

district of Los Angeles, in the State of California, to succeed Henry Z. Osborne, removed.

William C. Waters, of Massachusetts, to be collector of customs for the district of Salem and Beverly, in the State of Massachusetts, to succeed Guilford Parker Bray, whose term of office has expired by limitation.

UNITED STATES MARSHALS.

William M. Desmond, of Iowa, to be marshal of the United States for the northern district of Iowa, vice Edward Knott, resigned.

Charles R. Pratt, of Michigan, to be marshal of the United States for the western district of Michigan, vice James R. Clarke, whose term expired January 27, 1894.

UNITED STATES ATTORNEYS.

Alfred P. Lyon, of Michigan, to be attorney of the United States for the eastern district of Michigan, vice Theodore F. Shepard, whose term expired January 27, 1894.

John Power, of Michigan, to be attorney of the United States for the western district of Michigan, vice Lewis G. Palmer, whose term expired January 27, 1894.

Robert U. Culberson, of Texas, to be attorney of the United States for the western district of Texas, vice Andrew J. Evans, whose term expired January 27, 1894.

JUDGE OF PROBATE, UTAH.

Herbert Savage, of Utah Territory, to be judge of probate in the county of Emery, in the Territory of Utah, vice Orange Seely, resigned.

PENSION AGENT.

Richard W. Black, of Augusta, Me., to be pension agent at Augusta, Me., vice Joseph A. Clark, term expired.

SURVEYOR-GENERAL.

William P. Watson, of Seattle, Wash., to be surveyor-general of Washington, vice Amos F. Shaw, to be removed.

RECEIVER OF PUBLIC MONEYS.

John Y. Terry, of Seattle, Wash., to be receiver of public moneys at Seattle, Wash., vice George G. Lyon, to be removed.

REGISTERS OF LAND OFFICES.

Thomas J. Bolton, of San Bernardino, Cal., to be register of the land office at Los Angeles, Cal., vice William H. Seamans, term expired.

William C. Bowen, of Denver, Colo., to be register of the land office at Del Norte, Colo., vice William P. Alexander, to be removed.

Louis Davis, of Tacona, Ga., to be register of the land office at Perry, Okla., vice James E. Malone, resigned.

Raymond Miller, of Sheridan Lake, Colo., to be register of the land office at Pueblo, Colo., vice Frank E. Baldwin, term expired.

Solon B. Patrick, of Visalia, Cal., to be register of the land office at Visalia, Cal., vice Martin J. Wright, term expired.

POSTMASTERS.

David P. O'Leary, to be postmaster at Evanston, in the county of Cook and State of Illinois, in the place of John A. Childs, whose commission expired December 21, 1893.

Patrick Stuart, to be postmaster at La Salle, in the county of La Salle and State of Illinois, in the place of De Witt C. Harr, whose commission expired December 21, 1893.

Thomas Bowman, to be postmaster at Council Bluffs, in the county of Pottawattamie and State of Iowa, in the place of Irving M. Treynor, resigned.

Moses M. Ham, to be postmaster at Dubuque, in the county of Dubuque and State of Iowa, in the place of George Crane, whose commission expired January 8, 1894.

A. J. Salts, to be postmaster at Corning, in the county of Adams and State of Iowa, in the place of Henry G. Ankney, resigned.

Thomas J. Chenoweth, to be postmaster at Maysville, in the county of Mason and State of Kentucky, in the place of Thomas A. Davis, whose commission expired January 9, 1894.

James M. Logan, to be postmaster at Shelbyville, in the county of Shelby and State of Kentucky, in the place of James S. Van Natta, whose commission expired January 16, 1894.

George D. Mahan, to be postmaster at Danville, in the county of Boyle and State of Kentucky, in the place of Sanford D. Vanevelt, whose commission expired January 9, 1894.

Daniel D. Sullivan, to be postmaster at Fall River, in the county of Bristol and State of Massachusetts, in the place of John Whitehead, whose commission expired December 20, 1893.

William A. Bahlke, to be postmaster at Alma, in the county of Gratiot and State of Michigan, in the place of Townsend A. Ely, whose commission expired January 9, 1894.

John Drawe, to be postmaster at Marine City, in the county of

St. Clair and State of Michigan, in the place of Frank McElroy, whose commission expired January 9, 1894.

Alfred V. Friedrich, to be postmaster at Traverse City, in the county of Grand Traverse and State of Michigan, in the place of George W. Raff, whose commission expired December 20, 1893.

Stiles Kennedy, to be postmaster at St. Louis, in the County of Gratiot and State of Michigan, in the place of Ervin H. Ewell, whose commission expired December 20, 1893.

A. W. Blakely, to be postmaster at Rochester, in the county of Olmstead and State of Minnesota, in the place of Lyman Tondro, whose commission expired December 21, 1893.

J. Leroy Paul, to be postmaster at Brown Valley, in the county of Traverse and State of Minnesota, the appointment of a postmaster for the said office having, by law, become vested in the President on and after April 1, 1893.

Andrew O. Mayfield, to be postmaster at Lebanon, in the county of Laclede and State of Missouri, in the place of Homer A. Nelson, whose commission expired December 21, 1893.

Edward L. Proebsting, to be postmaster at Phillipsburg, in the county of Granite and State of Montana, in the place of Sarah J. Dawson, whose commission expired April 1, 1893.

William D. Rutan, to be postmaster at Newark, in the county of Essex and State of New Jersey, in the place of Edward L. Conklin, whose commission expired December 19, 1893.

Hampton J. Cheney, to be postmaster at Nashville, in the county of Davidson and State of Tennessee, in the place of Andrew W. Willis, whose commission expired January 16, 1894.

A. W. Dibrell, to be postmaster at Seguin, in the county of Guadalupe and State of Texas, in the place of John F. Gordon, whose commission expired January 9, 1894.

W. D. Neely, to be postmaster at Waxahachie, in the county of Ellis and State of Texas, in the place of Thomas W. Florer, whose commission expired December 20, 1893.

PROMOTION IN THE NAVY.

Commodore John Grimes Walker, to be a rear-admiral in the Navy, from January 23, 1894, vice Rear-Admiral George E. Belknap, retired.

TRANSFER TO SIGNAL CORPUS.

First Lieut. Samuel Reber, Ninth Cavalry, to be first lieutenant, January 27, 1894, to fill the vacancy in the corps created by the appointment of Capt. Charles E. Kilbourne to be paymaster.

CONFIRMATION.

Executive nomination confirmed by the Senate January 29, 1894.

MARSHAL.

J. N. McKenzie, of Tennessee, to be marshal of the United States for the middle district of Tennessee.

HOUSE OF REPRESENTATIVES.

MONDAY, January 29, 1894.

The House met at 11 o'clock a. m. Prayer by the Chaplain, Rev. E. B. BAGBY.

The Journal of the proceedings of Saturday last was read and approved.

AMENDMENTS.

Mr. BURROWS. Mr. Speaker, there are several gentlemen having amendments that they were unable to present when the tariff bill was in Committee of the Whole. I ask unanimous consent that they may be permitted to print those amendments in the RECORD.

The SPEAKER. The gentleman from Michigan asks unanimous consent that gentlemen who have amendments that they desired to present to the tariff bill and have not had an opportunity to do so, may have leave to print them in the RECORD.

Mr. McMILLIN. I think, Mr. Speaker, that they ought to be offered in the regular way, and as it is utterly impossible to consider them, it is useless to burden the RECORD with them.

The SPEAKER. Objection is made.

Mr. REED. I submit to the gentleman from Tennessee that it is only just to show to the American people what amendments were desired to be offered. It is only just to the constituents of gentlemen to know that it was through no fault of theirs that they were unable to offer them.

Mr. MORSE. I have several that I desired to offer.

Mr. BURROWS. I desire also to suggest to the gentleman from Tennessee that I think that was done in the Fifty-first

Congress, when we were considering the act of 1890. I am quite certain it was done.

Mr. McMILLIN. As it is impossible to have them considered I think it is unnecessary to encumber the RECORD with them.

Mr. REED. Does the gentleman persist in his objection?

Mr. McMILLIN. I do.

Mr. REED. Well, then, I hope that gentlemen who have amendments they desire to offer will let us know what they were, so that the community may have an opportunity of understanding what the situation is.

Mr. PICKLER. Mr. Speaker, on Saturday I offered a substitute to the amendment of the gentleman from New York, reference to which is made on page 1704 of the RECORD. I asked unanimous consent that the reading be dispensed with. Of course I expected that the amendment would be printed in the RECORD, and I was entitled to have it printed. It seems that the Reporter understood it otherwise. I only asked that the reading be dispensed with.

The SPEAKER. Is it a pending amendment?

Mr. PICKLER. Yes, sir; I desired that the amendment be printed, of course.

The SPEAKER. Of course, if it is a pending amendment it will be printed. What is the page?

Mr. PICKLER. Seventeen hundred and four. The Clerk commenced reading the amendment, and being a long one, I asked unanimous consent that the reading be dispensed with. But, of course, I expected it would be printed.

The SPEAKER. It appears to be pending.

Mr. RICHARDSON of Tennessee. It certainly should have been printed. It may be that the Chairman of the Committee of the Whole did not do his whole duty in not directing it to be published at the time, but the gentleman simply asked to dispense with the reading of the amendment.

The SPEAKER. It will be printed in the RECORD, as it is a pending amendment.

The proposed amendment is as follows:

Amend Schedule G, agricultural products and provisions, as follows: Amend by striking out paragraph 188, page 29, and inserting the following as paragraph 188:

"188. Animals, live: Horses and mules, \$30 per head; *Provided*, That horses valued at \$150 and over shall pay a duty of 30 per cent ad valorem. Cattle, more than 1 year old, \$10 per head; 1 year old or less, \$2 per head. Hogs, \$1.50 per head. Sheep, 1 year old or more, \$1.50 per head; less than 1 year old, 75 cents per head. All other live animals, not specially provided for in this act, 20 per cent ad valorem."

Amend by striking out paragraphs 189 and 190, on page 29, and inserting the following in lieu thereof as paragraph 189:

"189. Breadstuffs and farinaceous substances: Barley, 30 cents per bushel of 48 pounds. Barley malt, 45 cents per bushel of 34 pounds. Barley, pearled, patent, or hulled, 2 cents per pound. Buckwheat, 15 cents per bushel of 48 pounds. Corn or maize, 15 cents per bushel of 56 pounds. Corn meal, 20 cents per bushel of 48 pounds. Macaroni, vermicelli, and all similar preparations, 2 cents per pound. Oats, 15 cents per bushel. Oatmeal, 1 cent per pound. Rice, cleaned, 2 cents per pound; uncleaned rice, 1 1/4 cents per pound; paddy, three-quarters of 1 cent per pound; rice flour, rice meal, and rice, broken, which will pass through a sieve known commercially as No. 12 wire sieve, one-fourth of 1 cent per pound. Rye, 10 cents per bushel. Rye flour, one-half of one cent per pound. Wheat, 25 cents per bushel. Wheat flour, 25 per cent ad valorem."

Amend line 13, page 30, paragraph 193 by striking out the word "four" and inserting the word "six," so that the paragraph when so amended shall read:

"Butter and substitutes therefor, 6 cents per pound."

