

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,