1890 ★ 1933

Reform and Revenue

Between 1890 and 1933, the Committee on Ways and Means was most continuously involved with the tariff, producing seven major tariff statutes during the period. In 1910, the committee's power was enhanced by reforms in the Democratic Party's procedures for selecting members to standing committees. Under these reforms, Democratic members of the Committee on Ways and Means would serve as the party's Committee on Committees to make House standing committee assignments. The chairmanship of the committee as an instrument of party leadership was also enhanced, reaching its peak during the tenure of Oscar W. Underwood (1911-1915). Underwood served both as floor leader and, by virtue of his position as chairman of the Committee on Ways and Means, as chairman of the Democratic Committee on Committees, emerging as the most powerful figure in the House of Representatives. In this period, the Committee on Ways and Means also drafted revenue measures to finance two wars—the Spanish-American War and World War I—and presided over the institution of corporate and personal income taxes in 1913.

"This is not a battle over percentages, over this or that tariff schedule; it is a battle for human freedom." (William L. Wilson, 1894)[1]

The period from 1890 to 1915 was an era in our nation's history in which reformers attacked privilege and autocracy. This reform impulse was first manifested against the existence of trusts and high tariffs in the business community, and later burgeoned into a comprehensive reform movement known as Progressivism. Changes were also wrought in Congress when a group of representatives rebelled against the Speaker's rigid control over the legislative process that had existed since the early 1880s. In different ways, both factors enhanced the position of the Committee on Ways and Means. The importance of tariff reform focused attention upon the committee, and congressional reform strengthened its leadership role.

The congressional revolt against Speaker Joseph Cannon in 1910 was engineered by a group of Insurgent Republicans and members of the Democratic Party. Its most significant result was to bar the Speaker from membership on the important Rules Committee and to divest him of the power to appoint that committee's members. When the Democrats gained a majority in 1911, the party caucus transferred authority over all committee assignments to a Committee on Committees composed of the Democratic members of the Committee on

As chairman of Ways and Means, Oscar W. Underwood of Alabama was one of the most powerful members of the House. By virtue of his chairmanship, he also served as Democratic majority leader and chaired the Democratic Committee on Committees, a body of fellow Ways and Means party members who controlled committee appointments. Thus in the Sixty-second and Sixty-third Congresses he governed the flow of all legislation, not just revenue bills. In 1913, he introduced the Underwood Tariff. The reform bill broke 52 years of Republican protectionism and provided for the first federal income tax levied under the newly ratified 16th Amendment.

Ways and Means and chaired by that committee's chairman. Because the majority floor leader typically chaired the Committee on Ways and Means, the control over assignments remained in the party leadership's hands, not solely in those of the Speaker. Accordingly, the real power in the House during the Sixty-second and Sixty-third Congresses (1911–1915) was Committee on Ways and Means Chairman Oscar W. Underwood of Alabama. Although the caucus also adopted a rule prohibiting members from serving on more than one of the 14 major House committees, Underwood and his Democratic colleagues were able to influence the Rules Committee's composition through a high turnover rate of appointments.

The Republicans created a separate party Committee on Committees to determine House committee assignments in 1917. The party caucus dictated that the floor leader could no longer chair a legislative committee—in effect severing the connection with the chairmanship of the Committee on Ways and Means—and that no committee chairman could sit on the Rules Committee. The Democrats soon adopted similar rules, and by the 1920s both parties applied the seniority principle with greater regularity. Both parties also designated the Committee on Ways and Means (along with the Committee on Appropriations and the Rules Committee) as an exclusive committee, whose members were prevented from serving on any other committee. These changes permitted committee chairs once again to become independent of the Speaker's control, if not quite the baronial masters of independent fiefdoms described by Woodrow Wilson in 1885.

The Committee and the House, 1890–1930

The process of modernization begun in the post-Civil War Congress accelerated between 1890 and 1930. The history of the House of Representatives was characterized in these four decades by three important developments: 1) the evolution of a formal leadership structure, 2) the decline of the Speaker's discretionary power to make standing committee appointments, and 3) the gradual emergence of seniority as the sole criteria guiding standing committee appointments. These developments shifted the focus of power and influence from the Speaker, who had emerged in the post-Civil War Congresses as the dominant figure in the House, to the party leadership. In 1910, the role of the Committee on Ways and Means as an instrument of party leadership was bolstered by reforms in existing procedures for committee assignments. Subsequently, the chairman of the Committee on Ways and Means would become a key player in the House's leadership structure by virtue not only of his continuing role as floor leader, but also because of his new role in the committee selection process.

The political and legislative influence of the chairman of the Committee on Ways and Means was institutionalized during the chairmanship of Oscar W. Underwood (1911–1915). The Alabama Democrat not only chaired the committee, but he also served simultaneously as majority leader and chairman of the Democratic Committee on Committees. Underwood used these three roles to influence all legislation, not just revenue bills.

Underwood was confirmed as chairman of the Committee on Ways and Means by the party caucus in January 1911. When asked by a reporter if he thought his position was more important than Speaker Champ Clark's, he succinctly replied, "It is." [2] As chairman of the party's Committee on Committees, he assigned committee posts with diplomacy and tact. He kept a large map on the wall of his office marked with the congressional districts in order to maintain some sectional balance in his selections, although he most often chose chairmen on the basis of seniority. Underwood also opposed the interference of the party's titular leader, three-time presidential candidate William Jennings Bryan. Representative Ollie James (D-KY), a friend of Bryan's, suggested that the Nebraska orator and former member of the Committee on Ways and Means be allowed to sit in on the committee's organizational meetings, but Underwood succeeded in defeating the resolution.

Underwood proved to be an aggressive majority leader. Although he was not a member of the Rules Committee, the chairman of the Committee on Ways and Means was able to influence the other committee's composition through his power over assignments. Moreover, Underwood remained on good terms with the Rules Committee's chairman, Robert L. Henry (D-TX). As floor leader, Underwood also used the Rules Committee in tandem with the party caucus to schedule the legislative agenda of the majority party. In fact, the party caucus was the real key to Underwood's power. No Democratic-controlled committee could report a bill without caucus approval. The Alabama congressman encouraged spirited debate in caucus and a united front once a decision had been reached by a two-thirds majority. Furthermore, all Democrats were pledged to support bills from his Committee on Ways and Means. Although the party caucus did not always follow Underwood's lead, it did often enough that complaints of Cannonism were replaced with references to Underwoodism. Subsequent chairmen lacked the influence of Underwood. In the 1920s, party caucus rules prohibited the chairman of the Committee on Ways and Means from also serving as House majority leader. Democratic chairmen of the Committee on Ways and Means continued to chair their party's Committee on Committees, but they had to share leadership with the majority leader and the Speaker.

The Committee on Ways and Means assumed much of its modern shape and function during this period. At the beginning of the Fifty-second Congress (1891–1893) the committee consisted of 15 members, ten from the majority party and five from the minority. As the technical complexity of issues increased and as the overall size of the House grew from 325 in 1890 to 435 in 1930, the committee slowly expanded in size. Nineteen members (12 majority, seven minority) were appointed to the committee for the Sixtieth Congress (1907–1909). The committee was expanded to 25 members in the Sixty-sixth Congress (1919–1921). The committee remained at this number until it was increased to 37 members in the Ninety-fourth Congress (1975–1977). During the 1920s, the 25 members were normally divided into 15 from the majority and ten from the minority, except for the Sixty-seventh Congress, when the split was 17–8.[3]

The selection of chairmen of the Committee on Ways and Means increasingly corresponded to the seniority principle in this period, whereby the majority member with the longest consecutive service on the committee was named chairman. Seniority governed virtually three-quarters of all chair appointments by the turn of the century, and by the 1920s it was dictating practically all appointments to House standing committees. At the beginning of this period, the runner-up in the party caucus for the speakership was named floor leader and chair of the Committee on Ways and Means. Two exceptions were the selections of William Springer (D-IL) in 1891 and Claude Kitchin (D-NC) in 1915. Speaker Charles F. Crisp bypassed his rival in the caucus, and the former chairman of the committee, Roger Q. Mills, to name Springer, who was more sympathetic to the Speaker's policies, and who had bartered his support for Crisp in return for the chairmanship. Such a departure from seniority was not uncommon in 1891, but it was much more unusual in 1915 when Speaker Champ

CHAIRMEN OF THE COMMITTEE ON WAYS AND MEANS
1890–1933

William McKinley (R-OH)	Fifty-first Congress, 1889–1891
William M. Springer (D-IL)	Fifty-second Congress, 1891–1893
William L. Wilson (D-WV)	Fifty-third Congress, 1893–1895
Nelson Dingley, Jr. (R-ME)[1]	Fifty-fourth–Fifty-fifth Congresses, 1895–1899
Sereno E. Payne (R-NY)	Fifty-sixth–Sixty-first Congresses, 1899–1911
Oscar W. Underwood (D-AL)	Sixty-second–Sixty-third Congresses, 1911–1915
Claude Kitchin (D-NC)	Sixty-fourth–Sixty-fifth Congresses, 1915–1919
Joseph W. Fordney (R-MI)	Sixty-sixth–Sixty-seventh Congresses, 1919–1923
William R. Green (R-IA)[2]	Sixty-eighth–Seventieth Congresses, 1923–1928
Willis C. Hawley (R-OR)	Seventy-first Congress, 1929–1931
James W. Collier (D-MS)	Seventy-second Congress, 1931–1933

[1] Dingley died January 13, 1899, in the third session of the Fifty-fifth Congress. Payne served out the remainder of the session until March 3, 1899.

[2] Green resigned from Congress on March 31, 1928, just prior to the conclusion of the first session of the Seventieth Congress. Hawley served as chairman for the second session.

Clark bypassed ranking member Dorsey Shackleford to choose Kitchin, who was considered more fit for the post of majority leader that accompanied the chairmanship of Ways and Means.

Seniority was a sign of the maturation of the House as an institution. As congressional service came to be seen as an end in itself—a career—congressmen came to expect rewards and promotions on the basis of prior service. In part, seniority also came to be the rule in the selection of chairmen, because demonstrated interest and ability in the subject area increasingly became the key criteria governing the appointment of rank and file members, whether nominated by the Speaker or chosen by the Committee on Committees of either party. This was perhaps more true of the Committee on Ways and Means than other committees. Years of service were needed to gain mastery over the technical details of tariff and revenue issues. The men chosen to chair this committee from 1890 to 1930 were often characterized as experts in the field. Dingley, Payne, Underwood, and Fordney were particularly noted for their command of detailed statistical material. Since the committee's primary jurisdiction remained tariff and revenue issues following the creation of the Committee on Appropriations in 1865, this knowledge of complex revenue data provided the chairmen with distinct advantages in leading committee deliberations on its bills and their subsequent consideration by the House.

The criteria for rank and file appointments to the Committee on Ways and Means remained the same, whether the choices were made by the Speaker (before 1911) or by the Committee on Committees of each party. Those who had served an apprenticeship in Congress, performed other assigned committee tasks with diligence, and who were sound on party policy tended to be favored. Prior congressional service became a far more important criterion in this period. Before the Civil War, the appointment of first-term members had not been uncommon. Forty-six freshmen members were appointed between 1820 and 1865 alone, and ten between 1865 and 1900. None were named between 1900 and 1920, however, and only two freshmen—one a replacement member—were named in the 1920s. The fact that the overwhelming number of new members were in their second, third, or fourth term meant that appointments were reserved for those who had demonstrated legislative competence and party loyalty.

Seniority also provided a remarkable degree of continuity to the committee's membership. In the 1870s, for example, slightly less than half (49.6 percent) of the members of the Committee on Ways and Means carried over from one Congress to the next. In the 1880s, this figure only rose to slightly over half (55.5 percent). Yet, from 1890 through 1930, the percentage of continuity never dropped below 65 percent, and reached a high of 87.6 percent for the 1920s. This increased stability was even more significant in view of the fact that party control of the committee changed hands five times in this period.[4]

The increasing stability of membership as well as the expanded size of the committee made it possible to divide the workload and to provide for specialization of function. Subcommittees were perhaps the most notable sign of increasing specialization within the committee. Although no evidence suggests the existence of a permanent subcommittee system in this period, the committee continued and expanded upon the previous practice of utilizing select subcommittees. On August 30, 1893, for example, the committee adopted a resolution stating that it was authorized to "conduct any inquiries relating to the subjects under its jurisdiction, by sub-committees or otherwise, that it might deem necessary." The resolution specifically addressed subcommittees for the task of tariff revision, since the previous week the committee had authorized Chairman William Wilson (D-WV) to appoint "the usual subcommittees."

Turn-of-the-century swivel chairs denote the 17 members who once pulled up to this table in the Ways and Means Committee Room, as it looked around 1905. The chamber, now designated H209, stands on the principal floor of the House wing in the Capitol. From 1870 to 1908, the room served as the office of the Ways and Means chairman. Members of the committee would retire to this sanctuary to deliberate away from the commotion of public crowds in the hallways of the Capitol. Floral medallions and classical motifs embellish panels in each corner of the room; lavish shields, emblems, cornucopia, and other decorative designs adorn the ceilings. Today, H209 and the adjoining room are used by the Speaker of the House.

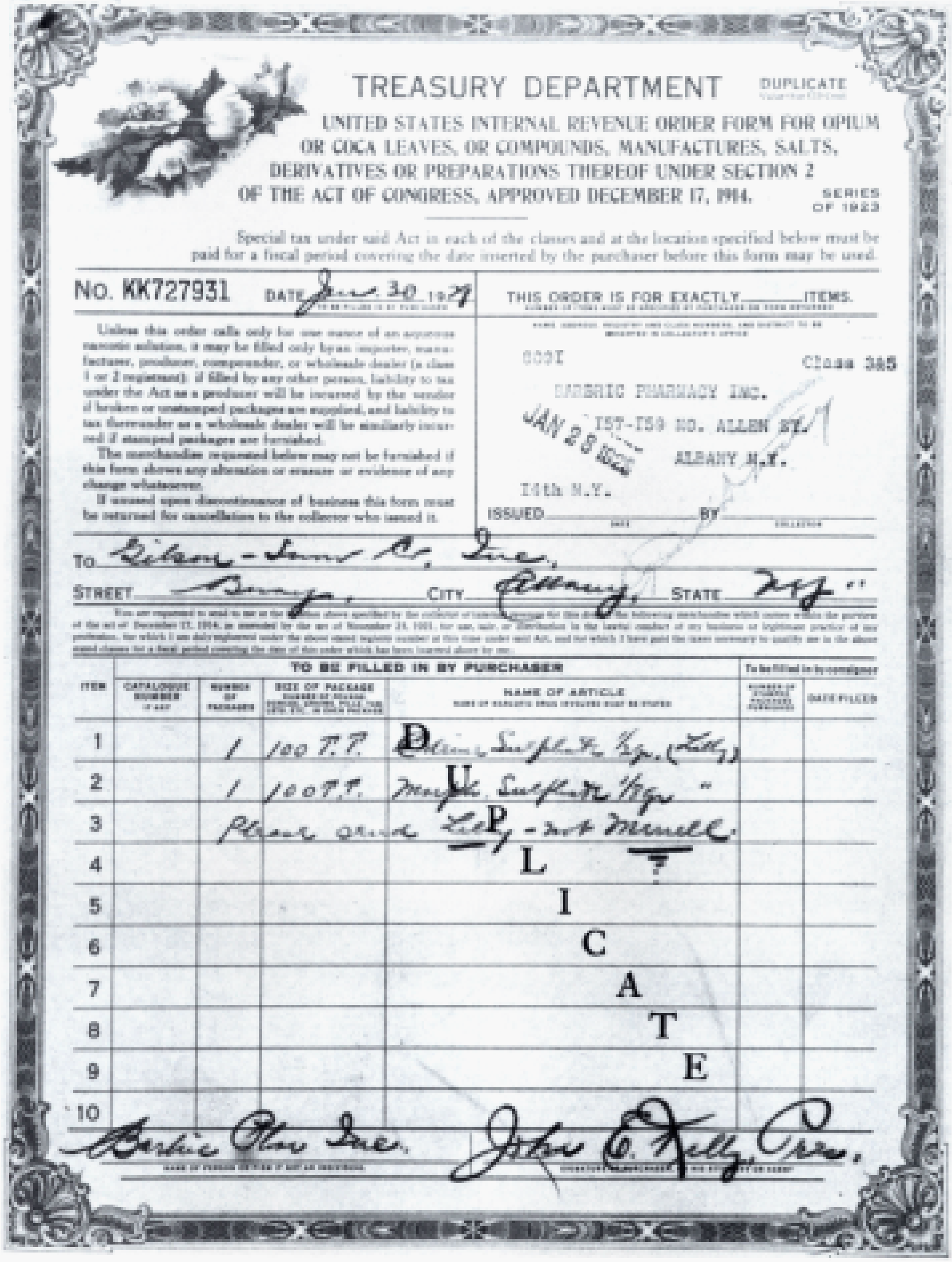
On August 29, the chairman had announced the lists for subcommittees on customs, internal revenue, administration of customs laws, the public debt, and reciprocity and commercial treaties—which, by that time, evidently were the usual subcommittees. Each panel consisted of five members, three Democrats and two Republicans. When the committee actually drafted controversial legislation, such as tariffs, the majority party members often met as a caucus. Chairman Wilson, for example, called the entire committee together on November 27, 1893, to announce, according to the committee minutes, "the placing of the tariff bill, just completed by the majority, before the minority." [5] The growth of specialization was indicated in 1913 when the Committee on Ways and Means divided into 17 subcommittees to draft the schedules of the Underwood tariff bill.