Amend line 15, page 30, paragraph 194, by striking out the words "twenty-five per cent ad valorem" and insert the words "six cents per pound;" so that the paragraph when so amended shall read:

"Cheese, 6 cents per pound."

Amend line 24, page 30, paragraph 198, by striking out the word "two" and inserting the word "four;" so that the paragraph when so amended will read:

"Hay, \$4 per ton."

Amend line 7, page 31, paragraph 203, by striking out the word "ten" and inserting the word "twenty-five;" so that the paragraph when so amended shall read:

"Potatoes, 25 cents per bushel of 60 pounds."

Amend by adding to paragraph 195, page 30, the following words: "Eggs, 5 cents per dozen;" and strike eggs from free list in bill.

Amend by striking out word "two," in paragraph 224, page 34, and insert word "three," and strike out of said paragraph the word "three" and insert word "five;" so that paragraph when so amended shall read as follows:

"Poultry, 3 cents per pound, dressed, 5 cents per pound."

Amend line 12, page 31, paragraph 205, by striking out the word "twenty" and inserting the word "thirty;" so that the paragraph when so amended shall read:

"Flaxseed or linseed, poppy seed, and other oil seeds not specially provided for in this act, 30 cents per bushel of 56 pounds; but no drawback shall be allowed on oil cake made from imported seed."

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. GORMAN, indefinitely, on account of an accidental injury which confines him to his room.

To Mr. MCGANN, indefinitely, on account of sickness in his family.

WITHDRAWAL OF PAPERS.

Mr. HARTER, by unanimous consent, obtained leave to withdraw from the files of the House, without leaving copies, the papers in the case of Augustus N. Sattig.

The SPEAKER. The Clerk will call the committees for reports.

HAWAII.

Mr. MCCREARY of Kentucky, from the Committee on Foreign Affairs, submitted a favorable report on resolutions expressing the sense relative to Hawaiian affairs; which was referred to the House Calendar, and, with accompanying report, ordered to be printed.

Mr. BLAIR. Mr. Speaker, the gentleman from Illinois [Mr. HITT], representing the minority of the committee, is not present. I understand that a little time is desired by him in which to file the views of the minority.

Mr. MCCREARY of Kentucky. I did not hear the gentleman.

Mr. BLAIR. I say that I suggested, in the absence of the gentleman from Illinois [Mr. HITT], who is to file the views of the minority, that additional time be granted.

Mr. MCCREARY of Kentucky. I have no objection of granting say until Thursday morning. I have communicated with the gentleman from Illinois [Mr. HITT], and he said that he did not expect to file a minority report; but I am perfectly willing that leave be granted the gentleman from Illinois to file the views of the minority.

Mr. BLAIR. I hope that it will be left open, because the last communication I had with the gentleman from Illinois [Mr. HITT], which was in the form of a written communication to the committee, he desired specially that it be left open.

The SPEAKER. Without objection, then, gentlemen of the minority will have leave to file their views, and when filed they will be printed.

Mr. MCCREARY of Kentucky. Until Thursday.

The SPEAKER. Does the gentleman from Kentucky desire to limit the leave to file the views of the minority?

Mr. MCCREARY of Kentucky. I think so. I think Thursday will be long enough.

The SPEAKER. The gentleman from Kentucky asks that this right be limited until Thursday next. [After a pause.] The Chair hears no objection.

Mr. BLAIR. What is the suggestion?

The SPEAKER. The gentleman asks that the leave to file the views of the minority extend until Thursday next.

Mr. BLAIR. Very well.

TARIFF.

The call of committees being concluded,

The SPEAKER. The Clerk will report the special order.

The Clerk read as follows:

A bill (H. R. 4834) to reduce taxation, to provide revenue for the Government, and for other purposes.

The SPEAKER. The House will now resolve itself into Committee of the Whole for the consideration of this bill. The gentleman from Tennessee [Mr. RICHARDSON] will take the chair.

The House accordingly resolved itself into Committee of the Whole on the state of the Union (Mr. RICHARDSON of Tennessee in the chair), and resumed the consideration of the tariff bill.

Mr. McMILLIN. I move to amend the pending bill by adding at the end of section 53 (page 139, line 24) the provision which I send to the desk.

The Clerk read as follows:

SEC. 54. That from and after the 1st day of January, 1895, there shall be levied, collected, and paid annually upon the gains, profits, and income of every person residing in the United States, or any citizen of the United States residing abroad, derived in each preceding calendar year, whether derived from any kind of property, rents, interest, dividends, or salaries, or from any profession, trade, employment, or vocation carried on in the United States or elsewhere, a tax of 2 per cent on the amount so derived over and above \$4,000, and a like tax shall be levied, collected, and paid annually upon the gains, profits, and income from all property and of every business, trade, or profession carried on in the United States by persons residing without the United States, and not citizens thereof. And the tax herein provided for shall be assessed, collected, and paid upon the gains, profits, and income for the year ending the 31st day of December next preceding the time for levying, collecting, and paying said tax.

SEC. 55. That in estimating the gains, profits, and income of any person there shall be included all income derived from interest upon notes, bonds, and other securities, except such bonds of the United States as are by the law of their issuance exempt from all Federal taxation; profits realized within the year from sales of real estate purchased within the year or within two years previous to the year for which income is estimated; interest received or accrued upon all notes, bonds, mortgages, or other forms of indebtedness bearing interest, whether paid or not, if good and collectible, less the interest which has become due from said person during the year; the amount of all premium on bonds, notes, or coupons; the amount of sales of live stock, sugar, wool, butter, cheese, pork, beef, mutton, or other meats, hay, and grain, or other vegetable or other productions, being the growth or produce of the estate of such person, not including any part thereof consumed directly by the family; all other gains, profits, and income derived from any source whatever and the share of any person of the gains or profits of all companies, whether incorporated or partnership, who would be entitled to the same if divided, whether divided or otherwise, except the amount of income received from institutions or corporations whose officers, as required by law, withhold a per cent of the dividends, interest, gains, profits, and income made by such institutions, and pay the same to the officer authorized to receive the same; and except that portion of the salary or pay received for services in the civil,

military, naval, or other service of the United States, including Senators, Representatives, and Delegates in Congress, from which the tax has been deducted, and except that portion of any salary upon which the employer is required by law to, and does, withhold the tax and pays the same to the officer authorized to receive it. In computing incomes the necessary expenses actually incurred in carrying on any business, occupation, or profession may be deducted and also all interest actually due and paid within the year by such person on existing indebtedness. And in addition to \$4,000 exempt from income tax, as hereinbefore provided, all national, State, county, school, and municipal taxes, not including those assessed against local benefits, paid within the year shall be deducted from the gains, profits, or income of the person who has actually paid the same, whether such person be owner, tenant, or mortgagor; losses actually sustained during the year arising from fires, shipwreck, or incurred in trade, and not covered by insurance or otherwise, and compensated for, and debts ascertained to be worthless, but excluding all estimated depreciation of values and losses within the year on sales of real estate purchased two years previous to the year for which income is estimated: *Provided*, That no deduction shall be made for any amount paid out for new buildings, permanent improvements, or betterments, made to increase the value of any property or estate: *Provided further*, That only one deduction of \$4,000 shall be made from the aggregate income of all the members of any family, composed of one or both parents, and one or more minor children, or husband and wife; that guardians shall be allowed to make a deduction in favor of each and every ward, except that in case where two or more wards are comprised in one family, and have joint property interest, the aggregate deduction in their favor shall not exceed \$4,000: *And provided further*, That in cases where the salary or other compensation paid to any person in the employment or service of the United States shall not exceed the rate of \$4,000 per annum, or shall be by fees, or uncertain or irregular in the amount or in the time during which the same shall have accrued or been earned, such salary or other compensation shall be included in estimating the annual gains, profits, or income of the person to whom the same shall have been paid, and shall include that portion of any income or salary upon which a tax has not been paid by the employer, where the employer is required by law to pay on the excess over \$4,000.

SEC. 54. That it shall be the duty of all persons of lawful age having an income of more than \$3,500 for the taxable year computed on the basis herein prescribed, to make and render a list or return, on or before the day prescribed by law, in such form and manner as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, to the deputy collector of the district in which they reside, or to such officer or agent as the Commissioner of Internal Revenue may designate, of the amount of their income, gains, and profits, as aforesaid; and all guardians and trustees, executors, administrators, agents, receivers, and all persons acting in any other fiduciary capacity, shall make and render a list or return, as aforesaid, to the deputy collector of the district in which such person acting in a fiduciary capacity resides, or to such officer or agent as the Commissioner of Internal Revenue may designate, of the amount of income, gains, and profits of any minor or person for whom they act, but persons having less than \$3,500 income are not required to make such report; and the deputy collector, or officer or agent designated by the Commissioner of Internal Revenue, shall require every list or return to be verified by the oath or affirmation of the party rendering it, and may increase the amount of any list or return if he has reason to believe that the same is understated; and in case any such person having a taxable income shall neglect or refuse to make and render such list and return, or shall render a false or fraudulent list or return, it shall be the duty of the deputy collector, or officer or agent designated by the Commissioner of Internal Revenue, to make such list, according to the best information he can obtain, by the examination of such person, or his books or accounts, or any other evidence, and to add 50 per cent as a penalty to the amount of the tax due on such list in all cases of willful neglect or refusal to make and render a list or return; and in all cases of a false or fraudulent list or return having been rendered to add 100 per cent as a penalty to the amount of tax ascertained to be due, the tax and the additions thereto as a penalty to be assessed and collected in the manner provided for in other cases of willful neglect or refusal to render a list or return, or of rendering a false or fraudulent return: *Provided*, That any party, in his or her own behalf, or as such fiduciary, shall be permitted to declare, under oath or affirmation, the form and manner of which shall be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, that he or she, or his or her ward or beneficiary, was not possessed of an income of \$4,000, liable to be assessed according to the provisions of this act; or may declare that he or she has been assessed and paid an income tax elsewhere in the same year, under authority of the United States, upon his or her income, gains, or profits, as prescribed by law; and if the deputy collector, or other designated officer or agent, shall be satisfied of the truth of the declaration, shall thereupon be exempt from income tax in the said district for that year; or if the list or return of any party shall have been increased by the deputy collector, or other designated officer or agent, such party may exhibit his books and accounts, and be permitted to prove and declare, under oath or affirmation, the amount of income liable to be assessed; but such oaths and evidence shall not be considered as conclusive of the facts, and no deductions claimed in such cases shall be made or allowed until approved by the deputy collector, or other designated officer or agent. Any person feeling aggrieved by the decision of the deputy collector, or other designated officer or agent, in such cases may appeal to the collector of the district, and his decision thereon, unless reversed by the Commissioner of Internal Revenue, shall be final. If the person is dissatisfied with the decision of the collector he may submit his case, with all the papers, to the Commissioner of Internal Revenue for his decision, and if he desires to furnish the testimony of witnesses to prove any relevant facts he will also serve notice to that effect upon the Commissioner of Internal Revenue, as herein prescribed.

