainly.

Mr. COVINGTON. Does not the gentleman know that if his amendment is written into the bill it plainly will destroy the validity of it in the Supreme Court of the United States?

Mr. CAMPBELL. Not at all; we are going to the Supreme Court of the United States anyhow. The gentleman does not

indulge the hope that this bill, if it becomes a law, will not be a subject of litigation?

Mr. COVINGTON. No; but we indulge in the hope that amendments will not be offered purely for buncombe and which, if adopted, would have the effect not of perfecting but of destroying the purpose of the bill. That seems to be the purpose of the gentleman from Kansas.

Mr. CAMPBELL. I take it that the gentleman is quite familiar with buncombe legislation. He has participated in Democratic caucuses that have brought out one buncombe bill after another, and he knows what buncombe is. [Applause and laughter on Republican side.] This amendment is offered for the purpose of reaching that large wealth in this country which is exempted under the provisions of the bill under consideration.

Mr. COVINGTON. Mr. Chairman, it certainly does not require any prescience to tell me that I would not have to go to a Democratic caucus to find buncombe when we still have left in this House a few gentlemen from the State of Kansas. [Laughter.]

Mr. CAMPBELL. Mr. Chairman, the gentleman will not have to come to Kansas for his buncombe. He will find some in Maryland and some in Alabama, and all he wants of it in a Democratic caucus. I have stated that if there were any fear that in the lawsuit which will be brought as the result of this bill, if it should become a law, the court should find the provisions of the gentleman's bill constitutional and this proviso which I offer unconstitutional I shall be very glad to put it in the form of a separate section, so that that section could be declared unconstitutional and thus leave the remainder of the bill as written by the gentleman from Alabama.

Mr. UNDERWOOD. Mr. Chairman, I do not think a separate section would be any more in order than the amendment offered here. I would like to have the Chair rule upon whether the matter is germane or not.

Mr. CAMPBELL. I think the amendment is germane.

The CHAIRMAN. The bill provides for a special excise tax with respect to doing business by persons and copartnerships. This is strictly an excise tax. It is not an income tax. The amendment offered by the gentleman from Kansas provides that the provisions of the act shall apply to incomes of persons who retire from or are not engaged in active business, and to married women who have separate incomes from property in their own names under the laws of the several States. It is very obvious that the amendment seeks to tax incomes, while the bill is not on the subject of incomes, but levies an excise tax on the privilege of carrying on business. The amendment being totally foreign to the subject matter of the bill, it is out of order, and the point of order made by the gentleman from Alabama is sustained.

Mr. JACKSON. Mr. Chairman, I offer the amendment which I send to the desk and ask to have read.

The Clerk read as follows:

Amend, page 1, line 9, by striking out the words "all sources" and insert in lieu thereof the words "said business."

Mr. JACKSON. Mr. Chairman, I offer this amendment merely for the purpose of calling the attention of the committee to a proposition which makes this law as certainly unconstitutional as would the amendment which was offered by my colleague [Mr. CAMPBELL], should it be adopted. In order to arrive at once at what I wish to say, allow me to read from the corporation-tax case, what the court in its opinion said upon these words. The court said:

It is true that in the Spreckels case (192 U. S., supra), the excise tax, for the privilege of doing business, was based upon the business assets in use by the company, but this was because of the express terms of the statute which thus limited the measure of the excise. The statute now under consideration bears internal evidence that its draftsman had in mind language used in the opinion in the Spreckels case, and the measure of taxation, the income from all sources, was doubtless inserted to prevent the limitation of the measurement of the tax to the income from business assets alone.

It is evident from the speech of the gentleman from Alabama [Mr. UNDERWOOD] and the others who have talked upon that side of this proposition, that they expect that the same measurement of this tax which was applied by the Supreme Court to the measurement of a corporation income can be applied to the measurement of an individual's income; and I assert that position overlooks the fundamental proposition in the corporation-tax case, namely that the decision rests on the right to tax the use of a corporate franchise in business. I know gentlemen quote it here as though it had rested on the proposition of taxing business alone, but they do not notice that in every instance, where the court used this language it emphasizes the fact that the thing taxed is the privilege of the corporation to do business as a corporation. This is important upon the question of the measure of the tax.

It was held that the tax on a corporation might include all its income from every source, including income from property which, considered alone and unconnected with the business, would not be taxable, but the court did not hold, and never will hold, that such a rule could be applied to individuals. The court rested this ruling squarely on the very fact that all the property of a corporation must be necessarily related to and connected with its business. The Government, in the brief on this case said:

Besides, the property held by a corporation, whether actively employed in its principal business or not, does serve as an aid to that business, adding to its financial strength and credit.

When the court came to pass on that question, in the opinion it used this language:

In the case at bar we have already discussed the limitations which the Constitution imposed upon the right to levy excise taxes, and it could not be said, even if the principles of the fourteenth amendment were applicable to the present case, that there is no substantial difference between the carrying on of business by the corporation taxed and the same business when conducted by a private firm or individual. The thing taxed is not the mere dealing in merchandise, in which the actual transactions may be the same, whether conducted by individuals or corporations, but the tax is laid upon the privileges which exist in conducting business with the advantages which inhere in the corporate capacity of those taxed, and which are not enjoyed by private firms or individuals. These advantages are obvious and have led to the formation of such companies in nearly all branches of trade. * * *

It is this distinctive privilege which is the subject of taxation, not the mere buying or selling or handling of goods, which may be the same, whether done by corporations or individuals.

Then on this very question the court further said:

It is contended that the measurement of the tax by the net income of the corporation or the company received by it from all sources was not only unequal, but so arbitrary and baseless as to fall outside the authority of the taxing power. But is this so? Conceding the power of Congress to tax the business activities of private corporations, including, as in this case, the privilege of carrying on business in a corporate capacity, the tax must be measured by some standard, and none can be chosen which will operate with absolute justice and equality on all corporations.

Some corporations do a large business upon a small amount of capital; others with a small business may have a large capital.

The tax upon the amount of business done must operate as unequally as a measure of excise as it is alleged the measure of income from all sources does.

Now, again:

Nor can it be justly said that investments have no real relation to the business transaction by a corporation. The possession of large assets is a business advantage of great value; it may give credit which will result in more economical business methods; it may give a standing which shall facilitate purchases; it may enable the corporation to enlarge the field of its activities and in many ways give it business standing and prestige.

So here in the very language of this bill, in the language of the corporation case, lies a provision which under the authority of the first case that was passed upon by the Supreme Court, under the safety-appliance act, under the decision of the court in the Western Union against Kansas, which I was so unfortunate as to be counsel for the State in this case, if for none of the broader constitutional reasons which have been urged against it here should succeed, will undoubtedly go down when the court comes to pass upon this language.

So this bill incorporates in its provision a measure of taxation which, under the corporation-tax cases, is clearly unconstitutional and can not be upheld. Broadening the provisions of the corporation-tax law to include all individual incomes brings the law within the rule declared in the Pollock case and annuls it in its entirety.

In the first employers' liability case (207 U. S., 463) Congress used language which could be construed to include intrastate as well as interstate commerce, and intrastate commerce not being with the regulative power of Congress the entire law was declared unconstitutional. Again, in Western Union against Kansas (216 U. S., 1)—a case in which I was unfortunate enough to be on the wrong side as counsel—the court held that a State law attempting to tax all the capital stock of a foreign corporation was unconstitutional as an unlawful restriction on interstate commerce.

As this bill, boldly and unequivocally attempts to measure a tax by including in its provisions sources of incomes not within the power of Congress to tax constitutionally, I believe it will be stricken down by the courts as a whole. If the amendment is adopted, the bill might be constitutional as to the incomes left within its provisions.

Mr. LANGLEY. Mr. Chairman, I am opposed to the amendment offered by the gentleman from Kansas, because it seeks to narrow the scope and application of this bill. I do not wish to see that done. Notwithstanding the fact that this measure originated on the other side of the House, and notwithstanding the fact that I am a protectionist Republican, I intend to vote for the bill just as it was reported by the committee. [Applause.]

Nearly 20 years ago I participated in an intercollegiate debate upon this question, and I was on the affirmative side. In preparing for that debate I gave the question as thorough a consideration as I was then capable of giving to it, and my investigation thoroughly convinced me of the wisdom and justice of this method of raising revenue. [Applause.] I still entertain the same opinion. I regret to take a position which, I assume, will be contrary to that of a majority of my party colleagues here, but I can not conscientiously, merely for the sake of party expediency, abandon the convictions of almost half a lifetime. [Applause.]

I had intended to participate in the general discussion of the bill, but the condition of my voice would not permit it, and for the same reason it must be evident to you that I can not discuss it further now. I wish to take advantage of the privilege which has been accorded of extending my remarks in the RECORD, in order to give my reasons for supporting the bill. I have risen now to make this brief explanation in order that my party colleagues may understand why I cast my vote for the bill [Applause.]

Mr. HULL. Mr. Chairman, I think that if Congress had entertained the same opinion as to its taxing power which the gentleman from Kansas has expressed, neither the excise act of 1898 nor the corporation-tax act of 1909 would have been considered or passed. The language of the corporation-tax act is perfectly plain. It was sustained in every way by the court decisions relative to the method of measuring that tax. There can be no controversy in the mind of any gentleman, who will take the pains to even glance carefully at this act and at the Flint decision construing it, as to the meaning. This decision, commenting upon the objections made to the act, in which it undertakes to measure the corporation tax by the income derived from all sources, says:

> There is no rule which permits a court to say that the measure of its tax for the privilege of doing business, where income from property is the basis, must be limited to that derived from property which may be strictly said to be actively used in the business. Departures from that rule sustained in this court are not wanting.

Then a number of citations are given containing references to other decisions on similar lines. Therefore, Mr. Chairman, there can be no doubt in the mind of any gentleman who favors an excise tax on business such as this bill proposes to lay, or in the mind of any gentleman who would have supported the corporation-tax act of 1909, as to what this means or as to what the courts would say it means.

Mr. JACKSON. Mr. Chairman, I offered this amendment merely for the purpose of calling attention of the author of the bill to what seems to me to be absolutely certain to destroy the law in the Supreme Court. I want the gentlemen who start this lawsuit to put it up to the Supreme Court in the way they desire, and I therefore withdraw the amendment.

