

Cummins, Dillingham, Dolliver, Gamble, Jones, La Follette, McCumber, Nelson, Page, Piles, Root, Smith (Mich.).

Wood pulp was put in the free list on the 26th by Mr. Aldrich's consent; a motion to put agricultural implements in the free list was rejected by 45 to 26; and one to reduce the rate on cash registers (a monopoly of the National Cash Register Co., of Ohio) was defeated by 33 to 31. The duty on hemp was increased from 2 to 4 cents a pound.

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Senator Taft announced on the 25th that he hopes for adjournment by July 15. Meanwhile, upon the final disposition of the petroleum tariff he introduced, as an amendment to the tariff bill, the President's proposed corporation tax, as it had been agreed upon at a conference at the White House on the 22d. The guests of the President participating in this conference were: Attorney-General Wickersham and Senator Root, who were charged with the task of drafting the measure; Secretary of State Knox, Senators Aldrich, Burrows, Penrose, Hale, Cullom, Flint, Smoot, McCumber and Lodge, constituting the Republican membership of the Senate finance committee; Speaker Cannon, Representative Payne, chairman of the House committee on ways and means, and Representative John Dwight, of New York, the Republican whip of the House.

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Discussion of the tariff schedules was concluded on the 28th, the duty on structural iron and steel valued at more than nine mills a pound, having first been increased one mill above the House bill rate, namely to 3 and 4 mills on the pound. Half a cent a pound on zinc in pigs was added to the House bill rate on that commodity when imported. An attempt by Senator Cummins to reduce slightly the duties on iron and steel products, was defeated by 40 to 31; and a motion by Senator Culberson to put cotton bale ties in the free list was defeated by 38 to 31, the following Republicans voting for it: Beveridge, Bristow, Brown, Clapp, Crawford, Cummins, Du Pont, Johnson, La Follette, and Nelson. Before adjournment, Senator Tillman proposed a duty of 10 per cent on tea, and Senator Aldrich reported from the finance committee a recommendation for the adoption of the following joint resolution for amending the Constitution:

Be it Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of both Houses concurring) 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.—That 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."

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Senator Tillman's proposed tea tax was defeated on the 29th by 55 to 18. During the debate on this question, Senator Aldrich was asked if he would lower the revenue from the tariff to an extent equal to that which should be raised by an income tax if the income tax amendment to the tariff bill were adopted, to which he replied:

I shall vote for the corporation tax as a means of defeating the income tax. I shall be perfectly frank in that respect. I shall vote for it for another reason. The income of the government this year will show a deficit of \$60,000,000. Next year there will be a deficit of \$45,000,000. I am willing that the deficit shall be taken care of by a corporation tax, but at the end of two years it should either be reduced to a nominal amount or repealed.

Mr. Aldrich said also that he did not favor as a permanent form of taxation a "tax which is sure in the end to destroy the protective system."

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The President's Corporation Tax.

As prepared by President Taft's advisers, and agreed upon by his party supporters in both Houses—led by Speaker Cannon in the lower House and by Senator Aldrich in the upper—the President's corporation tax amendment to the tariff bill is a lengthy document. It imposes a tax of 2 per cent upon the net earnings of every corporation, joint stock company, or association organized for profit and having a capital stock represented by shares, and every insurance company, organized under the laws of the United States or of any State, Territory, or District, or organized under the laws of any foreign country and engaged in business within the United States. Cost of maintenance, depreciation of property, debts, and interest thereon, other forms of taxation and all expenditures usually taken from earnings accounts are exempt. Every corporation also is given an exemption of \$5,000 of earnings before the tax applies. All the machinery of the Internal Revenue department is made applicable to this corporation tax. The responsibility for the enforcement of the proposed law rests with the Commissioner of Internal Revenue in the same manner as other internal taxes. While the corporations are required to supply information of a most intimate character relating to their business, for the purposes of assessing and collecting the tax, provision is made to safeguard them against uses of the data for other purposes.

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The British Finance Bill.

In his cable letter of the 26th from London,

published in the Chicago Tribune of the 27th, T. P. O'Connor, M. P., writes to this effect of the advancing struggle over the Lloyd-George finance bill (p. 609) in Great Britain:

Never for a quarter of a century has party passion run so high as today in England, and the next few months may see the biggest crisis since 1832, perhaps even since the last English revolution.