Such notice must state the time and place at which, and the officer before whom, the testimony will be taken; the name, age, residence, and business of the proposed witness, with the questions to be propounded to the witness, or a brief statement of the substance of the testimony he is expected to give.

The notice shall be delivered or mailed to the commissioner a sufficient number of days previous to the day fixed for taking the testimony, to allow him, after its receipt, at least five days, exclusive of the period required for mail communication with the place at which the testimony is to be taken, in which to give, should he so desire, instructions as to the cross-examination of the proposed witness.

Whenever practicable, the affidavit or deposition shall be taken before a collector or deputy collector of internal revenue, in which case reasonable notice shall be given to the collector or deputy collector of the time fixed for taking the deposition or affidavit.

Provided further, That no penalty shall be assessed upon any person for such neglect or refusal, or for making or rendering a false or fraudulent return, except after reasonable notice of the time and place of hearing, to be regulated by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, so as to give the person charged an opportunity to be heard.

SEC. 57. The taxes on incomes herein imposed shall be due and payable on

or before the 1st day of July in each year; and to any sum or sums annually due and unpaid after the 1st day of July as aforesaid, and for ten days after notice and demand thereof by the collector, there shall be levied, in addition thereto, the sum of 5 per cent on the amount of taxes unpaid, and interest at the rate of 1 per cent per month upon said tax from the time the same became due, as a penalty, except from the estates of deceased, insane, or insolvent persons.

SEC. 58. That every nonresident person owning property in the United States or receiving income from the United States shall pay a tax on the income received as if resident in the United States. Any such nonresident may also receive the benefit of the exemption by filing with the deputy collector of any district a true list of all his property in the United States, or sources of income, in the same manner as a resident is required to do. In computing income for purpose of exemptions he shall include all income from every source, but shall only pay on that part of the income which is derived from any source in the United States. In case such nonresident fails to file such statement, then the deputy of each district shall collect the tax on the income derived from his district, making no allowance for exemptions, and all property belonging to such nonresident shall be liable to distraint for tax: *Provided*, That nonresident corporations shall be subject to same laws as to tax as resident corporations, and the collection of the tax shall be made in same manner as provided for collections of taxes against nonresident persons.

SEC. 59. That there shall be levied and collected a tax of 2 per cent on all dividends in scrip or money thereafter declared due, wherever and whenever the same be payable to stockholders, policy-holders, or depositors or parties whatsoever, including nonresidents, whether citizens or aliens, as part of the earnings, incomes, or gains of any bank, trust company, savings institution, and of any fire, marine, life, inland insurance company, either stock or mutual, under whatever name or style known or called in the United States or Territories, whether specially incorporated or existing under general laws, and on all undistributed sums, or sums made or added during the year to their surplus or contingent funds; on all dividends, annuities, or interest paid by corporations or associations organized for profit by virtue of the laws of the United States or of any State or Territory, by means of which the liability of the individual stockholders is in anywise limited, in cash, scrip, or otherwise; and the net income of all such corporations in excess of such dividends, annuities, and interest, or from any other sources whatever; and said banks, trust companies, savings institutions, and insurance companies, and other companies, and all other corporations, shall pay the said tax, and are hereby authorized and required to deduct and withhold from all payments made on account of any dividends or sums of money that may be due and payable as aforesaid, the said tax of 2 per cent. And a list or return shall be made and rendered to the deputy collector, or other officer or agent designated by the Commissioner of Internal Revenue, within thirty days after any dividends or sums of money become due or payable as aforesaid; and said list or return shall contain a true and faithful account of the amount of taxes as aforesaid; and there shall be annexed thereto a declaration of the president, cashier, or treasurer, or the principal accounting officer of the bank, trust company, savings institution, or insurance company, or other corporation, under oath or affirmation, in form and manner as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, that the same contains a true and faithful account of the taxes as aforesaid. And for any default in the making or rendering of such list or return, with such declaration annexed, the bank, trust company, savings institution, or insurance company, or other corporation making such default, shall forfeit as a penalty the sum of \$1,000; and in case of any default in making or rendering said list or return, or of any default in the payment of the tax as required, or any part thereof, the assessment and collection of the tax and penalty shall be in accordance with the general provisions of law in other cases of neglect and refusal: *Provided*, That the tax upon the dividends of life insurance companies shall not be deemed due until such dividends are payable; nor shall the portion of premiums returned by mutual life insurance companies to their policy-holders, nor the interest allowed or paid to the depositors in savings banks or savings institutions, be considered as dividends: *And provided further*, That this act shall not apply to the income or dividends received or paid by such building and loan associations as are organized under the laws of any State or Territory and which do not make loans except to shareholders within the State where such associations have been organized. For the purposes of this act "dividend" shall include every payment in the way of division among the owners of the stock or capital of a corporation, or persons entitled to a share of its profits or income, whether such dividends are paid out of profits or not or are paid in cash or otherwise.

SEC. 60. That any bank, building association, or other banking institution which shall neglect or omit to make dividends or additions to its surplus or contingent fund as often as once in six months shall make a list or return in duplicate, under oath or affirmation of the president or cashier, or principal accounting officer, to the deputy collector of the district in which it is located, or to the officer or agent designated by the Commissioner of Internal Revenue, on the 1st day of January and July in each year, or within thirty days thereafter, of the amount of profits which have accrued or been earned or received by said bank during the six months next preceding said list days of January and July; and shall present one of said lists or returns and pay to the collector of the district a duty of 2 per cent on such profits, and in case of default to make such list or return and payment within the thirty days, as aforesaid, shall be subject to the provisions of the foregoing section of this act: *Provided*, That when any dividend is made which includes any part of the surplus or contingent fund of any bank, trust company, savings institution, insurance or railroad company, which has been assessed and the duty paid thereon, the amount of duty so paid on that portion of the surplus or contingent fund may be deducted from the duty on such dividend.

SEC. 61. That any railroad, canal, turnpike, canal navigation or slack-water company, and any telephone, telegraph, electric light and gas company, water company, and any street-railway company, or other corporation, indebted for any money for which bonds or other evidence of indebtedness have been issued, payable in one or more years after date, upon which interest is stipulated to be paid, or coupons representing the interest, or any such company or other corporation that may have declared any dividend in scrip or money due or payable to its stockholders, including nonresidents, whether citizens or aliens, as part of the earnings, profits, income, or gains of such company, and all profits of such company or corporation carried to the account of any fund, or used for construction, shall be subject to and pay a tax of 2 per cent on the amount of all such interest, or coupons, dividends, or profits, whenever and wherever the same shall be payable, and to whatsoever party or person the same may be payable, including nonresidents, whether citizens or aliens; and said companies are hereby authorized to deduct and withhold from all payments on account of any interest, or coupons, and dividends, due and payable as aforesaid, the tax of 2 per cent; and the payment of the amount of said tax so deducted from the interest or coupons or dividends, and certified by the president or treasurer or other principal accounting officer of said company or corporation, shall discharge said company or corporation from that amount of the dividend, or interest, or coupon on the bonds or other evidences of their indebtedness so held by any person or party whatever, except where said

companies or corporations may have contracted otherwise. And a list or return shall be made and rendered to the deputy collector, or other officer or agent designated by the Commissioner of Internal Revenue, on or before the 10th day of the month following that in which said interest, coupons, or dividends become due and payable, and as often as every six months; and said list or return shall contain a true and faithful account of the amount of tax, and there shall be annexed thereto a declaration of the president or treasurer or other principal accounting officer of the company or corporation under oath or affirmation, in form or manner as may be prescribed by the Commissioner of Internal Revenue, that the same contains a true and faithful account of said tax. And for any default in making or rendering such list or return, with the declaration annexed, or of the payment of the tax as aforesaid, the company or corporation making such default shall forfeit as a penalty the sum of \$500 and double the amount of the tax; and in case of any default in making or rendering said list or return, or of the payment of the tax or any part thereof, as aforesaid, the assessment and collection of the tax and penalty shall be made according to the provisions of law in other cases of neglect or refusal: *Provided*, That whenever any of the companies or corporations mentioned in this section shall be unable to pay all of the interest on their indebtedness, and shall in fact fail to pay all of such interest, that in such cases the tax levied by this section shall be paid to the United States only on the amount of interest which the company pays or is able to pay.

SEC. 62. That there shall be levied, collected, and paid on all salaries of officers, or payments for services to persons in the civil, military, naval, or other employment or service of the United States, including Senators and Representatives and Delegates in Congress, when exceeding the rate of \$4,000 per annum, a tax of 2 per cent on the excess above the said \$4,000; and it shall be the duty of all paymasters and all disbursing officers under the Government of the United States, or persons in the employ thereof, when making any payment to any officers or persons as aforesaid, whose compensation is determined by a fixed salary, or upon settling or adjusting the accounts of such officers or persons, to deduct and withhold the aforesaid tax of 2 per cent; and the pay roll, receipts, or account of officers or persons paying such tax as aforesaid shall be made to exhibit the fact of such payment. And it shall be the duty of the accounting officers of the Treasury Department, when auditing the accounts of any paymaster or disbursing officer, or any officer withholding his salary from moneys received by him, or when settling or adjusting the accounts of any such officer, to require evidence that the taxes mentioned in this section have been deducted and paid over to the Treasurer of the United States, or other officer authorized to receive the same. Every corporation which pays to any employé a salary or compensation exceeding \$4,000 per annum shall report the same to the deputy collector of his district and pay the tax hereinbefore provided to the deputy collector of his district, and such payment shall be charged against the amount due such employé. And the same rules and penalties prescribed for the individual making his own return shall apply to such corporation employé: *Provided*, That payments of prize money shall be regarded as incomes from salaries, and the tax thereon shall be adjusted and collected in like manner: *And provided further*, That in case it should become necessary for showing the true receipts of the Government under the operations of this section upon the books of the Treasury Department, the requisite amount may be carried from unappropriated moneys in the Treasury to the credit of said account.

SEC. 63. That sections 3167, 3172, 3173, and 3176 of the Revised Statutes of the United States as amended are hereby amended so as to read as follows: "SEC. 3167. That if any collector or deputy collector, or other officer or internal-revenue agent acting under the authority of any revenue law of the United States, divulges to any party, or makes known in any other manner than may be provided by law, the operations, style of work, or apparatus of any manufacturer or producer visited by him in the discharge of his official duties, or the amount or source of income, profits, losses, expenditures, or any information obtained by him in the discharge of such duties, he shall be subject to a fine of not exceeding \$1,000, or to be imprisoned for not exceeding one year, or both, at the discretion of the court, and shall be dismissed from office and be forever thereafter incapable of holding any office under the Government.

"SEC. 3172. That every collector shall, from time to time, cause his deputies to proceed through every part of his district and inquire after and concerning all persons therein who are liable to pay any internal-revenue tax, and all persons owning or having the care or management of any objects liable to pay any tax, and to make a list of such persons and enumerate said objects.