Mr. MANN. Mr. Chairman, I ask unanimous consent that all debate on this section and amendments thereto close in five minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Mr. Chairman, it is said that imitation is the most sincere form of flattery, and therefore the Republican Party may properly feel flattered that the Democracy has in this bill attempted to imitate the Republican corporation tax. [Applause on the Republican side.] Most imitations, however, lack many of the virtues of the original; some lack all of them. This particular imitation is of the latter class.

I am opposed to this legislation; first, because while it professes to imitate a wise and constitutional measure it is neither wise nor constitutional.

There are times and conditions when, under a Government like ours, the legislative branch of the Government is justified in enacting legislation containing propositions which, at another time and in different form, have met the disapproval of a majority of the court of last resort, but there is no condition existing at this time justifying the launching on the legislative sea of this crude proposal which, under the name of an excise tax, involves all the problems of an income tax without having its virtues.

An amendment to the Federal Constitution, providing for an income tax, is now before the country awaiting the ratification of the States. Thirty States have already ratified it, requiring the approval of only six more. That approval can be had within a year. Should a sufficient number of States ratify the amendment, an evenly balanced bill could be brought in instead of this measure which, its proponents admit, would tax only the active and leave untaxed the idle wealth of the country. In this condition of affairs, with no present need of more revenue, there is no justification for this slipshod, halting, and inadequate attempt at an inequitable income tax under the guise of an excise tax.

I am further opposed to the measure, because it is brought forward on the ridiculous claim that it would raise sixty millions of revenue. If I were to vote for it and it finally ran the gantlet of the Supreme Court, I would be subject to the criticism that I had voted for a measure with the expectation that it would fill a sixty-million gap in the revenues when, in fact, it would raise only fifteen or twenty millions.

I am further opposed to the bill, because it is presented as a stop gap for a threatened breach in our tariff walls made by the loss of $53,000,000 if the bill putting sugar on the free list should pass. It can not minimize the loss or delay the destruction to the interests or industries of the American people which the removal of the tariff on sugar would bring, but is presented as the excuse for and complement of that measure of property confiscation and treaty repudiation. Therefore I can not support it. [Applause on the Republican side.]

The Clerk read as follows:

> SEC. 2. That in computing incomes the necessary expenses actually incurred in carrying on any business, not including personal, living, or family expenses, shall be deducted, and also all interest paid within the year by such person on existing indebtedness; and all national, State, county, school, and municipal taxes, not including those assessed against local benefits, paid within the year shall be deducted from the gains, profits, or income of the person who has actually paid the same, whether such person be owner, tenant, or mortgagor; also losses actually sustained during the year incurred in trade or arising from fires, storms, or shipwrecks, and not compensated for by insurance or otherwise, and debts ascertained to be worthless: *Provided*, That no deduction shall be made for any amount paid out for new buildings, permanent improvements, or betterments made to increase the value of any property or estate: *Provided further*, That only one deduction of $5,000 shall be made from the aggregate income of all the members of any family composed of one or both parents and one or more minor children or husband and wife; that guardians shall be allowed to make a deduction in favor of each and every ward, except that in case where two or more wards are comprised in one family and have joint property interests the aggregate deduction in their favor shall not exceed $5,000: *And provided further*, That in cases where the salary or other compensation paid to any person in the employment or service of the United States shall not exceed the rate of $5,000 per annum, or shall be by fees or uncertain or irregular in the amount or in the time during which the same shall have accrued or been earned, such salary or other compensation shall be included in estimating the annual gains, profits, or income of the person to whom the same shall have been paid, and shall include that portion of any income or salary upon which a tax has not been paid by the employer, fiduciary, or other person, where the employer, fiduciary, or other person is required by law to pay on the excess over $5,000: *And provided further*, That in computing the income of any person there shall not be included the amount received from any corporation, joint-stock company or association, or insurance company as dividends upon the stock of such corporation, joint-stock company or association, or insurance company, if the special excise tax of 1 per cent now imposed by law has been paid by such corporation, joint-stock company or association, or insurance company: *And provided further*, That in computing the income of any person there shall not be included the amount received from any firm or copartnership if the special excise tax of 1 per cent imposed by this act has been paid by such firm or copartnership.

Mr. MANN. Mr. Chairman, I move to amend, on page 3, by striking out the language at the top of the page, beginning in line 1, as follows:

> *Provided*, That no deduction shall be made for any amount paid out for new buildings, permanent improvements, or betterments made to increase the value of any property or estate.

I confess I do not quite understand what would constitute the income, but, apparently, from the reading of this bill, if a man was a member of the Building & Loan Association and borrowed money from that association with which to build a home, and the amount borrowed, together with the rest of his income, exceeded $5,000, he would be compelled to pay any excess on the tax over $5,000, because no deduction can be made under the terms of the bill for the money expended by him for the construction of his home. Of course, the same would apply to the borrowing of money from any other source. We have a very large membership in the building and loan associations throughout the United States, and heretofore had aimed to except them from the provisions of any tax that we might levy, but here is a proposition that says if a man borrows money to build a home for himself he will have to pay an excise tax for conducting business.

That is illustrative of the general features of the bill—a bill to tax industry. One the one hand, our Democratic friends are proposing to remove the protection which American industries enjoy in competition with the trade from foreign nations, and, on the other hand, they propose to levy a tax against money invested in industry, not against money which may be invested in municipal bonds or other bonds of people not engaged in business.

On the one hand, they deprive our industries of the benefit of the home market, and, on the other hand, tax them over the taxes which they now pay. No wonder the industries of the country are now largely paralyzed; no wonder that business is

largely at a standstill, with the threat of Democratic success and Democratic policies which cut off at the end of earning and then tax, in addition, that which has been earned. I can see no defense to a proposition of that sort.

It was the Republican Party which submitted to the country an amendment permitting an income tax, and for that we still stand [applause on the Republican side]; but it is the Democratic Party which proposes not to tax incomes, but to tax industry. All other nations of the world which tax incomes endeavor to promote industry, but the Democratic policy is to endeavor to demote industry by taxing it and let idle incomes go scott free. [Applause on the Republican side.]

Mr. HILL. Mr. Chairman, I move to strike out the last word.

It seems to be a morning for general confession, and I wish to state that I am going to vote against this bill on principle. I think it is unwise and unnecessary. I have a very distinct and vivid recollection of 1898, when the Spanish-American War began and it became necessary to raise money, that Congress in a very few days passed a bill for taxation which met the entire expenses of that war—between one and two hundred million dollars a year. No disturbance was created by it throughout the country; nobody felt it. After the bills were paid, a year after the Spanish War, one morning a resolution was brought in here to entirely discontinue that tax. A part of the law had been repealed the year before. One hundred and thirteen million dollars was the last discontinuance. It was repealed, and hardly anybody knew it for months after it was gone.

This bill is absolutely unnecessary to meet the expenses of this Government. It will cost infinitely more to collect this tax than it cost to collect the Spanish War tax. It will add hundreds and hundreds of employees to the already swollen pay roll of the United States.

The Spanish War system of taxation could be inaugurated if we needed money, but we do not. If we needed the money, a stamp system could be inaugurated, and all the money needed for your free wool and your free sugar, and for your deficiencies due to your system of tariff for revenue only, could be secured without the slightest difficulty. This is simply partisan Democratic legislation, with sectionalism stamped on every line of it, put forward for a purpose and not to procure necessary revenue.

You say you want to strike the rich and wealthy. If you do, put stamps on bank checks, tax rum and tobacco and luxuries generally. Why do you not do that? Use the stamp system which was used during the Spanish War and get anywhere from $50,000,000 to $200,000,000 revenue, as we did then, instead of organizing a great big spy system all over the United States and starting in for a lawsuit when you already know what you could do under the Spanish War taxation system. For that reason, if for no other, and because it is unnecessary, because it is not in accordance with American traditions, I am opposed to it and will vote against it. [Applause on the Republican side.]

Mr. HULL. Mr. Chairman, I yield to the gentleman from Kansas [Mr. TAGGART].

Mr. TAGGART. Mr. Chairman, it is rather astounding that one of the veteran Members of this House should rise in his place and say that an income tax is not in accordance with American traditions. With the greatest respect for that gentleman and those here who applaud his statement, I beg leave to call attention to the fact that a great many income-tax acts have been on the statute books of the United States that were held constitutional by the Supreme Court, and that they were passed by Republican Houses of Representatives and Republican Senates and signed by Republican Presidents.

For the purpose of calling particular attention to this fact, I refer to the celebrated Pollock case itself, in which the learned Chief Justice, in his dissenting opinion, called attention to it in this paragraph:

> From 1861 to 1870 many laws levying taxes on income were enacted, as follows: Act of August 5, 1861 (ch. 45, 12 Stat., 292, 309, 311); act of July 1, 1862 (ch. 119, 12 Stat., 432, 473, 475); act of March 3, 1863 (ch. 74, 12 Stat., 713, 718, 723); act of June 30, 1864 (ch. 173, 13 Stat., 223, 281, 285); act of March 3, 1865 (ch. 78, 13 Stat., 469, 479, 481); act of March 10, 1866 (ch. 15, 14 Stat., 4, 5); act of July 13, 1866 (ch. 184, 14 Stat., 98, 137, 140); act of March 2, 1867 (ch. 169, 14 Stat., 471, 477, 480); act of July 14, 1870 (ch. 255, 16 Stat., 256, 261).

All of them were income-tax laws, and each and every one of them was passed by a Republican administration.

Now, this bill is not in terms an income-tax bill. It was argued here yesterday with a degree of ability not usually enjoyed or observed at any place, not even in this House. [Laughter.] It was presented by one of the ablest orators in America. The final conclusion is this, That the Supreme Court has plainly receded from the income-tax decision. In the Flint case, decided in 1910, it says that, for the very reason that men have organized into a corporation and enjoy the privilege of associating themselves in that manner, they may be lawfully taxed by an act of Congress for transacting business as a corporation on their annual income.