The practice of holding hearings to solicit information on revenue and other topics also expanded during this period. Chairman McKinley in 1890 and Chairman Wilson in 1893 made quite an issue out of holding open public hearings to avoid the criticism caused by the closed hearings held for the Mills bill in 1888. These public hearings were mainly exercises in public relations; Wilson actually held secret sessions to draft his tariff bill. If hearings became routine, they were dispensed with in times of emergency. Chairman Kitchin, for example, held no hearings to draft the Revenue Act of 1917, citing the emergency of the war.

Though members might complain that hearings were simply the "usual rubbish," they did fulfill two necessary goals. Hearings offered groups affected by revenue bills the opportunity to state their cases, and the hearings also helped to provide the committee with needed information, though in many instances it was more information than any committee could digest. The Progressive Era's emphasis upon rational and scientific planning contributed to the usefulness of the data supplied through the hearings. The expert advice of Treasury Department officials, the staff of the Tariff Commission, and scholars in the fields of economics and political economy provided a solid base of information.

By 1930, tariff hearings procedure had settled into a routine pattern, as exemplified by those held between January 7, 1929, and February 27, 1929. The committee, chaired by Willis C. Hawley (R-OR), organized and conducted the hearings on a schedule-by-schedule basis. On December 5, 1928, the committee gave public notice of its intention to hold hearings on the tariff. The public notice specified the time and place of the hearings and informed interested parties of the procedure to be followed in applying to testify, as well as the prescribed form in filing briefs. The committee made no effort to circulate the notice among those who might be affected by tariff revision, nor did it attempt to screen the applicants. As a result, more than 1,100 persons sought a hearing before the Committee on Ways and Means, creating over 11,000 pages of testimony and briefs taken in 43 days and five nights.[6]

The chairman and the members expedited the hearings by proceeding methodically, paragraph by paragraph, through the schedules, and by minimizing irrelevant questions and answers. Chairman Hawley interrupted questioners and witnesses alike to remind them to keep to the point. "I do not think we can go into a discussion of tariff principles at this time," he observed. "We have 288 witnesses [yet to hear]." [7] The chairman indeed made frequent computations of the number of witnesses to speed up the proceedings. "We have spent an hour and a half on eight witnesses," Hawley observed on one occasion. "We have 19 more to hear. At this rate we will not get through until midnight." When his patience wore thin, he was more direct: "Hurry it up, and get right down to the point. Do not drift about. What is it?" [8] In spite of Hawley's efforts and the rule of relevancy, the hearings took whatever direction the witnesses wished. Questions were gentle, more like bargaining between equals, and little effort was



TREASURY DEPARTMENT DUPLICATE

UNITED STATES INTERNAL REVENUE ORDER FORM FOR OPIUM OR COCA LEAVES, OR COMPOUNDS, MANUFACTURES, SALTS, DERIVATIVES OR PREPARATIONS THEREOF UNDER SECTION 2 OF THE ACT OF CONGRESS, APPROVED DECEMBER 17, 1914.

SERIES OF 1923

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No. KK727931 DATE Jan. 30 1929

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ALBANY N.Y.

JAN 28 1929

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ITEM	CATALOGUE NUMBER IF ANY	NUMBER OF PACKAGES	SIZE OF PACKAGE	NAME OF ARTICLE	NUMBER OF STAMPED PACKAGES FURNISHED	DATE FILLED
1		1	100 T.T.	[illegible] Sulphate 1/12 gr. (Lilly)		
2		1	100 T.T.	Morph. Sulphate 1/8 gr. "		
3		Please send		Lilly – not Merrell.		
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DUPLICATE

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In 1914, the passage of the Harrison Narcotic Drug Act required importers, manufacturers, and dealers in narcotic drugs to fill out this Internal Revenue form before they could order, sell, or transfer their merchandise. The legislation evolved from the alarm sounded by scientists and physicians who saw a link between the easy flow of unregulated opium and cocaine and the rising crime wave in America. Ways and Means held hearings on the drug issue, since the proposed legislation to outlaw nonmedical use of opium and its derivatives contained a revenue provision. Chairman Underwood later voiced his regret for supporting the measure. Once the Harrison Act labeled drugs criminal, he claimed, the outlawed substances became major items of commerce for the underworld.

made at uniformity. Finally, the committee urged witnesses to file briefs in lieu of oral testimony. Many witnesses feared that their briefs would not be read and insisted upon a hearing.

As a result of the need to expedite the proceedings, an average of one witness was heard every 12 minutes, with 48 pages of testimony taken every hour. The committee's clerk and two assistants accorded some organizational help, as did experts from the Tariff Commission, but the committee was handicapped by the haste with which the hearings had to be administered. The Tariff Commission assigned its experts to assist the committee's members with the technical language of tariff legislation and jurisprudence, as well as to help analyze the statistical information the commission had collected. This expert advice helped, but it is understandable that one contemporary student of congressional procedure concluded that the hearings demonstrated that Congress had become "a great, sluggish court of review," overwhelmed by "the mass of microscopic material which it is powerless to survey." [9] The primary function performed by hearings was political. They allowed a semblance of access to concerned individuals and groups. Hearings also afforded publicity to controversial topics.

Through its revenue jurisdiction and hearings procedure, the committee became involved in two particularly controversial social issues in this period—the legislative movements to regulate the narcotics trade through taxation and to remove tariff restrictions on the importation of birth control devices. The movement to control narcotics was one of many efforts to purify American society in the Progressive Era. Opium, the most prevalent narcotic drug before the turn of the century, was easily available as a pain reliever and relaxant. Only after heroin and cocaine became more widely used in the early 1900s did the identification of drug use with criminality and sexual deviancy develop. In 1910, David Foster (R-VT), chairman of the Committee on Foreign Affairs, introduced three measures to eliminate the nonmedical use of narcotics. Together, the bills amended previous legislation prohibiting the importation and use of opium and other narcotics for nonmedical use by imposing taxes and new regulations on their manufacture and distribution. Because the bills were revenue measures, they were referred to the Committee on Ways and Means. The committee held hearings at which Dr. Hamilton Wright, the leading opponent of the international drug trade, linked drugs with crime and sex.[10] Although the Foster measure died, the Democratic Sixty-third Congress passed an antidrug bill in 1914. The Wilson Administration and Majority Leader Underwood supported passage of the Harrison Anti-Narcotics Act to regulate the sale of opium. All persons engaged in the importation, manufacture, or sale of narcotics were required to register and to pay an occupational tax as well as a commodity tax on drugs imported or manufactured in the United States.

Although Underwood supported the Harrison Act, he later regretted having forced the drug market into the criminal underworld. One dealer, he observed, could hide thousands of dollars worth of drugs under his coat to sell to children on the street.[11] The alarming criminal trade in narcotics prompted the committee to take action again in 1922. The federal grand jury of Seattle, Washington, warned the committee that "immediate action" was necessary "to suppress a rapidly growing evil that would quickly undermine the manhood and womanhood of America." [12] The Commonwealth of Massachusetts likewise asked for the committee's help, since the state was unable to

PARTY RATIOS IN THE COMMITTEE AND THE HOUSE
1890–1933

CONGRESS	COMMITTEE	HOUSE	PRESIDENT
Fifty-first (1889–1891)	8 R–5 D	166 R–159 D	Harrison, B. (R)
Fifty-second (1891–1893)	10 D–5 R	235 D–88 R [9]	
Fifty-third (1893–1895)	11 D–6 R	218 D–127 R [11]	Cleveland (D)
Fifty-fourth (1895–1897)	11 R–5 D	244 D–105 D [7]	
Fifty-fifth (1897–1899)	11 R–6 D	204 R–113 D [40]	McKinley (R)
Fifty-sixth (1899–1901)	10 R–6 D	185 R–163 D [9]	
Fifty-seventh (1901–1903)	11 R–6 D	197 R–151 D [9]	Roosevelt, T. (R)
Fifty-eighth (1903–1905)	11 R–6 D	208 R–178 D	
Fifty-ninth (1905–1907)	12 R–6 D	250 R–136 D	
Sixtieth (1907–1909)	12 R–7 D	222 R–164 D	
Sixty-first (1909–1911)	12 R–7 D	219 R–172 D	Taft (R)
Sixty-second (1911–1913)	14 D–7 R	228 D–161 R [1]	
Sixty-third (1913–1915)	15 D–7 R	291 D–127 R [17]	Wilson (D)
Sixty-fourth (1915–1917)	14 D–8 R	230 D–196 R [9]	
Sixty-fifth (1917–1919)	13 D–10 R	216 D–210 R [6]	
Sixty-sixth (1919–1921)	15 R–10 D	240 R–190 D [3]	
Sixty-seventh (1921–1923)	17 R–8 D	301 R–131 D [1]	Harding (R)
Sixty-eighth (1923–1925)	15 R–10 D	225 R–205 D [5]	Coolidge (R)
Sixty-ninth (1925–1927)	15 R–10 D	247 R–183 D [4]	
Seventieth (1927–1929)	15 R–10 D	237 R–195 D [3]	
Seventy-first (1929–1931)	15 R–10 D	267 R–167 D [1]	Hoover (R)
Seventy-second (1931–1933)	15 D–10 R	220 D–214 R [1]	

R—Republican D—Democrat

[Numbers in brackets refer to independents or members of third parties.]

curb the drug trade "without further assistance from the Federal Government."[13] The resulting Narcotic Drugs Import and Export Act of 1922 authorized the Commissioner on Narcotics to determine the legitimate levels of imports needed for medical and scientific purposes, and prohibited all other imports, especially of opium that could be used for smoking or for the manufacture of heroin. Tougher Treasury Department regulations, however, provided greater controls on illegal drug trafficking.[14]

Although all legislative efforts to legalize the distribution of birth control information and devices failed during this period, the hearings given to the subject provided a national forum for a controversial issue. Margaret Sanger, the President of the American Birth Control League, attempted to attract congressional support in the early 1930s for the repeal of the federal Comstock Law, which prohibited the mailing, interstate transportation, and importation of contraceptive materials and information. Sanger's efforts, however, were handicapped by her political inexperience and her self-righteous faith in the cause. The first congressional sponsor of birth control legislation was Senator Frederick H. Gillett (R-MA), who in 1930 was completing his first term in the Senate. Although he had served with distinction for 16 terms in the House, including three as Speaker, he was a lame-duck Senator without power or influence.

In the Democratic Seventy-second Congress, the bill was sponsored in the House by a second-term member, Franklin H. Hancock (D-NC), who provided little support when he commented that he had no definite opinion on its merits. Since the bill was written as an amendment to the Smoot-Hawley Tariff of 1930 to permit the importation of birth control devices and information, the measure was referred to the Committee on Ways and Means, where Congressman John W. McCormack (D-MA) prevailed upon the committee not to hold hearings. Sanger's outraged followers inundated the committee with appeals to grant them a hearing.[15] The letters came from sources as widely varied as two poor black women in Pennsylvania and historian Will Durant, who informed the committee that the current laws "decree that America shall be peopled hereafter almost exclusively by those families that are lacking in prudence, and that have neither the ability nor the means to transmit our cultural heritage." Many of the letters questioned the opposition of McCormack and the Catholic Church on religious grounds. Adele A. S. Brown, a New York City social worker, wrote, ". . . being a perfectly good Presbyterian, I object to the *damn* Catholic opponents being able to get their way. . . . Yet, they, the Catholics, are the people bringing the high number of *undesirable* citizens into the United States."[16]

When the committee bowed to public pressure and held hearings on the Hancock bill in 1932, the testimony was notable only for McCormack's clashes with witnesses he found hostile to the Catholic

Church. The bill died in committee, as did a similar measure in the Senate. Federal restrictions on birth control were not officially eased until after a Supreme Court decision in 1936 removed the final obstacles to the dissemination of contraceptive information and devices through physicians.[17]

For its many duties connected with hearings, the committee's staff remained small—a clerk and two assistants. The staff arranged hearings, processed applications, transcribed testimony, and filed briefs and relevant correspondence. The staff also maintained a library for the members consisting of a complete set of the *Congressional Globe* and *Congressional Record*, as well as *U.S. Statutes at Large* and other books pertinent to the committee's work. One retiring clerk, Kuter W. Springer, reported to the committee in 1893 that he had found the library in a sad state due to "the borrowing of books and failure to return them." He had replaced missing volumes at his own expense and had filled in the remainder of the shelves with "dummy" books turned upside down "to prevent confusion." Like all good librarians, he had stamped the books on both covers and inside and out with the committee's imprint. The clerk had also collected some 1,200 to 1,500 items from the previous summer's Columbian World's Exposition in Chicago to assist the committee in its tariff considerations. The committee accepted the clerk's final report and tendered its appreciation "for his care of and interest in the work of the committee." [18]

The committee was more open to executive branch policy initiatives in this period than it had been during the post-Civil War period of congressional government. The Wilson bill in 1894 reflected President Grover Cleveland's initiative in tariff reform. President McKinley likewise called a special session of Congress to revise the tariff in 1897, and restored presidential leadership in the process. President Woodrow Wilson, who viewed himself as the leader of his party in Congress, directly influenced the Underwood Tariff and the War Revenue Acts. The Committee on Ways and Means maintained legislative autonomy by rejecting executive recommendations on several occasions. The committee refused to include Taft's request for a corporate income tax provision in the Payne tariff bill, and Kitchin raised the rates of the excess profits tax requested by Wilson. In the 1920s, Secretary of the Treasury Andrew Mellon provided the policy initiatives, but the committee exceeded even his requests for tax reduction.

This period also brought some semblance of order to the committee's relationship with the Senate, but one that was not particularly welcome to supporters of the House's prerogative to originate revenue bills. The late-19th-century dominance of the Senate continued well into the 20th century, which can be seen in the fate of the committee's tariff bills. The Senate Finance Committee freely used the amending process to alter House bills beyond recognition. As examples, 496 amendments were made to the McKinley bill, 634 to the

A HYDRA THAT MUST BE CRUSHED—AND THE SOONER THE BETTER.