"SEC. 3173. That it shall be the duty of any person, partnership, firm, association, or corporation, made liable to any duty, special tax, or other tax imposed by law when not otherwise provided for, in case of a special tax, on or before the 31st day of July in each year, in case of income tax on or before the 1st day of March in each year, and in other cases before the day on which the taxes accrue, to make a list or return, verified by oath or affirmation, to the deputy collector of the district where located, of the articles or objects, including the amount of annual income, charged with a duty or tax, the quantity of goods, wares, and merchandise made or sold, and charged with a tax, the several rates and aggregate amount, according to the forms and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, for which such person, partnership, firm, association, or corporation is liable: *Provided*, That if any person liable to pay any duty or tax, or owning, possessing, or having the care or management of property, goods, wares, and merchandise, articles or objects liable to pay any duty, tax, or license, shall fail to make and exhibit a list or return required by law, but shall consent to disclose the particulars of any and all the property, goods, wares, and merchandise, articles and objects liable to pay any duty or tax, or any business or occupation liable to pay any tax as aforesaid, then, and in that case, it shall be the duty of the deputy collector to make such a list or return, which, being distinctly read, consented to, and signed and verified by oath or affirmation by the person so owing, possessing, or having the care and management as aforesaid, may be received as the list of such person: *Provided further*, That in case no annual list or return has been rendered by such person to the deputy collector as required by law, and the person shall be absent from his or her residence or place of business at the time a deputy collector shall call for the annual list or return, it shall be the duty of such deputy collector to leave at such place of residence or business, with some one of suitable age and discretion, if such be present, otherwise to deposit in the nearest post-office a note or memorandum addressed to such person, requiring him or her to render to such deputy collector the list or return required by law, within ten days from the date of such note or memorandum, verified by oath or affirmation. And if any person on being notified or required as aforesaid shall refuse or neglect to render such list or return within the time required as aforesaid or whenever any person who is required to deliver a monthly or other return of objects subject to tax fails to do so at the time required, or delivers any return which, in the opinion of the collector, is false or fraudulent, or contains any undervaluation or understatement, it shall be lawful for the collector to summon such person, or any other person having possession, custody, or care of books of account containing entries relating to

the business of such person, or any other person he may deem proper, to appear before him and produce such books, at a time and place named in the summons, and to give testimony or answer interrogatories, under oath, respecting any objects liable to tax or the returns thereof. The collector may summon any person residing or found within the State in which his district lies; and when the person intended to be summoned does not reside and cannot be found within such State, he may enter any collection district where such person may be found, and there make the examination herein authorized. And to this end he may there exercise all the authority which he might lawfully exercise in the district for which he was commissioned.

"SEC. 3178. That the collector or any deputy collector in every district shall enter into and upon the premises, if it be necessary, of every person therein who has taxable property and who refuses or neglects to render any return or list required by law, or who renders a false or fraudulent return or list, and make, according to the best information which he can obtain, including that derived from the evidence elicited by the examination of the collector, and on his own view and information, such list or return, according to the form prescribed, of the income, property, and objects liable to tax owned or possessed or under the care or management of such person, and the Commissioner of Internal Revenue shall assess the tax thereon, including the amount, if any, due for special income or other tax, and in case of any return of a false or fraudulent list or valuation intentionally he shall add 100 per cent to such tax; and in case of a refusal or neglect, except in cases of sickness or absence, to make a list or return, or to verify the same as aforesaid, he shall add 50 per cent to such tax. In case of neglect occasioned by sickness or absence as aforesaid the collector may allow such further time for making and delivering such list or return as he may deem necessary, not exceeding thirty days. The amount so added to the tax shall be collected at the same time and in the same manner as the tax unless the neglect or falsity is discovered after the tax has been paid, in which case the amount so added shall be collected in the same manner as the tax; and the list or return so made and subscribed by such collector or deputy collector shall be held good and sufficient for all legal purposes."

SEC. 64. That every corporation doing business for profit shall make and render to the collector of its collection district, on or before the 10th day of the month after that in which any dividends or shares of profits, annuities, interest, or coupons become due and payable, a full return thereof, containing a true and faithful account of the amount so due or payable and of the amount of the tax thereon; and to such return there shall be annexed a declaration of the president, treasurer, cashier, or other principal officer of such corporation, under oath or affirmation, to the effect that the same contains a true and faithful account of all the amounts so due or payable and of the tax thereon, as aforesaid, such return and declaration thereto annexed to be made in such form and manner as may be prescribed by the Commissioner of Internal Revenue.

SEC. 65. That every corporation doing business for profit shall make and render to the collector of its collection district, on or before the first Monday of February in every year, beginning with the year 1895, a full return, verified by oath or affirmation, as provided in the last section, in such form as the Commissioner of Internal Revenue may prescribe, of all the following matters for the whole calendar year last preceding the date of such return:

First. The gross profits of such corporation, from all kinds of business of every name and nature.

Second. The expenses of such corporation, exclusive of interest, annuities, and dividends.

Third. The net profits of such corporation, without allowance for interest, annuities, or dividends.

Fourth. The amount paid on account of interest, annuities, and dividends, stated separately.

Fifth. The amount paid in salaries of \$4,000 or less to each person employed.

Sixth. The amount paid in salaries of more than \$4,000 to each person employed.

SEC. 66. That it shall be the duty of every corporation doing business for profit to keep full, regular, and accurate books of account, upon which all its transactions shall be entered from day to day, in regular order, which books shall, at all reasonable times, be open to the inspection of the assessors and inspectors appointed in pursuance of this act; but such inspection shall only be had for the purpose of verifying the returns made by such corporations, as in this act provided for.

SEC. 67. That the taxes imposed by this act upon dividends, interest, coupons, and annuities shall be levied upon and collected from all such dividends, coupons, interest, and annuities wherever and whenever the same may be payable to all parties whatsoever, including nonresidents, whether citizens or aliens; and every corporation paying any tax on such dividends, coupons, interest, or annuities may deduct and retain from all payments made on account thereof a proportionate amount of the tax so paid.

SEC. 68. That it shall be the duty of every collector of internal revenue, to whom any payment is made under the provisions of this act, to give to the person making such payment a full written or printed receipt, expressing the amount paid and the particular account for which such payment was made; and whenever such payment is made otherwise than by a corporation, such collector shall, if required, give a separate receipt for each tax paid by any debtor, on account of payments made to or to be made by him to separate creditors in such form that such debtor can conveniently produce the same separately to his several creditors in satisfaction of their several demands to the amounts specified in such receipts; and such receipts shall be sufficient evidence in favor of such debtor, to justify him in withholding the amount therein expressed from his next payment to his creditor; but such creditor may, upon giving to his debtor a full written receipt, acknowledging the payment to him of whatever sum may be actually paid, and accepting the amount of tax paid as aforesaid (specifying the same) as a further satisfaction of the debt to that amount, require the surrender to him of such collector's receipt.

SEC. 69. That no rule or regulation established by the Commissioner of Internal Revenue under this act shall be valid without the approval of the Secretary of the Treasury in writing; nor shall the same be binding upon any corporation, or upon any person not an internal-revenue officer, until it has been printed and conspicuously posted in the offices of the commissioner and the collector of the collection district in which such person or corporation has an office or residence.

SEC. 70. That if any person, in any case, matter, hearing, or other proceeding in which an oath or affirmation shall be required to be taken or administered, under or by virtue of this act, shall, upon the taking of such oath or affirmation, knowingly and willfully swear or affirm falsely, every person so offending shall be deemed guilty of perjury, and shall, on conviction thereof, be subject to the like punishment and penalties now provided by the laws of the United States for the crime of perjury.

SEC. 71. That the Secretary of the Treasury shall have power to relieve and release from all forfeitures and penalties imposed by this act, in such cases as he may deem proper; but this shall not apply to any penalties imposed by law as the punishment of a misdemeanor or other crime.

SEC. 72. That on and after the 1st day of July, 1894, there shall be levied, collected, and paid, by adhesive stamps, a tax of 2 cents for and upon every

pack of playing cards manufactured and sold or removed, and also upon every pack in the stock of any dealer on and after that date; and the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall make regulations as to dies and adhesive stamps.

SEC. 73. That in all cases where an adhesive stamp is used for denoting the tax imposed by this act upon playing cards, except as hereinafter provided, the person using or affixing the same shall write thereon the initials of his name and the date on which such stamp is attached or used, so that it may not again be used. And every person who fraudulently makes use of an adhesive stamp to denote any tax imposed by this act without so effectually canceling and obliterating such stamp shall forfeit the sum of \$50. The Commissioner of Internal Revenue is authorized to prescribe such method for the cancellation of stamps as substitute for, or in addition to the method prescribed in this section as he may deem expedient and effectual. And he is authorized, in his discretion, to make the application of such method imperative upon the manufacturers of playing cards.

SEC. 74. That every manufacturer of playing cards shall register with the collector of the district his name or style, place of residence, trade, or business, and the place where such business is to be carried on, and a failure to register as herein provided and required shall subject such person to a penalty of \$50.

SEC. 75. That the Commissioner of Internal Revenue shall cause to be prepared, for payment of the tax upon playing cards, suitable stamps denoting the tax thereon. Such stamps shall be furnished to collectors requiring them, and collectors shall, if there be any manufacturers of playing cards within their respective districts, keep on hand at all times a supply equal in amount to two months' sales thereof, and shall sell the same only to such manufacturers as have registered as required by law and to importers of playing cards, who are required to affix the same to imported playing cards, and to persons who are required by law to affix the same to stocks of playing cards on hand when the tax thereon imposed first takes effect. Every collector shall keep an account of the number and denominate values of the stamps sold by him to each manufacturer, and to other persons above described.

SEC. 76. That if any person shall forge or counterfeit, or cause or procure to be forged or counterfeited, any stamp, die, plate, or other instrument, or any part of any stamp, die, plate, or other instrument which shall have been provided or may hereinafter be provided, made, or used in pursuance of the provisions of this act or of any previous provisions of law on the same subjects, or shall forge, counterfeit, or resemble, or cause or procure to be forged, counterfeited, or resemble the impression or any part of the impression of any such stamp, die, plate, or other instrument, as aforesaid, upon any paper, or shall stamp or mark or cause or procure to be stamped or mark any paper with any such forged or counterfeited stamp, die, plate, or other instrument or part of any stamp, die, plate, or other instrument, as aforesaid, with intent to defraud the United States of any of the taxes hereby imposed or any part thereof; or if any person shall utter, or sell, or expose to sale any paper, article, or thing having thereupon the impression of any such counterfeited stamp, die, plate, or other instrument, or any part of any stamp, die, plate, or other instrument, or any such forged, counterfeited, or resembled impression, or part of impression, as aforesaid, knowing the same to be forged, counterfeited, or resembled; or if any person shall knowingly use or permit the use of any stamp, die, plate, or other instrument which shall have been so provided, made, or used, as aforesaid, with intent to defraud the United States; or if any person shall fraudulently cut, tear, or remove, or cause or procure to be cut, torn, or removed, the impression of any stamp, die, plate, or other instrument, which shall have been provided, made, or used in pursuance of this act, or of any previous provisions of law on the same subjects, from any paper, or any instrument or writing charged or chargeable with any of the taxes imposed by law; or if any person shall fraudulently use, join, fix, or place, or cause to be used, joined, fixed, or placed, to, with, or upon any paper, or any instrument or writing charged or chargeable with any of the taxes hereby imposed, any adhesive stamp, or the impression of any stamp, die, plate or other instrument, which shall have been provided, made, or used in pursuance of law, and which shall have been cut, torn, or removed from any other paper or any instrument or writing charged or chargeable with any of the taxes imposed by law; or if any person shall willfully remove or cause to be removed, alter or cause to be altered, the canceling or defacing marks on any adhesive stamp, with intent to use the same, or to cause the use of the same, after it shall have been once used, or shall knowingly or willfully sell or buy such washed or restored stamps or offer the same for sale, or give or expose the same to any person for use, or knowingly use the same, or prepare the same with intent for the further use thereof; or if any person shall knowingly and without lawful excuse (the proof whereof shall lie on the person accused) have in his possession any washed, restored, or altered stamps, which have been removed from any article, paper, instrument or writing, then, and in every such case, every person so offending, and every person knowingly and willfully aiding, abetting, or assisting in committing any such offense as aforesaid, shall, on conviction thereof, forfeit the said counterfeit, washed, restored, or altered stamps and the articles upon which they are placed and be punished by fine not exceeding one thousand dollars, or by imprisonment and confinement to hard labor not exceeding five years, or both, at the discretion of the court. And the fact that any adhesive stamp so bought, sold, offered for sale, used, or had in possession as aforesaid, has been washed or restored by removing or altering the canceling or defacing marks thereon, shall be prima facie proof that such stamp has been once used and removed by the possessor thereof from some paper, instrument, or writing charged with taxes imposed by law, in violation of the provisions of this section.

