

# VIEWS OF PRESIDENT TAFT

THE PRESIDENT SENDS HIS SPECIAL MESSAGE TO CONGRESS  
ASKS TO HAVE CONSTITUTION AMENDED

Believes an Income Tax on the Net Income of Corporations Should be Adopted and Made a Law.

Washington, D. C.—Recommending legislation looking to the placing of a two per cent tax on the net income of corporations and also the adoption of an amendment to the constitution providing for the imposition of an income tax without an apportionment among the several states, President Taft Wednesday sent to Congress a message embodying his views on the subject. This action followed a protracted special meeting of the cabinet.

The text of the President's message is as follows:  
To the Senate and House of Representatives:

It is the constitutional duty of the President from time to time to recommend to the consideration of congress such measures as he shall judge necessary and expedient. In my inaugural address, immediately preceding this present extraordinary session of congress, I invited attention to the necessity for a revision of the tariff at this session and stated the principles upon which I thought the revision should be effected. I referred to the then rapidly increasing deficit and pointed out the obligation on the part of the framers of the tariff bill to arrange the duty so as to secure an adequate income and suggested that if it was not possible to do so by import duties, new kinds of taxation must be adopted, and among them I recommended a graduated inheritance tax as correct in principle and as certain and easy of collection.

The house of representatives has adopted the suggestion and has provided in the bill it passed for the collection of such a tax. In the senate, the action of its finance committee and the course of the debate indicate that it may not agree with this provision, and it is now proposed to make up the deficit by the imposition of a general income tax in form and substance of almost exactly the same character as that which in the case of Pollock versus Farmers Loan and Trust Company (157 U. S. 429), was held by the supreme court to be a direct tax and therefore not within the power of the federal government to impose unless apportioned among the several states according to population. This new proposal, which I did not discuss in my inaugural address or in any message to the opening of the present session, makes it appropriate for me to submit to the congress certain additional recommendations.

### Favors Income Tax.

The decision of the supreme court in the income tax cases deprives the national government of a power which by reason of previous decisions of the court, it was generally supposed the government had. It is undoubtedly a power the national government ought to have. It might be indispensable to the nation's life in great crises. Although I have not considered a constitutional amendment as necessary to the exercise of certain phases of this power, a mature consideration has satisfied me that an amendment is the only proper course for its establishment to its full extent. I therefore recommend to the congress that both houses, by a two-thirds vote, shall propose an amendment to the constitution conferring the power to levy an income tax upon the national government without apportionment among the states in proportion to population.

This course is much to be preferred to the one proposed of re-enacting a law once judicially declared to be unconstitutional.

For the congress to assume that the court will reverse itself, and to enact legislation on such an assumption will not strengthen popular confidence in the stability of judicial construction of the constitution. It is much the wiser policy to accept the decision and remedy the defect by amendment in due and regular course.

Again, it is clear that by the enactment of the proposed law, the congress will not be bringing money into the treasury to meet the present deficiency, but by putting on the statute books a law already there and never repealed, will simply be suggesting to the executive officers of the government their possible duty to invoke litigation. If the court should maintain its former view, no tax would be collected at all. If it should ultimately reverse itself, still no taxes would have been collected until after protracted delay.

### Thinks Nation Favorable.

It is said the difficulty and delay in

### Hurry Up Call for Lorimer.

Chicago, Ill.—In response to a "corrected" message from United States Senator Cullom, Senator-elect William Lorimer left for Washington Wednesday afternoon. The tariff situation at the capital is believed to have inspired the summons.

Lorimer's determination to hurry to the capital means that he has changed his mind about retaining his membership in the house of representatives during this special session, and instead will be sworn in at once as a senator.

securing the approval of three-fourths of the states will destroy all chance of adopting the amendment. Of course, no one can speak with certainty upon this point, but I have become convinced that a great majority of the people of this country are in favor of vesting the national government with power to levy an income tax, and that they will secure the adoption of the amendment in the state if proposed to them.

Second, the decision in the Pollock case left power in the national government to levy an excise tax which accomplishes the same purpose as a corporation income tax, and is free from certain objections urged to the proposed income tax measure.

I therefore recommend an amendment to the tariff bill imposing upon all corporations and joint stock companies for profit, except national banks (otherwise taxed), savings banks and building and loan associations, an excise tax measured by 2 per cent on the net income of such corporations. This is an excise tax upon the privilege of doing business as an artificial entity and of freedom from a general partnership liability enjoyed by those who own the stock.

I am informed that a 2 per cent tax of this character would bring into the treasury of the United States not less than \$25,000,000.