I believe that the Supreme Court ought to have an opportunity itself to recall the Pollock decision. [Applause.] I believe that the Supreme Court is the proper body to recall its own decisions. The learned and venerable Chief Justice, as has repeatedly been said here, is the only survivor of the court as it was constituted 18 years ago, when that decision was rendered. It simply decided by a majority of one that a tax on personal property or a tax on real property, or on the income of either, was a direct tax, and therefore had to be apportioned among the States according to population.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HILL. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to proceed for five minutes more.

The CHAIRMAN. Unanimous consent is asked that the gentleman from Kansas [Mr. TAGGART] be permitted to proceed for five minutes longer. Is there objection?

There was no objection.

Mr. TAGGART. Mr. Chairman, it is now decided in the Flint case that if five men, say, associate themselves together as a corporation and own a hotel and rent the hotel to somebody else and derive an income of more than $5,000 per annum from it, they can be taxed as a corporation. The decision leaves the door open for another proposition. If these five men dissolve their corporation, form a partnership, and own the same hotel and rent it they could not be taxed, according to the Pollock case.

Mr. Chairman, I believe that the Flint decision is an intimation on the part of the court to the lawmaking bodies of the United States that they may enact an income-tax law, and I believe such a law will be upheld by the Supreme Court of the United States.

I wish to say that I have an abiding faith in the integrity of the Supreme Court of the United States. I wish to take this opportunity of saying now that no profit and no good can come from attacking that distinguished body. [Applause.] I would rather believe that the planets would leave their courses than that the Supreme Court of the United States would depart from the path of duty. [Applause.] Whoever under this flag raises his voice against that department of our Government is no lover of our common country. [Applause.]

I shall vote for this bill, and I believe that the apprehensions indulged in by the gentleman from Kansas [Mr. JACKSON], who thinks that there may be something unconstitutional in it, are absolutely unwarranted.

I wish, in closing, to call attention to the specific point decided in the Flint case. I think it will become apparent to everyone, regardless of whether or not he has practiced law, that the present tax is levied on a privilege, and that is the bare privilege of being a corporation. In this bill we are levying a tax on a privilege, and that is the privilege of doing a profitable business. We have taken the liberty to define what we mean by "business." In this very Flint case the Supreme Court has said that the intention of Congress as manifested by the language of the act is entitled to great consideration. I shall read from the report the exact point decided in the Flint case:

> The tax under consideration, as we have construed the statute, may be described as an excise upon the particular privilege of doing business in a corporate capacity, i. e., with the advantages which arise from corporate or quasi corporate organization; or, when applied to insurance companies, for doing the business of such companies.

The bill under consideration before us provides that whoever enjoys the privilege of deriving from his vocation a sum in excess of $5,000 annually will be taxed to support the Government of the United States, and it will now become necessary for some gentlemen here to go forth and convince the people that it was wrong to quit levying tribute upon the tables of the American people by a tax on sugar and wrong to place the burden upon those who are best able to bear it.

The gentleman from Illinois [Mr. MANN] said that this was a tax on industry. Three years ago he voted pointedly and directly for a tax on corporations that were engaged in industry. By what system of logic does he now deny the right of the Government to tax a rich man who enjoys a net income of more than $5,000 per annum, whether he derives it from industry or not? [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. Mr. Chairman, I ask that the debate on the amendment I have pending be closed.

Mr. CULLOP. Mr. Chairman, I would like to be heard on the gentleman's amendment.

Mr. UNDERWOOD. Mr. Chairman, then I ask unanimous consent that the debate on this amendment be closed in five minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that debate on the pending amendment be closed in five minutes. Is there objection?

There was no objection.

Mr. CULLOP. Mr. Chairman, the opposition of the gentleman from Illinois [Mr. MANN] to this provision, as I understand it, is that if a man borrows $5,000 of a building and loan association or from any other source and invests it in a home, that will be taken into consideration and charged up to him as an income upon which, under this bill, he would have to pay taxes.

That proposition is without merit, as a reading of this bill shows, because if he borrows $5,000 and invests it in the building of a home or the purchase of a home or in other business that is not a net income and would not come under the taxing provisions of this bill.

Now, one other proposition. It has been urged here that the idle rich would escape the provisions of this bill and that the wealth of Carnegie and Rockefeller would escape taxation. That is a mistake. The rich idler is taxed under this bill, because his capital is employed. Wealth is the subject of taxation, profits made, and not the individual. The Rockefellers and the Carnegies have their money employed in business, not idle, and it will be taxed under the provisions of the first section of this bill.

Under the provisions of this measure the idle rich, as has been charged, do not escape, but, on the contrary, must pay. Large holders of wealth may be idle, but their wealth is not. They keep it employed earning more money, and it is not the person who is taxed, but the earnings of his money. Many very rich persons are not employed, but their capital is kept busy all the time earning profits, and under this bill in all such cases they will be required to pay the tax provided for in this measure. That is the object of the measure, and that is the feature which commends it to the favorable consideration of the people.

I am somewhat surprised at the position of gentlemen on that side when they say they are opposed to this bill because it would require the thrift of the country to be taxed, because it would require the business institutions of the country to pay a tax. What have you been doing all these years by your tariff legislation? You have been taxing every individual in this land to make a profit to the owners of the great industries of this country. By your tax laws, for every dollar you have derived in revenue to the Government you have collected from the pockets of the people $7 as an unearned profit to the owners of the great industries of this country. [Applause on the Democratic side.] You have levied a tax upon every consumer in this country for the benefit of the Sugar Trust; you have levied a tax upon every farmer and mechanic in this country for the benefit of the Steel Trust.

What is the difference between this tax which we propose and the one that you propose? We propose that this tax shall be levied and collected as revenue to the Government, and every dollar of it will go into the Treasury as revenue. Your policy has been to tax the people of this country, not for revenue, but as an unearned profit to the great protected industries of the country. This constitutes the distinction between the policy we propose by this measure and the one which your party has enforced for these many years it has been in power. The question therefore to be settled is, Shall we adopt a policy which raises revenue for the Government or one that raises revenue for private business? Shall the many be taxed to support the Government or the private business enterprises of a favored few? This is the real issue, and the people fully realize the distinction.

Upon this issue, my fellow Democrats, we can go to the country and safely rely upon the sound judgment of the American people to indorse our position. And when gentlemen on the other side say that they welcome this issue in the coming campaign, I say to them, also, we are ready and will meet them in the forum and on the hustings to discuss this question before the American people between now and the 5th day of next November, which day we long for, as it will usher in a great Democratic victory achieved by the voters of this country in behalf of the Democratic Party. [Applause on the Democratic side.]

The gentleman from Connecticut [Mr. HILL] says, if you want to raise revenue for the Government, why do you not put a stamp tax on bank checks? We are going to raise the money more equitably and fairly to the American people through this measure, by obtaining this revenue from those who are the better able to pay it. When a tax is placed on bank checks revenues are raised without reference to the amounts of the same, and its burdens are inequitably distributed and do not fall on those best able to bear them. Such an objection should always have consideration in the enactment of every revenue measure, and it will be observed this measure wisely escapes that objection, and this will commend it with great favor to the people of the country. They will approve this feature and indorse its manifest fairness.

It taxes those who have heretofore escaped paying their proportion of taxes to support the Government.

Mr. HILL. If you want to raise more money, why do you not increase the tax on rum and tobacco?

Mr. CULLOP. In reply to the gentleman I would say these subjects will receive proper attention at the hands of the Democratic Party, as it believes in the equalization of the burdens for the support of the Government. It also believes in taxing luxuries highest and necessities lowest, and it proposes to apply this rule in all taxation before it is through, and these items will receive proper attention at the proper time.

The CHAIRMAN. The time of the gentleman from Indiana has expired. Under the order of the committee debate on this amendment is closed. The Clerk will report the amendment of the gentleman from Illinois [Mr. MANN].

The Clerk read as follows:

Page 3, line 1, strike out the words "*Provided*, That no deduction shall be made for any amount paid out for new buildings, permanent improvements, or betterments, made to increase the value of any property or estate."

The question being taken, on a division (demanded by Mr. MANN) there were—ayes 35, noes 56.

Accordingly the amendment was rejected.

Mr. TOWNER. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend, section 2, by adding the following:
"*And provided further*, That the provisions of this act shall not apply to the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States or to the judges of the inferior courts of the United States established by Congress."

Mr. TOWNER. Mr. Chairman, I offer this amendment for the purpose of making this tax, if possible, come under the provisions of the Constitution of the United States. Article III, section 1, provides as follows:

The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior, and shall at stated times receive for their services a compensation, which shall not be diminished during their continuance in office.

It is hardly necessary to say that under the terms of this act Congress, which has fixed the compensation of these judges, now diminishes it by the amount which they will be compelled to contribute in the payment of this so-called tax from their salaries. This is in direct conflict with the plain terms of the Constitution.

I offer this amendment also for the purpose of calling the attention of this House to the manner in which this bill has been drawn; to the absolute disregard of the Constitution and its requirements; to the carelessness with which its provisions have been thought out. This bill has been drawn in the nature of, if not with the name of, an income tax. But, Mr. Chairman, to draw a general income tax is a work that requires the most careful attention. It is a work to which should be given the best thought and attention of the Members of this House. It should not be hastily framed as a political expedient. It should be carefully considered and carefully drawn, and the Members on this side of the House are ready to give that kind of care and attention to that work and to support such a bill when it shall be presented. But now to have this character of bill presented with the provisions which gentlemen on that side must certainly recognize as not well considered, is not the work of statesmen or of Members who remember their obligations to their country in the passage of important legislation of this kind.

If it shall be deemed by these gentlemen as necessary to act hastily, let me suggest to them that it would have been an easy matter for them to have changed the phraseology of the present corporation-tax law by amending it to read 2 instead of 1 per cent that should be paid as a tax on the income of a corporation, and they would have added $30,000,000 to the revenue of the country, and accomplished it in a way that the Supreme Court has already determined is absolutely constitutional. But these gentlemen who are so ready to use their invective and denunciation against these gigantic corporations when upon the floor of the House have nothing now to add by way of penalizing them when they have the opportunity so to do. It seems to me, Mr. Chairman, that this amendment is necessary to correct a

feature of this bill where it has not been well and carefully considered. [Applause.]