The land taxes continue to excite wild fury among all the capitalists and the aristocracy, and Rosebery's adhesion lends some strength to them.

The fight in the House of Commons over the budget grows hourly more bitter. The Tories are trying to wear down Lloyd-George by tremendous filibustering, and Lloyd-George is trying to wear down the Tories by sittings prolonged till the small hours of the morning. When all the other means fail, Lloyd-George forces closure rules in the debate amid wild howls. . . . The Tories will try to force a dissolution, and the fight thus would be brought to the constituencies, with the whole future of England in the balance.

Both sides realize the gigantic issue and are lining up their forces for this national battle. The members of the Ministry are closing up all differences, personal and political, and Asquith, Edward Grey, and Haldane, all old followers of Rosebery, come out flat footed in support of Lloyd-George.

Winston Churchill, the biggest fighter on the Liberal side, was made commander in chief of the new organization. He will summon a big meeting in the constituencies in defense of the budget, and the next few months will see bigger popular demonstrations and fiercer popular passion than at any time in memory of living man. . . . In the meantime the Irish party looks on, silent and watchful, now throwing its 80 votes on one side, now on another, thus raising the Liberal majority to 200 or reducing it to 100. It gives general support to all parts of the budget not affecting Ireland unfairly. . . . The Lords cannot amend, and I don't believe they will have the courage to reject, the budget. But everything is possible in politics; and therefore one must not exclude the possibility of such a revolutionary act on the part of the Lords.

If they should do so, the House of Commons and the Government would not give them the dissolution and general election which these tactics were intended to bring about. What is much more likely is that the budget would be sent up to the House of Lords exactly as it stands—again and again; and one can easily imagine the revolutionary feeling which would meantime be excited in England. It might well sweep away the present House of Lords and substitute for it a much more reasonable form of second chamber.

But the extremists on the Tory side answer that the budget is so unpopular—hits so many varied interests—that it may give the House of Lords the best battleground they could choose for once more restoring to the House of Lords their omnipotence of the Dark Ages. The workingman, they say, will vote against the budget because he has to pay more for his whisky and his tobacco; the small property and especially the small house owner because his nerves are shaken by the new taxes on land values; and every other class of property owner will join

in the revolt because of the specter of socialism which the proposals of the government and the backing of them by the socialist party have brought before his terrified eyes.

A general election fought then on the budget, say these politicians, would put the Liberal party at a tremendous disadvantage; and if the general election resulted in their defeat, the issues of the budget would be submerged in the larger issue of the conflict between the House of Commons and the House of Lords; and the power of the House of Lords would be restored over finance—which would make it the great governing power in the state.

I cannot think that Englishmen are likely to barter away their dear bought liberties in this way; and therefore I give these speculations as signs of the times and the temper of the hour and not because I think there is much in them.

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Fiscal Crisis in Germany.

The German Ministry appear to be facing a crisis on their proposals for fiscal reform; but neither its nature nor the situation is very clear from the cable dispatches. On the 23d the Associated Press reported from Berlin that—

the proposal to tax the "unearned increment" of land values passed its second reading in the Reichstag today after a long debate. While the interest is intense over the outcome of this internal political crisis, no definite move toward the resignation of Chancellor von Buelow or the dissolution of the Reichstag is expected until the controversy has developed further.

The reports through the same channels, of the next day, the 24th, were as follows:

The Reichstag today further added to the government's difficulties in its proposed financial reforms by rejecting by a vote of 194 to 186 the Imperial ministry's bill to extend inheritance taxes to direct heirs, including widows and children. The Conservatives, Centrists, Poles, Alsatians, and Independents united to form a majority against the Government. The Imperial Conservatives, National Liberals, Radicals and Socialists voted in favor of the measure.

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Nationalization of the St. Gothard Tunnel.

Under the Swiss railway purchase law, adopted some years ago by referendum, the Swiss government has recently purchased the St. Gothard tunnel. This tunnel was opened for traffic in 1882 as part of the railway line connecting Switzerland, Italy and Germany, through the old St. Gothard Pass. The line was authorized by treaty of 1871 between those three nations, which vested the authority of construction and operation in the St. Gothard Railway Company. The yield of capital from the stocks and bonds of the company was augmented by liberal subsidies from Germany, Italy and Switzerland. This made some difficulty in effecting the Swiss nationalization of the road with its famous tunnel. Although eventual pur-