

A Remarkable Income Tax Speech

Following is the concluding installment of the admirable speech of Hon. Cordell Hull of Tennessee, in the house of representatives, Saturday, April 26, 1913. First installment appeared in The Commoner May 16; second installment, May 23.—Ed.]

Mr. Hull. Mr. Chairman, I desire before closing to allude to the merits of the proposed tax of 1 per cent per annum upon the net profits of insurance companies. I presume

that most of the members of this house are policyholders. I may say that I, and doubtless every member of this house, feel most kindly toward the policyholders of this country, and feel no prejudice against the insurance companies. In disposing of the merits of the proposed tax I am satisfied no member has the slightest desire to even remotely do injustice or injury to any company or policyholder.

I recall when the income-tax law

of 1894 was enacted these companies came down here and stirred up a great deal of sentiment and excited the policyholders and procured their exemption; but after the matter was fully understood by the country it was the occasion of about the most severe criticism there was to the bill. Now, some of the companies have sent out alarming circulars to the stockholders, which are calculated to impress upon them that they are about to be outraged or in some other respect seriously injured by some of the provisions to be found somewhere in the pending measure. As a matter of fact, there is no tax, as I said, upon the proceeds of life insurance policies paid at the death of another. There is no tax imposed upon any individual with respect to the return of any sum or amount invested in insurance as a business proposition during his life. Of course, if there should be actual earnings coming back to him along with a return of a portion of the investment, as in case of an annuity, for instance, then as determined by the expert knowledge of the actuary it would constitute actual earnings such as would arise from the interest on a promissory note on a loan, and the individual would be expected to keep that in mind as a part of his taxable income. As to the third proposition, I explained that the \$4,000 exemption which is granted, three times as much as that of any other country, allows for an item of expenditure such as premium payments without mentioning them separately; and, finally, the mutual insurance companies desire to have themselves entirely exempted as to their net earnings from the 1 per cent normal tax imposed upon corporations. Now, when this corporation-tax law was enacted four years ago it was drafted by a very skillful hand; its chief author was reported to have been Attorney General Wickersham, a gentleman who had intimate knowledge of the nature and character of the business of these insurance companies and of the different classes and kinds of net earnings and accumulations that arise during the year; and it was expressly provided in that law that insurance companies, mutual or otherwise, should not be permitted, in computing their net income, to make deductions for dividends paid to policy holders. The word "dividends" was expressly and definitely inserted there upon the broad ground of public policy and of justice; that when insurance companies pay dividends out of the accumulations of the character that these companies have they should pay the tax of 1 per cent imposed on all corporations; but they come in and say that that should be stricken out; that whenever they declare a dividend to the policyholder it is simply a return of the premium savings and constitutes in no sense net earnings in the way of interest savings or in the way of excess of the mortuary fund or from the other sources from which actual accumulations or profits arise.

When the corporation-tax act had gone into effect, some of the insurance companies acquiesced in this insurance clause as just, others objected to paying the full amount of the tax. Treasury decision No. 1743, which I will publish at the end of my remarks, shows that hearings were had covering a period of almost six months, during which almost all the companies affected were heard in person or by brief. After a full consideration of the facts the commissioner of internal revenue reached the conclusion that these companies had made it a rule of their business during past years, through their literature, advertisements, agents, and solicitors, to represent to the public whose business they solicited, that each policyholder at stated

periods shall be entitled to a dividend out of the surplus of the company; that the amount of the dividend was generally made the most prominent feature of their advertisements and solicitations for business; that their policy contracts designated such amounts paid as dividends; and that in their sworn reports to the states the word "dividend" in its ordinary commercial sense was to all intents and purposes always used. It is clear from these recited facts, as found by the department, and which have not been denied to my knowledge, that the term "dividend" as thus used by the insurance companies had long existed in the insurance world as embodying this term in its broad commercial sense. It was known that at times, at least, some companies had heretofore permitted profits to accumulate perman-

CALVES RAISE THEM WITHOUT MILK. BOOKLET FREE. NEBRASKA SEED COMPANY, OMAHA, NEB.

DROPSY TREATED, usually gives quick relief and soon removes all swelling and short breath. Trial treatment sent Free. Dr. H. H. Green's Sons, Box N. Atlanta, Ga.

Stop Using a Truss

STUART'S PLAPAO-PASS are different from the truss, being medicine applicators made self-adhesive purposely to hold the parts securely in place. No straps, buckles or springs—cannot slip, so cannot chafe or press against the pubic bone. Thousands have successfully treated themselves at home without hindrance from work, and conquered the most obstinate cases.

Soft as velvet—easy to apply—inexpensive. Awarded Gold Medal and Grand Prix. Process of recovery is natural, so no further use for truss. We prove what we say by sending you Trial of Plapao absolutely FREE. Write name on Coupon and send TODAY. Plapao Laboratories, Block 376 St. Louis, Mo.

Name.....
Address.....
Return Mail will bring Free Trial Plapao.....

The Best in White Runners

have for the past three years been produced by us. The Winners at most all the leading shows for the past three years have come direct or indirectly from our yards. Our ducks have won the leading prizes at New York, Hagerstown, Knoxville, Great Appalachian Exposition, Indianapolis, Etc. If you want the BEST in White Runners, write us please.

EGGS—\$8 per 12;
\$15 per 30; \$40 per 100

Mrs. U. R. Fishel
BOX H. HOPE, IND.

Subscribers' Advertising Dept.

This department is for the benefit of Commoner subscribers, and a special rate of six cents a word per insertion—the lowest rate—has been made for them. Address all communications to The Commoner, Lincoln, Nebraska.

BEE OWNERS—Kill the moths in your bee hives in ten hours; healthy for bees and kills all moths; formula and full directions sent for \$1.00. J. R. Reeves, Sterrett, Ellis Co., Texas.