Mr. FOSTER of Illinois. Mr. Chairman, I am not a lawyer, but it occurs to me that it is rather amusing to listen to the speech of the gentleman from Iowa [Mr. TOWNER], who seems to think that this side of the House has illy considered this bill and other legislation of this character, and that he should see fit to suggest to this side of the House in the closing moments of debate how we might change the corporation law so as to get $30,000,000 more. It seems strange to me that the gentleman should make the statement that this bill should not apply to the judges of the Supreme Court as to their salaries, and then argue to this House—and I take it he is a good lawyer—in the manner he does, but he is now talking politics himself. Then, when he makes the statement that Congress has no right to tax the judges of the Supreme Court and that it is taking away from their salaries, it occurs to me that Congress has as much right to tax the members of the Supreme Court as it has the man out in Iowa or Illinois. [Applause.]

I do not look upon the salaries of the judges of the Supreme Court with such awe, nor do I look upon their occupying so high a place that the same law ought not to apply to them as to other people. They ought to be willing, and I judge they are, as great jurists as I believe them to be, to pay out of their salaries a just proportion for the support of this Government.

Mr. TOWNER. Will the gentleman yield?

Mr. FOSTER of Illinois. Yes.

Mr. TOWNER. This is not a tax on the amount of property, but under the terms of this act it applies to the income which they receive. Congress has fixed the income. Congress now by this act reduces the income and therefore they are deprived of the salary that the Constitution of the United States says shall not be diminished during their term of office.

Mr. FOSTER of Illinois. I will say that in my judgment this does not decrease the salary of a judge of the Supreme Court of the United States one cent. The statement might be made with equal force that we ought not to tax them on their homes in which they live for fear that it would reduce their salaries. The gentleman from Iowa surely does not contend that. We have a perfect right to tax the members of the Supreme Court who own houses in the city of Washington. That amount has to come out of their salaries to pay those taxes, and why should not Congress have the right to take from their salaries a portion of their income to pay their portion of the expenses of this Government? [Applause.]

Mr. TOWNER. Will the gentleman allow me to call his attention to the proviso of the bill which directs the disbursing officers of the Government to "deduct and withhold the aforesaid tax of 1 per cent"?

Mr. FOSTER of Illinois. That is only the manner of collecting the tax; an administration provision of the bill.

Mr. GREEN of Iowa. Mr. Chairman, I intend to vote for the bill, and wish to express my reasons therefor. Notwithstanding the statement to the contrary of gentlemen on both sides of the House, I deny that this is a partisan measure. For more than 50 years the Republican Party has applied the principle which it is sought here to enforce, in so far as permitted by the decisions of the Supreme Court, by this bill. In this House and in the Senate almost every man, both Republican and Democrat, has in various ways supported this principle. It is said that this bill is an attempt to impose an income tax in disguise. I shall not undertake to discuss that question, but if it was so, it would make little difference with my vote. I have always been in favor of an income tax as the fairest, the most just, and most equitable way of imposing taxation. [Applause.] I believe that this bill is a step in that direction. It may be that it is a feeble and halting step, fettered as we possibly are by the decision of the Supreme Court; but nevertheless the trend of it is in the direction that a taxing system ought to go, namely, to place the burdens of the Government upon those who are best able to bear them. [Applause.] When this bill, if it should become an act, comes before the Supreme Court, the question must inevitably arise as to the validity of an income tax, and it is my desire, so far as I am concerned, that that question should again be submitted. I have never believed, and do not now believe, that the decision in the Pollock case was correct, and it certainly was not in accordance with the prior decisions of the court which rendered it. Such being the case, considering the manner in which the court is now constituted, I believe that a different decision would be rendered, and I hope to see it rendered on this bill when submitted to it. [Applause.]

Mr. O'SHAUNESSY. Mr. Chairman, it appears to me that the mission of the Democratic Party, through the Democratic majority in this House, is to restore in the Government a confidence now badly shattered; that that confidence has been shattered in a large degree is evidenced by the presence in this Chamber of a Member of the Socialist Party. His membership in this House is a concrete expression of the dissatisfaction resulting from the widening gap between those who have and those who have not, and in contemplating that condition in our national affairs one is led to the conclusion that immense fortunes have been made and amassed through a series of laws absolutely designed to build up great wealth in the hands of a few to the absolute impoverishment of millions of American citizens. [Applause.] There is no questioning the fact that the poor man never escapes taxation. It is an absolute impossibility for him to escape it. He constitutes the level upon which the weight of taxation rests, and the taxgatherer never fails to find him. The rich, with their devious methods of evasion, with their employed legal subtleties, with their ability to skip from State to State, find it easy to get away from the imposts that are levied for the support of government; and so in coming to the support of this bill the Democratic majority rejoices in the opportunity to raise the burden of taxation from the shoulders of the many and to place a portion of that taxation upon the shoulders of those well qualified and well able to sustain it. [Applause.]

The great difference in fortunes has made discontent rife, and precipitated into the arena of political discussion wild and vague theories of government cunningly calculated to destroy its very foundations. We have to face the situation as we find it and to make laws in accordance with the Constitution, which will bring a better era of feeling and prove to the people that the Government is for all men and their welfare and not for the few. There is no need of any hysterical legislation; there is no need of any radical changes in our form of government; but there is decided need for our present agencies of government, acting with impartiality and in accordance with the beliefs of the founders of this Government, to keep forever established the principle of equal opportunities for all, and special privileges to none.

It has been said by the majority leader in this debate [Mr. UNDERWOOD] that the decision of the United States Supreme Court in 1894 holding the income tax to be unconstitutional gave rise to a belief on the part of the people that the rich were exempt from the taxing power of Congress. How well founded that claim was is proved by the prophetic utterance of the now Chief Justice of the United States Supreme Court, Justice White, who, at that time, in his dissenting opinion, called forcible attention to the fact that the majority of the court had by their decision overthrown—

a long and consistent line of decisions, and denied to the legislative department of the Government the possession of a power conceded to it by universal consensus for 100 years, and which has been recognized by repeated adjudications of this court.

He sounded a warning against the policy, then being enunciated by the court, which would reverse the past, make helpless the power of the Nation to raise revenue through a time-honored custom, especially in the hour of national danger, and implant in the hearts of the people a distrust not easily overcome. It is fitting to again quote his words and match the conditions of our day with what he said would come to pass.

My inability to agree with the court in the conclusions which it has just expressed causes me much regret. Great as is my respect for any view by it announced, I can not resist the conviction that its opinion and decree in this case virtually annuls its previous decisions in regard to the powers of Congress on the subject of taxation, and is therefore fraught *with danger to the court, to each and every citizen, and to the Republic.* The conservation and orderly development of our institutions rests on our acceptance of the results of the past and their use as lights to guide our steps in the future. Teach the lesson that settled principles may be overthrown at any time, and confusion and turmoil must ultimately result. In the discharge of its functions of interpreting the Constitution this court exercises an august power. It sits removed from the contentions of political parties and the animosities of factions. It seems to me that the accomplishment of its lofty mission can only be secured by the stability of its teachings and the sanctity which surrounds them. If the permanency of its conclusions is to depend upon the personal opinions of those who from time to time may make up its membership it will inevitably become a theater of political strife and its action will be without coherence or consistency. There is no great principle about constitutional law, such as the nature and extent of the commerce power, or the currency power, or other powers of the Federal Government, which has not been ultimately defined by the adjudications of this court after long and earnest struggle. If we are to go back to the original sources of our political system or are to appeal to the writings of the economists in order to unsettle all these great principles, everything is lost and nothing saved to the people.

The rights of every individual are guaranteed by the safeguards which have been thrown around them by our adjudications. If these are to be assailed and overthrown, as is the settled law of income taxation by this opinion, as I understand it, the rights of property, so far as the Federal Constitution is concerned, are of little worth. My strong convictions forbid that I take part in a conclusion which seems to me so full of peril to the country. I am unwilling to do so, without reference to the question of what my personal opinion upon the subject might be if the question were a new one, and was thus unaffected by the action of the framers, the history of the Government, and the long line of decisions by this court. The wisdom of our forefathers in adopting a written Constitution has often been impeached upon the theory that the

interpretation of a written instrument did not afford as complete protection to liberty as would be enjoyed under a constitution made up of the traditions of a free people. Writing, it has been said, does not insure greater stability than tradition does, while it destroys flexibility. The answer has always been that by the foresight of the fathers the construction of our written Constitution was ultimately confided to this body, which, from the nature of its judicial structure, could always be relied upon to act with perfect freedom from the influence of faction and to preserve the benefits of consistent interpretations. The fundamental conception of a judicial body is that of one hedged about by precedents which are binding on the court without regard to the personality of its members. Break down this belief in judicial continuity and let it be felt that on great constitutional questions this court is to depart from the settled conclusions of its predecessors and to determine them all according to the mere opinion of those who temporarily fill its bench, and our Constitution will, in my judgment, be bereft of value and become a most dangerous instrument to the rights and liberties of the people.

[Applause.]

In the same dissenting opinion he said:

The facts, then, are briefly these: At the very birth of the Government a contention arose as to the meaning of the word "direct." The controversy was determined by the legislative and executive departments of the Government. Their action came to this court for review, and it was approved. Every judge of this court who expressed an opinion made use of language which clearly showed that he thought the word "direct" in the Constitution applied only to capitation taxes and taxes directly on land. Thereafter the construction thus given was accepted everywhere as definitive. The matter came again and again to this court, and in every case the original ruling was adhered to. The suggestions made in the Hylton case were adopted here, and, in the last case here decided, reviewing all the others, this court said the direct taxes within the meaning of the Constitution were only taxes on land and capitation taxes. And now, after a hundred years, after long-continued action by other departments of the Government, and after repeated adjudications of this court, this interpretation is overthrown and the Congress is declared not to have a power of taxation which may at some time, as it has in the past, prove necessary to the very existence of the Government.