Wilson bill, 872 to the Dingley bill, and 847 to the Payne bill. The Senate Finance Committee even met in 1897 to draft a tariff bill before Congress convened and the House had considered the Dingley bill. The Senate tended to be dominated by protectionists, such as Aldrich and Gorman, who raised the tariff schedules in House bills. The routine situation was that described by one student of Congress in 1912: "The Senate committee of finance by its hearings and deliberations has acquired as important a position in tariff legislation as the House committee on ways and means." [19]

The conference committee was the final battleground for revenue bills. The House contingent in conference was usually led by the chairman of the Committee on Ways and Means and often included other key committee members. During the 1890s, the Senate prevailed most often in conference. Some 272 of the 496 Senate amendments to the McKinley tariff bill were accepted in conference, as were four-fifths of the 872 amendments to the Dingley tariff in 1897. An observer in the second decade of the 20th century concluded: "[the conference committee] has of late years been the place for the actual conflict of forces; theoretically it considers only points of disagreements; in practice it strikes out some non-conscientious matter and inserts new quarrels. Hence the bill, when it once more comes to the House . . . represents no harmonious principle." [20]

A beleaguered Uncle Sam battles the tentacles of trusts and big business that stem from the body of protectionist tariff policies in force since the Civil War. This cartoon appearing in Puck *magazine underscores the complex tariff issues that confronted Ways and Means from the McKinley Tariff of 1890 to the Smoot-Hawley Tariff of 1930. During this period, progressives of both parties vainly attacked protectionism (with the single exception of the Underwood Tariff in 1913). They argued that high duties benefited such trusts as copper, oil, steel, and rubber at the expense of the consumer.*

Revenue Policy, 1890–1930

The 19th-century American economy was characterized by boom-and-bust cycles. Eras of prosperity were periodically interrupted by panics and depressions—in 1819, 1837, 1857, 1873, and 1893. The Republican Party traditionally argued that high protective tariffs were necessary for continued prosperity. High tariffs, they reasoned, protected American labor from cheaper foreign competition and also kept farm prices high to benefit agriculture. The party's protectionist policy during the Civil War sanctified and legitimized high tariffs. The party responded to opposition by altering specific methods and by tinkering with rates on various commodities, but it never abandoned the principle of protectionism.

The Democratic Party in the late 19th century developed a free-trade philosophy associated with President Cleveland and chairmen of the Committee on Ways and Means, Roger Q. Mills, William Morrison, and William L. Wilson. They argued that a lowered tariff, along with the free coinage of silver and the issuance of greenbacks, would eliminate the boom-and-bust cycles. Their tariff policy, while not strictly free trade, envisioned a tariff rate low enough to provide both revenue and mild protection to American business. The Democratic Party also contained a group of high-tariff leaders, such as Samuel J. Randall of Pennsylvania and Arthur Pue Gorman of Maryland, who frustrated the tariff reform efforts of the 1880s and 1890s. By the turn of the century, no real reform effort in Congress had succeeded. Economic historians have found no evidence to suggest that high or low rates had a great impact upon economic conditions. The tariff debate was more "an exercise in political rhetoric and partisan faith" than anything else.[81]

With the return of prosperity, the tariff debate focused upon who profited most from protectionism. Progressives of both parties argued that high tariffs benefited the trusts and big business more than consumers. The tariff, they argued, was a regressive tax upon basic commodities that took proportionately more from those least able to pay. Reformers within each party called for tariff reform, though they used different terminology and methods. Republicans recommended that customs duties equalize the differences between the cost of production at home versus overseas costs so that domestic and foreign goods could compete on an equal basis. The competitive tariff advocated by Democratic reformers was essentially the same concept in different rhetorical garb. The Republican effort at tariff reform, the Payne-Aldrich Act of 1907, was blocked by traditional protectionist Republicans in the Senate.

The Payne-Aldrich Act did contain a provision calling for an income tax. Since the tariff provided most of the federal revenue, no real reduction was possible without an alternative source of funds.

"The foremost champion of protection" is William McKinley reported the press in 1894. The congenial Republican replaced fellow Ohioan James Garfield on Ways and Means in 1880. Nine years later, losing a race for the Speaker's job, he took over Ways and Means and authored a new tariff bill. The McKinley Tariff of 1890 inaugurated the highest protectionist rates in history to that time. It also included America's first tariff reciprocity provision. Voters upset over the high tariff turned McKinley out of Congress. After serving as governor of Ohio, McKinley was brought back to national office in 1897 as the 25th President.

The Democratic reform effort, in the form of the Underwood Tariff of 1913, accomplished a major reduction in customs duties and the institution of a tax on personal and corporate income.

Republican majorities in the 1920s returned to the protectionist principle with the Fordney-McCumber and Smoot-Hawley Tariffs. The tariff controversy in this decade centered on the issue of reciprocity initially raised in the McKinley Tariff of 1890. Republican isolationists in the 1920s were unwilling to acknowledge the effects of tariff policy on international trade. Rather, they constructed a high tariff barrier around the United States in an effort to insulate the nation from international economic conditions.

The tariff had become an ever more time-consuming and technical issue by the end of the 1920s. As the number of items covered by import duties multiplied, the amount of legislative work mushroomed. For example, the Tariff of 1816, the first protective tariff, had only covered four-and-a-half pages in the statute book. The Morrill Tariff of 1861 had increased to 20 pages, but even it was dwarfed by the expansion between 1890 and 1930. The McKinley Tariff of 1890 consisted of 50 pages; the Payne-Aldrich Tariff of 1909 covered 100 pages; and the Smoot-Hawley Tariff of 1930 was over 190 pages long. The sheer volume of tariff legislation became a major impetus for the adoption of the reciprocity principle, whereby tariff rates would be determined through agreements negotiated by the executive branch. Secretary of State James G. Blaine had first suggested reciprocity in the 1880s, and a few experiments were subsequently made with American possessions such as Hawaii and the Philippines as well as with Latin American countries, but reciprocity did not fully succeed until it was adopted during the New Deal in the 1930s.

The Committee on Ways and Means and the McKinley Tariff of 1890

When William McKinley (R-OH) was named chairman of the Committee on Ways and Means by Speaker Thomas Brackett Reed on December 9, 1889, the future 25th President of the United States had already developed a reputation as a strong protectionist. During debate in the previous Congress on the Mills bill, McKinley had argued that a protective tariff was a righteous patriotic duty. "Let England take care of herself," he declared, ". . . but in God's name let Americans look after America."[22] The chairman's popularity and political influence were evident when he lost the party caucus contest for the speakership by a single vote to Reed. The brilliant and sarcastic new Speaker then rewarded his colleague with a seat on the important Rules Committee, as well as the chairmanship of the prestigious Committee on Ways and Means. Included among the Republican majority of the 13-member committee were future chairmen Nelson Dingley of Maine and Sereno E. Payne of New York. Democratic members were led by the able John G. Carlisle of Kentucky, former Chairman Roger Q. Mills, and Benton McMillin of Tennessee.

President Benjamin Harrison's first annual message to Congress in December 1889 recommended tariff revision, but once again the real impetus came from Congress. The process of creating the McKinley Tariff followed the familiar pattern of tariff legislation in the late 19th century. Originating in the Committee on Ways and Means, the bill was substantially altered by the Senate Finance Committee before a conference committee resolved differences between the two versions. Though known as the McKinley Tariff, the final bill was quite different from the one recommended by the Ohio congressman.

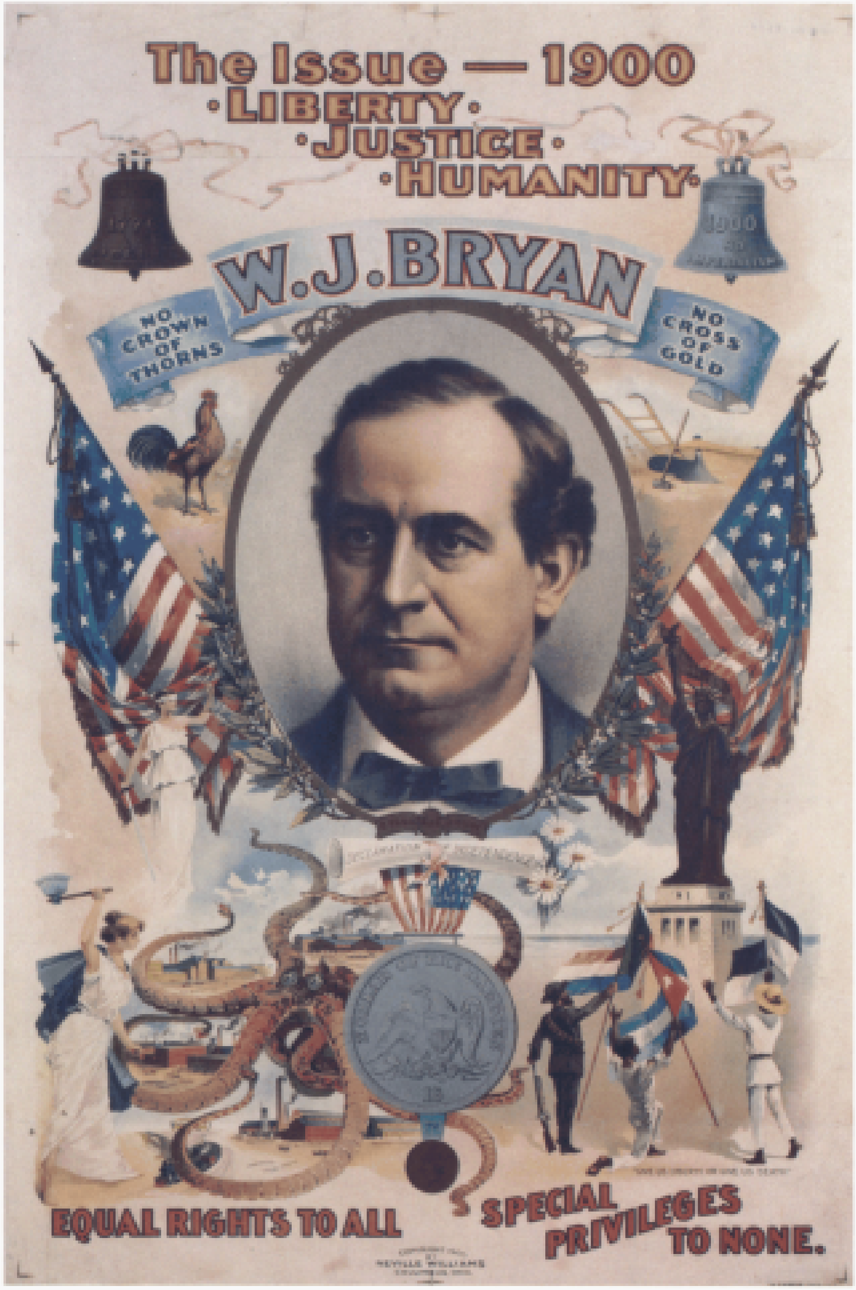
The McKinley committee's first venture into tariff revision in 1890 came with the drafting of a bill to reform customs administration. The bill, signed into law on June 10, 1890, created a Board of General Appraisers to determine a more uniform valuation of goods at different ports. One principal object of the law was to create a means to protect the government from having to refund large sums declared to have been collected illegally.[23]

The committee held extensive public hearings on tariff revision. McKinley and his fellow Republicans had criticized the previous

Affable but uninspiring, Democrat William M. Springer of Illinois gained the chairmanship of Ways and Means in 1891 as a prize for helping House member Charles F. Crisp win the election for Speaker. Springer pushed through several minor tariff revisions during the Fifty-seventh Congress, but overall, his preoccupation with parliamentary rules and procedures of debate rather than with the issues irritated many of his colleagues on both sides of the aisle.

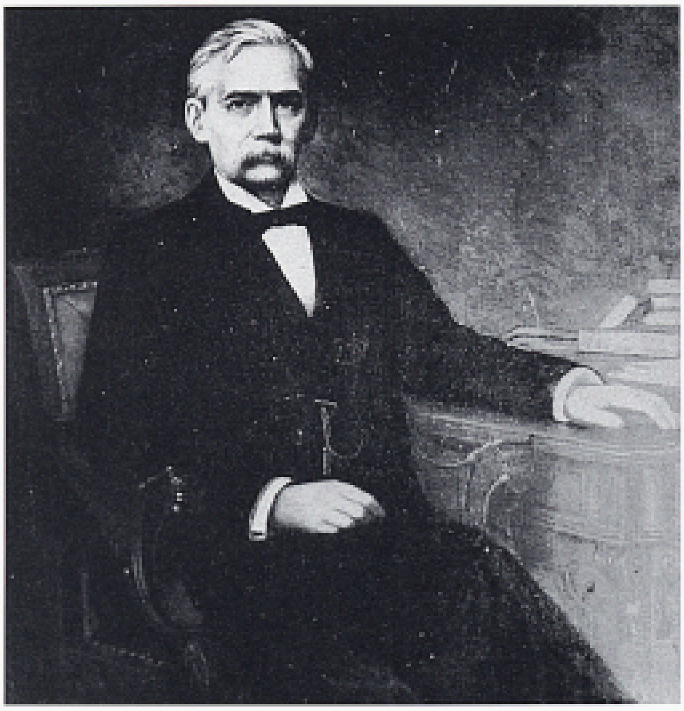
Democratic committee chaired by Mills for holding secret tariff hearings in the Fiftieth Congress, and they were anxious to avoid similar complaints. They were of course unsuccessful, but one Democratic member of the committee did admit that "I do not know of a single manufacturer or laborer who desired to be heard that has not been accorded a full and free hearing." [24] The chairman reported the committee's bill on April 16, 1890. It passed the House on May 21 by a vote along party lines of 164–142. The Senate, whose Finance Committee was chaired by the powerful Nelson W. Aldrich of Rhode Island, added 496 amendments to the McKinley bill; the House accepted 272, and the two bodies compromised on 173.[25] The Senate amendments were largely of a technical nature, raising many of the rates proposed by the House bill, but with the exception of a reciprocity provision, the Senate did not fundamentally alter the protectionist nature of the bill as prepared by the Committee on Ways and Means.

The Tariff of 1890 included a number of new features. It was the first tariff to include a complete schedule of protective duties upon agricultural products. The purpose of these duties was purely a political ploy by the Republican Party to undercut the argument that manufacturers were protected from foreign competition at the expense of farmers. As Democratic opponents of the bill pointed out, it was absurd to levy duties to protect American agriculture from nonexistent foreign competition.



Campaign poster touts William Jennings Bryan and his populist views during the 1900 presidential campaign. A commanding orator from Nebraska who spoke for the common people against the power of wealth, he ran unsuccessfully for President three times on the Democratic ticket (1896, 1900, 1908). The poster recalls his famous words from the 1896 race. Favoring the unlimited coinage of silver, Bryan exhorted the proponents of gold: "You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind upon a cross of gold." As a Ways and Means member, Bryan drafted an income tax provision for a reform tariff. The proposed tax would have replaced the revenue lost by lowering duties and shifted the burden of levies from the working people to the wealthy. A Republican Senate altered most of Bryan's tariff reforms but kept his income tax provisions. The amended bill became law as the Wilson-Gorman Tariff of 1894.

