

A Great Victory for the Income Tax

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"The heart has its reasons which reason can not understand because the heart is of an infinitely higher order."—Pascal.

GOES THROUGH CONGRESS

Last week the house of representatives passed the Webb bill prohibiting the shipments of liquor into dry states. The standpatters of both parties fought the measure. The experience in the senate was similar. There the Sheppard-Kenyon bill had been pushed. Senator Kenyon, of Iowa, closed the debate in the senate by asking that the house bill (the Webb bill) be substituted for the Sheppard-Kenyon measure. The Associated Press report of the senate proceedings says: The Webb bill would prohibit shipments of intoxicating liquors from one state to another when intended to be received or sold in violation of the law of the state to which the shipment is made. Friends of the legislation now will seek to have the house concur in the senate bill, which differs from the bill passed by the house only in number. Should that be done the bills would not be considered in conference, but the bill passed by the senate will go to the president for his signature.

The voting was first on the perfection of the Kenyon-Sheppard bill. By a vote of 61 to 23 the senate agreed to the committee amendment adding a section to the bill which provided in terms that intoxicating liquors should become subject to state laws upon crossing state boundaries.

Senator Hitchcock's amendment to accept liquor intended for personal use was defeated without a roll call and one by Senator O'Gorman, to except liquor intended for personal and sacramental use, likewise was defeated by 31 to 50. Senator Kenyon succeeded in having his measure amended to become operative July 31, 1913. Thereupon Senator Gallinger asked for the substitution of the Webb bill for the senate measure. He likewise succeeded in having the title amended so as to bring the house in accord except as to the number of the bills.

When Senator Ashurst asked that two petitions signed by citizens of his state favoring the passage of the Kenyon bill be printed in the Record, Senator Gallinger objected.

"I can not vote for this bill because it is clearly unconstitutional," said Senator Pomerene of Ohio in the first speech on it. He declared the bill would illegally attempt to give state legislatures the right to regulate interstate commerce, a power held solely by congress.

Senator Sutherland declaring public sentiment against intoxicating liquors had become as general as that which existed against lottery tickets, congress could absolutely prohibit its transportation.

Senator Borah declared the time had arrived. "Not a state has prohibited the personal use of liquor," declared Senator Sutherland.

"Nor am I aware of any state ever prohibiting the personal use of a lottery ticket," retorted Borah.

Delaware, in a close race with Wyoming and New Mexico, won the honor of being the state to complete the number necessary for the ratification of the income tax. The resolution upon which the state voted was adopted by congress in July, 1909. The story of the completion of the ratification process is told by the Washington correspondent for the Chicago Record-Herald in this way:

It was a race at the last for the honor of clinching the matter, with Delaware leading the intermountain state of Wyoming to the post by an hour and fifty minutes. But had it not been for the fact that the sun rises two hours earlier on the Atlantic seaboard than it does in the Rockies, the sheep raisers might have beat the peach growers to it by ten minutes. Wyoming ratified at 10:45, mountain time, while Delaware ratified at 10:55, eastern time.

Later in the day New Mexico came romping along for place. New Jersey, home of the president-elect, and the state where the future democratic executive of the nation now presides as governor, missed the chance of paying a fine inauguration tribute to its favorite son. No later than Saturday Governor Wilson, having seen the amendment adopted by one branch of the legislature, expressed the wish that his state might be the one to "cap the climax." The Utah senate ratified the amendment, the house has not yet acted.

West Virginia, by ratifying on Friday, had been the thirty-fifth state to give approval to the federal income tax idea, and immediately, with only the vote of one legislature lacking to make the amendment part of the organic law, tremendous interest was aroused throughout the land. There was sudden inspiration of rivalry among the states that had been holding back to get on the bandwagon.

The race was supposed to be between New Jersey and New Mexico, but the dark horses jumped into the stretch.

In the same connection the Record-Herald's correspondent says: And now it's all settled except for the little matter of putting the act through congress—an act that will be proof against attack in the supreme court of the United States—and the majority in the next congress is committed to the idea of making men contribute to the support of the government proportionally to the incomes they earn or enjoy through their investments. Tentative plans that were under consideration before became actual plans when the word arrived that West Virginia's action left only one more state to give approval.