SEC. 77. That whenever any person makes, prepares, and sells or removes for consumption or sale, playing cards, whether of domestic manufacture or imported, upon which a tax is imposed by law, without affixing thereto an adhesive stamp denoting the tax before mentioned, he shall incur a penalty of \$50 for every omission to affix such stamp: *Provided*, That playing cards may be removed from the place of manufacture for export to a foreign country, without payment of tax, or affixing stamps thereto, under such regulations and the filing of such bonds as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

SEC. 78. That every manufacturer or maker of playing cards who, after the same are so made, and the particulars herein before required as to stamps have been complied with, takes off, removes, or detaches, or causes, or permits, or suffers to be taken off, or removed, or detached any stamp, or who uses any stamp, or any wrapper or cover to which any stamp is affixed, to cover any other article or commodity than that originally contained in such wrapper or cover, with such stamp when first used, with the intent to evade the stamp duties, shall, for every such article, respectively, in respect of which any such offense is committed, be subject to a penalty of \$50, to be recovered together with the costs thereupon accruing; and every such article or commodity as aforesaid shall also be forfeited.

SEC. 79. That every maker or manufacturer of playing cards who, to evade the tax or duty chargeable thereon, or any part thereof, sells, exposes for sale, sends out, removes, or delivers any playing cards before the duty

thereon has been fully paid, by affixing thereon the proper stamp, as provided by law, or who, to evade as aforesaid, hides or conceals, or causes to be hidden or concealed, or removes or conveys away, or deposits, or causes to be removed or conveyed away from or deposited in any place, any such article or commodity, shall be subject to a penalty of \$50, together with the forfeiture of any such article or commodity.

SEC. 80. That the tax on playing cards shall be paid by the manufacturer thereof. Every person who offers or exposes for sale playing cards, whether the articles so offered or exposed are of foreign manufacture and imported or are of domestic manufacture, shall be deemed the manufacturer thereof, and subject to all the duties, liabilities and penalties imposed by law in regard to the sale of domestic articles without the use of the proper stamps denoting the tax paid thereon, and all such articles of foreign manufacture, shall in addition to the import duties imposed on the same, be subject to the stamp tax prescribed in this act.

SEC. 81. That whenever any article upon which a tax is required to be paid by means of a stamp is sold or removed for sale by the manufacturer thereof, without the use of the proper stamp, in addition to the penalties imposed by law for such sale or removal, it shall be the duty of the Commissioner of Internal Revenue, within a period of not more than two years after such removal or sale, upon such information as he can obtain, to estimate the amount of the tax which has been omitted to be paid, and to make an assessment thereupon upon the manufacturer or producer of such article. He shall certify such assessment to the collector, who shall immediately demand payment of such tax, and upon the neglect or refusal of payment by such manufacturer or producer, shall proceed to collect the same in the manner provided for the collection of other assessed taxes.

SEC. 82. That on and after the 1st day of the second calendar month after the passage of this act there shall be levied and collected on all distilled spirits produced in the United States, on which the tax is not paid before that day, a tax of \$1 on each proof gallon, or wine gallon when below proof, to be paid by the distiller, owner, or person having possession thereof, on or before removal from the warehouse, and within eight years from the date of the original entry for deposit in any distillery or special bonded warehouse, except in cases of withdrawals therefrom without payment of tax as now authorized by law; warehousing bonds, covering the taxes on all distilled spirits entered for deposit into distillery or special bonded warehouse on and after the date named in this section and remaining therein on the 5th day of the following month, shall be given by the distiller or owner of said spirits as required by existing laws, conditioned, however, for payment of taxes at the rate imposed by this act and before removal from warehouse and within eight years, as to fruit brandy, from the date of the original gauge, and as to all other spirits from the date of the original entry for deposit.

SEC. 83. That warehousing bonds or transportation and warehousing bonds covering the taxes on distilled spirits entered for deposit into distillery or special bonded warehouses prior to the date named in the first section of this act, and on which taxes have not been paid prior to that date, shall continue in full force and effect for the time named in said bonds. Whenever the tax is paid on or after the aforesaid date, pursuant to the provisions of the warehousing, or transportation and warehousing bonds aforesaid, there shall be added to the 90 cents per taxable gallon an additional tax sufficient to make the tax paid equal to that imposed by section 29 of this act. The Commissioner of Internal Revenue may require the distillers or owners of the spirits to give bonds for the additional tax, and before the expiration of the original bonds shall prescribe rules and regulations for reentry for deposit and for new bonds as provided in the first section of this act and conditioned for payment of tax at the rate imposed by this act and before removal of spirits from warehouse, and within eight years, as to fruit brandy, from the date of the original gauge, and as to all other spirits from the date of the original entry for deposit. The distiller or owner of the spirits may request regauge of same prior to the expiration of six years from the date of the original entry or original gauge. If the distiller or owner of the spirits fails or refuses to give the bonds for the additional tax or to reenter and rebond the same the Commissioner of Internal Revenue may proceed as now provided by law for failure or refusal to give warehousing bonds on original entry into distillery or special bonded warehouse.

SEC. 84. That whenever the owner of any distilled spirits shall desire to withdraw the same from the distillery warehouse, or from a special bonded warehouse, he may file with the collector a notice giving a description of the packages to be withdrawn and request that the distilled spirits be regauged; and thereupon the collector shall direct the gauger to regauge the same, and mark upon the package so regauged the number of gauge or wine gallons and proof gallons therein contained. If upon such regauging it shall appear that there has been a loss of distilled spirits from any cask or package, without the fault or negligence of the distiller or owner thereof, taxes shall be collected only on the quantity of distilled spirits contained in such cask or package at the time of the withdrawal thereof from the distillery warehouse or special bonded warehouse: *Provided, however*, That the allowance which shall be made for such loss of spirits as aforesaid shall not exceed 1 proof gallon for two months or part thereof; 1½ gallons for three and four months; 2 gallons for five and six months; 2½ gallons for seven and eight months; 3 gallons for nine and ten months; 3½ gallons for eleven and twelve months; 4 gallons for thirteen, fourteen, and fifteen months; 4½ gallons for sixteen, seventeen, and eighteen months; 5 gallons for nineteen, twenty, and twenty-one months; 5½ gallons for twenty-two, twenty-three, and twenty-four months; 6 gallons for twenty-five, twenty-six, and twenty-seven months; 6½ gallons for twenty-eight, twenty-nine, and thirty months; 7 gallons for thirty-one, thirty-two and thirty-three months; 7½ gallons for thirty-four, thirty-five, and thirty-six months; 8 gallons for thirty-seven, thirty-eight, thirty-nine, and forty months; 8½ gallons for forty-one, forty-two, forty-three, and forty-four months; 9 gallons for forty-five, forty-six, forty-seven, and forty-eight months; 9½ gallons for forty-nine, fifty, fifty-one, and fifty-two months; 10 gallons for fifty-three, fifty-four, fifty-five, and fifty-six months; 10½ gallons for fifty-seven, fifty-eight, fifty-nine, and sixty months; 11 gallons for sixty-one, sixty-two, sixty-three, sixty-four, sixty-five, and sixty-six months; and 11½ gallons for sixty-seven, sixty-eight, sixty-nine, seventy, seventy-one, and seventy-two months, and no further allowance shall be made: *And provided further*, That taxes may be collected on the quantity contained in each cask or package as shown by the original entry for deposit into the warehouse, or, as to fruit brandy, by the original gauge for which the owner or distiller does not request a regauge before the expiration of six years from the date of original entry or gauge: *Provided, also*, That the foregoing allowance of loss shall apply only to casks or packages of a capacity of 40 or more wine gallons, and that the allowance for loss on casks or packages of less capacity than 40 gallons shall not exceed one-half the amount allowed on said 40 gallon cask or package; but no allowance shall be made on casks or packages of less capacity than 20 gallons: *And provided further*, That the proof of such distilled spirits shall not in any case be computed at the time of withdrawal at less than 100 per cent.

SEC. 85. That all acts and parts of acts inconsistent herewith are hereby repealed.

Mr. McMILLIN was recognized.

Mr. McMILLIN. Mr. Chairman—

A MEMBER. Let us have order.

The CHAIRMAN. Before the gentleman from Tennessee proceeds the committee will please come to order. [A pause.]

Mr. McMILLIN. Mr. Chairman, the American people have now tried a protective tariff long enough to know whether it is good or bad.

Mr. TRACEY. I desire to reserve points of order against this amendment.

Mr. McMILLIN. It is too late now; the discussion has begun.

The CHAIRMAN. The discussion of the amendment had begun; the gentleman from Tennessee [Mr. McMILLIN] was addressing the Chair. The Chair thinks the point of order comes too late.

Mr. TRACEY. I do not think it comes too late. We can not make a point of order on an amendment until it is read.

The CHAIRMAN. But the amendment was read some time ago.

Mr. TRACEY. The point of order could not be made until the amendment was read.

The CHAIRMAN. It has been read some time ago; and the gentleman from Tennessee had taken the floor and had commenced his speech.

Mr. STOCKDALE. The gentleman from New York [Mr. TRACEY] can not take a member off the floor.

Mr. TRACEY. The point of order could not be made until the amendment had been read.

The CHAIRMAN. The amendment was read some time ago.

Mr. TRACEY. Not some time ago. I was standing here—

Mr. REED. It seems to me that if the gentleman from New York desired to make a point of order, and was intending to secure the attention of the Chair, the matter has not gone so far that the point of order can not now be made. I do not know what the point of order is.

The CHAIRMAN. A point of order must be made before debate on the proposition has begun.