### Tax on Privilege Valid.

The decision of the supreme court in the case of Spreckles Sugar Refining company against McClain (192 U. S. 397), seems clearly to establish the principle that such a tax as this is an excise tax upon privilege and not a direct tax upon property and is within the federal power without apportionment according to population. The tax on net income is preferable to one proportioned to a percentage of the gross receipts, because it is tax upon success and not failure. It imposes a burden at the source of the income at a time when the corporation is well able to pay and when collection is easy. Another merit of this tax is the federal supervision which must be exercised in order to make the law effective over the annual accounts and business transactions of all corporations. While the faculty of assuming a corporate form has been of the utmost utility in the business world, it is also true that substantially all of the abuses and all of the evils which have aroused the public to the necessity of reform were made possible by the use of this very faculty. If now by a perfectly legitimate and effective system of taxation we are incidentally able to possess the government and the stockholders and the public of the knowledge of the real business transactions and the gains and profits of every corporation in the country, we have made a long step toward that supervisory control of corporations which may prevent a further abuse of power.

I recommend, then, first, the adoption of a joint resolution by two-thirds of both houses, proposing to the states an amendment to the constitution granting to the federal government the right to levy and collect an income tax without apportionment among the states according to population; and second, the enactment as part of the pending revenue measure, either as a substitute for, or in addition to, the inheritance tax, of an excise tax upon all corporations, measured by 2 per cent of their net income. (Signed) WILLIAM H. TAFT.

The White House, June 16, 1909.

### Emperors Soon to Be Together.

St. Petersburg—Premier Stolypin, Foreign Minister Iswolsky, Count Von Pourtales, the German ambassador, and the German military and naval attaches left here Wednesday morning on board the Russian imperial yacht Polar Star to join Emperor Nicholas at Pitkpas bay, where the meeting between Emperor Nicholas and Emperor William of Germany will occur Thursday. Emperor William already is on his way to the rendezvous.

### New Road Opened to Northwest.

Winnipeg, Man.—The first regular passenger train on the Grand Trunk Pacific railroad arrived at Scott, 569 miles west of here, at 1:40 p. m. Tuesday. The train carries 215 passengers, who are being taken to the rich lands opened up by the new road. The majority of the passengers are American settlers.

### Ticket Chosen at Harrisburg.

Harrisburg, Pa.—The Republican state convention here Wednesday nominated the following ticket: Auditor General—Arthur E. Sisson, Erie.

State Treasurer—Former State Senator Jeremiah A. Stober, Lancaster. Associate Justice of the Supreme Court—Judge Robert Von Moschitzker, Philadelphia.

The candidates named were slated by the state organization of which United States Senator Penrose is the

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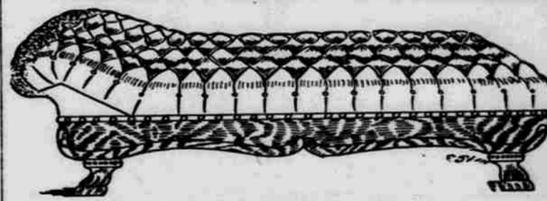
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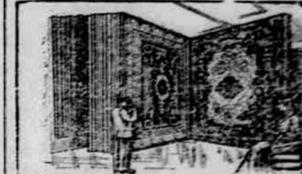
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### WILL VISIT EUROPE.

#### President Gompers Issues Letter Before He Goes Abroad.

The Denver convention of the American Federation of Labor, by a unanimous rising vote, passed a resolution providing for sending its president, Samuel Gompers, as a fraternal delegate to the British Trade Union Congress, and Mr. Gompers is preparing to obey the behest.

#### What He Hopes To Do.

Concerning his trip Mr. Gompers, in the American Federationist for June, says:

"The delegates to the Denver convention were evidently under the impression that the International Trade Union Congress was to meet this year. After adjournment and some correspondence it was learned that the congress was to be held at Stockholm, Sweden, in 1910, with authority. 'Should any important occasion arise' to call it in 1909. When the secretary of the International Trade Union Congress, Mr. C. Legien of Germany, learned of the fact that I had been elected to attend the congress in this year, he deemed the occasion as coming under the provision which would allow the calling of the meeting in 1909, and submitted the question to a vote of the secretaries of the affiliated trade centers of the several countries. It was approved by an almost unanimous vote. At this writing, however, the date or the city in which the congress will be held is not known, Paris, London and Stockholm are being voted for, and, probably, August the time.

#### Will Visit Several Countries.

"The executive council has directed me to visit several countries and attend such labor congresses as may be held, and to make an investigation of many features connected with the industrial conditions of the workers and of the state of development of the labor movement. In accordance with these invitations and directions, I have made arrangements to sail from New York on the steamer Baltic, June 19, due at Liverpool, June 26.

"I shall be in attendance at the Federation of British Trade Unions at Blackpool, July 1-2, then visit briefly one or two cities in Ireland and Scotland, and then make my way to London, in which place already several meetings and conferences have been arranged. From thence to Paris, and, without any attempt at giving the order of the cities or countries that I

may visit, I can say that I shall probably go to Cologne, Bremen, Hamburg, Essen, Berlin, Vienna, Budapest, Rome, Naples, Venice, Geneva, Berne, Basle, Brussels, Antwerp and Ipswich, the latter to attend the British Trade Union Congress, and then return on the steamer Adriatic, which sails from Cherbourg on September 29. This statement of places to be visited is subject not only to extension, but to change, and this will depend particularly upon the time and place when the International Trade Union Congress may convene.