The constitution requires that three-fourths of the states in the union must adopt an amendment thereto in order to make it effective. There now are forty-eight states, making thirty-six necessary to ratify an amendment. West Virginia was the thirty-fifth in this instance.

According to the plans of the lawmakers in control of the situation in Washington, annual revenue to the amount of \$100,000,000 is to be added to the federal treasury as a result of the spurt which Delaware, Wyoming, Utah and New Mexico, took.

The amendment which becomes article XVI of the constitution, passed the senate July 5, 1909, and the house July 12, 1909. The enrolled copy was deposited with the secretary of state July 21, 1909, the ratification contest therefore having extended over a period of three and one-half years. Here is the joint resolution as it was adopted by congress, and as it has been ratified by more than three-fourths of the states:

"Resolved, By the senate and house of representatives of the United States of America in congress assembled (two-thirds of each house concurring therein), that the following article is proposed as an amendment to the constitution of the United States, which, when ratified by the legislatures of three-fourths of the several states, shall be valid to all intents and purposes as a part of the constitution:

"Article XVI.—The congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several states and without regard to any census or enumeration."

This is the first amendment to the constitu-

tion since the ratification of the one declaring that the right of citizens to vote shall not be denied or abridged by the United States or by any state on account of race, color or previous condition of servitude—the last of the amendments proposed as aftermath of the great civil war. The fifteenth amendment was proposed to the legislatures of the several states Feb. 27, 1869, and was declared ratified in a proclamation of the secretary of state dated March 30, 1870.

It has been about forty-three years between ratifications, but still another proposed amendment—the seventeenth—providing for the direct election of senators, now is before the states and it already has been ratified by ten of them. There is the possibility of another limiting the incumbency of the presidential office to a single term soon being turned loose. When they do come they come in bunches.

The story of the fight for an income tax forms an interesting chapter in American political history. In 1894 congress provided for an income tax in connection with the Wilson-Gorman tariff act, but the supreme court by a margin of one vote and through the overnight change of mind of one of the justices declared it unconstitutional. The present successfully ended fight began with the special session called to revise the tariff by President Taft in 1909. Lawyers had recovered from the shock of the previous supreme court knockout and were beginning to argue much to the discomfiture of the old guard standpatters that an income tax provision could be framed that would "stand the test."

New blood had been pouring into the United States senate, that bulwark of the let-well-enough-alone theory. The progressives were working their way from state to national arena. Cummins of Iowa had just retired from a governorship to help lead lawmaking thought in the senate. He began to get disagreeably busy with the income tax proposition. He found help in unexpected places. A titanic effort was being made to revise the tariff downward, and the question of revenue was the subject of consideration and the foil of subterfuge. The bill was in the senate. Things were working as nicely as the most standpat reactionary could wish.

But one morning the mighty Aldrich, then at the zenith of his power, awoke to find there were votes enough in the senate to adopt an income tax amendment as a feature of the tariff revision scheme. The battle seemed won for the income-taxers, and it was that day and until Aldrich found a means of sidetracking it. It was impossible to defeat it on a fair and square vote; the whip no longer could gain response. Something must be done at once, and, paradoxically, the strategy that the wily Aldrich employed with success to defeat the enactment of an income tax measure in 1909 was the direct means of bringing the whole matter to where it is today.

President Taft's help was needed to defeat the income tax and he was appealed to. The president believed the congress should have the power to levy such a tax, but he had his doubts about it being constitutional if levied. Aldrich and his lieutenants were desperate. Finally they agreed to support the president's scheme for a tax on the earnings of corporations.

To cut a long story short, the president obtained the aid of Aldrich in pushing his scheme, which offered a loophole of escape for senators who at heart were opposed to the income tax, but did not dare vote against it standing by itself.

As a "sop" to the ardent supporters of the income tax idea it was agreed to pass the Brown resolution, submitting the proposition in the form of a constitutional amendment, so that there could be "no doubt as to the constitutional right of the congress to impose a tax."

The resolution submitting the amendment was adopted by both houses, and the income tax enthusiasts took new heart. But the Aldrichites chuckled.

"We'll beat it in the states," they declared confidently. And doubtless they thought they would. The hope of the progressives soon turned to fear. They saw the lines going out and the pipes being laid to defeat ratification in the great conservative states of the east and in states of the south and west where the old time machines retained their manipulative power. Massachusetts, Pennsylvania, Rhode