Mr. McMILLIN. The RECORD will show that upon the conclusion of the reading of this amendment, I rose and had begun to address the committee before the point was made—

Mr. TRACEY. All right; if the gentleman from Tennessee thinks he can afford to cut off the opportunity to make points of order—

The CHAIRMAN. The gentleman from Tennessee [Mr. McMILLIN] will proceed with his statement about the point of order.

Mr. McMILLIN. I was only stating that the RECORD will show the order in which everything proceeded; and the point of order can be disposed of after I shall have concluded the brief remarks with which I propose to detain the House. Or, if the gentleman from New York desires to have the question settled now, I am willing—

The CHAIRMAN. The point of order should be disposed of, if there is any point pending, before the debate is entered upon.

Mr. TRACEY. I wanted to reserve a point of order—

Mr. MCCREARY of Kentucky. The amendment had been read; the gentleman from Tennessee had taken the floor and commenced his speech. I contend that when the gentleman from New York interposed it was entirely too late to make the point of order. I ask that the matter be decided now.

Mr. ENLOE. Could not the gentleman from New York [Mr. TRACEY] enter his point *nunc pro tunc*? That seems to be the proper proceeding.

The CHAIRMAN. All points of order should be made before the debate is entered upon. The gentleman from Tennessee had risen and commenced his remarks and had delivered, as the Chair understands, at least two or three sentences when some gentleman asked for order on the floor. The Chair was attempting to restore order. At that point the gentleman from New York [Mr. TRACEY] arose and said he desired to make a point of order.

Mr. TRACEY. I said that I desired to reserve points of order against the amendment.

The CHAIRMAN. No point of order could be reserved. If the gentleman had any point of order he ought to have made it and had it disposed of. A point of order can not be reserved and held in suspense for three days, because if after that the Chair should sustain the point of order, the time spent in the three days debate would be lost. The Chair thinks the question should be settled now as to whether the point of order is pending. If the gentleman from New York says that he rose in time to make the point of order before the gentleman from Tennessee had begun his speech, the Chair will entertain the point of order. If he does not say so, the Chair will hold that the point comes too late.

Mr. TRACEY. I wish to reserve points of order against the amendment.

The CHAIRMAN. That can not be done.

Mr. TRACEY. Well, that can be settled later—

The CHAIRMAN. If the gentleman says he rose in time to make the point of order, the Chair will hear it.

Mr. MCCREARY of Kentucky. According to the gentleman's own statement he has not made any point of order; he simply rose to reserve a point of order; and the Chair as I understand has held that that can not be done.

The CHAIRMAN. The Chair thinks that would not be regular.

Mr. MCCREARY of Kentucky. And no point of order has yet been raised.

Mr. DOCKERY. That is quite correct. It is not proper for the gentleman to have any forces in reserve.

The CHAIRMAN. The Chair decides that there is no point of order pending. The gentleman from Tennessee [Mr. McMILLIN] has the floor.

[Mr. McMILLIN addressed the committee. See Appendix.]

Mr. RAY. Mr. Chairman, the distinguished gentleman from Tennessee [Mr. McMILLIN], who has just taken his seat, in the advocacy of this amendment to the pending bill has recognized the condition which exists in this country, and if he were correct in charging it to the McKinley law gentlemen on this side of the House would have but little to say. We would most gladly, in that case, concur in the Wilson tariff bill, now pending before the House, and in any other measure which might be required to correct the evil. But the gentleman from Tennessee and other gentlemen on the Democratic side of this House are so blinded by their partisanship that they fail to discover, or are unwilling to concede, the true reason of the present condition existing in this country. It is not the result of protection. It is not the result of the operations of the McKinley tariff. It is the fear of change; the fear of the tariff bill which the Democratic party now threatens to force upon this country.

I am sorry indeed, Mr. Chairman, that our Democratic brethren think so ill of the Republican party, that they think so ill of this side of the House. The distinguished gentleman from Pike County, Mo., the Hon. CHAMP CLARK (if he will pardon my mention of his name), who represents the "true inwardness" of the Democratic party in all its sweetness, and loveliness, and beauty, declared the other day, with many a shake of the head, and with many a violent gesture, that if any man desired to visit Hades he had but to walk down the broad center aisle of this Hall and turn to the right, that is the Republican side, and he would immediately find himself in hell. [Laughter.] And this announcement met with great Democratic applause, and was commended universally by the Democratic press throughout the country.

Mr. MORSE. The gentleman excepted the Cherokee Strip over here.

Mr. RAY. Yes, he would naturally do that.

Mr. CLARK of Missouri. Does not the gentleman know that I simply adopted the simile of a distinguished protectionist Democrat on this side of the House?

Mr. RAY. I did not know whether you were adopting somebody else's language or idea or were expressing your own views. I had supposed, Mr. Chairman, that the gentleman from Pike County, Mo., was so original in his ideas that he could make a speech without adopting the ideas of anyone. [Laughter.] The gentleman depicted the Democratic side as the happy land of eternal bliss, the heaven of earth, and the hope of eternity; and he invited the American people to come over there and join them. Inasmuch, Mr. Chairman, as the Republican party is a unit on the great questions now agitating the public mind, harmonious in counsel, united in action, gentlemanly in deportment and language, and ever watchful of the interests of this people in all sections of our country—

Mr. LIVINGSTON. Is that a compliment to the leaders or to the masses of the Republican party?

Mr. RAY. It is complimentary, my dear sir, to the leaders of the Republican party—

Mr. LIVINGSTON. Then I agree with you.

Mr. RAY. It is also complimentary to the masses of the Republican party, and some of these remarks are intended by me as a rebuke to any gentleman who on the floor of this House shall denounce the Republican side as a hell upon earth. [Laughter.] As unity and a desire for prosperity is the attitude of the Republican party on all these questions, Mr. Chairman, while the Democratic party is constantly engaged in petty quarrels and bickerings and is always accusing itself of ill deeds, we can but conclude that the Democratic war horse of Pike County is utterly perverted in his tastes, lost to moral sense and perception, and that to him hell is heaven and heaven hell [laughter]; and to him, in my opinion, judging from his utterances alone, the wail of the damned would be the sweetest music, the smell

of sulphur the most delightful incense, and turmoil and strife the lullaby that would bring him peace and quiet. [Laughter.]

Such is Democracy as declared by the distinguished gentleman from Missouri. Such are Democratic tastes, for the gentleman from Pike County is a typical Democrat. He understands Democracy in all its windings and in all its turnings. He understands its true inwardness. He is a graduate from the inner sanctuary. He is a high priest in the Democratic synagogue and a brigadier-general among the demagogues. [Laughter and applause on the Republican side.] The Democratic party is indeed harmonious. It is united and full to the brim with self-esteem and self-glorification. I desire to have read what the Democratic party thinks of itself. The Democracy of New York State, in its own estimation at least, is the most aristocratic of aristocrats.

It is the purest of the pure, it is the wisest of the wise; and it occupies this position in the party, for it rules the Democracy of the nation. Its will is law. It dominates the Senate of the United States, and it dictates or it would, at least, dictate the Executive. Here is the heaven the Democracy has pictured for itself. Its loveliness, its purity, its wisdom, as told by one of its own sheets, and I send to the Clerk's desk and ask to have read a statement which I clipped from that great exponent of Democratic ideas, the Chicago Times, published in the city of Chicago; and I ask the close attention of my Democratic friends, in order that you may understand what you yourselves think of yourselves. [Laughter.]

The Clerk read as follows:

[The Chicago Times, January 25, 1894.]

WOULD RULE OR RUIN—NEW YORK DEMOCRACY A DISASTER TO THE PARTY IN GENERAL—CANDIDATES FOR THE PRESIDENCY FROM THE EMPIRE STATE BEATEN FOR THIRTY YEARS EXCEPT IN THE CASE OF CLEVELAND—A SEDULOUS AND INSISTENT BEGGAR FOR OFFICE—REPRESENTATIVE BYNUM SHOOTS BOTH WAYS IN REGARD TO THE REVENUE BILL—FILIBUSTERING AGAINST THE INCOME TAX.

WASHINGTON, D. C., January 24.

To-day in the House a disgusted world was given another taste of the New York Democracy. If there is a case of political itch on earth it is the New York Democracy.

[Laughter.]

If there is a dose of castor oil in the pharmacy of politics it is the New York Democracy.

[Laughter.]

If there is a yellow dog of party, to snap and snarl and bite at the heels of political decency, it is the New York Democracy.

[Laughter.]

If there is a party hog to grunt and squeal and, having gorged the swill, to then attempt to go to sleep in the trough, it is the New York Democracy.

[Laughter.]

If there is a polecat in politics it is the New York Democracy.

[Laughter.]

The party should cure it, or kill it, or open the door and sweep it out.

[Laughter.]

New York is a disaster to Democracy—always was and always will be. Its word is worthless; its contracts a mere uppercrust to fraud. It is a Corsican to stalk in the dark and stab in the back. It makes a specialty of treason, and to become the greatest traitor is to become the greatest New Yorker. Its policy is to rule or ruin. It defeats itself by being too weak to ruin, too big an idiot to rule. Such is the New York Democracy.

The Democracy of the nation has paid too much heed to these outcasts in the past. The party has been too much led by the nose by the great bluffer, the party in New York. For thirty years it has attended every convention in the rôle of party bully. And the party has been weak enough to submit. What has been the harvest? For thirty years the New York Democracy has furnished the party candidate for the Presidency. For thirty years the party has been regularly beaten except in the two cases of President Cleveland. Cleveland was made President—is President. And Democracy

WOULD HAVE BEEN BETTER OFF

If a millstone had been fastened about her neck and she had been cast into the middle of the sea to soak for four years.

[Laughter.]

Mr. HENDRIX. Do I understand the gentleman to say that that is from the speech of the Hon. CHAMP CLARK?

Mr. RAY. No, sir; I did not say that. I said it is from a Democratic newspaper. I do not say it of the Democratic party, or of any branch or faction of it; I simply sent to the desk a clipping from a Democratic paper, the leading Democratic paper of the great West, in order that my Democratic friends may understand what you say of yourselves among yourselves and what you think of yourselves. [Laughter on the Republican side.]

Mr. LIVINGSTON. Will the gentleman explain the jealousies between the city of New York and Chicago, and state whether that does not account to a large extent for the article he has had read from the desk?

Mr. RAY. It may be the result of Democratic jealousy, and it may be the result of Democratic truth-telling. I leave that for gentlemen of the House to decide for themselves. I trust, however, that there is no Democratic newspaper either in the

East or in the great West that would be guilty of lying. [Laughter.]

The New York Democracy is crazy for tariff reform, reduction of revenue, and the selling of Government bonds; but so is the whole Democratic party. But it is for tariff reform in spots—in Republican districts and States—and hence the bill now under discussion has been presented to this House and to the country. It is not free trade nor is it protection; it is not a tariff for revenue, because it wipes out the revenues, and will produce an annual deficiency of at least \$80,000,000, unless there shall be attached to it the income-tax feature, which it is hoped will relieve it in part at least from such result. It is not a tariff for protection, for it protects no industry except in a few lone Democratic districts, such as are represented by my distinguished friend from Pike County, Mo.