The repeal of the duty on sugar was also a bid for popular support for the tariff. Under the existing sugar duty, some 55 million dollars had been collected in the fiscal year 1888–1889, nearly one-quarter of total customs receipts. By repealing the sugar duty, the committee removed what was in effect a tax upon a commodity that formed a considerable part of the household budget. Curiously, McKinley did not capitalize upon this as a tax-relief measure, perhaps because the committee had added to it a provision for a bounty to be paid to domestic sugar producers. As the chairman tried to explain, "the Com-



Scholarly foe of high tariffs, William Wilson of West Virginia became chairman of Ways and Means in 1893. Leading the battle for tariff reform, Wilson delivered an inspired free-trade speech on the House floor in 1894. His logic held a jaded audience enthralled and won riotous applause. William Jennings Bryan and other supporters hoisted Wilson to their shoulders in triumph. The protectionist Senate, however, mutilated the so-called Wilson bill and passed its amended version, the Wilson-Gorman Tariff. Broken in spirit, Wilson left Congress after one term as chairman. (He served in the House from 1883 to 1895.)

mittee on Ways and Means . . . wishing on the one hand to give the people free and cheap sugar, and desiring on the other hand to do no harm to this great industry in our midst, have recommended an entire abolition of all duties upon sugar, and then . . . turn about and give to this industry two cents upon every pound of sugar produced in the United States." [26] Not surprisingly, the stock of the American Sugar Refining Company tripled in the next three years.

The Senate inserted a reciprocity provision at the suggestion of Secretary of State James G. Blaine. This provision permitted the executive to negotiate reciprocal tariff reductions, primarily with Latin American countries. The main feature of the tariff, initiated by the Committee on Ways and Means and confirmed and extended by the Senate, was its endorsement of protectionism. The tariff raised the average rate to 50 percent, and increased duties on items including wool and woolen goods. Opponents of the tariff argued that it would raise prices to consumers for everything from pearl buttons to cigars. Popular indignation over the increased rates was reflected at the polls. McKinley was defeated for reelection and less than 90 of the 332 congressmen elected to the Fifty-second Congress were Republicans.[27]

The Wilson-Gorman Tariff of 1894

Democratic hopes for tariff reform in the Fifty-second Congress were frustrated. Although they possessed an overwhelming 235–88 advantage in the House, the Senate remained in Republican control, 47–39. Moreover, the new Democratic Speaker, Charles F. Crisp of Georgia, only gave lip service to tariff reform. He bypassed his runner-up in the party caucus and the former chairman of the Committee on Ways and Means Roger Q. Mills to name the affable but uninspiring William M. Springer of Illinois to chair the committee. Springer had thrown his support to Crisp in the speakership contest in return for the chairmanship of the committee and the appointment to the committee of his protégé, freshman member William Jennings Bryan of Nebraska.[28]

Two weeks before he was appointed chairman in December of 1891, Springer outlined his tariff strategy in an interview. Rather than draft a comprehensive reform bill such as the Mills bill, Democrats should concentrate upon separate bills framed to address specific weaknesses in the McKinley Tariff. A general bill, Springer believed, would be rejected by the Senate. Separate bills would probe the defenses of the protectionists without causing a general alarm. Springer argued that his strategy offered Democrats the best hopes of success in the 1892 elections. Springer and Crisp, historians have suggested, advocated this approach to tariff reform to block the hopes of reform Democrats who favored Grover Cleveland for the party's presidential nomination.[29]

Springer's method, ridiculed by his opponents as a "pop-gun" approach, produced no substantive changes in the tariff. The Springer wool bill to reduce duties on wool and woolen goods, derisively known as the "Cheap Clothes Bill," and other measures including a duty-free iron ore bill were debated and passed by the House only to meet their expected demise in the Senate. The Springer committee discussed, but failed to report, a bill introduced by John Andrew (D-MA) to place coal as well as iron ore on the duty-free list and to reduce duties on scrap iron, scrap steel, and pig iron.

The 1892 elections were a smashing Democratic success. Cleveland was elected President, the House remained safely Democratic with a 218–127 majority, and the Senate was now in the party's hands, 44–38. For the first time since Lincoln's inauguration in 1861, the Democrats had control of both the executive and the legislature. President Cleveland called for a lowering of the tariff in his inaugural address, but with the onset of the panic and depression of 1893, he called Congress into special session to repeal what he believed was a greater evil, the Sherman Silver Purchase Act of 1890. Crisp, reelected Speaker, appointed William L. Wilson of West Virginia to chair the Committee on Ways and Means on August 21, 1893.[30]

Wilson, according to his biographer, "symbolized better than any other prominent political figure of the Cleveland era the unification of the North and the South through the agency of the Democratic party." [31] Born in Virginia, Wilson represented a border district that

Brickbats of public disapproval rain down on the income tax requirement set forth by the Wilson-Gorman Tariff of 1894. The law levied a flat 2 percent tax on personal and corporate income above $4,000. This editorial cartoon labels the tax a mongrel because few wanted it. The public scorned it, and the U.S. Treasury shut it out after the U.S. Supreme Court, depicted as a tin can tied to the mongrel's tail, declared it unconstitutional in 1895. The Court's ruling that tax on personal income was a direct tax overturned legal precedent in place since the Civil War. The Court's new interpretation rendered the income tax invalid since Congress lacked the power to levy direct taxes without the consent of the states.

was half-agricultural and half-industrial, with sizeable coal interests. He had been a college professor and a university president, and he was committed to dismantling the protectionist system. Just after the 1892 elections, for example, Wilson had recommended that a special session of Congress should be called to provide immediate tariff relief. He was, as the press observed, "a man who has ideas and who puts behind them intellectual and moral force." Wilson's selection, bypassing former Chairman Springer, was due to Springer's weakness as majority leader. The Democrats needed someone to match Reed, the forceful and effective minority leader. The *New York World* reported that the choice was the result of an agreement between Crisp and John G. Carlisle that the latter would not contest the speakership in return for Wilson's appointment to chair the Committee on Ways and Means.[32]

The committee, enlarged from 15 to 17 members, contained 11 Democrats including Benton McMillin (D-TN) and Bryan. Only two manufacturing states, New York and Massachusetts, were represented, and 11 of the appointments went to the South, the border states, and the West. Wilson set to work on August 29, 1893, organizing the majority members into a subcommittee on customs with himself as chair. The committee held hearings in its own room just off the House corridor, now one of the rooms of the Speaker's Office, H-209. The hearings ran from September 4 to September 20 only, which the Republicans criticized as inadequate. Hundreds of witnesses, mostly protectionists, were heard. One of Wilson's confidants referred to the hearings as the "customary rubbish." Wilson himself was so unimpressed with them that he declared he wanted no part in the publication of the hearings beyond the minimum official requirement.[33]

The public hearings were merely pro forma—the real work occurred behind closed doors. The Wilson bill was as much a "dark lantern" measure as the Mills bill of 1888. After the formal hearings, the committee moved to the virtually inaccessible Census Committee room in the labyrinthine Capitol basement. The subcommittee met with Treasury Department officials and businessmen, some of whom came only on the condition that they could remain anonymous. The committee continued to draft the bill in its subterranean chamber. After Congress adjourned on November 1, it was forced to surface due to the parsimony of Congress in not having funded operation of the Capitol electrical plant during the recess.

As the Democratic members grappled with lowering tariffs, they were compelled to find offsetting sources of income. They rejected a legacy tax, but early in the discussions considered a controversial personal income tax, which the chairman opposed. The provisions of the bill remained secret, even though a prowler broke into the committee room and two copies of the bill were reported missing. The chairman released details of the bill to the press on November 27 and reported it to the House on December 19. The bill was based on the principle of a tariff for revenue only. Duties on manufactured articles were reduced, but the main feature of the bill was an enlarged list of duty-free raw materials, including wool, coal, iron ore, and lumber, as well as hides and sugar. The bill as introduced did not contain an income tax provision. Secretary of the Treasury James G. Carlisle proposed a variety of taxes to offset the anticipated loss of 60–75 million dollars in revenue, including a legacy tax and a corporation income tax suggested by President Cleveland. Wilson supported the latter, arguing that a tax on corporate incomes "would not be a tax upon individual thrift, energy, or enterprise, but in the main upon the earnings of invested capital."[34] Nonetheless, he accepted the political expediency of a personal income tax and agreed to report such a bill.

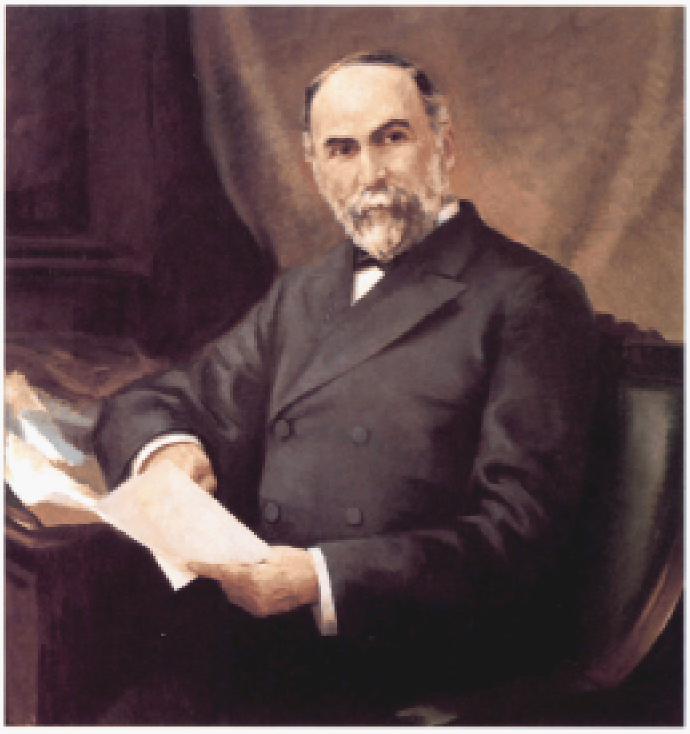
William Jennings Bryan had drafted the committee's initial income tax provision. The Nebraska Democrat preferred to levy a graduated tax that began with incomes over $2,500, but the committee instructed Bryan to set a flat rate of 2 percent on personal and corporate incomes over $4,000. The committee chose not to link the income tax provision to the Wilson bill, but rather authorized that it be reported as part of an internal revenue bill drafted by Benton McMillin's subcommittee. The McMillin measure was subsequently incorporated as an amendment, and McMillin, not Bryan, reaped the honors.[35]

Wilson led off the debate on the tariff bill with a vigorous defense of his committee and his party, concluding that tariff reform was an issue for the Democrats "to win or lose with." [36] The bill met with an avalanche of opposition. Petitions protesting the lowered tariffs overflowed the committee room. The residents of Troy, New York, for example, delivered an 800-pound leather-bound book containing the names of every resident, all of whom purportedly opposed the bill. The Democrats ignored the opposition and pushed the bill through the House. The party caucus at this time decided to link the income tax recommended by McMillin as an amendment to the tariff bill, sparking the climactic floor debate.

It was Chairman Wilson's privilege to close the debate. On February 1, 1894, he followed Speaker Crisp's meek extemporaneous response to Reed's scathing satire of the bill with one of the most memorable closing speeches in congressional history. "If great reforms could be pierced and destroyed by shafts of ridicule, if great causes could be laughed off the field," Wilson observed in direct reference to Reed, "we today would be slaves of England instead of being free, self-governing citizens." The scholar in the chairman shone through when he ended in a paraphrase of the speech Shakespeare's Henry V made to his troops—in this case Wilson's Democratic colleagues—challenging them to maintain solidarity. "This is not a battle over percentages, over this or that tariff schedule," the chairman concluded with honest conviction; "it is a battle for human freedom." [37] According to news accounts, the speech met with a chaotic, enthusiastic response. Several Democratic colleagues, including Bryan, hoisted the startled chairman on their shoulders and carried him from the chamber amid wild cheering. The bill passed by an unexpectedly high 204–140 margin.[38]

The Senate once again gutted the reform aspects of the Wilson bill. Nothing of the duty-free raw materials concept was retained except for free wool and lumber. Sugar, iron ore, and coal were returned to the duty list, and protective rates for manufactured goods were reinstated in the 634 Senate amendments to the bill by a coalition of Republicans and protectionist Democrats led by Arthur Pue Gorman. Wilson led his committee to the conference determined to regain duty-free coal, iron ore, and sugar. He was hampered by a bout with neuralgia, the defection of Speaker Crisp, and finally by a caucus resolution instructing him to accept the Senate amendments and then

Destitute of humor but soundly versed in finance, Nelson Dingley, Jr., of Maine accepted the post of Ways and Means chairman in 1895 and again in 1897. He studiously put his Republican high-tariff philosophy to work by framing a tariff bill to counter the lower rates set forth in the Democratic Wilson-Gorman legislation. The Dingley Tariff of 1897 granted the President the authority to invoke reciprocity when negotiating trade treaties. The highest tariff rates in the nation's history up to that time resulted from this act and were maintained for more than a decade.



to draft separate bills on those three materials. Wilson did as he was told, but his spirit was broken. The House bills to provide for duty-free raw materials predictably were buried in the Senate Finance Committee. Cleveland, displeased at the failure of the Wilson-Gorman Tariff to achieve any reduction, reluctantly allowed the bill to become law without his signature on August 27, 1894. Wilson left Congress in 1895 to spend the last two years of his public service as Postmaster General. A rambling, disjointed letter he wrote to the *New York World* in the aftermath of the conference committee defeat formed an unwitting epitaph to his chairmanship:

> Having done my duty to the best of my capacity, I am content to rest upon that consciousness. . . . When a man's army breaks away from him, unless he can assure them of victory he cannot continue to battle. . . .[39]

The Wilson-Gorman Tariff retained the House provision for a personal income tax drafted by Bryan and reported by McMillin's subcommittee. Midwesterners such as Bryan and Southerners such as McMillin favored the income tax as a justifiable tax upon the wealthy since the great burden of the tariff fell upon the working class. The votes in both the House and the Senate followed geographical rather than party lines. The act levied a flat 2 percent tax on income from all sources above $4,000, exempting only interest on federal bonds. The

income tax affected few because of the high ceiling, but the Supreme Court in the 1895 *Pollock* v. *Farmers' Loan and Trust Co.* decision declared the provision unconstitutional as a direct tax, which according to the Constitution had to be apportioned among the states on the basis of population.[40]

The Dingley Tariff of 1897

Just as the McKinley Tariff had presaged a crushing defeat for the Republican Party in the 1890 congressional elections, so too did the Wilson-Gorman Act precede a Democratic debacle in 1894. The new Congress returned to Republican control, 246–104 in the House and 42–39 in the Senate. Thomas Brackett Reed, once again Speaker of the House, appointed his colleague from Maine, Nelson Dingley, Jr., to chair the Committee on Ways and Means. McKinley, the former Republican chairman, was now governor of Ohio, and Dingley had demonstrated both party loyalty and technical expertise in his prior

Private proprietary stamps illustrate the use of revenue stamps authorized through legislation drafted by Ways and Means. To help meet the costs of the Spanish-American War in 1898, Congress instituted stamp taxes for bank checks, stocks, bonds, insurance policies, legal documents, chewing gum, and wine. In times past, the government had turned to stamps for money. Those shown here stem from the Civil War Revenue Act of 1862, which gave a discount to manufacturers who paid to have exclusive die trademarks cast.

service on the committee. Joseph Cannon, the wily Illinois Republican, once observed that Dingley "had a better knowledge of the details of the tariff than any other man." [41]

Dingley and Reed were unlikely comrades. The witty, loquacious Speaker was at home amid parties and high living, while the serious and reserved chairman was given to plain living, frugality, and abstention from liquor. Joseph Cannon recalled one dinner attended by both men. It was customary to serve a Roman punch—ice flavored with whiskey, rum, or a cordial—halfway through dinner. Reed, according to Cannon, devoured his with obvious enjoyment, while Dingley after the minutest taste turned to his friend and said, "Tom, there's rum in that." After Reed had consumed the last of the punch, he remarked to all of the guests, "That's the difference between Nelson and me. He knows rum the moment he tastes it; I had to finish mine before I discovered it." [42]

Dingley's committee reported a bill reinstating a duty on wool and increasing the 1894 rates on many manufactured goods by 15 percent, with the provision that no duty would exceed the McKinley Tariff rates. Although the bill passed the House by a wide margin, the Senate Finance Committee sidetracked it in favor of a measure for the free coinage of silver. With McKinley's election to the Presidency in 1896, the Republicans decided to make tariff reform a top priority. The President called a special session to convene on March 15, 1897. In his message to Congress, President McKinley, citing the 186-million-dollar deficit he had inherited, recommended a tariff that would provide an adequate revenue and still protect American industries.[43]

Dingley immediately reported a similar bill prepared by the Committee on Ways and Means after extended hearings during the Fifty-fourth Congress. The House under Reed's strict discipline passed the measure on March 31 by a 205–122 vote along party lines. The Dingley bill, the chairman argued, was a moderate measure, neither a tariff for revenue only nor strictly protectionist. The rates, which he believed would provide an increase in revenue of 113 million dollars, were midway between those of the 1890 and 1894 tariffs.

