

Rhode Island favored the corporation tax solely to defeat the income tax.

"Not solely," replied Mr. Aldrich, "The imposition of an income tax now would be an assault, or rebuke, rather, to the supreme court of the United States."

Mr. Clay declared it has become evident that the administration program was brought forward to end all chances for the enactment of an income tax law. He pointed out that under the administration plan twelve states could defeat the amendment and such a defeat would defeat the question for all time.

Mr. Cummins of Iowa predicted that at the close of 1911 the deficit will be \$175,000,000. Commenting on the constitutional aspects of the income tax amendment, Mr. Cummins said he proposed to vote for it but he charged that that measure was proposed by the finance committee with the same motive that prompted the committee to propose the corporation tax.

"And," he added, "I shall vote for it without the slightest hope that it will ever become a part of the constitution of the United States. I know men too well to believe there are not twelve states where the minority opposed to this kind of legislation can not prevent the adoption of this resolution by the legislatures of these states. In my judgment you will never hear from it or much of it after it has passed this congress."

Senator Gore of Oklahoma suggested that the finance committee should report each schedule of the tariff bill as a separate bill, so that senators and representatives might vote against the portions of it they may not approve, while voting for the parts acceptable to them. Mr. Gore argued that it would also afford the president an opportunity to veto any schedule not satisfactory to him. Consideration of the resolution was postponed.

Senator Davis of Arkansas addressed the senate on the tariff bill. The following is taken from the Associated Press report:

Contending that the republican party had failed to keep its promise to lower the tariff, he said that if that party had possessed the manhood to state boldly that it intended to increase the tariff, "the places that know them today would have known them no longer forever, and they would have been a hiss and a by-word in the land, their destruction inevitable."

He dwelt at some length upon the motives of its members to still further swell their already colossal fortunes and to take from the poor man the last vestige of hope and from their helpless families their means of sustenance.

Still he was not without hope because he believed that the American people were awakened to a realization that the promises of the republican party were nothing more than broken reeds and smoking flax. He continued:

"They are turning their faces in hopefulness and glad acclaim to the great middle west, where a small cloud has arisen, which is gathering in strength and volume, led by the insurgent republican forces in this body, that assures the downfall and destruction of the bourbon element, that old dominant party planted by Hamilton, in which there yet reposes the spirit of kings, and the belief that one crowd was created to be ridden, booted and spurred by their masters, and that when they call for bread they should be given a stone and when their children cry for a fish, they should be given a serpent. These insurgents, sir, catching the spirit of freedom and independence, catching the spirit of democracy, and catching the spirit of the eternal brotherhood of man have before them great possibilities, and in their ultimate success and helpfulness to the people, depends much for the future happiness of this republic."

"Why do the republican leaders on this floor no longer conceal their real purpose?" asked the senator from Arkansas. "Why do they exhibit their mailed hand and cloven hoof in this transaction?"

Answering his own question, Mr. Davis said: "They are drunk on power. Upon temporary glory. Upon passing success. They feel that these protected industries, whose 'slush fund' and whose 'blood money' has kept them in power for the last quarter of a century, possesses now such omnipotent power that their hold upon the throats of people can not be loosened and their power to further rob them can not be destroyed."

Declaring that the tariff bill is virtually the product of Senator Aldrich, and asserting that Mr. Aldrich had been elected to the senate by a

legislature chosen by eleven per cent of the small state of Rhode Island, Mr. Davis contended that the senatorial supporters of the bill had shown great subservency to Mr. Aldrich.

Indirectly, Mr. Davis criticised democrats who had declared their lack of allegiance to the democratic platform which he said he was willing to "swallow from 'eand to eand' and from 'kiver to kiver.'"

Mr. Davis defended Mr. Bryan as the reputed author of the democratic platform. Even though Mr. Bryan might not be president, Mr. Davis expressed the hope that he would not "circumscribe the field of his usefulness, the field of his eternal greatness, by accepting a seat in the senate of the United States.

"The field is too small," said Senator Davis. His powers of usefulness would be too circumscribed, and a pitiable spectacle he would present indeed, were he here today, bound and gagged, as are the helpless minority, to the autocratic will of the senior senator from Rhode Island."

Mr. McCumber denied that Mr. Aldrich spoke for the finance committee when he said the corporation tax was first for the purpose of defeating the income tax.

Mr. Borah of Idaho said: "I will show later not only from the statement of the chairman of the finance committee, but will prove beyond doubt that this corporation tax had its origin in a desire to defeat the income tax. And when it shall have served its purpose it will die, as the great leader in this chamber said, 'an ignominious death.'"

The following is taken from the Associated Press report:

In opposing the corporation tax the Idaho senator declared he was following in the footsteps of leaders of his party. He recalled the corporation tax proposed by the minority as a war measure in 1898, declaring it was not rejected by the republican majority as a matter of expediency, not because the tax was not necessary, but because of the principles it involved. He read extracts from a speech by Senator Lodge made in 1898 in strong opposition to the corporation tax then proposed by the democratic minority.

Senator Borah charged that the men who were now advocating the plan of submitting the income tax question to the states for the amendment of the constitution would be found against the amendment when it reached their own states. This charge aroused Mr. Flint of the finance committee, who said he would favor the amendment in California and expressed confidence the amendment would carry. He predicted that the corporation tax would not be repealed as Mr. Aldrich had prophesied.