The Wilson bill, so called, is a mongrel. It is a product of the John Bull free trader and a Democratic mugwump. It strikes at American industries and American homes. It takes away employment from every workingman. It closes the factory doors. It pulls down the curtain and puts out the furnace fires. It devastates the farms throughout the great North and the whole country, and it thins out our flocks and herds. The bleating of sheep and the lowing of cattle will be rare music when this bill becomes a law. American sheep will be as rare in a few years as American buffalo. We are to have wool from Australia and South America, manufactured clothing from England, machinery from the English workshops. Our markets are to be thrown wide open to foreign competition. Our laboring class must compete with the ill-fed, ill-clothed, and starving workmen of Europe. The national debt is to be increased and we are to live on credit. We are to put a blanket mortgage on our homes and trust to our children to pay it, for this Democratic Administration is about to throw upon the country a new issue of Government bonds, a proceeding that has been denounced by the Democratic party ever since I was a boy. We are about to return to the days of our daddies, when dollars were as rare as hen's teeth, when articles of manufactured merchandise bore the label of European workshops and the English coat-of-arms. We are to tear the clambering vines from over the doors of our artisans and put in their place a charcoal-painted sign with the inscription, "Work or charity wanted here." We are to empty the workshops in America, but fill the poorhouses. We shall empty the schoolhouses, but fill the jails. All this we do when we decrease the tariff duties, adopt free trade, and increase the public debt.

It is not my purpose to open any discussion of the late civil war or refer to its horrors, but I may be pardoned in saying that the necessities arising from it made high duties on foreign imports a necessity, and compelled a resort to modes of taxation before unknown to our people. High tariff duties at once so fostered and protected our home industries that our people grew rich even under the most unfavorable conditions. Factories and workshops multiplied and the fields of labor were broadened. We began to produce articles before manufactured entirely abroad. The inventive skill and genius of our people was stimulated to a high degree, and within a quarter of a century from the close of that struggle we found ourselves not only supplying our home markets but competing successfully in those of other countries.

The balance of trade changed in our favor, and the best blood and sinew of downtrodden Europe flocked to our shores to avail themselves of this protective policy which had made the United States the most desirable country on the face of the earth. The broad prairies of the great West were made to blossom as the rose, and the waste places were made to yield a rich harvest of golden wheat and waving corn. Mines of coal and iron and silver and gold were rapidly opened and made to pay rich tribute to the wants of our people. Railroads spanned the continent, and great cities grew apace. Our country was quickly covered with a network of railroads, affording ample means for international intercourse and commerce. The common-school facilities were increased, and if ignorance existed it was without excuse. As the years went on and our prosperity increased, the protective idea grew stronger and took deeper root. It seized upon the hearts of the American people and gave prosperity to those who were willing to avail themselves of it.

But, as against it the Democratic party arrayed itself and it gathered to its bosom the idle, the lazy, the shiftless, the discontented, the ignorant, the socialist, the anarchist, and the Mugwump, and by misrepresentation and appeals to the cupidity of some and the jealousies of others, by promising one thing in one locality and another in another, and by picturing in glittering generalities the beauties of tariff reform, which promised everything but meant nothing, it carried the election, made the Senate Democratic, this House Democratic, and the Executive Democratic. But what a spectacle is presented to an expectant

country. Hardly had the chalk figures announcing the triumph of tariff reform been wiped from the bulletin boards when frightened business began to hide itself. The channels of trade seemed dried up. Capital refused to invest further and loans were called in. Depositors became panic-stricken and withdrew their deposits. Chimney nooks and old ladies' stockings became the banks of deposit. [Applause.] Factories and mills closed. The shutters were drawn and the doors closed. Laboring men and women clamored for work, of which there was none; cried for bread they could not obtain, and want and penury stalks abroad.

In the city of Amsterdam, in my State, thousands are out of employment and every branch of trade is stagnated. In my own town our silk factories that formerly paid \$2,300 in wages monthly are idle. All through the land the same condition exists, and while our people mourn the foreign nations rejoice. With this condition of things existing, and while our laboring men are daily filling the petition box of this House with protests against the Wilson bill, our Democratic friends are steadily at work undermining our manufactories, pulling the belts from the wheels of industry, closing our mines, increasing poverty, and denouncing the measures that have made this nation the best and richest and most productive on the face of the earth.

And what remedy do they propose for the ills of this mistaken and criminal policy? How do they propose to replenish an exhausted Treasury and restore a shaken national credit? By an income tax and by an issue of Government bonds—by increasing the national debt.

Now, I will not undertake to be sponsor for the Republican side of the House on the subject of an income tax. I will not undertake to say what I think of an income tax. I simply desire to call the attention of the Democratic side to what they themselves have said of an income tax in the days that are gone by. When it was necessary to save the life of this nation, when the knife of treason was at the throat of this Government of ours, we found it necessary to resort to measures which were called war measures; and among others we had the income tax.

The Democratic party then denounced it, and so long as we continued it upon the statute books the Democratic party in Congress and out continued to oppose it and denounce it, in the following language: "The most odious and universally condemned mode of taxation resorted to by any nation."

Yet in times of profound peace the Democratic party resorts to war taxes and to war measures, adopted by the Republican party only as a means of saving and preserving the life of this nation. It proposes to let Europe do the work, to supply our markets, to draw the pay, to reap the harvest, while American industry is paralyzed and American labor is unemployed. It proposes to tax brains, enterprise, and industry. The man who thinks and works and earns an income of \$4,000, is to be taxed for it. The man who prefers to let his brain and his body rest, pays no tax. This is a warning that men must not be too industrious, too enterprising, or too saving. The Democratic party says, let every man take care that he keeps the reward of his toil, whether in commercial pursuits, in the manufactures, in the arts, sciences, or in professional life, within the limit.

"It opens wide the door for fraud and perjury, and would encourage lying." This is what the Democratic party said of it twenty-five years ago.

"It allows the man who really does a losing business to report a large income, pay a tax, and thereby impose upon the business world, and invites the one in receipt of a large income to conceal the fact, to make a false report and evade taxation." This is what you said of it twenty-five years ago.

It puts the man living in a great city, whose necessary expenses eat up the taxable income, on a par with the man who, living in the small town, can lay by one-half of it. It proposes to fill our land with an army of Federal office-holders; but nothing can please the Democratic heart more than this. "It creates an army of men whose sworn duty it is to prowl about and pry into every man's business except his own. It inaugurates the spy system, and will necessarily compel every business man to lay bare the secrets of his trade or profession." This is what the Democratic party said of it twenty-five years ago. "The merchant and the manufacturer must open his books, and on demand must be sworn as to all his receipts and all his disbursements. It is not a proposition to tax property, accumulations of wealth, but mind and energy. It is a measure that will encourage shiftlessness and idleness." This was the Democratic idea twenty-five years ago.

But, Mr. Chairman, it is a twin sister of free trade. They are to go hand in hand. The farmer of New York must compete with Canada in agricultural products, accounting to a Federal internal-revenue collector for the products of his farm, and risk prosecution in the United States court if eggs and chickens are not counted correctly, and if apples and potatoes are not accu-

ately measured. This will be one of the grand and beneficent advantages to be reaped by the farmers of the North and the great Northwest.

Mr. Chairman, under the wise provisions of the McKinley tariff bill our farmers were prosperous. The flocks were multiplying, the very roosters were crowing more proudly, and every hen, as she came from her nest, having deposited the freshly laid egg, cackled forth the praises of protection, fully conscious of the fact that she had made her industry remunerative to her owner, and had made it possible for him to protect the great American poultry yard. [Applause.] But all this is to be taken away under the provisions of the bill now presented by our Democratic friends.

Mr. MEREDITH. Will the gentleman allow me to ask him a question in all kindness?

Mr. RAY. Yes.

Mr. MEREDITH. Is not the McKinley bill in full force now?

Mr. RAY. Certainly it is—on the statute book.

Mr. MEREDITH. Then why do we see all these evils that you complain of?

Mr. RAY. It is in full force as a law on the statute book, but it is not in full force in the country, because business is stagnated.

Mr. MEREDITH. What has become of the roosters that were crowing so lively?

Mr. RAY. Oh, the Democrats wore them all on their hats, rejoicing over the election in 1892, and now the Democratic laboring men, deprived of all other means of sustenance, are engaged in eating them up, as the only means of preserving their existence. [Laughter.]

A MEMBER on the Republican side. While looking for the good to come under the Wilson bill.

Mr. RAY. The roosters or the laboring men? [Laughter.]

Mr. MEREDITH. Let me ask you one more question. My friend is making a speech, of course, for home consumption.

Mr. RAY. Not at all.

Mr. MEREDITH. Now let us get down to the facts. These evils you complain of have all occurred under the operations of the McKinley bill, have they not?

Mr. RAY. No, sir; they have not.

Mr. MEREDITH. Now, be fair. Have they not occurred under the operations of the McKinley bill.

Mr. RAY. Not at all.

Mr. MEREDITH. No other bill has been in force for the last three years.

Mr. RAY. Our business men anticipate the passage of the Wilson bill. The present condition of the country is owing entirely to the fear—

Mr. DOOLITTLE. And the threat—

Mr. RAY. To the fear of a change in the tariff and to the threat of the Democratic House. [Applause on the Republican side.] These evils all come as the necessary result of Democratic ascendancy in the Senate and House and Executive.

This country was never before so prosperous as it was just prior to the election of 1892.

Mr. MOSES. Did the fear of this Wilson bill take away all that the workingmen had accumulated during the Republican rule, so that they had nothing left to eat but Democratic roosters? [Laughter.]

Mr. RAY. The mere fear did not do that. But the stagnation in business produced by it, the withdrawal of capital from business channels, the closing of our mills, have given an empty dinner pail to every workingman throughout this land, and our working people have been compelled to live upon the little savings which they had accumulated, but which are now well nigh exhausted. The gentleman who preceded me upon this floor [Mr. MCMILLIN] said in the opening of his address, and I want to call attention to it here: "Are your industries humming with the activity of life?" I answer no. Why? Because of the threat of the Democratic party; because of the pendency of the Wilson bill in this House. Withdraw it from consideration here. Pass a resolution declaring that you will stand by the McKinley law for the next three years and business will resume its wonted course, you will again hear the hum of busy industry, the wheels will begin to turn again—

Mr. BLAND. We were told last summer that the wheels would all begin to hum again if we would only repeal the purchasing clause of the Sherman law. [Laughter.]

Mr. MORSE. The Republicans did not say that.

Mr. BLAND. They voted that way.

Mr. RAY. The Republicans did not say that. It was the Democratic Administration that said that.

Mr. BLAND. Oh, you all said it.

Mr. RAY. No. The leaders of the Democracy and of the Democratic Administration said it.

Mr. BLAND. We were promised all these good things if we would only repeal the purchasing clause of the Sherman law.

The tariff, then, had nothing to do with our troubles according to all you gentlemen. It was all owing to silver. [Laughter.]

Mr. MORSE. Not one speaker on our side said that.

Mr. RAY. I did not say any such thing.

Mr. MORSE. Nor any other Republican.