The Senate once again altered the House bill. Republican leaders Aldrich and William B. Allison of Iowa were able to maintain party unity without allowing the party caucus to determine the rate schedules. The result was that log-rolling and pressure politics took over as Republican senators were subjected to the direct influence of lobbyists. Eight hundred and seventy-two amendments were made to the House bill, four-fifths of which were agreed to in conference. The Dingley Tariff restored the scale of duties lowered by the Wilson-Gorman Tariff and in some instances exceeded the McKinley Act. The average rate of duties even surpassed those of the Civil War tariffs. The Dingley Tariff was also significant because it adjusted the method by which rate schedules were determined. Congress delegated author-

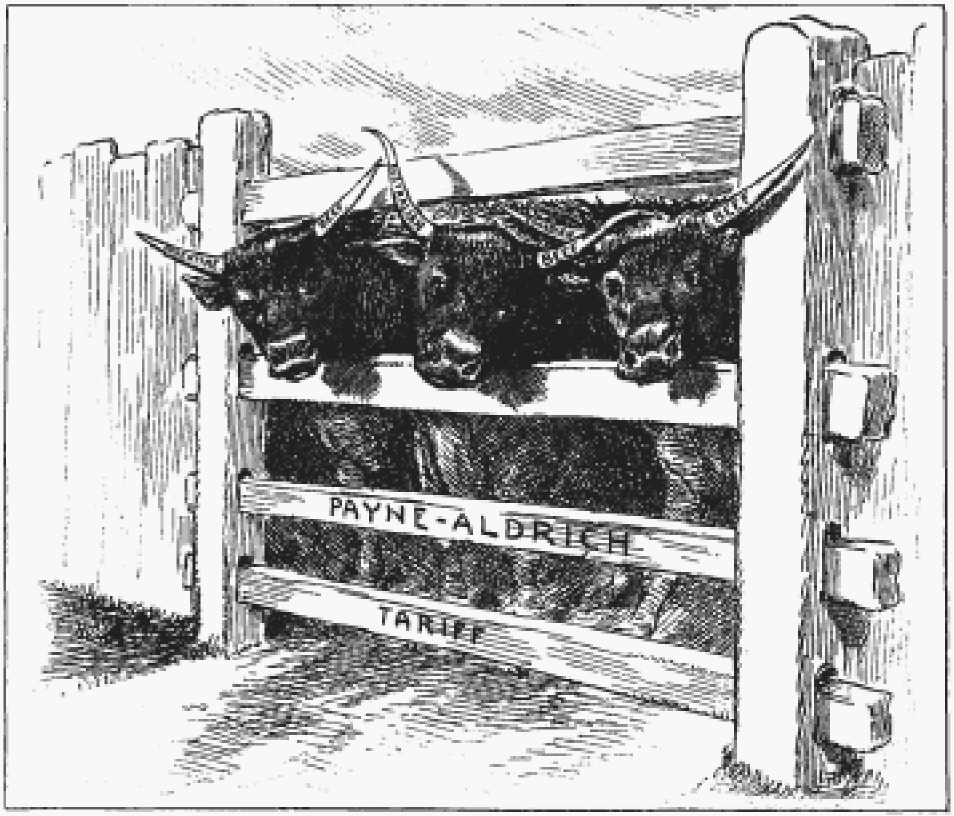
First of the long-sitting chairmen of Ways and Means, Republican Sereno Payne of New York took the helm of the committee in 1899 and held it for 12 years, a record at that time. One of the first bills introduced under Payne's leadership resulted in the repeal of all Spanish-American War taxes. The clamor for tariff reform grew louder after the war, and Payne conducted extensive hearings on the issue. The Payne-Aldrich Tariff, passed in 1909, fulfilled Payne's dream to have his name attached to some law of lasting importance.

ity to the President to negotiate trade treaties according to the reciprocity principle. Twelve years later, the Republican Party opted to replace the treaty-making process with what they referred to as "flexible tariffs," which meant that rates would be adjusted to equalize the costs of production.[44]

The Dingley Tariff was destined to remain in effect for 12 years. The return of prosperity in 1897 deflected further talk of tariff reduction. The Republican Party, even those embarrassed by the high rates, moved on to a defense of the gold standard and the expansion of foreign trade. President McKinley avoided the subject in public, at one point stating, "We have quit discussing the tariff and have turned our attention to getting trade wherever it can be found."[45]

The Committee on Ways and Means and the Spanish-American War

In seeking the overseas trade of which President McKinley spoke, the United States became entangled in late-19th-century imperialism. Trade in the Pacific meant the acquisition of refueling bases and naval facilities in Hawaii and the Philippines. Closer to home, American tariff policies impacted most immediately upon Cuba. Under the reci-



Barring free importation of foreign beef, the Payne-Aldrich Tariff suffers criticism in an editorial cartoon. The tariff placed high duties on imported goods to protect domestic production. But in the case illustrated here, critics argued, duties only encouraged domestic producers to bring their prices up to the level of those for foreign beef. Ironically, at a time when America was barring free importation of beef, it was importing cowhides duty free to meet the demand for leather. Maneuvering in the House kept hides on the free-trade list. The high-tariff tone of the Payne-Aldrich measure came mainly from the Senate, which made 847 amendments to Payne's original bill.

procity clauses of the McKinley Tariff, Spain had liberalized trade between her Caribbean possession and the United States. Consequent Cuban prosperity ended when the Wilson-Gorman Tariff reinstated the duty on raw sugar. The Cuban economy faltered, giving rise to an indigenous revolution that particularly targeted sugar plantations. Spanish brutality in suppressing the rebels evoked strong sentiment in the United States for intervention, which came following the unexplained sinking of the American battleship *Maine* in Havana harbor on February 15, 1898.[46]

The responsibility for initiating war revenue legislation once again fell upon the Committee on Ways and Means. Chairman Dingley, opposed to the income tax and fearful that the tariff could not be altered without causing political problems for his party, introduced a war revenue measure on April 25, 1898, that he estimated would produce an additional 100 million dollars. The measure repeated the earlier congressional formula of meeting war expenses with increased excise taxes and the sale of war bonds. The committee supplemented existing internal revenue taxes with new taxes of the same nature. The act as ultimately passed, however, shifted the burden of war finance from the business and professional classes to the working class. Special taxes were imposed on bankers and brokers, but also on theaters, circuses, bowling alleys, and billiard parlors; rates were doubled

on tobacco, beer, and liquor; and stamp taxes were instituted on bank checks, stocks, bonds, insurance policies, legal documents, chewing gum, and wine. Finally, the Committee on Ways and Means recommended the issuance of up to 500 million dollars in war bonds. During debate on the bill in the House, some Populists and Democrats proposed that the Supreme Court repudiate its 1894 decision nullifying the income tax. Congressmen Joseph W. Bailey (D-TX) and Benton McMillin led an effort to add an income tax amendment to Dingley's revenue bill, but the amendment was rejected on April 29, 1898, by a vote of 134–171. The bill was passed by the House on the same day. In the Senate, a modest inheritance tax (actually a modified estate tax on the transmission of property) was added as an "unpleasant but necessary" concession to the opposition.[47]

Chairman Dingley died in January of 1899, his frail and frugal constitution a victim to the banquets and dinners he was compelled to attend, according to one of his colleagues. His successor as chairman and majority leader was Sereno E. Payne of New York, who had been a member of the committee since 1889. Although he has been described as "plodding . . . without brilliance or dash," Payne had developed an enviable reputation as a tariff expert and loyal Republican.

Protectionism wears two faces in this antibusiness cartoon from a 1912 issue of Puck *magazine. On the one hand, big business calls for high tariffs to protect the jobs and living standards of American workers; on the other, big business recruits cheap foreign labor. The zenith of tariff reform came in 1912 with the presidential election of Woodrow Wilson, who set the stage for a dramatic return to low duties by signing the Underwood Tariff of 1913.*

As chairman of the Committee on Ways and Means, he joined a select group of House Republican leaders that included Speaker Joseph Cannon and John Dalzell. Payne's chairmanship of the Committee on Ways and Means from 1899 to 1911 was the lengthiest until that of Robert Doughton in the 1930s and 1940s.[48]

Payne's first substantial task was the repeal of the Spanish-American War taxes, which had been almost trivial compared to the magnitude of Civil War taxes. The series of Treasury deficits from 1894 to 1900 were eliminated in 1901 by a surplus of over 46 million dollars from customs and war revenues. Payne introduced a committee measure in December 1900 to reduce the war excises by some 40 million dollars. House and Senate versions were compromised in conference with the resulting act of March 2, 1901, retaining legacy taxes, the excises on oil and sugar refining, and the taxes on bankers and brokers, but reducing the excises on liquor and tobacco and repealing some of the stamp duties.[49]

On the heels of this measure, Secretary of the Treasury Lyman J. Gage recommended the repeal of all war taxes in order to reduce federal revenue by 50 million dollars. Gage argued that the Treasury surplus justified terminating taxes that he found to be both a nuisance and an insignificant source of revenue. Payne's committee acted immediately upon Gage's recommendation, introducing a bill to repeal all Spanish-American War taxes. The well-organized Republican leadership of Speaker Cannon pushed the bill through in early 1902 with what Democrats protested were steamroller tactics.[50]

The Payne-Aldrich Tariff of 1909

Defenders of the protective tariff cited the revenue needs of the Spanish-American War and the subsequent prosperity after 1897 to answer agitation for tariff reform. President Theodore Roosevelt, though he had endorsed the concept of a tariff commission to set rates on a more objective basis, handled the issue with adroit ambivalence, seeming to indicate that it was best to let sleeping dogs lie. The development of an insurgent movement within the Republican Party aimed at the dictatorial control of Cannon in the House and Aldrich in the Senate revived the tariff issue. Governor, later Senator, Albert Baird Cummins of Iowa popularized a program of trust regulation, railroad control, and downward tariff revision that came to be known as the "Iowa Idea." The clamor for tariff reform had reached such a peak that the Republican platform of 1908 called "unequivocally for the revision of the tariff by a special session of Congress immediately following the inauguration of the next President." [51] Yet, with masterful political equivocation, the plank neglected to specify which direction the revision should take.

Cordell Hull of Tennessee headed the Ways and Means subcommittee that wrote the income tax provision for the Underwood Tariff of 1913. The provision was the first tax measure drafted under the 16th Amendment. In 1933, Franklin D. Roosevelt appointed Hull Secretary of State. World War II made his tenure one of the most critical in the nation's history. Hull was the principal architect of the Reciprocal Trade Agreements Act of 1934. Enacted by his former colleagues on Ways and Means, this act authorized the executive branch to negotiate lower tariffs with trading nations. In 1945, at age 75, Hull was awarded the Nobel Peace Prize.

William Howard Taft, both as the Republican presidential candidate and as President-elect, made it known that he favored a downward revision of the tariff and an income tax in times of national emergency. In March 1909, tariff reform was immediately referred to the Committee on Ways and Means, which had held extended hearings under Payne since December. The 19 members of the committee (12 Republicans, seven Democrats) included John Dalzell, Samuel McCall, Joseph W. Fordney, and Nicholas Longworth in the majority, and Champ Clark and Oscar W. Underwood in the minority. Clark, in fact, left a revealing account of the committee's proceedings, arguing that no committee "ever did harder, more tedious, or more fatiguing work":

> Think of it! We began at half-past 9 in the morning and worked until 1 o'clock, took an hour for lunch, then worked until 7 o'clock, taking an hour for dinner . . . and worked until 11 and 12 o'clock at night; keyed up, on edge, tussling with intellectual men who had facts in their possession about the tariff which they were determined not to give up, while we were determined that they should stand and deliver.[52]

Even though Clark opposed the bill that the majority drafted, he respected Payne's knowledge of the tariff. Clark also recorded an incident that explained much of Payne's, as of any chairman's, personal influence. Before his appointment to the committee, Clark had tangled with Payne in floor debate and had found him to be irritable and brusque. After Clark's appointment, the two men shared a railroad car from New York to Washington. The chairman welcomed Clark to his committee and in five hours of pleasant conversation completely won his confidence.[53]

The bill that Chairman Payne reported on behalf of the Committee on Ways and Means on March 17, 1909, reflected a real desire to reduce tariffs while retaining the principle of protection. Increased protection was given to mercerized fabrics, women's gloves, hosiery, and plate glass. Wood pulp, hides, petroleum and its byproducts, and iron ore were put on the duty-free list. The duties on lumber, iron, and steel were decreased. All existing reciprocal trade agreements were to be ended with the exception of those with Cuba. In their place, the Payne bill called for minimum-maximum provisions. The minimum rates stipulated in the tariff schedules were to apply to all countries not discriminating against imports from the United States. Maximum rates 20 percent higher were to be applied, at the discretion of the President, on those countries practicing such discrimination.