ALFALFA, \$6; sweet clover, \$11; cane, millet, timothy, \$1.50; pigs, \$11; cholera serum, 2 cents. Farms for sale and rent on crop payments. John Mulhall, Sioux City, Ia.

TEXAS SCHOOL LANDS—\$1.50 to \$5.00 an acre; one-fourth down, balance forty years. Information and Texas map free. Journal Pub. Co. Houston, Texas.

WANTED—Information regarding Walter E. Van Alstine; about 61 years of age; birthplace, Saline, Mich; went to Indiana when very young; followed trade of decorator in Chicago at one time. Address, J. W. Van Alstine, Sedgwick, Kansas.

ANY reader of The Commoner knowing the present address of one Richard Lyon (formerly lived at Cherry, Arizona) will confer lasting favor by writing to Charles E. Lyon, Des Moines, Iowa.

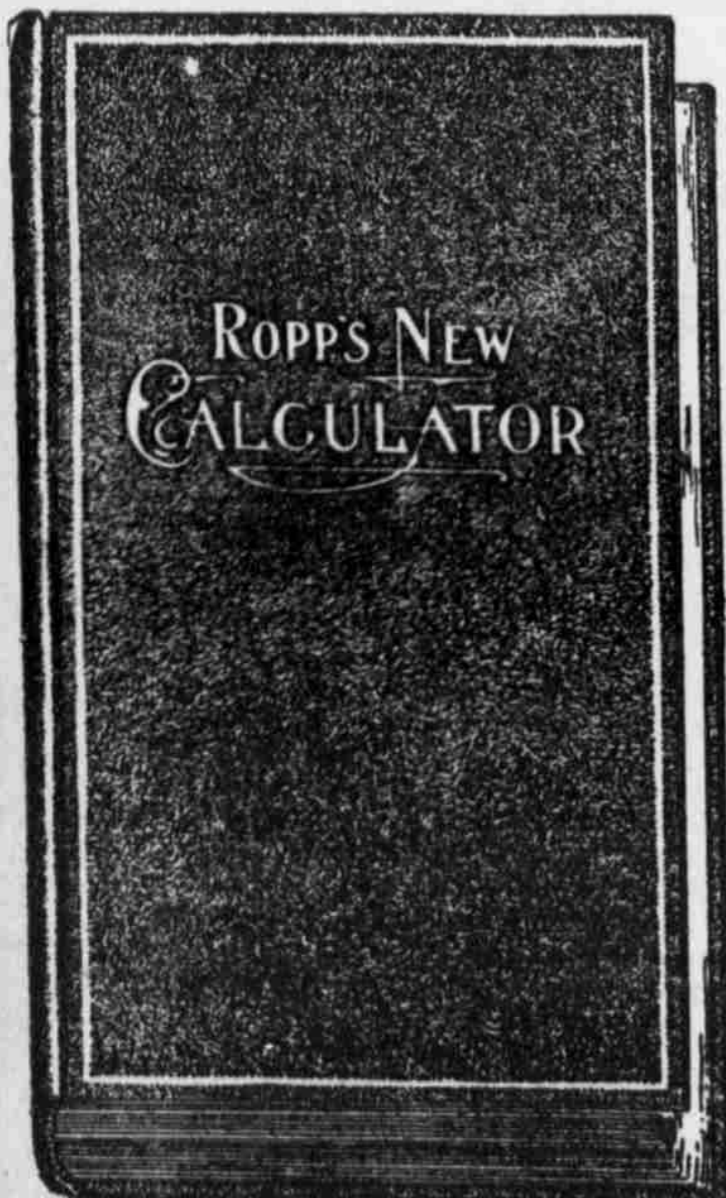
BARGAIN OFFER

for Limited Time to New or Renewing Subscribers

THE COMMONER AND THRICE-A-WEEK NEW YORK WORLD, both One Year for Only One Dollar.

Address Orders to THE COMMONER, Lincoln, Nebr

We Have Arranged to Send You a Copy of This Great Book
Ropp's New Calculator
and Short-Cut Arithmetic Without Cost



The Revised, Enlarged and Improved Edition. Unquestionably the most complete and convenient work on figures, for practical use, ever published. Contains nearly all the short cuts known. Hundreds of simple rules and easy methods for Rapid Calculation, and millions of accurate answers to business examples and practical problems. Everyone who prefers the simplest, shortest and easiest way for doing his work should possess a copy of this useful and convenient Pocket Manual. It will enable anybody to become quick at figures. Sells regularly at 50 cents per copy, but for a short time, we have arranged an extraordinary

Special Offer

Which enables us to send a copy of this great book without cost and prepaid, to everyone who accepts this Special Low Rate Combination Club Offer, as follows:

The Commoner.....\$1.00
American Homestead.... .25
Ropp's Calculator..... .50

Total Regular Price.....\$1.75

Special Price, \$1.15

Remember, send us only \$1.15 (a special low club rate) to pay for The Commoner and The American Homestead, both for one year, and you receive by return mail a copy of this valuable 100-page book without additional cost and prepaid. This fine book is well printed on good paper and handsomely bound in cloth; size, 6 1/2 x 3 1/2. Saves time, labor and money. Offer open to new, renewal or advance subscriptions, either paper. Use coupon and send for your copy today. Address

The Commoner,
Lincoln, Nebraska

SPECIAL OFFER BLANK

THE COMMONER, Lincoln, Neb.—In order to secure a copy of Ropp's New Commercial Calculator, without cost and prepaid, I am at once sending you money order for \$1.15 to pay for one year's subscription to The Commoner and American Homestead.

Name.....
P. O.
Present subscriptions advanced 1 year.