At the time Justice White delivered this dissenting opinion, so pregnant with meaning and significance, the court held the income tax to be unconstitutional because it levied a direct tax on the income from real estate and from municipal bonds. As to whether Congress could levy a tax on incomes derived from other sources the court were evenly divided, standing 4 to 4. Acting upon a petition for a rehearing, the court, with a full bench of nine members, again held the tax to be unconstitutional by a vote of 5 to 4. Justice Jackson, who did not sit in the first case, sided with the four who had voted at the first hearing for the constitutionality of the tax upon incomes derived from other sources than that raised from real estate and municipal bonds. But one of the four who, in the first instance, had voted for the constitutionality of the tax went over to the other side, thereby giving a majority against the constitutionality of the tax, and causing the court to reverse the precedents of a century. Well may we ponder at this stage of our national life the words of Justice Harlan in his dissenting opinion:

I have a deep, abiding conviction, which my sense of duty compels me to express, that it is not possible for this court to have rendered any judgment more to be regretted than the one just rendered.

He called attention to the vast sums of money that had been raised to prosecute and bring the Civil War to a successful close through the instrumentality of an income tax, and that the court was now saying, in effect, that all of that money had been taken from the people in disregard of the Constitution.

Citing Oliver Ellsworth, whom John Adams declared to be the firmest pillar of Washington's administration in the Senate, Justice Harlan recalled that great statesman's words in the Connecticut convention of 1788, when he said:

Wars have now become rather wars of the purse than of the sword. Government must, therefore, be able to command the whole power of the purse; otherwise a hostile nation may look into our Constitution, see what resources are in the power of Government, and calculate to go a little beyond us; thus they may obtain a decided superiority over us and reduce us to the utmost distress. A government which can command but half its resources is like a man with but one arm to defend himself.

Noting the special privilege that would be conferred upon the wealthy class of our population, he said:

By its present construction of the Constitution the court, for the first time in all its history, declares that our Government has been so framed that in matters of taxation for its support and maintenance those who have incomes derived from the renting of real estate or from the leasing or using of tangible personal property, or who own invested personal property—bonds, stocks, and investments of whatever kind—have privileges than can not be accorded to those having incomes derived from the labor of their hands or the exercise of their skill or the use of their brains.

To those who have a fear of the United States Supreme Court rejecting this proposed excise law as unconstitutional the words of Justice Brown in his dissenting opinion are timely:

Congress ought never to legislate, in raising the revenues of the Government, in fear that important laws like this shall encounter the veto of this court through a change in its opinion or be crippled in great political crises by its inability to raise a revenue for immediate use.

Justice Jackson in his dissenting opinion said:

The practical operation of the decision is not only to disregard the great principles of equality in taxation, but the further principle that in the imposition of taxes for the benefit of the Government the burdens thereof should be imposed upon those having *most ability* to bear them. This decision, in effect, works out a directly opposite result in relieving the citizens having the *greater ability*, while the burdens of taxation are made to fall most heavily and oppressively upon those having the *least ability*.

The Republican Senator from Idaho [WILLIAM E. BORAH], speaking in the United States Senate on May 3, 1909, said, in reviewing the history of the United States Supreme Court upon the constitutionality of the income tax:

In the first place we must bear in mind that during the hundred years which preceded the Pollock case 21 judges occupying places upon that high tribunal had decided in favor of an income tax and of its constitutionality or had given such definition to the phrase "direct tax" as would sustain an income tax. Against those 21 judges, in the whole history of the court, there have been but 5 judges during that entire period who dissented. In other words, 5 judges alone in the whole history of the Supreme Court, from its organization to the present hour, have decided that an income tax was unconstitutional, while 21 judges have written opinions or joined in opinions to the contrary. Amongst those who have taken the view that an income tax is constitutional and that a direct tax relates only to land, capitation taxes, and taxes on improvements upon land are the elder Chase, Patterson, Iredell, Wilson, Chief Justice Chase, Nelson, Grier, Clifford, Swayne, Miller, Davis, Waite, Hunt, Strong, Bradley, Jackson, Brown, Harlan, White, and Ellsworth. Since the organization of that court every single writer upon constitutional law in America has adopted the view that a direct tax related alone to land and capitation taxes.

The surest avenue to discontent among the masses of the people is the granting of special privilege to the few. How brilliant and forceful and caustic was the dissection by the Republican Senator, John J. Ingalls, of the conditions that inspired his antagonism. Speaking in the Senate, on January 14, 1891, of the distribution of wealth in the United States, he said:

A table has been compiled for the purpose of showing how wealth in this country is distributed, and it is full of the most startling admonition. It has appeared in the magazines, it has been commented upon in this Chamber, it has been the theme of editorial discussion. It appears from this compilation that there are in the United States 200 persons who have an aggregate of more than $20,000,000 each. Four hundred persons possess $10,000,000 each, 1,000 possess $5,000,000 each, 2,000 possess $2,500,000 each, 6,000 persons possess $1,000,000 each, and 15,000 persons $500,000 each, making a total of 24,600 people who possess $36,250,000,000. Mr. President, it is the most appalling statement that ever fell upon mortal ears. It is, so far as the results of democracy as a social and political experiment are concerned, the most terrible commentary that ever was reported in the book of time; and Nero fiddles while Rome burns. It is thrown off with a laugh and a sneer, "as the froth upon beer" of our social and political system. As I said, the assessed valuation recorded in the great national ledger standing to our credit is about $65,000,000,000. Our population is 62,000,000, and by some means, by some device, by some machination, by some incantation, honest or otherwise, by some process that can not be defined, less than two-thousandth part of our population have obtained possession—and have kept out of the penitentiary in spite of the means they have adopted to acquire it—of more than one-half of the entire accumulated wealth of the country.

This is not the worst, Mr. President. It has been largely acquired by men who have contributed little to the material welfare of the country, and by processes that I do not care in appropriate terms to describe, by the wrecking of the fortunes of innocent men, women, and children, by jugglery, by bookkeeping, by financiering, by what the Senator from Ohio calls "speculation," and this process goes on with frightful and constantly accelerating rapidity. The entire industry of the country is passing under the control of organized and federated capital.

In his essay on "The present distribution of wealth in the United States," Charles B. Spahr, Ph. D., classified the wealth of the country according to the following table:

The United States, 1890.

Estates.	Number of families.	Aggregate wealth.	Average wealth.
The wealthy classes, $50,000 and over ...	125,000	$33,000,000,000	$264,000
The well-to-do classes, $50,000 to $5,000 ..	1,375,000	23,000,000,000	16,000
The middle classes, $5,000 to $500.....	5,500,000	8,200,000,000	1,500
The poorer classes under $500.....	5,500,000	800,000,000	150
Total.....	12,500,000	65,000,000,000	5,200

He concluded that seven-eighths of the families held but one-eighth of the national wealth, while one-eighth of the families held the remaining seven-eighths. In his classification of incomes he found that more than five-sixths of the incomes of the wealthiest class are received by the 125,000 richest families, while less than one-half of the incomes of the working classes are received by the poorer 6,500,000 families.

He sums up the situation by saying that one-eighth of the families in America receive more than half of the aggregate income and the richest 1 per cent receives a larger income than the poorest 50 per cent.

In fact—

He says—

this small class of wealthy property owners receives from property alone as large an income as half of our people receive from property and labor.

I do not believe that there is any greater proportionate distribution of wealth among the masses of the people to-day than in 1890, and no doubt the same proportion of distribution obtains among the 18,000,000 families of to-day, and the estimated $150,000,000,000 of our national wealth.

These figures are more eloquent than the speeches of statesmen; they spell gross inequality, and unequal opportunity. They furnish fuel to the flame of discontent and dissatisfaction. They provoke a restless longing for a change in government. The people have been baffled in their legitimate desire for legislative and judicial expression of their civil needs. Let the Supreme Court say that this bill is constitutional—and we must remember that the President has expressed confidence in the ability of Congress to frame a constitutional measure—let its workings testify to the power of government to exact from the possessors of great fortunes a fair measure of the burden of taxation, and I venture the prophecy that the demand for the recall of judges will pass away, only to be remembered as an ephemeral expression of popular discontent. The spectacle of 51 men possessing $3,295,000,000 and wielding a life-and-death influence upon our commercial life, and at the same time escaping the burdens of taxation is poorly calculated to sustain a profound faith in the Government.

That conservative Republican statesman, Senator John Sherman, whose name was connected with every great financial measure from 1860 to 1900, said in 1882:

> The public mind is not yet prepared to apply the key to a genuine revenue reform. A few years of further experience will convince the whole body of our people that a system of national taxes which rests the whole burden of taxation on consumption and not one cent on property or incomes is intrinsically unjust. While the expenses of the National Government are largely caused by the protection of property, it is but right to require property to contribute to their payment. It will not do to say that each person consumes in proportion to his means. This is not true. Everyone must see that the consumption of the rich does not bear the same relation to the consumption of the poor as the income of the one does to the wages of the other. * * * As wealth accumulates this injustice in the fundamental basis of our system will be felt and forced upon the attention of Congress.

Has the time not come to change the system of taxation so as to relieve consumption and make incomes stand their share?

Why does the Republican Party fail to heed the warnings and admonitions of those who had prevision and cling instead to a system that enriches beyond the dreams of avarice a favored few, with disastrous consequences to the great body of the people?

Ex-President Roosevelt has declared himself on the subject in the following language:

> When our tax laws are revised the question of an income tax and an inheritance tax should receive the careful attention of our legislators. In my judgment, both of the taxes should be part of our system of Federal taxation.

Some people have expressed a fear as to the realization of a sufficient amount of money through the agency of an income tax. The successful operation of the tax in this country from 1863 to 1873 may well dissipate any fears on that score. Beginning with $2,000,000 in 1863, it reached $73,000,000 in 1866, and in the period covered from 1865 to 1870 it realized in all about $285,000,000. It has been a source of steady income in Great Britain from 1842. In that country it was first imposed by Pitt in 1798 in order to meet the expenses of the French War. It was imposed with varying rates and exemptions in 1803, 1805, and 1807. It was abolished in 1816 and reimposed by Sir Robert Peel on June 22, 1842, at the rate of 7d. in the pound on all incomes exceeding £150. In 1842 the tax produced about £5,000,000, and in 1909–10 the amount produced was £37,679,902, or about $180,000,000.