The Payne bill also included a provision reinstating the federal inheritance tax that the committee had helped to repeal in 1902. Modeled on New York State's inheritance law, the bill provided for duties ranging from 1 to 5 percent according to the size of the bequest and the relationship of heir to decedent. In recommending an inheritance tax, Payne rejected the corporation income tax favored by President Taft and suggested to the committee by Attorney General George W. Wickersham. Taft was reportedly pleased nonetheless, writing to his brother that the bill was "a genuine effort in the right direction."[54]

Insurgent Republicans and Democrats alike were unsuccessful both in their efforts to unseat Cannon and to attach an income tax provision to the Payne bill. The Republican leadership was able to push the bill through on April 9 by a 217–161 vote. The Senate, meanwhile, had been conducting tariff hearings preparatory to drafting its own measure. Aldrich's Finance Committee precipitously raised duties on some 600 items and deleted the inheritance tax feature. The Senate bill contained 847 amendments to the Payne bill. The conference committee was dominated by protectionists handpicked by Cannon and Aldrich. Payne, by virtue of his position, led the House conferees. President Taft's pressure forced the committee to lower duties on key commodities, but the Payne-Aldrich Act signed July 31, 1909, signalled no significant change in the implementation of protectionist tariff policy. Yet, the bill did seem to indicate that protectionists were on the defensive from the persistent agitation by Insurgents and Democrats for reform. Taft, unilaterally proclaiming that no discrimination existed against the United States in foreign trade, declared that the minimum rates would be applied. With the adoption of the Payne-Aldrich Tariff, Congress replaced the presidential treaty-making provision with the flexible tariff favored by the Republican Party. The act also recommended that the President appoint a group of tariff experts to advise the government. Taft then organized a Tariff Board to advise on minimum and maximum rates.[55]

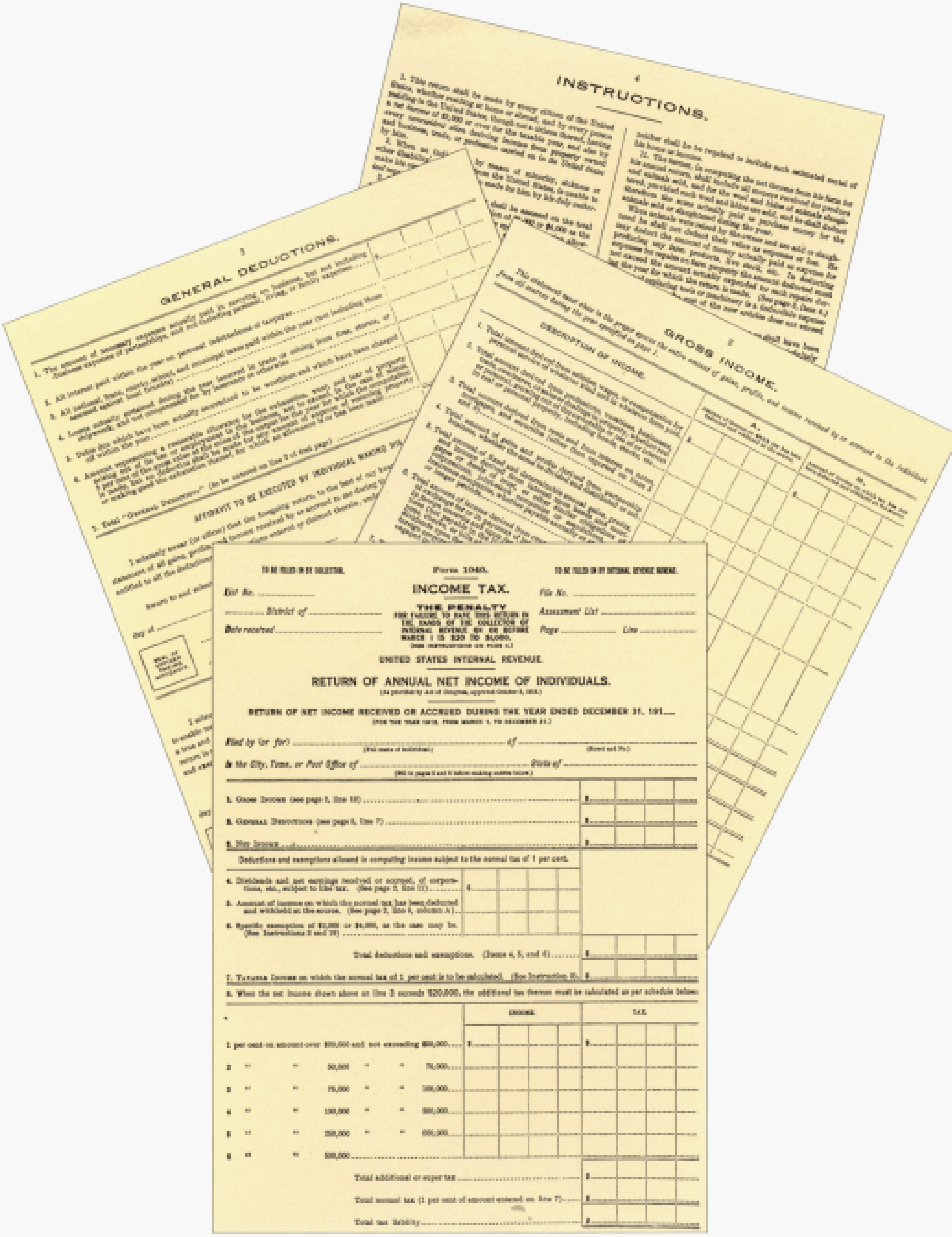
House Republicans suffered a crushing defeat in the 1910 mid-term elections. From a 219–192 majority, they fell to a 161–228 minority. Staggered by the magnitude of the defeat, Chairman Payne announced in December that he favored a schedule-by-schedule revision of the tariff and the creation of a permanent Tariff Commission, a step that only Progressives had previously supported. Such statements proved to be only window dressing. Real tariff reform would await Democratic control of the Senate and the Presidency.[56]

Income tax forms for 1913 appear simple when compared with today's booklet-length forms and instructions. This early Form 1040 ran only three pages; the accompanying instructions filled just one page. The tax rate was a flat one percent on incomes over an exemption of either $3,000 or $4,000, depending on the filing status. From 1913 to 1915, less than 2 percent of the labor force filed tax returns. By the end of World War I, income taxes supplied nearly 60 percent of the total federal revenue.

The Underwood Tariff of 1913

The election of Woodrow Wilson to the Presidency in 1912 marked the zenith of tariff reform. Wilson was a student of American politics, the author of the classic 1885 study *Congressional Government*, and an ardent admirer of the British parliamentary system. He was determined as President to personally lead his party in Congress. Working with a Democratic majority in both the House and the Senate, Wilson believed that only he could articulate the needs of the party and the nation. He gave top priority to demolishing the protective tariff that had been the hallmark of the Republican Party since 1861 when he called a special session of Congress on Inauguration Day in 1913. Breaking with precedent, he appeared in person before a Joint Session of Congress—the first President since John Adams to do so—to indicate his leadership in the upcoming struggle to revise the tariff.[57]

Democratic efforts at tariff reform had already begun in the hearings Oscar W. Underwood's Committee on Ways and Means had conducted since the previous December. The bill that Underwood originally introduced on the House floor on April 12 was similar to a series of tariff bills that President Taft had vetoed two years earlier. The 1913 bill, as presented, had been drafted by the majority members of the committee divided into 17 subcommittees of from one to four (usually three) members. According to Burton L. French (R-ID), at the conclusion of the hearings held in December and January, the chairman divided the committee into select subcommittees, each of which was given charge of a particular schedule of the tariff. During the deliberations, French reported that the subcommittees utilized the expert advice of Treasury Department officials as well as the com-



INSTRUCTIONS.

GENERAL DEDUCTIONS.

GROSS INCOME.

TO BE FILLED IN BY COLLECTOR.

Form 1040.

TO BE FILLED IN BY INTERNAL REVENUE BUREAU.

INCOME TAX.

List No. ....

File No. ....

.... District of ....

Assessment List ....

Date received ....

Page .... Line ....

THE PENALTY
FOR FAILURE TO HAVE THIS RETURN IN THE HANDS OF THE COLLECTOR OF INTERNAL REVENUE ON OR BEFORE MARCH 1 IS $20 TO $1,000.
(SEE INSTRUCTIONS ON PAGE 4.)

UNITED STATES INTERNAL REVENUE.

RETURN OF ANNUAL NET INCOME OF INDIVIDUALS.

RETURN OF NET INCOME RECEIVED OR ACCRUED DURING THE YEAR ENDED DECEMBER 31, 191__

Filed by (or for) .... of ....

In the City, Town, or Post Office of .... State of ....

1. Gross Income (see page 2, line 12)		$
2. General Deductions (see page 3, line 7)		$
3. Net Income		$
Deductions and exemptions allowed in computing income subject to the normal tax of 1 per cent.		
4. Dividends and net earnings received or accrued, of corporations, etc., subject to like tax. (See page 2, line 11)	$	
5. Amount of income on which the normal tax has been deducted and withheld at the source. (See page 2, line 9, column A)		
6. Specific exemption of $3,000 or $4,000, as the case may be. (See Instructions 3 and 19)		
Total deductions and exemptions. (Items 4, 5, and 6)		$
7. Taxable Income on which the normal tax of 1 per cent is to be calculated. (See Instruction 3)		$

8. When the net income shown above on line 3 exceeds $20,000, the additional tax thereon must be calculated as per schedule below:

	INCOME.	TAX.
1 per cent on amount over $20,000 and not exceeding $50,000	$	$
2 " " 50,000 " " 75,000		
3 " " 75,000 " " 100,000		
4 " " 100,000 " " 250,000		
5 " " 250,000 " " 500,000		
6 " " 500,000		
Total additional or super tax		$
Total normal tax (1 per cent of amount entered on line 7)		$
Total tax liability		$

Impassioned Ways and Means chairman during World War I, Claude Kitchin of North Carolina voted against the declaration of war. But once America joined the fight he threw himself fully behind the cause. On his shoulders fell the heavy task of funding U.S. troops. He worked around the clock to increase taxes upon excessive corporate profits. He suffered a stroke in 1920 after delivering a powerful speech. His exhausting devotion to duty led a colleague to say. "He fell as truly a casualty of the war as if he had died leading the charge upon the crimson fields of France."

mittee clerk. The subcommittees prepared drafts of the various schedules between January and April, with most of the work completed in an intensive two-week period. The complete draft was then considered by all 14 members of the majority acting as a subcommittee, according to French "carrying out the idea that the friends of a measure of political character should prepare it."[58]

Chairman Underwood, who was also majority leader from 1911 to 1915, was the leading tariff authority on the committee. Other notable Democratic members included Claude Kitchin of North Carolina, Henry T. Rainey of Illinois, Cordell Hull of Tennessee, and John Nance Garner of Texas. President Wilson conferred frequently with Underwood while the committee was working on the bill. According to one of Wilson's biographers, the President was responsible for persuading the chairman to eliminate the duty on wool and to lower the rate on sugar. The committee had decided to impose a 15 percent duty on raw wool. Wilson summoned Underwood to the White House and instructed him to fight for duty-free wool, agreeing to retain a one-cent-per-pound duty on sugar for three years. The chairman and the committee did as the President requested.[59]

The Underwood bill, reported out of committee on April 22, 1913, provided for lowering the average ad valorem tariff rates from the 40 percent level of the Payne-Aldrich Tariff to approximately 29 percent. The purpose of the bill was to remove the special privileges protectionism had accorded certain American manufacturers. The tariff would remain moderately protectionist, but it was projected to decrease customs receipts by 100 million dollars. To offset the lost

Kitchin's illustrious committee in 1916, meeting here in its offices in the Cannon Building, included future Speakers of the House Nicholas Longworth, Henry T. Rainey, and John Nance Garner; future chairmen James Collier, Joseph W. Fordney, and William R. Green; and future Secretary of State Cordell Hull. Revenue from income tax acts originated by this panel in 1916 and 1917 mainly went to increased Army and Navy appropriations and to "the fortification of the country." In this period, income tax doubled and excess profits taxes escalated. For the first time, federal receipts exceeded one billion dollars.

revenue, the bill included an income tax provision, the first to be written under the recently ratified Sixteenth Amendment, which authorized the federal government to levy a tax upon incomes.[60]

For such a momentous change in federal tax policy, the income tax provision of the Underwood bill elicited surprisingly little opposition in the House. The income tax section occupied only eight pages of an 814-page report on the tariff bill. Underwood assigned Cordell Hull (D-TN) to chair the income tax subcommittee. Hull wanted a flat rate income tax, but he yielded to the arguments of John Nance Garner for graduated rates. An exemption of $4,000 was granted, with rates of one percent on incomes up to $20,000 and with additional surtaxes of one percent on income between $20,000 and $50,000, 2 percent on income between $50,000 and $100,000, and 3 percent on income above $100,000. Hull defended the tax as an equitable measure based upon ability to pay, not a tax on consumption such as the tariff and excise taxes. He pointed out that 52 countries and states had already taken this action. He even cited Lloyd George's speech of 1909 in Parliament praising the income tax as "the sheet anchor of our financial system." [61] After the Underwood bill was reported it was debated briefly by the House. No attempt was made to divorce the income tax provision from the measure and it was passed on May 8, 1913, with the income tax intact.

The Senate did not substantially alter the House bill. In fact, due to President Wilson's intervention in the Senate, the Underwood Tariff emerged a stronger reform measure. The Senate version reduced rates an additional 4 percent overall and increased the maxi-

mum surtax from 3 to 6 percent. The House accepted most of the Senate revisions, and President Wilson signed the bill on October 3, 1913. The tariff-making process in 1913 was a striking departure from prior experience. Business interests had not monopolized the process, and the Senate had not engaged in an orgy of special-interest amendments. As the editor of the *New York World* observed: "This is no tariff by log-rolling, by manipulation, by intrigue, by bribery. It was bought by no campaign contributions. It was dictated by no conspiracy between corrupt business and corrupt politics." [62]

World War I Revenue Acts

Prior to World War I, the tariff and excise taxes supplied over 90 percent of federal revenue. World War I ended the dominance of the tariff as a source of revenue. The income tax initiated so inauspiciously by the Underwood Tariff provided over 58 percent of federal revenues by the end of the war.[63] Expenditures mushroomed from 742 million dollars in 1916 to over 18.9 billion dollars in 1919, an increase of 2,454 percent, exceeding the rate of increase for the Civil War as well as the later rate of increase during World War II.[64] The pressures to find sources of revenue for these increased expenditures

Mounting war expenses bring Ways and Means members together in 1918 to discuss additional revenue bills. That year, the committee reported the War Revenue Act, estimated to net an additional six million dollars. The largest share of this money would come from increased taxes on personal and corporate incomes and excess profits. Chairman Kitchin and President Wilson often disagreed on tax issues. Kitchin infuriated Wilson when he extended the income tax provision to include the salary of the President of the United States.

wrecked the close relationship that Wilson had cultivated with the Committee on Ways and Means.

When Underwood moved over to the Senate in 1915, the ranking majority member, Claude Kitchin of North Carolina, was appointed chairman. Kitchin was a large, kind, affable man with a remarkable memory for statistics, which he used to his advantage on the committee. He was a consistent advocate of a tariff-for-revenue only, and he rose to prominence through his opposition to the Payne-Aldrich Tariff. Although he supported the Underwood Tariff and greatly admired Wilson, Kitchin did not always agree with the President's policies, and he was not welcomed with open arms at the White House. Some consideration may have been given to bypassing Kitchin, but the seniority system took precedence and the North Carolinian became chairman of the Committee on Ways and Means and majority leader of the House.[65]

The responsibility for financing military preparedness and subsequent American involvement in World War I fell to Kitchin's committee. The chairman's consistent philosophy was that the United States should adopt a "pay-as-you-go" system, relying more upon taxation than the sale of war bonds. Specifically, Kitchin worked to increase graduated taxes upon incomes, inheritances, and especially upon the excess profits of corporations due to the war. His at times demagogic denunciations of war profiteers, though genuine, were exploited by the opposition and the press to portray Kitchin as incompetent and irrational. The press in particular played up the story that Kitchin had said that the war profits taxes were designed to make the Northern states pay for the war. Perhaps motivated by the increased rates for second-class postage for newspapers and magazines that Kitchin's committee had recommended, the press gave wide coverage to this phony story. The chairman was lampooned as a "babe-in-the-woods," "a political imbecile," "a small bigot from an ill-favored district in North Carolina."[66] Like Wilson, the war experience broke Kitchin's health, and he suffered a stroke in 1920, recovering for a short time before he died in 1923.

Early in 1916, Wilson's Secretary of the Treasury, William Gibbs McAdoo, recommended raising the rates of taxation on individual and corporate incomes to meet the needs of war preparation. The Revenue Act of 1916 that resulted originated in the Committee on Ways and Means because of the "necessity growing out of the extraordinary increase in the appropriations for the Army and the Navy, and the fortification of the country."[67] The act doubled the normal tax on income, levied an estate tax and a tax on munitions manufacturers, and devised a special excise tax on corporations. The 1916 Revenue Act was also important because it created the U. S. Tariff Commission as an independent agency to advise the President and Congress on trade matters. The rapid increase in expenditures that occurred after

Victory loan poster calls on citizens to buy World War I bonds. The sale of bonds and securities provides a way for the government to borrow money from individuals, banks, and corporations. Setting an example for the nation, members of Congress (right) queue up outside the Capitol to buy Liberty Bonds in 1918. Denominations of $50 to $10,000 appealed to many bond buyers. Citizens with limited means could purchase war-savings certificates. These held 20 war-savings stamps, each with a maturity value of $5. Thrift stamps were also sold for 25 cents each. The five bond drives of World War I raised 21.4 billion dollars, some two-thirds of all the money the government used to finance America's war role.

the enactment of this measure necessitated a new revenue bill in early 1917. Estate taxes were raised 50 percent and the excess profits tax was also increased. This act never went into operation, since one month after it was adopted in March, the United States entered the war and was confronted with the need to raise revenues even further.