Senator Root made a short speech. Concluding he said: "Gentlemen may say I am for a corporation tax to beat the income tax. I am for the corporation tax because I think it is better policy, better patriotism and higher wisdom than the general income tax at this time and under these circumstances. I wish to beat the income tax provision because I think it is unwise and wish to pass a corporation tax provision because I think it is wise."

Advocating the pending provision for a corporation tax, as opposed to the Bailey-Cummins income tax amendment, Mr. Root said:

"The corporation tax saves all of the provisions of the income tax that are constitutional and can be enforced. The income tax is, to my mind, unwise, unjust and unconstitutional, while the corporation tax is wise and just and constitutional."

He viewed the income tax as a means for dislodging the protective tariff and declared that in his judgment the proposed income tax would raise from \$150,000,000 to \$200,000,000 annually.

"I think," said the New York senator, "the United States ought to have the power to lay and collect income tax because I want my country to have the power to summon every dollar possible to its relief in times of stress."

He said he would advocate the approval by the legislature of New York of the proposed constitutional amendment for that purpose.

Replying to Mr. Bacon, Mr. Root said those who had considered and framed the pending corporation tax had agreed that they could not reach the bonds of corporations in the hands of the bondholders consistent with the decisions of the supreme court.

Mr. Bacon suggested it would be within the power of these corporations to convert their stock into bonds and thus defeat the payment of the tax. He wished to know whether that could be prevented. It was to avoid that, Mr.

Root said, that the provision was placed in the amendment preventing the payment of interest on indebtedness in excess of the amount of its capital stock.

Mr. Bacon thought this was not sufficient, as the amount of stock of the corporations could often be increased by a mere resolution of a board of directors.

Severely criticising the corporation tax amendment, Senator Clapp called attention to the president's message in which he said savings banks and building and loan associations should be excepted from the provisions of such a measure.

"And yet," he said, "this amendment which we are told he approved included savings banks and building and loan associations."

The publicity feature of the corporation tax measure, he said, provided very honest returns for the purpose of taxation. It was not framed, he said, to bring out any secret agreements that might exist between corporations and was, in fact, a mere myth. Denouncing the corporation tax as a plan to shift the burden of taxation on consumers, Mr. Clapp predicted its early repeal when the people come to understand its real meaning.

Interpreting the language of the constitution relating to the laying of "direct" taxes as referring to the states and not to individuals, Senator Owen declared that this view ought to be considered by the supreme court. The court, he said, had never had that interpretation brought to its attention, and if it should sustain that view there would be no question about the constitutionality of an income tax amendment.

The corporation tax amendment pushed by President Taft and Senator Aldrich passed the senate by a vote of 60 to 11 on July 2.

The test vote was on the substitution of the corporation tax amendment for the income tax provision and on the vote forty-five senators cast their ballots in the affirmative and thirty-one in the negative. On this ballot all the democratic votes were cast in favor of the income tax.

The affirmative vote was cast entirely by republicans, even Senator McEnery of Louisiana, who has voted with the majority side for all protective measures, casting his ballot with his own party.

The republicans who voted with the democrats in the negative were Messrs. Borah, Bristow, Bulkeley, Clapp, Cummins, Dolliver and LaFollette.

On the final vote the corporation tax was adopted by 60 to 11.

Of the eleven negative votes, eight were cast by republicans, and three by democrats, the republicans being Borah, Bristow, Bulkeley, Clapp, Cummings, Dolliver, Heyburn, and LaFollette, and the democrats, Chamberlain, Hughes and Shively.

The affirmative vote was as follows: Aldrich, Bradley, Brandegee, Briggs, Brown, Burkett, Burnham, Burrows, Burton, Carter, Clark of Wyoming, Crawford, Cullom, Curtis, Depew, Dick, Dillingham, Dixon, Dupont, Elkins, Flint, Fry, Gallinger, Gamble, Guggenheim, Johnson, Jones, Keene, Lodge, Lorimer, McCumber, Nelson, Page, Penrose, Perkins, Piles, Root, Scott, Smoot, Sutherland, Warner, Warren and Wetmore, republicans; Bailey, Bankhead, Culberson, Daniel, Davis, Fletcher, Foster, Gore, Johnston, McEnery, McLaurin, Martin, Money, Newlands, Rayner, Taliaferro and Taylor, democrats.

Practical Tariff Talks

A Substantial Myth

The Hon. Henry Cabot Lodge, senator from Massachusetts, was the permanent chairman of the republican national convention of 1908. Mr. Lodge has just made a notable contribution to the discussion of the question of whether or not when the republican party agreed in its national platform to revise the tariff it meant revision downwards or sideways. Mr. Lodge is quite sure that it simply meant revision, said revision to be made by the long-time friends of the tariff. In proof of his contention that it did not mean downwards he asserts that the consumer is a myth. Mr. Lodge is the author of a number of literary masterpieces, but mythology is a subject upon which he will not be accepted as an authority.

It might be proper to inquire if Senator Lodge considers the consumer of tobacco a myth. Mr. Blaine once said, during a tariff discussion, that