If this bill becomes a law—and it has been drafted with a care to impress the court with its constitutionality—I believe it will inspire confidence in the Government and prove to the people that the great fortunes of the country must submit to the taxing power of Congress. Intrenched wealth can laugh at the storms of panics; sitting in luxury on the hilltops, it can complacently look down on the multitude in the valley struggling for an existence. Would for the betterment of Democratic institutions and the permanency of our Government that these great fortunes had not in so many instances been built up by the largesse of our tariff laws, wringing tribute from the masses for the enrichment of a few manufacturers. Would that the great fortunes of our country were not built upon watered stocks, which have taken millions from a credulous public, duped by the engraver's art and printer's ink in the form of gilded certificates frequently of about as much value as wall paper.

This bill is a fitting complement to the free-sugar bill, which deprives the Treasury of $53,000,000 of revenue; this measure will give in its stead $60,000,000. The sugar bill relieves the consumer of a tax of 2 cents per pound on sugar; and this bill, taxing all incomes above $5,000 per annum made in business, will reach out to the fortunes of the Carnegies, the Rockefellers, the Morgans, the Vanderbilts, and their like, and teach their possessors, through its exactions and provisions, that men must contribute to the support of the Government whose departments and agencies protect their property and through whose protection and, in many instances, the bounties of the Government those fortunes were acquired.

The Democratic Party seeks to establish not only confidence in the Government by impressing upon the public mind the fact that wealth as well as poverty must bear its fair share of taxation, but also seeks to reestablish through the decision of the Supreme Court the precedents of a century so unfortunately overthrown by the change of one jurist's mind in 1895.

Mr. CONNELL. Mr. Chairman, a few minutes ago the distinguished gentleman from Illinois [Mr. MANN], the musical, though occasionally discordant and sometimes dramatic, leader of the minority, announced that it is no wonder that the business and industry of the country are well-nigh paralyzed now. That was an emphatic and dominant note from the chorus of disaster which has been swelling and falling until it became the requiem of calamity, running all through this debate on that side of the House.

But, come to think of it, the wonder is that there is not some truth in the wail of woe and that business has not long since been paralyzed and industry destroyed, for so long have the destinies of the Nation been in the hands of standpatters and minions of special privilege that it is like unto a miracle that anything at all remains out of the hands of a few favorites, as, indeed, nothing would have survived had it not been for the splended capacity and industry of the American people. [Applause on the Democratic side.]

But, Mr. Chairman, I rose that, out of the redundance of Democratic good will, I might help out the minority, and I know I can do so if they will but take my advice. Having leveled all the chimneys in the country, having quenched all the fires in everything but the fireflies, having broken all the staffs upon which we used to lean, having stopped all the locomotives and bedeviled all the bridges, not to speak of having silenced all the whistles from Maine to California—yes; having gone from one end of the country to the other, devastating and blasting with this Democratic legislation, which you all say can never be enacted into law, the hopes of humanity in general—I say, having done all this, let me give you an argument which will appeal to the intelligence of the Nation ever more strongly than any of the arguments which you have thus far presented.

Look, Mr. Chairman, how the sun comes out in his regal glory to-day. See how the springtime is beginning to break upon us, flooding the world with its charms, and behold how its glints appear amid the varied colors of this historic ceiling. Hear the cardinal, blithe warbler of the budding year, as he sings in the parks around the Capitol, little recking his impending doom, for, Mr. Chairman, the spring will not spring, the buds will not blow, the leaves will not come out again. Ah, yes; and "the law will stop the blades of grass from growing as they grow" just so surely as we find truth and logic in the arguments that you have made against this bill. [Applause on the Democratic side.]

Still, I give you this appealing issue, for you need it. You have left nothing that can be an issue of life and meaning but the weather. You have destroyed all else. [Laughter and applause on the Democratic side.] Only a moment ago the minority, led by the distinguished former Speaker of the House, Mr. CANNON, seemed to be uniting in the revised chant, "What shall we do when the Democrats break the country up?" [Laughter and applause on the Democratic side.]

During this debate you have pointed out that everything is wrong and that there is crimson catastrophe on all sides, so far as this mundane sphere is concerned. But there remain the heavens and what you have spared from the once bounteous earth. Look to these and sound the alarm, lest they, too, perish. Arise, ye patriots of calamity, and declare that the Democracy will put the universe out of order, lengthen the day, extend the night, dim the stars, tax the income of the man in the moon, and change our computation of time. [Applause and laughter on the Democratic side.]

Appeal to the people and tell them that there will be no flowers on the hillsides, no daisies in the dells, and that the brooklets will never more murmur their songs as they ripple down the mountain to the vale below. Tell them that the trees will no longer whisper in the twilight their romantic gossip of the glories of nature anywhere in these unhappy United States. Yes, tell them that the valleys will retain their snow and ice the whole year round as the result of Democratic success.

[Applause and laughter on the Democratic side.] When you have done all this, you will have an issue which can not fail to appeal to everybody, and it will be as logical, far more eloquent, and infinitely more poetic than any issue that you can ever coin again out of the ghostly memories of your past. In the meantime we must stick to our old issue, which, like the one I have just given you, will reach everybody beneath the flag and in the flying machines above it, namely, the high cost of living, and the mission of the Democracy to bring it down and relieve the masses of the burdens of unnecessary taxation. It is an old-fashioned issue to be sure, but we shall stick to it, even though you go on proving in your own more or less comprehensive way that to give the people such relief will be to destroy and strike down all that now remains standing. [Applause on the Democratic side.]

Mr. LONGWORTH. Mr. Chairman, I have already addressed the House at some length upon this subject and did not intend to consume any more time, but in view of the fact that during this debate so much has been said to obscure the real issue before us, it seems to me that before voting we had better ascertain what we are voting on. I hope even the eloquent poem which has just been recited on the birds and flowers and the weather may not blind our eyes altogether to the real question.

Throughout the course of this debate gentlemen have argued eloquently and learnedly in favor of an income tax, but the bill before us today is not an income tax. Gentlemen have argued ably and learnedly that the Supreme Court might modify or change the decision in the Pollock case should an income-tax bill be brought before them. But this is not an income-tax bill. What is this bill? It is an excise tax on the annual gains of partnerships and individuals from doing business. What is its object? It is to raise revenue. How much revenue? The revenue made necessary by abrogating the duties in the sugar schedule. Gentlemen of the majority say that this bill will raise $60,000,000 of revenue. I do not believe that they have any idea it will. Certainly I do not believe that any reasonable man who examines the conditions can conceive this to be at all possible. It is perfect and absolute folly to say that there are in this country incomes of $6,000,000,000 a year, not earned by corporations, not earned from the bonds of States, counties, and municipalities, not earned by people having an income of less than $5,000 a year. The statement is absurd upon its face. This bill can not raise $60,000,000 or even a fraction of that sum, even though it should be constitutional in every respect. I am willing to admit, so far as I am concerned, that this bill is constitutional in so far as it taxes business incomes. The question that will come before the court, if this bill should ever have to be construed, would be whether or not any given income taxed is in fact a business income. There will be no other question before the court, and think, Mr. Chairman, of the interminable lawsuits that such a procedure would make necessary. I can not bring myself to believe that it is just in measuring the income of an individual to include with it incomes which are not in any sense earned from business, as is provided in the case of corporations in the corporation-tax law. The two things seem to me essentially different. But whether that be true or not this bill is not justifiable either as a revenue measure or as a fair and well-considered system of taxation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MCKENZIE. Mr. Chairman, I presume that all taxes levied by civilized countries upon the citizens would be conceded without argument to be a burden upon the citizen; especially is this true of a tax such as the one proposed by this bill. The burden of taxes is one of the penalties the citizen pays for being civilized, or rather for the privileges and blessings he enjoys while living in a civilized community, and in the security of his protected rights of life, liberty, and pursuit of happiness. The savage who dwells in a tent and is content with the simple life of a barbarian escapes these burdens. It is true we all complain more or less about the taxes we have to pay, but it has been my observation that when the taxpayers see the money collected from them honestly, intelligently, and economically expended in caring for the unfortunate, the education of the young, and the consistent improvement and development of the community, State or Nation, little complaint is heard. But it is the extravagant waste and needless expenditure of the money collected from the people by those intrusted with the control of public affairs that arouses the feeling of discontent, and as the burden grows heavier from year to year the masses become more and more dissatisfied and desperate. Revolution is the final climax and the glory of a hundred or a thousand years of national fame goes out in darkness; the historian closes his book and begins another chapter in the history of the human race.

It has been asserted that this bill is an unjust burden upon the energy and frugality of the citizen. All direct taxes levied upon the income or earning power of the citizen must necessarily be so, and I know of no principle in the field of taxation whereby the emulators of the fabled youth and his clarion motto can escape. It has been well said that the fathers of the Republic wrought wisely when they devised the scheme of indirect taxation for the Government, reserving the method of direct taxation to the States. This is as it should be, in my judgment. However, I am not opposed to the principle of an income or excise tax levied by the Government in cases of emergency, and I think that the Government should have the unquestioned power and authority to make use of this method of raising revenue in time of war or other national calamity, and so believing, it was with pleasure, while serving as a member of the Illinois Senate, that I voted for the approval of the proposed amendment to the Constitution of the United States which will forever put at rest the question of the Government's power and authority under the Constitution to levy and collect such a tax. Neither am I opposed to the principle of special taxation, and I earnestly advocated and voted for the enactment of the present inheritance-tax law in the State of Illinois. But I am just as emphatically opposed to the National Government making use of these methods of taxation in times of peace, and thereby usurping a power of taxation which should be reserved to the respective States. The State which I have in part the honor to represent is, as has been well said, "an empire of itself."