Secretary McAdoo reviewed the history of Civil War finance for assistance in meeting the needs of World War I. Only two things impressed him: 1) the methods Jay Cooke used in selling war bonds, and 2) Secretary Chase's failure to appeal to the people. With the optimistic faith of Progressives in both the people and in planning, McAdoo proposed to appeal to patriotism, using war bonds to finance the war on an equal basis with taxes. "Any great war must necessarily be a popular movement," McAdoo wrote. "It is a kind of crusade; and, like all crusades, it sweeps along on a powerful stream of romanticism." [68]

McAdoo's recommendations reflected the administration's belief that half the cost of the war could be postponed by utilizing loans

rather than through reliance on taxes. The increased income tax, excess profits taxes, and excises would provide only half of the needed 3.5 billion dollars. Kitchin and the Committee on Ways and Means began consideration of the administration's plan in April by naming a subcommittee to draft a revenue bill. Significantly, no hearings were held, ostensibly because of time constraints, yet the Senate Finance Committee later held hearings on the same measure. The Ways and Means subcommittee was the scene of heated disagreements. Joseph W. Fordney (R-MI) argued against increases in excess profits and corporation taxes, while Henry T. Rainey (D-IL) pushed for confiscatory taxes on incomes over $100,000. In presenting the bill to the House on May 10, Chairman Kitchin admitted that it was a compromise measure, substantially the same as what McAdoo recommended. The chairman eloquently defended raising taxes to finance the war rather than relying upon loans. "Your children and mine had nothing to do with bringing on this war," he observed. "It would be unjust and cruel and cowardly to shift upon them the burden." [69]

The committee bill incorporated the increased rates requested by McAdoo on incomes and the excises on tobacco, liquor, motor vehicles, soft drinks, cigarettes, and musical instruments. The bill also doubled the excess profits tax on corporations, from 8 to 16 percent on the net profits above 8 percent of invested capital. Kitchin said that he favored a rate as high as 80 percent, perhaps only somewhat inflating the figure for effect since he justified the tax on the basis of Great Britain's tax of 60 percent and on France's tax of 50 percent.

The House bill was designed to provide 1.8 billion dollars, half of McAdoo's estimate of the first year of war expenditures. Actual costs quickly proved the original estimate low. While the bill was under consideration in the Senate, McAdoo revised his estimate to 15 billion dollars. The Senate bill—drafted by the Senate Finance Committee chaired by Kitchin's North Carolina rival Furnifold Simmons—although instituting some increases, would only provide 2.4 billion dollars. The inheritance tax, postal rate changes, and several excise taxes deleted by the Senate were restored in conference committee. The bill as passed on October 3, 1917, imposed a 2 percent tax on incomes above $1,000 for single persons and $2,000 for married persons, with graduated surtaxes up to 63 percent. A normal tax of 4 percent was added to the existing tax on corporations. The excess profits tax rates were graduated from 20 to 60 percent. The act greatly expanded federal revenues. For the first time receipts exceeded one billion dollars, totaling 3.7 billion dollars for 1917–1918. Income taxes and excess profits taxes contributed by far the largest increase, forming 2.8 billion dollars of the total.[70]

The need for even more revenue had become evident by April 1918, when monthly expenditures surpassed the one-billion-dollar mark. McAdoo sent letters to both Kitchin and Simmons requesting an increase in the income and war profits taxes. Both chairmen postponed any action until after the November elections. McAdoo appealed to President Wilson to intervene. "As I understand it, Congress is anxious to avoid new revenue legislation at this time," he wrote, "but it is unescapable. Unless this matter is dealt with now firmly and satisfactorily, we shall invite disaster in 1919."[71] The President appeared before a joint session on May 27 in his famous "politics is adjourned" speech to urge higher income taxes, excess profits taxes, and excises. The Secretary of the Treasury appeared before the Committee on Ways and Means on June 5 to recommend an increase in the normal income tax to make his pet tax-exempt war bonds more attractive to investors.

The committee heard, according to Chairman Kitchin, "every class of people," and "every class of business" in drafting the Revenue Act of 1918. Treasury Department experts and economists testified. The committee studied the Civil War revenue acts as well as the war finance measures of Great Britain, France, and Canada. Most of the witnesses were businessmen or their representatives, who complained about the excess profits tax. Special interests pled for relief, such as the American Newspaper Publishers Association, which opposed higher postal rates, and representatives of the motion picture industry, who argued against the excise on amusements. Kitchin, unmoved by such testimony, again crusaded for higher taxes to prevent mounting deficits. He had come to the realization that the higher levels of expenditure and of taxation were not simply temporary aber-

Republicans hit the road to tax reduction following World War I. In this editorial cartoon of 1925, President Calvin Coolidge and his Secretary of Treasury, Andrew Mellon, whiz past Democratic and business representatives who urge the Republicans to speed up tax reform. Mellon's shrewd grasp of finance made him the dominant figure in the administrations of Warren Harding and Calvin Coolidge. From 1921 to 1929, Mellon appeared often before Ways and Means. He guided fiscal policies that eliminated wartime controls, slashed personal and corporate income taxes, reduced the national debt, and restored the high protective tariff.

rations caused by the war. Even after the war, he argued, federal expenditures would remain high. Taxes would have to be raised now to meet the government's expanded revenue needs. Chairman Kitchin reasoned that the present time, when profits were high, was the most expedient moment to raise taxes.[72]

President Wilson and Secretary McAdoo in the meantime impressed upon Kitchin the urgency of differentiating between taxes on war profits and those on excess profits. A tax on war profits, the President wrote to the chairman, was "manifestly equitable" and would be welcomed by business. By implication, an excess profits tax was less "defensible in principle" and more likely to be seen as "a capitalistic tax bill" as Secretary McAdoo termed it.[73]

The bill presented by the committee in September represented a compromise between Treasury's recommendations and Kitchin's wishes. Normal income tax rates were increased to 6 percent on incomes below $4,000 and 12 percent on incomes above $4,000, with a maximum surtax rate of 65 percent. As an alternative to the existing excess profits tax, an 80 percent tax was instituted on war profits. The starting rate of the existing excess profits tax was set at 35 percent, higher than McAdoo wanted, but less than Kitchin sought. The Senate lowered the excess profits tax and increased the income tax on lower incomes by levying a 12 percent normal tax for 1918 (8 percent there-

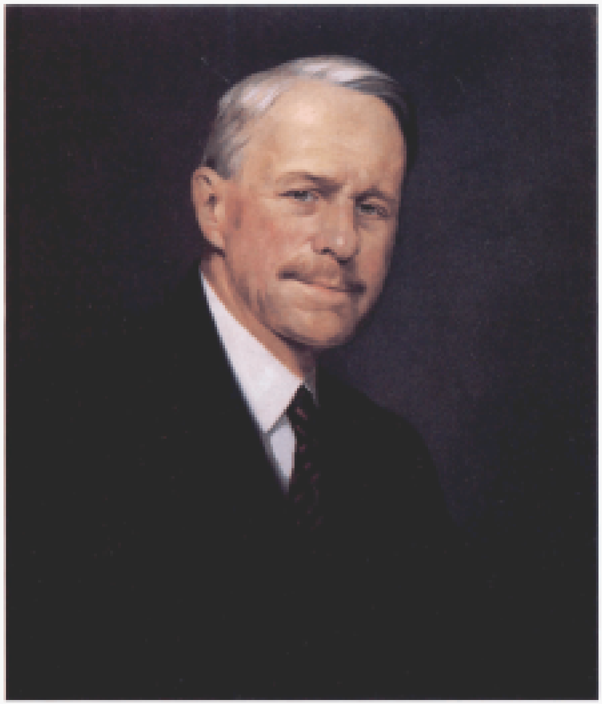
With a mind for math, Joseph W. Fordney of Michigan built a fortune for himself in the timber business and then made a name for himself as a Republican tariff expert in Congress. He served six terms as a member of Ways and Means before assuming the chairmanship of the committee in 1919. As chairman, he brought forth the Fordney Emergency Tariff Act of 1921, which temporarily restored high duties on wool and other agricultural products. To insure the continuation of its protectionist provisions, he introduced a permanent bill. Passed as the Fordney-McCumber Tariff of 1922, it set up the highest agricultural duties in history.

after) on incomes over $1,000 for single taxpayers and $2,000 for married couples. These changes were reflected in the War Revenue Act of 1918, passed by the House on February 3, 1919, and by the Senate on February 13. Seventy-eight percent of the estimated revenues (4.7 billion dollars of 6.1 billion dollars) were due to personal and corporate income taxes and the excess profits tax.

As enacted, the 1918 Revenue Act also provided for the creation of a Legislative Drafting Service to assist Congress in drafting public bills and resolutions requested by any House or Senate committee. The establishment of the service stemmed from an experimental program by which the Committee on Ways and Means had employed a skilled draftsman named Middleton Beaman to draft portions of its revenue bills between 1916 and 1919. Having determined that other congressional committees would benefit from similar assistance, the Committee on Ways and Means inserted the section pertaining to the creation of the Legislative Drafting Service into the Revenue Act of 1918. Several years later, the Revenue Act of 1924 changed the name of the service to the Office of the Legislative Counsel, whose two draftsmen were now designated as Legislative Counsel.[74]

In addition to the major war revenue acts, the Committee on Ways and Means originated bills for the Liberty and Victory loan issues, Treasury certificates of indebtedness, and war savings certificates. In September 1917, Congress passed a committee measure authorizing the Second Liberty Loan of four billion dollars to the Allies, to be financed by the sale of war bonds. In April of 1917, the commit-

Moderate Republican William R. Green of Iowa accepted the chairmanship of Ways and Means in 1923 and led the committee for five years. He worked in harmony with Treasury Secretary Mellon, who twice appeared before Ways and Means to recommend legislation for deep tax cuts. Following Mellon's lead, the committee reported the bills that respectively became the Revenue Acts of 1924 and 1926. Green's legislative career spanned nine successive Congresses. He resigned in 1928 and took an appointment as a judge on the U.S. Court of Claims.



tee approved the issuance of two billion dollars in Treasury certificates of indebtedness "to the end that the Treasury may at all times have ample means of securing funds to meet the immediate needs of government." [75]

Chairman Kitchin's relationship with the Wilson Administration continued to be a stormy one up until the end of the war. The President, in an August 1918 Cabinet meeting, referred to the chairman as "that distinguished stubborn North Carolinian who when he made up his mind would never open it." Wilson was upset when Kitchin's committee extended the provisions of the income tax to include the salaries of state officials, federal judges, and the President of the United States. Reasoning that an income tax upon his own salary was unconstitutional, Wilson considered contesting the provision, but his aide, Col. Edward House, persuaded him that such an action would appear selfish and hypocritical. Following Democratic losses in the 1918 congressional election, some of the President's aides even suggested an attempt to dump Kitchin from the majority leadership.[76]

Republican Retrenchment in the 1920s

The Republican Party returned to power with the end of the war and the Senate's rejection of Wilson's League of Nations. Republicans controlled the Presidency and both Houses of Congress throughout the decade of the 1920s. Presidents Harding, Coolidge, and Hoover were matched with Republican majorities in the House and the Senate from the Sixty-sixth through Seventy-first Congresses (1919–1931). It was a period best summed up in Harding's phrase, "return to normalcy." Wearied and bloodied by the war, the United States turned inward, rejected international entanglements in favor of isolationism and the self-indulgence represented by the Jazz Age and the Roaring Twenties. Republican fiscal policy stressed a similar concern to return to the high protective tariff, to repeal the excess profits taxes, and to lower the surtax on higher income tax brackets. These three objectives were realized in the Fordney-McCumber Tariff of 1922, the Smoot-Hawley Tariff of 1930, and the Revenue Acts of 1921 and 1924, all of which originated in the Committee on Ways and Means.

President Warren G. Harding took a major step toward the realization of Republican goals with the appointment of Andrew Mellon as Secretary of the Treasury in 1921. A wealthy banker, financier, and philanthropist, the 65-year-old Mellon had never held public office and knew little about the Treasury Department or its history. He nevertheless dominated fiscal policy during the twenties under three Republican Presidents. Deeply committed to cutting taxes, Mellon argued that high taxes actually led to lower revenue. Taxpayers would resort to evasion, trickery, or would invest in tax-free bonds. Moreover, high taxes would undermine the work ethic:

> . . . when initiative is crippled by legislation or by a tax system which denies [the taxpayer] the right to receive a reasonable share of his earnings, then he will no longer exert himself and the country will be deprived of the energy on which its continued greatness depends.[77]

Mellon, however, favored retaining the corporation income tax. He also argued for the differentiation between earned and unearned income. Wages and salaries, he maintained, should be taxed at lower rates than unearned income from investments.[78]

Three days after his inauguration, President Harding met with a group of congressional leaders, including Committee on Ways and Means Chairman Joseph W. Fordney and Senate Finance Committee Chairman Boies Penrose (R-PA). Fordney advocated tariff reform, but Penrose argued that tax reform should take precedence. The conference ended with an understanding that both the tax and the tariff should be addressed in the upcoming session. The two committees then came to an informal agreement that the House would take up the tariff while the Senate would consider tax reform.

Joseph W. Fordney of Michigan, a wealthy, self-made man, had served for six terms on the Committee on Ways and Means before Speaker Frederick Gillett named him chairman in 1919. A protégé of Cannon and Payne, Fordney had become an authority on protective

Ways and Means Chairman Willis Hawley, left, of Oregon and Senate Finance Chairman Reed Smoot of Utah, took the lead in tariff revision as the prosperous 1920s faded into the Great Depression. They put their names to one of the most controversial measures ever enacted, the Smoot-Hawley Tariff of 1930. The bill raised duties to the highest levels in American history. Other nations retaliated by shutting out U.S. goods. Without overseas buyers, farmers were forced to sell their surplus crops at a loss. Economic woes grew worse. Money sorely needed from war reparations and debt payments fell off. The tariff blocked Germany and allied nations from trading goods for dollars to be used to pay America. Smoot-Hawley was the last bill in which Congress set the actual tariff rates.

tariffs. He was also, according to his biographer, "a natural-born mathematician . . . [with] a prodigious memory for facts." [79] Chairman Fordney set to work on tariff revision in June 1919 when he called committee hearings on chemical dyestuffs and other wartime manufactures. The resulting Fordney Emergency Tariff Act (May 1921) reinstated protective tariffs on wool and a large variety of agricultural products. Due to a sharp decline in farm prices in 1920, there was widespread support for the bill. President Wilson had vetoed it on the last day of his tenure with the warning, "This is no time for the erection of high tariff barriers." [80] President Harding signed the bill as soon as it was repassed by the following Congress.

The Emergency Tariff was intended to be a temporary measure. The Committee on Ways and Means began hearings in January of 1921 on a permanent tariff. The bill, which became the Fordney-McCumber Tariff 20 months later, was introduced in the House in June. In drafting the bill, the committee took the advice of Commissioner Thomas O. Marvin of the Federal Trade Commission to base ad valorem duties on the American value of foreign goods. Specific duties were also reinstituted to protect against cheap classes of imports. The bill raised rates above the existing Underwood Tariff rates. Fordney contended that the bill represented the "Constitution of a uniform and universal prosperity." [81]

The bill stalled in the Senate after passing the House on July 21. The Senate Finance Committee hearings on the measure lasted from June to January of the following year. In the interim, President Harding was persuaded to support the principle of a flexible tariff. William S. Culbertson, a Wilson-appointee to the Tariff Commission, argued that fixed rates could not cope with the fluidity of international trade. Rates needed to be constantly adjusted on the basis of expert advice provided by the commission. Moreover, he argued, fixed rates would prolong the tariff as a controversial political issue. Harding, who once admitted to being "very much at sea" in trying to understand the tariff, was impressed by Culbertson's reasoning. In his December 6, 1921, State of the Union Message, he informed Congress: "I hope a way will be found to make for flexibility and elasticity so that rates may be adjusted to meet unusual and changing conditions." [82] To accomplish flexibility the President recommended expanding the powers of the Tariff Commission.