#### Court Sentence Will Not Interfere.

"In connection with my leaving the United States, I have been frequently asked whether the decision and sentence of Justice Wright would not interfere. In answer, I may say that I have consulted our counsel, and they advise me that the decision of the court of appeals will not be rendered before the opening of the term of the court in October, and that I may therefore undertake the trip without any mental worry on that score. Of course, it is unthinkable that I would undertake to leave the jurisdiction of the United States with the possibility of a decision of the court being rendered during my absence.

#### Work Will Go on as Usual.

"Insofar as the work of the federation is concerned, it will be ordinarily conducted. Business will go on 'at the old stand.' Work which I might otherwise initiate, will, of course, be in abeyance. Any matter requiring any immediate attention and work of a discretionary character will receive the attention and direction of the officers of the American Federation of Labor whose advice and consultation will be sought. I shall endeavor to write some letters for publication in the American Federationist, and I have requested the members of the executive council and others to make some contributions to appear in the editorial section. All matter appearing in that section will bear the name of the author.

"It is with considerable reluctance that I lay aside, even temporarily, the important, interesting and often fascinating office work of the American Federation of Labor. My mind and whole being are bound up with the movement and the great uplifting work.

#### Expects a Busy Time.

"I have reason to believe that one of the thoughts prompting the ready

and cordial manner in which the delegates to the Denver convention directed me to make the European trip was the desire to, in a measure, give me some sort of a vacation or time for rest and recuperation, but what with the tentative arrangements and those already made on the other side and others which will arise, I am quite confident that I shall have an interesting and a very busy time. I shall endeavor to convey to our fellow workers in Europe the very best thought and sentiment of the toilers of America. I hope to return with a fraternal message of good will and better equipped to be of service in the great cause of labor and common humanity. While the July issue of the American Federationist will be under my editorial direction, I expect to be on the high seas when its pages will be in the hands of our friends, hence the above as a parting salutation of cheer and good will. Sincerely and fraternally yours,  
SAMUEL GOMPERS.  
President A. F. of L."

#### Russians Protest Vigorously.

Constantinople—The Russian ambassador Thursday sent a protest to his government against the continuation of the massacres of Christians in Asia Minor. He declared Russian agents sent to Asia Minor report that 100 Christians have been killed within the last few days near Alexandria alone, and that many of the murders have been committed almost under the eyes of the commission that was sent to investigate the terrible slaughter of a few weeks ago.

Grand Vizier Hilmi Pasha has given fresh pledges that the killing of the Armenians will be stopped immediately, but the Russian ambassador is skeptical of the grand vizier's ability to carry out his pledges.

#### Anxious Over Art Treasures.

New York—Owners of fine Italian works of art are trembling for their treasures as the result here of agents of the Italian government, searching for works of old masters which have been removed from Italy. The agents claim that the Italian laws which forbid the removal of rare paintings have been persistently violated and that works of the old masters have been replaced by copies while the originals have been shipped to America.

While there is no possibility of claiming any paintings already here, the Italian agents intend to make a complete list of paintings in America for future use.

### APPLYING SUMMER MULCH.

Ground Should Be Worked Over Fine and Deep and Left Free from All Weeds.

Before applying the mulch the ground should be worked over fine and deep and left free from all weeds; the clippings should then be spread evenly over the surface, working it under the leaves of low growing plants and well up around the stems of tall ones, as lilies.

Once placed the mulch should not be disturbed, as its object is to exclude light and hot air and retain moisture. Left undisturbed under the influence of rain and dew it settles into a feltlike mat that effectually discourages the growth of weeds, while retaining the moisture, coolness and friability of the soil so essential to the welfare of the plant.

The mulch must be added to from time to time, as the drying out of the grass renders it much thinner than when applied and beds much exposed will require much heavier mulching than those in partial or complete shade. So, too, beds of fine, low growing plants will require much less mulching than tall, robust plants, as the cosmos, cleome, dahlia, or perennial phlox, which may be kept mulched to a depth of eight or ten inches to advantage, and in a season of normal rainfall will require little, if any, watering.

Where a part of a bed has been mulched and the remaining part left uncovered and watered it has been discovered that the weeds grew rampantly, needing constant attention, and that no amount of water seems to assuage the thirst of the soil under a brilliant sun, while the soil of the protected portion of the bed would, on turning back the mulch, be found cool, moist and free from weeds.

It is well, in the interest of comeliness, to add fresh grass as often as twice a week on those beds most in evidence. Where white clover forms part of the covering of the lawn the effect of the beds covered with the green grass and dainty blossoms and crowned with bright flowers is charming. Such a mulch, if left on the ground during winter, will protect the soil and prevent its heaving, and by the spring will have decayed and may be worked into the ground, adding a valuable element—humus—to the soil.

The Merrick County Farmers Co-operative association of Central City, has awarded a contract for a large elevator to the Hampton Elevator company. It will be located on the Union Pacific right-of-way and will have a capacity of 16,000 bushels. It is expected that it will be completed in about sixty days.