The necessity for raising additional revenue is becoming greater each year in that great Commonwealth, and I assert, as one of her citizens, that the privilege of levying special taxes upon the wealth of the citizens should be reserved to the State, except in case of national emergency, when in such case Illinois will again, as she always has, cheerfully contribute of her substance, and sons, if necessary, for the maintenance and perpetuity of our great Nation. It has been asserted on this floor that we are now facing an emergency—a deficit in the National Treasury—which will result from the reduction of some $50,000,000 in the revenue by the passage of the free-sugar bill. This argument, in my judgment, is not sound, and I feel constrained to say that by economical management of governmental affairs there will be no deficit, even with sugar on the free list; and, further, should such a thing be possible the field of internal revenue, which is the undisputed domain of the Federal Government for the purposes of raising revenue, has scarcely been touched, and the possibilities of the same are unknown, but evidently so rich that there can be no possible danger of the Government coming to want for needed revenue for ages yet to come. I am fully aware of the value of this piece of legislation as a campaign argument. The wonderful possibilities of the demagogue on the stump eloquently and dramatically portraying the misfortune and injustice of the humble citizen and his wonderful sympathy for him and what he would do "to the idle rich" would be no small thing. But, gentlemen of the committee, we are not legislating simply for the purpose of campaign arguments, but should in all our efforts be guided by what seems to us to be right. As I said before, I am not opposed to the principle involved in this bill or in special taxation levied upon the more fortunate of our citizens. But were it in my power to prepare a bill, I would make it more general than this and graduate it as the wealth of the citizen increased. But, feeling that this form of taxation should be forever reserved to the States, except in case of national emergency, I am opposed to the enactment of this law, believing that the respective States have greater burdens to bear than the National Government. I therefore have no hesitancy in voting against this measure. [Appluase.]

Mr. HEFLIN. Mr. Chairman, every time the effort is made in this House to reduce the tariff tax upon the people the Republican side of this House presents the argument of the unconstitutionality of the measure, and every time that party gets the opportunity it increases the tax burden of the people. [Applause on the Democratic side.] Now, when the Democratic majority, speaking for the American people, undertakes to place the Government tax up those most able to bear it, the gentleman from Connecticut [Mr. HILL] comes forward with the Spanish-American war-tax scheme. That tax was paid by the people who were least able to pay it. [Applause.] The gentleman from Connecticut wants the stamp-tax law reenacted. Mr. Chairman, every poor man who had a few dollars in the bank had to pay the stamp tax every time he drew out a small sum of money. The poor man in distress who had to borrow money and give his note for it had to pay the stamp tax; the poor man who mortgaged his home or his farm or his crop or his horse or anything else had to pay a stamp tax; and when he finally lost

his home he had to pay the tax on the stamps that went upon the deed. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONNELL. Mr. Chairman, I ask unanimous consent that the gentleman from Alabama be given five minutes more.

The CHAIRMAN. All time has expired. Under the order of the House two hours having been devoted to debate under the five-minute rule, in pursuance of the further order of the House the committee will now rise.

Accordingly the committee rose and the Speaker resumed the chair.

Mr. MOON of Tennessee. Mr. Speaker, the Committee of the Whole House on the state of the Union has had under consideration the bill H. R. 21214, and has directed me to report the bill to the House with the recommendation that the bill do pass with an amendment. There is also an amendment pending to the bill which has not yet been acted upon.

The SPEAKER. Under the order of the House the previous question is considered as ordered on the bill and amendments. The Clerk will report the amendments.

The Clerk read as follows:

Amend, section 2, by adding the following:

"*And provided further*, That the provisions of this act shall not apply to the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States, or to the judges of the inferior courts of the United States established by Congress."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the amendment was rejected.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amend, page 5, line 12, by striking out the word "gross" and inserting the word "net" in lieu thereof.

The question was taken, and the amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the amended bill.

The question was taken, and the bill was ordered to be engrossed and read the third time.

The SPEAKER. The question is on the passage of the amended bill.

Mr. UNDERWOOD and Mr. MANN. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. The gentleman from Alabama and the gentleman from Illinois both demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 253, nays 40, answered "present" 6, not voting 97, as follows:

YEAS—253.

Adair	Davenport	Hay	Moore, Tex.
Adamson	Davidson	Hayden	Morrison
Aiken, S. C.	Davis, Minn.	Hayes	Morse, Wis.
Ainey	Davis, W. Va.	Heflin	Moss, Ind.
Akin, N. Y.	Denver	Helgesen	Mott
Alexander	Dickinson	Helm	Murdock
Allen	Difenderfer	Hensley	Murray
Anderson, Minn.	Dixon, Ind.	Holland	Neeley
Anderson, Ohio	Donohoe	Houston	Nelson
Ansberry	Doremus	Howard	Norris
Ashbrook	Doughton	Howland	Nye
Austin	Driscoll, D. A.	Hughes, Ga.	O'Shaunessy
Barchfeld	Dupré	Hughes, N. J.	Padgett
Barnhart	Dyer	Hughes, W. Va.	Page
Bartlett	Edwards	Hull	Parran
Bathrick	Ellerbe	Humphreys, Miss.	Patton, Pa.
Bell, Ga.	Esch	Jacoway	Pepper
Blackmon	Evans	Johnson, Ky.	Pickett
Boehne	Faison	Johnson, S. C.	Porter
Booher	Farr	Jones	Post
Bowman	Fergusson	Kendall	Pou
Broussard	Ferris	Kennedy	Powers
Brown	Finley	Kent	Pray
Buchanan	Floyd, Ark.	Kinkaid, Nebr.	Prouty
Bulkley	Focht	Kinkead, N. J.	Rainey
Burke, S. Dak.	Foss	Kitchin	Raker
Burke, Wis.	Foster, Ill.	Konop	Randell, Tex.
Burleson	Fowler	Kopp	Ransdell, La.
Burnett	Francis	Korbly	Rauch
Byrnes, S. C.	French	Lafferty	Redfield
Byrns, Tenn.	Garner	La Follette	Rees
Callaway	Garrett	Lamb	Reilly
Campbell	George	Langley	Roberts, Mass.
Candler	Glass	Lee, Ga.	Roberts, Nev.
Cantrill	Godwin, N. C.	Lee, Pa.	Roddenbery
Carlin	Good	Lenroot	Rodenberg
Carter	Goodwin, Ark.	Lever	Rouse
Catlin	Gray	Lindbergh	Rubey
Clayton	Green, Iowa	Linthicum	Rucker, Mo.
Cline	Gregg, Tex.	Lloyd	Russell
Collier	Hamilton, Mich.	Lobeck	Sabath
Connell	Hamilton, W. Va.	McCoy	Saunders
Conry	Hamlin	McGuire, Okla.	Scully
Cooper	Hammond	McKellar	Sells
Covington	Hanna	McKinney	Shackleford
Cox, Ind.	Hardwick	McLaughlin	Sharp
Cox, Ohio	Hardy	Madden	Sherley
Crago	Harrison, Miss.	Maguire, Nebr.	Sherwood
Cravens	Harrison, N. Y.	Martin, Colo.	Simmons
Cullop	Haugen	Miller	Sims
Daugherty	Hawley	Moon, Tenn.	Sisson
Slayden	Stephens, Nebr.	Townsend	Willis
Slemp	Stephens, Tex.	Tribble	Wilson, Ill.
Sloan	Stevens, Minn.	Turnbull	Wilson, N. Y.
Small	Stone	Tuttle	Wilson, Pa.
Smith, J. M. C.	Sweet	Underhill	Witherspoon
Smith, Saml. W.	Switzer	Underwood	Woods, Iowa
Smith, Tex.	Taggart	Volstead	Young, Kans.
Sparkman	Talbott, Md.	Warburton	Young, Mich.
Stanley	Talcott, N. Y.	Watkins	Young, Tex.
Stedman	Taylor, Ala.	Webb	The Speaker
Steenerson	Taylor, Colo.	Wedemeyer	
Stephens, Cal.	Taylor, Ohio	White	
Stephens, Miss.	Thomas	Wickliffe	

NAYS—40.

Browning	Fordney	Howell	Needham
Calder	Gardner, Mass.	Humphrey, Wash.	Payne
Cannon	Gardner, N. J.	Knowland	Plumley
Crumpacker	Gillett	Lawrence	Reyburn
Currier	Greene, Mass.	Longworth	Sterling
Danforth	Harris	Loud	Sulloway
Dodds	Hartman	McKenzie	Tilson
Draper	Henry, Conn.	Malby	Towner
Driscoll, M. E.	Higgins	Mann	Utter
Fairchild	Hill	Mondell	Wilder

ANSWERED "PRESENT"—6.

Bates	Flood, Va.	Jackson	Kahn
Burgess	Gallagher		

NOT VOTING—97.

Ames	Dwight	Lafean	Olmsted
Andrus	Estopinal	Langham	Palmer
Anthony	Fields	Legare	Patten, N. Y.
Ayres	Fitzgerald	Levy	Peters
Bartholdt	Fornes	Lewis	Prince
Beall, Tex.	Foster, Vt.	Lindsay	Pujo
Berger	Fuller	Littlepage	Richardson
Bingham	Goeke	Littleton	Riordan
Borland	Goldfogle	McCall	Robinson
Bradley	Gould	McCreary	Rothermel
Brantley	Graham	McDermott	Rucker, Colo.
Burke, Pa.	Gregg, Pa.	McGillicuddy	Sheppard
Butler	Griest	McHenry	Smith, Cal.
Cary	Gudger	McKinley	Smith, N. Y.
Clark, Fla.	Guernsey	McMorran	Speer
Claypool	Hamill	Macon	Stack
Copley	Heald	Maher	Sulzer
Curley	Henry, Tex.	Martin, S. Dak.	Thayer
Curry	Hinds	Matthews	Thistlewood
Dalzell	Hobson	Mays	Vreeland
De Forest	Hubbard	Moon, Pa.	Weeks
Dent	James	Moore, Pa.	Whitacre
Dickson, Miss.	Kindred	Morgan	Wood, N. J.
Dies	Konig	Oldfield	

The SPEAKER. The Clerk will call my name.

The name of Mr. CLARK of Missouri was called, and he voted "aye," as above recorded.

So the bill was passed.

The Clerk announced the following pairs:

For the session:

Mr. GRAHAM with Mr. BUTLER.

Mr. FORNES with Mr. BRADLEY.

Mr. PUJO with Mr. MCMORRAN.

Mr. RIORDAN with Mr. ANDRUS.