The Senate version of the tariff bill prepared by Chairman Porter J. McCumber's Finance Committee reinstated the flexible tariff provision. The conference committee, composed of ten members, including Fordney and McCumber, worked for a month to compromise differences between the two versions. The final bill contained the highest agricultural duties in history. Although the rates on manufactured goods were higher than the Underwood Tariff, they were on average lower than those of the previous Republican Payne-Aldrich Tariff. As one tariff scholar concluded, "the Fordney-McCumber Tariff was a patchwork of compromise, political expediency, and economic greed." [83] As enacted, the measure vested the U.S. Tariff Commission with the authority to determine costs of production associated with tariff rates and also empowered the President to raise or lower tariff rates when the commission decided that existing duties did not equalize with the costs of production. President Harding was both pleased and relieved when he signed the bill into law on September 21, 1922. Before handing to Fordney the gold-mounted pen he used to sign the bill, the President remarked; "This law has been long in the making. . . . if we succeed in making effective the elastic provisions of this measure it will mark the greatest contribution to tariff making in the nation's history." [84]

The Revenue Act of 1921 had intervened to cause the delay in the consideration of the tariff. Secretary of the Treasury Mellon appeared before the Committee on Ways and Means on August 4, 1921, to recommend: 1) repeal of the excess profits tax, 2) reduction of the

Standing before his former Ways and Means colleagues in 1932, Secretary of the Treasury Ogden Mills voices the Hoover Administration's support of a manufacturers' excise tax to increase revenues. Acting Ways and Means Chairman Charles R. Crisp initiated the bill, which coincided with Mills' strategy. "The Committee on Ways and Means and the Treasury Department," Mills had noted a year earlier, "are in complete accord as to the necessity of balancing the budget during the next fiscal year."

maximum income surtax from 65 to 32 percent, and 3) retention of the normal income tax rates of 4 and 8 percent. Fordney supported Mellon's proposals in committee, although he was forced to accept an increase in the corporation tax and an increase in tax exemption for low income groups favored by Southern and Western members. The House passed the measure on August 20 by a vote of 274-125, with only nine Republicans in the opposition. Protests from veterans' groups, labor, and farm-bloc senators succeeded in raising the surtax to 50 percent in the Senate version. Harding and Fordney unsuccessfully lobbied the conference committee to reduce the rate to 40 percent. The Revenue Act of 1921 accomplished most of what Harding, Mellon, and Fordney sought. It reduced the excess profits tax; however, it only slightly reduced surtaxes on the wealthy.[85]

The business prosperity of 1922–1923, as well as a 310-million-dollar Treasury surplus, reinforced Republican optimism and confidence. In November 1923, Secretary Mellon presented a revised tax package to the new chairman of the Committee on Ways and Means, William R. Green, a moderate Republican from Iowa. The Mellon Plan of 1923 proposed, among other things, the reduction of normal income tax rates by one-fourth, the reduction of the surtax to 25 percent, and the creation of a Board of Tax Appeals independent of the

Ranking Democrat on Ways and Means, James Collier of Mississippi gained the chairman's job in 1931 after Democrats won control of the House. Collier had served on the committee for 18 years. During his tenure as chairman, he was often absent due to illness. At these times Charles R. Crisp of Georgia stepped in as acting chairman. Collier declined to run for reelection in 1932. The next year, Franklin Roosevelt appointed him a member of the United States Tariff Commission. Collier served seven months before his death in September 1933.

Bureau of Internal Revenue to hear tax cases. In a game of "can you top this," Democrats tried to outdo the Republicans in tax reduction when a Democratic member of the committee, John Nance Garner, introduced on the House floor an amendment that served as a substitute tax package. The House adopted Garner's plan by a vote of 221–196, only to have it replaced by another alternative plan devised by Nicholas Longworth (R-OH). The Senate increased the surtax provisions of the Revenue Act of 1924 from 25 to 40 percent.[86]

On October 19, 1925, Secretary Mellon once again appeared before the Committee on Ways and Means to recommend further tax reductions. The surtax on upper incomes, he argued, ought to be reduced to 20 percent, and the federal estate and gift taxes ought to be repealed. Green and Garner were able to persuade the House to retain the estate tax by conceding on the reduction of the surtax and by an increase in the tax credit for the payment of state inheritance taxes. The Senate only added a new and controversial provision for the oil and gas depletion allowance to what became the Revenue Act of 1926. The act was also notable for establishing the Joint Committee on Internal Revenue Taxation, which was to be composed of five representatives and five senators with a staff to gather data on the administration of tax laws and to assist Congress in the preparation of revenue legislation. This measure was followed by another tax act in

Congress restrains Uncle Sam from taking the general sales tax path. This 1933 cartoon focuses on the controversy stirred up by a proposed manufacturers' excise tax, a euphemism for a national sales tax. Many congressmen objected to the plan because it would burden consumers, the people who could least afford higher taxes. The proposal also irritated party loyalists who reminded colleagues that Democrats stood for a graduated income tax. Robert Doughton, a Ways and Means member, rallied a bipartisan rebellion against the tax on the House floor. When all the votes had been counted, Uncle Sam changed paths and followed Congress down the income tax road.

1928 that most significantly reduced the corporate tax rate from 13.5 to 12 percent. On the eve of the Great Depression, Mellon confidently asserted that as a result of the Harding and Coolidge Administrations' revenue policies, "business has been taken out of a strait-jacket and permitted to expand in an orderly manner, unhampered by artificial restrictions of the tax laws." [87]

The Smoot-Hawley Tariff of 1930

The prosperity of the 1920s concealed a troubled world economy. An international balance of payments problem resulted from a combination of allied war debts, German reparations, and nationalistic trade barriers. Most nations responded to these problems with "beggar-my-neighbor" policies such as the imposition of higher import quotas. The economic position of the United States, which had emerged from World War I as the world's greatest creditor nation, was somewhat stronger than that of other countries. However, some sectors of the American economy, particularly agriculture, experienced depressed conditions for much of the decade, reflecting continued surplus production in the face of dwindling overseas markets.

Herbert Hoover, elected President in 1928, was particularly anxious to help the nation's farmers through the enactment of relief legislation and through an upward revision of agricultural tariff rates. Shortly after his inauguration on March 4, 1929, Hoover called a special session of Congress to consider these subjects. The legislature responded to the President's plea for farm relief by passing the Agricultural Marketing Act, which created a Federal Farm Board to provide price supports for agricultural products. The second prong of Hoover's plan, tariff revision, took a course far different from that envisioned by the President. The resulting tariff legislation, the Smoot-Hawley Tariff of 1930, became one of the most controversial and widely criticized measures ever enacted by Congress.

The Committee on Ways and Means, chaired by Willis C. Hawley (R-OR), had begun its hearings on rate schedules several months before the opening of the special session. In the winter and early spring of 1929, the committee labored over 15 tariff schedules incorporating some 20,000 items. Its bill, reported by the chairman on May 7, 1929, was far more comprehensive than the tariff revision limited to agricultural rates requested by President Hoover. Although the committee bill did, in fact, contain higher duties on agricultural products, it also proposed rate hikes on many other goods. The bill also included a provision that empowered the President to change rates as much as 50 percent on the recommendation of the Tariff Commission. This provision was opposed by the committee's ranking minority member, Robert L. Doughton of North Carolina, who objected to transferring congressional rate-making authority to the President. Another of the minority members who objected to the bill was Cordell Hull (D-TN), a free trade advocate who wrote the committee's minority report on the measure. Hull criticized the panel's lack of vision concerning the current state of international trade "which clearly demand [the opening of] foreign markets rather than excessive trade protection." Hull viewed the Smoot-Hawley Tariff as a personal defeat, and would later call the passage of this legislation, "perhaps the nadir of my Congressional career." [88]

After three weeks of consideration in which the bill was heavily amended, the House passed the tariff measure on May 29, 1929, by a vote of 264–147. By the time of its passage by the House of Representatives, the new tariff bill had raised existing rates to the highest levels in American history.

The House bill then moved to the Senate, where under the guidance of Senator Reed Smoot (R-UT), it passed through the Senate Finance Committee without much controversy. The bill encountered a serious challenge on the floor when a group of senators from the Northwest and Mountain states succeeded in amending it to incorporate two controversial new provisions: 1) an export debenture on farm products, and 2) a flexible tariff provision to be administered by Congress rather than the President. In all, the Senate amended the House

Acting Ways and Means chairman Charles R. Crisp occupies the center seat in this formal portrait of the committee on March 25, 1932. The members had convened to consider new revenue strategies for balancing the budget. Several of the members on this panel later advanced to higher positions: Robert Doughton of North Carolina, chairman of Ways and Means in the 1930s and 1940s; Henry T. Rainey of Illinois, Speaker of the House, 1933–1935; John McCormack of Massachusetts, Speaker of the House, 1962–1971; Fred Vinson of Kentucky, Chief Justice of the Supreme Court, 1946–1953.

bill 1,253 times—1,112 of which were introduced on the floor. These amendments reflected no consistent policy, prompting Wisconsin Senator Robert LaFollette to remark that the Smoot-Hawley measure was "the worst tariff bill in the nation's history." [89] On January 6, 1930, the Senate passed the bill, but the differences between the House and the Senate were so great that a conference committee was unable to resolve them before the special session adjourned in late November.

The worsening economy then intervened to alter the rationale behind the passage of a protective tariff. When the Seventy-first Congress convened in regular session in December 1929, the nation was experiencing the initial stages of the Great Depression. Higher tariff rates were now seen by Republican leaders as a means to stimulate business and industrial recovery in the wake of the stock market crash of October. In the spring of 1930, President Hoover persuaded the Senate to withdraw the bill from conference and to vote again on the controversial debenture and flexibility provisions. The Senate defeated both provisions by narrow margins, with Vice President Charles Curtis casting the deciding vote on the flexibility provision. The Senate passed the bill on June 13, as did the House on the following day. Meanwhile, many European and American economists had protested the bill's potentially adverse impact on international trade. President Hoover nevertheless signed the bill on June 17, 1930, not because he approved the rate structure, but because "I am convinced that the disposal of the whole question is urgent." [90]

The Smoot-Hawley Tariff raised rates on agricultural raw materials from 38 to 49 percent, and rates on other commodities from 31 to 34 percent, with special protection afforded to the mineral, chemical, and textile industries. The act also reinstated the House version of the flexible tariff principle by authorizing the President to reorganize the U.S. Tariff Commission, which could then institute a formula for the reduction of tariff rates.

The Smoot-Hawley Tariff was the final bill in which Congress set the actual tariff rates. As economists had predicted, it had disastrous consequences. Within several months of the bill's signing, a number of nations, including Canada and Mexico, had raised their tariff rates. By 1933, 26 nations had instituted some form of trade retaliation against the United States. From 1929 to 1933, American exports dropped from 488 million dollars to 120 million dollars, while imports fell from 368 million dollars to 96 million dollars. The higher rates imposed by the Smoot-Hawley Tariff also compounded the international economic crisis. World trade declined from 35 billion dollars to 12 billion dollars from 1929 to 1933, and nations with huge war debts found that they could not repay them without access to the American market.

The stock market crash in October 1929 and the ensuing depression ended the prosperity of the twenties. They also brought an end to a decade of tax reduction and Treasury surpluses. The deficit for 1931 was 461 million dollars, and the Treasury predicted a deficit of three billion dollars for 1932. As Mellon's replacement at Treasury, Hoover chose Ogden Mills, a former member of the Committee on Ways and Means. Mills had close ties to Southern Democrats, including Chairman James W. "Billy" Collier (D-MS) and Charles Crisp (D-GA), who became acting chairman and floor manager of the Revenue Act of 1932 due to Collier's illness. There seemed to be bipartisan agreement on the need to balance the budget and to raise taxes. Mills recorded late in 1931, "The committee on Ways and Means and the Treasury Department are in complete accord as to the necessity of balancing the budget during the next fiscal year." [91]

The bill drafted by Crisp's committee included provisions to raise income tax rates and surtaxes to the levels of the 1924 law, but the most controversial provision was for a national sales tax, euphemistically referred to as a manufacturers' excise tax. Though the sales tax was introduced on the initiative of the Committee on Ways and Means, it clearly coincided with Mills' strategy. Both Democratic House Speaker John Nance Garner and Majority Leader Henry T. Rainey approved of the sales tax plan, even though it contradicted the party's commitment to the principle of a graduated income tax.

One of the first Democrats to oppose the sales tax provision was Robert Doughton, a member of the Committee on Ways and Means. Doughton was a party loyalist who had worked his way up the com-

MILESTONES IN THE HISTORY OF THE COMMITTEE 1890–1933	
1890	McKinley Tariff
1894	Wilson-Gorman Tariff
1897	Dingley Tariff
1898	Spanish-American War excise taxes
1909	Payne-Aldrich Tariff
1911	Democratic caucus designated Democratic members of the Committee on Ways and Means to become party Committee on Committees
1913	Underwood Tariff
1914	Harrison Anti-Narcotics Act
1917	Revenue Act of 1917
1918	War Revenue Act of 1918
1921	Revenue Act of 1921
1922	Fordney-McCumber Tariff
1924	Revenue Act of 1924
1930	Smoot-Hawley Tariff
1932	Committee hearings on birth control bill

mittee seniority list over a six-year period. With bipartisan support, Doughton led a rebellion on the House floor against the sales tax. Garner reconsidered and changed his position, and the House decisively defeated the measure 236–160 on April 1, 1932. As finally adopted, the law increased income tax rates to the levels of 1922, including a maximum surtax of 55 percent, and increased corporate rates to 14 percent.[92]

Conclusion

The legislative history of the tariff of 1930 in effect summarized the Committee on Ways and Means' procedural development in this period. Although the minority made the usual protests, controversial political bills, such as the tariff, were normally drafted by the majority. The committee in 1930, for example, was composed of 25 members—15 Republicans and ten Democrats—but the tariff bill was completely the work of the majority. Each of the 15 Republicans chaired a select subcommittee of three majority members to draft one particular schedule of the tariff. Subcommittee chairs were chosen according to their interest and expertise in each schedule. The majority met to combine the respective schedules, normally deferring to each other's interests. The bill went through three drafts. The original, prepared by the Republican majority on the committee, was altered to conform to the wishes of the party caucus. This second draft was presented to the House, where amendments were made to conciliate the opposition. The only amendments considered were those of the committee, which had priority over all other amendments. After passing the House, the bill went through the usual alterations in the Senate and in conference committee.[93]

Just as the Smoot-Hawley Tariff of 1930 incorporated some of the suggestions made by President Hoover, and rejected other executive initiatives, so too had the Committee on Ways and Means been more open to executive direction than it had been in the post-Civil War period of congressional government. But, just as the Payne committee had not blindly followed President Taft's leadership in tariff reform, nor had the Kitchin committee adhered to the letter of Wilson's wishes on war finance, the Committee on Ways and Means had retained its independent judgment even when the President was the leader of the majority party in Congress.

The Committee on Ways and Means became involved in issues of wide-ranging social implications in this period, such as antidrug and birth control legislation. By far the most significant development was the institution of personal and corporate income taxes. Tariff and excise taxes had always affected broad segments of the population, but the income tax potentially affected every wage earner.

All of these developments would be magnified in the following period of the committee's history as the Great Depression and World War II placed greater strains upon the nation's revenue, and as President Franklin D. Roosevelt attempted to direct congressional consideration of the New Deal. The majority party in Congress would face greater opposition from the minority, especially since many New Deal bills were controversial political issues, and there would be even greater pressure for the majority to cooperate with executive leadership. Moreover, the committee would expand its involvement in social legislation with the Social Security Acts of 1935 and 1939.