Until further notice:

Mr. SHEPPARD with Mr. BATES.

Mr. CLARK of Florida with Mr. LANGHAM.

Mr. MAYS with Mr. THISTLEWOOD.

Mr. HINDS with Mr. GOULD.

Mr. MCGILLICUDDY with Mr. GUERNSEY.

Mr. MCDERMOTT with Mr. PRINCE.

Mr. OLDFIELD with Mr. BINGHAM.

Mr. GALLAGHER with Mr. FULLER.

Mr. ROTHERMEL with Mr. GRIEST.

Mr. MAHER with Mr. DE FOREST.

Mr. HOBSON with Mr. BARTHOLDT.

Mr. FITZGERALD with Mr. COPLEY.

Mr. MACON with Mr. SMITH of California.

Mr. LITTLETON with Mr. DWIGHT.

Mr. DENT with Mr. ANTHONY.

Mr. LITTLEPAGE with Mr. BURKE of Pennsylvania.

Mr. BEALL of Texas with Mr. CARY.

Mr. BRANTLEY with Mr. DALZELL.

Mr. FIELDS with Mr. CURRY.

Mr. GUDGER with Mr. FOSTER of Vermont.

Mr. CLAYPOOL with Mr. HEALD.

Mr. HENRY of Texas with Mr. MCKINLEY.

Mr. KINDRED with Mr. MARTIN of South Dakota.

Mr. PALMER with Mr. MOON of Pennsylvania.

Mr. CURLEY with Mr. VREELAND.

Mr. PETERS with Mr. MATTHEWS.

Mr. SMITH of New York with Mr. VREELAND.

Mr. SULZER with Mr. WOOD of New Jersey.

Mr. LEWIS with Mr. SPEER.

Mr. GOLDFOGLE with Mr. LAFEAN.

Mr. GOEKE with Mr. HUBBARD.

Mr. JAMES (for income-tax bill) with Mr. MCCALL (against income-tax bill).

Mr. DIES (for income-tax bill) with Mr. KAHN (against income-tax bill).

Until noon, March 20:

Mr. FLOOD of Virginia with Mr. OLMSTED.

Until March 20:

Mr. PATTEN of New York with Mr. MOORE of Pennsylvania.

Mr. GREGG of Pennsylvania (for income-tax bill) with Mr. MCCREARY (against income-tax bill).

Commencing March 11 and ending April 2:

Mr. BURGESS with Mr. WEEKS.

Until April 5:

Mr. THAYER with Mr. AMES.

The result of the vote was announced as above recorded.

On motion of Mr. UNDERWOOD, a motion to reconsider the vote by which the bill was passed was laid on the table.

AMERICAN REGISTERS FOR SEAGOING VESSELS.

Mr. HUMPHREY of Washington. Mr. Speaker, I ask unanimous consent that the time for filing views of the minority on the bill (H. R. 16692) to provide American registers for seagoing vessels, and so forth, be extended for seven legislative days (H. Rept. 405, pt. 2).

The SPEAKER. The gentleman from Washington asks unanimous consent that the time for filing the views of the minority on H. R. 16692 be extended for seven legislative days. Is there objection? [After a pause.] The Chair hears none.

PUBLICITY OF CONGRESSIONAL CAMPAIGNS.

Mr. LLOYD. Mr. Speaker, I wish to renew the request I made a few moments ago to which the gentleman from Georgia [Mr. BARTLETT] objected.

The SPEAKER. The gentleman from Missouri [Mr. LLOYD] asks unanimous consent to print in the RECORD——

Mr. BARTLETT. Mr. Speaker, reserving the right to object——

The SPEAKER. The gentleman from Georgia will wait until the Chair states the question. The gentleman from Missouri [Mr. LLOYD] asks unanimous consent to print in the RECORD certain forms, which were agreed upon between him and the gentleman from Illinois [Mr. MANN], as to certain affidavits touching the expenses of the candidates for Congress before nomination and after nomination and before and after election, and to extend his remarks. Coupled with that was the request of the gentleman from Illinois to amend by ordering the Clerk to print these forms for the candidates for Congress, sitting Members, and others.

Mr. BARTLETT. Mr. Speaker, reserving the right to object, I would like to say that I do not think this will do any good, yet I do not think it will do any harm. I have examined the papers, prepared, I am informed, by the gentleman from Missouri [Mr. LLOYD] and the gentleman from Illinois [Mr. MANN], and as there seems to be some desire on the part of the Members of the House to have the matter disposed of in the way in which it has been requested to be acted upon by both the gentleman from Missouri and the gentleman from Illinois, while I do not withdraw any suggestions I may have made with reference to the matter, I do not feel inclined to press my objection.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. LLOYD. Mr. Speaker, after conference with several Members of the House, I have taken it upon myself to confer with the gentleman from Illinois [Mr. MANN], the minority leader, about the form of statement which is required to be made by each candidate for Congress. Under the existing law every candidate who receives a nomination and is voted upon at the election is required to make four statements. The first one must be filed in the office of the Clerk of the House of Representatives at Washington, D. C., not more than 15 days and not less than 10 days next before the primary election or nominating convention. The law directs what kind of statement shall be made by such candidate. The gentleman from Illinois and myself have agreed upon a form which we offer for use by each candidate if he desires it. We have no intention to make the use of this form mandatory. Every individual, of course, is expected to construe the law for himself and to file a statement in accordance with the law as he understands it.

We submit, however, a form for use prior to the nomination as follows:

(To be filed with the Clerk of the House of Representatives, Washington, D. C., not less than 10 or more than 15 days before the date of the primary election or nominating convention.

The depositing of this statement in a regular post office, directed to the Clerk of the House of Representatives, duly stamped and registered, within the time above required, is a sufficient filing of the statement.)

STATEMENT OF RECEIPTS AND EXPENDITURES OF CANDIDATE FOR NOMINATION FOR REPRESENTATIVE IN CONGRESS.

(For filing before primary election or nominating convention.)

I hereby certify that the following is a full, correct, and itemized statement of all moneys and things of value received by me or by anyone for me with my knowledge and consent from any source, together with the names of all those who have furnished the same in whole or in part, in aid or support of my candidacy for the ——— nomination for Representative in the Congress of the United States from the ——— congressional district of the State of ———, at the primary election (nominating convention) to be held in said district on the ——— day of ———, 1912, viz:

Also, that the following is a true and itemized account of all moneys and things of value given, contributed, expended, used, or promised by me, or by my agent, representative, or other person for or in my behalf with my knowledge or consent, together with the names of those to whom such gifts, contributions, payments, or promises were made for the purpose of procuring my nomination at such primary election (nominating convention), not including any money expended by me to meet and discharge any assessment, fee, or charge made or levied upon candidates by the laws of the State in which I reside or for my necessary personal expenses incurred for myself alone for travel, subsistence, stationery, postage, or writing or printing (other than in newspapers), and distributing letters, circulars, and posters, or for telegraph and telephone service, viz:

(Signature of candidate) ——— ———,

(Address) ———.

——— ———, *ss:*

———, being duly sworn, deposes (affirms) and says that the foregoing is a true and correct statement of his candidacy for nomination for Congress and of all the receipts and expenditures in aid or support of his candidacy as therein above set forth.

———.

Subscribed and sworn to (affirmed) before me this — day of ———, A. D. 1912.

[SEAL.] ———.

MEMORANDUM: The above statement must be verified by oath or affirmation of the candidate before an officer in the district in which he is a candidate for Representative, unless such candidate shall be in attendance upon Congress as a Member thereof, in which case he may verify his statement in the District of Columbia.

NOMINATION FOR CONGRESS.

Statement of receipts and expenses of ——— ———, — district of ——— ———.

Primary or convention, ———, 1912.

Mailed ———, 1912.

Received and filed ———, 1912.

The next statement which is required to be filed by any person who is a candidate for the nomination for Congress must be filed within 15 days after the primary election or nominating convention. This statement must be filed with the Clerk of the House of Representatives at Washington, D. C., and is a little different in form from that which is required in the first statement. The gentleman from Illinois and myself submit herewith as a suitable form for use by the candidate, in our judgment, the following:

(To be filed with the Clerk of the House of Representatives, Washington, D. C., within 15 days after the date of the primary election or nominating convention. The depositing of this statement in a regular post office, directed to the Clerk of the House of Representatives, duly stamped and registered, within the time above required, is a sufficient filing of the statement.)

STATEMENT OF RECEIPTS AND EXPENDITURES OF CANDIDATE FOR NOMINATION FOR REPRESENTATIVE IN CONGRESS.

(For filing after primary election or nominating convention.)

I hereby certify that the following is a full, correct, and itemized statement of all moneys and things of value received by me or by anyone for me with my knowledge and consent from any source, not included in the statement heretofore filed by me with the Clerk of the House of Representatives, together with the names of all those who have furnished the same in whole or in part, in aid or support of my candidacy for the ——— nomination for Representative in the Congress of the United States from the ——— congressional district of the State of ———, at the primary election (nominating convention) to be held in said district on the ——— day of ———, 1912, viz:

Also, that the following is a true and itemized account of all moneys and things of value given, contributed, expended, used, or promised by me, or by my agent, representative, or other person for or in my behalf with my knowledge or consent, not included in the statement heretofore filed by me with the Clerk of the House of Representatives, together with the names of those to whom such gifts, contributions, payments, or promises were made for the purpose of procuring my nomination at such primary election (nominating convention) not including any money expended by me to meet and discharge any assessment, fee, or charge made or levied upon candidates by the laws of the State in which I reside or for my necessary personal expenses incurred for myself alone, for travel, subsistence, stationery, postage, or writing or printing (other than in newspapers), and distributing letters, circulars, and posters, or for telegraph and telephone service, viz:

Also, that the following is a correct summary of the statement made and filed by me with the Clerk of the House of Representatives prior to said primary election (nominating convention) as required by law, viz:

Also, that the following is a correct statement of every promise or pledge made by me or by anyone for me with my knowledge and consent or to whom I have given authority to make such promise or pledge relative to the appointment or recommendation for appointment of any person to any position of trust, honor, or profit, either in a county, State, or the Nation, or in any political subdivision thereof, or in any