Mr. RAY. I did not say it, and if the gentleman will turn to the RECORD of the extra session and read the speech I did make on the silver question, he will find me saying that while I hoped it would put off the evil day and stay disaster, yet nothing would avert national disaster and universal business ruin unless the Democratic party withdrew its threat to pass a free-trade tariff law and strike down the McKinley bill.

Mr. MORSE. That is right. We all said that.

Mr. RAY. Yes; all the Republicans took the same position here. The other idea to which the gentleman from Missouri refers was evolved from the brain of certain gentlemen on the other side. What more did the gentleman who preceded me [Mr. McMILLIN] say? He said, "To-day more men in the United States are begging for bread than were ever before seen in this country since Columbus discovered America." The gentleman recognized the existing condition, but his partisan zeal or blindness would not permit him to recognize or admit the cause. Take away your Wilson bill from this House. Burn it in the furnace underneath this Capitol, and within the next forty-eight hours you will see the beginning of the return of prosperity. [Applause on the Republican side.] Soon every workingman throughout this country of ours will be seen with a full dinner pail, marching every morning to a day of remunerative toil, and at every eventide returning home to his happy family bearing with him the rewards of a day's honest labor. [Applause on the Republican side.] Give us the McKinley law, and we will give you prosperity.

Mr. HAYES. Have you not got it? [Laughter.]

Mr. RAY. But give us this Wilson bill, and want, misery, ruin, desolation will inevitably result.

Mr. HALL of Missouri. I observe that the gentleman has dodged the question of the income tax thus far. Now, I want to put the straight question to him, to be answered to his constituents in New York: Are you for or against an income tax? Answer the question. [Laughter.]

Mr. RAY. You read my speech in the RECORD and you will know. If you had listened to what I have said you would know; but it is a Democratic failing not to listen to speakers on this side.

Mr. HALL of Missouri. I want you now, for the benefit of your constituents, to answer that question. Are you for an income tax? Yes or no?

Mr. RAY. I have answered that question in the remarks which I have already made, and no Democrat on this floor can dictate to me the order in which I shall make my declarations. [Applause on the Republican side. Derisive cries on the Democratic side.]

Mr. HALL of Missouri. Then I understand that you prefer to dodge on the income-tax question?

Mr. RAY. My views have already been stated here very fully. Every word that I am saying on this occasion will be in the RECORD, and the gentleman may read it. Now listen, while I proceed with the rest of my speech. [Applause on the Republican side.]

Mr. HALL of Missouri. Will you answer my question?

Mr. RAY. I have answered it, and my answer will appear in the RECORD to-morrow. Read.

Mr. HALL of Missouri. One word will answer the question. Will you answer yes or no, so that your farmer constituents may know how you stand on the question of putting some of the taxes of this country on wealth? Are you for the income tax or against it?

Mr. RAY. As a rule, I am against everything Democratic. [Applause on the Republican side.] I suspect it from the very beginning, because of the source from which it emanates. When we have another civil war, or when we have a foreign war, such a tax may be necessary, but—

Mr. ALDERSON. When they have nothing else to say on that side, they bring out the "bloody shirt."

Mr. RAY. I want to say to the distinguished gentleman that I am not in favor of war measures in a time of profound peace. [Applause on the Republican side.]

Mr. HALL of Missouri. I wish to say to the gentleman—

Mr. RAY. I am in favor of the McKinley bill. I am in favor of raising revenue to support the Government of this great country of ours, not only through the means of a tariff for revenue, but through a tariff for the protection of every American industry, every American workingman, and every American home. [Applause on the Republican side.] Can you spell out from that whether I am for or against the imposition of an income tax? [Cries on the Democratic side of "No!" and "Try it

again!"] I condole with the gentlemen for their mental blindness and stupidity.

Mr. HALL of Missouri. I fear that I could not interpret a declaration coming from a man who consumes ten minutes in dodging a plain question.

Mr. RAY. I have answered your question three or four times.

Mr. HALL of Missouri. I did not hear the gentleman's speech. I was necessarily absent from the Chamber during the early part of it, and now can not the gentleman be so kind and courteous as to answer me the plain question and let the answer go to his constituents. Whether he is for an income tax of any kind, or against it? Will the gentleman answer that question like a man?

Mr. RAY. If I had not already answered it, I would answer it again. My answer will be in the RECORD, and will be before my constituents.

Some of my brethren on this side of the House want me to propound a question to the gentleman on the other side, and that is, How the present Administration stands on this question of an income tax? [Applause on the Republican side and cries of "Answer yes or no!"]

Mr. HALL of Missouri. I should think that gentlemen of ordinary intelligence would know that that question could not be answered by yes or no. [Laughter.] I do not pretend to know how the Administration stands, except by the message which came to Congress with reference to the subject recommending an income tax.

Mr. RAY. An individual income tax?

Mr. HALL of Missouri. A tax on corporations. I know what I want and what my people want, and that seems to be more than the gentleman from New York himself knows.

Mr. VAN VOORHIS of New York. How many men in the gentleman's district will pay an income tax under this bill?

Mr. BROWN (to Mr. VAN VOORHIS). Then you oppose it because it collects money from your people.

Mr. RAY. Mr. Chairman, I must object to further interruption because I want time to conclude my remarks. I have something to say which will enlighten the gentleman as to the attitude of the Democratic party on these subjects before I get through.

The farmer is to have no more protection except in the South. Rice, an article of everyday consumption with the middle classes, pays a duty, but the Northern farmer and his products are left out in the cold, cold world, presumably because he persists in voting the Republican ticket. Is this done to produce revenue, or is it done to protect the rice-planter in the South? If an import duty is imposed on one agricultural product why not on all, unless it be those we can not produce in the United States in sufficient quantities to supply our people? In my own opinion—and I trust the gentleman on the other side [Mr. HALL of Missouri] will not be unnecessarily absent while I say this—in my own opinion the whole bill is intended to throw burdens on the North for the benefit of the South.

The income tax is favored by the South because it knows that it will not pay over from 3 to 5 per cent of it, and that the Republicans of the North will have to pay the great part of it. That is why gentlemen on the other side favor it. That is why it is put into this bill. No wonder that our Democratic brethren from New York City "kicked" against this proposition. But, gentlemen on the Democratic side from the city and State of New York, you must take your medicine like brave men. It is salt and bitter, but you must swallow your dose like good children. Do not create dissension in the Democratic party. You are for free trade. You want free trade. You are to get some free trade in this bill. You want English goods and manufactures to suit your fastidious tastes, and the Southern brethren give you a good liberal supply of free trade in the Wilson bill.

In return you must give them the income tax, for is not every department of this Government now filled with officeholders from the South, and from the Democratic districts, and from all over the land? Would you have an empty Treasury? Would you have the salaries of these Democratic officeholders stopped? I think not. No; give them the income tax. Feed your Democratic children who now fill the offices. It will not do to sell bonds all the time.

Mr. BLAND. I should like to ask the gentleman if he does not know that about four-fifths of the gentlemen now in office around Washington are of the old Republican gang that have been here for twenty years? [Laughter.]

Mr. RAY. Oh, no; the gentleman is mistaken. The gentleman who has just spoken belongs to the wrong wing of the Democratic party. If he were with the other wing he would realize the fact that the Republicans are not now in office.

Mr. BLAND. The gentleman belongs to the same wing of the Democratic party that our Democratic friends from New

York belong to, who are opposed to the income tax. You are all together in everything.

Mr. MORSE. The gentleman from Missouri is not one of the "cuckoos."

A MEMBER. Nor one of the assistant cuckoos.

Mr. RAY. There must be milk in the cocoanut if you would have it worth the picking. You are to have the benefit of a large trade in foreign importations and enrich yourself at the expense of the toiling masses. All the South asks is that from the income tax thus derived you contribute a fair percentage to keep the Democratic machine running. Let my Democratic friends from New York State give them the income tax. The opposition to the income tax from Northern Democrats comes with bad grace and is in exceedingly poor taste. Just see what your Democratic friends in the great West think of your action in opposing the income tax. I send to the Clerk's desk and ask to have read from a Democratic newspaper, the Chicago Times, what your Democratic brethren are saying of you on this subject.

The Clerk read as follows:

TAMMANY TO THE FRONT—CROKER LEADS HIS TIGERS TO BATTLE WITH THE INCOME TAX—THEY SWOOP DOWN UPON THE HOUSE AND SET COCKRAN, TRACY, AND THE OTHERS TO FIGHTING THIS PROJECT—IN SPITE OF ALL THIS THE FRIENDS OF THE MEASURE ARE SATISFIED THAT THE BILL WILL BECOME A LAW SO FAR AS CONGRESS IS CONCERNED—SECRETARY CARLISLE EXPLAINS HIS BOND POSITION.

WASHINGTON, D. C., January 25.

And now comes Tammany Hall to the House barriers to tilt against an income tax. The celebrated Croker, that great Buzgloak and Magsman of Tammany politics, is here in person. One by one every power of political darkness arrays itself against an income tax. Every wolf, every robber who uses the name of Democracy to cloak his plunderings and who cares only for the party so far as he can use it to add a dirty cipher to his bank account, is against an income tax. Cleveland, Wall Street & Co. is against it; every hole in the bottom of the party boat, every party disaster and drawback are against it, and now comes the dragon of Tammany, breathing fire and pestilence, in the person of the great Croker, and it is against an income tax also. The decent justice of the measure might be known at once by a glance at the black front of the opposition.

Croker came over and consulted with BOURKE COCKRAN, SICKLES, and one or two others of New York. He urged them to any method of filibuster or House dilly-dally which would kill off, or, if that failed, put off an income tax. Tammany has a couple of Congressional elections on its hands and not a week away to fill the places made vacant when Fellows and Fitch resigned and went home for good, and Croker could live if he might defer an income tax until after these polls were closed.

BOURKE COCKRAN sprang with a schoolboy eagerness to do the Croker bidding.

Mr. PENCE. What paper is that?

Mr. RAY. That is from the Chicago Times, a Democratic paper published in the city of Chicago. It represents the Democratic idea. Why throw yourselves in front of the triumphant car of Democratic progress; why invite dissension? Why disturb the harmony of this Democratic heaven so feelingly and graphically described by the great Bunyan from Pike County, Mo. [Laughter and applause.] He has attached angelic wings to every Democrat in this House, and tells us that at no distant day you Democrats are to rise like a bevy of flushed quail, and on your angelic wings bear the Chairman of the Committee on Ways and Means through the air and put him on the perch of the Presidency. [Applause on the Democratic side.] What a spectacle that will be. What an angelic flight.

Now, my Democratic friends who oppose the tax, the question is whether you are flying in the procession or wabbling in the grass with clipped wings. [Laughter.] This is your battle. It is your war; not ours. Do what you think best. Oh, ye angelic hosts, as ye gather in your harmony and your peacefulness and contemplate your own loveliness, enjoy yourselves, but do not denounce us as "hell upon earth." We are now happy [cries of "Glad to hear it!" on the Democratic side], except as we contemplate the misery of our country [loud applause on the Republican side], brought on by Democratic measures and Democratic threats.

I trust that the New York Democracy will march abreast of and keep pace with the Democratic procession for tariff reform. Lift high the banner of free trade and make friends with your English brethren. Strike down American industries and rob American labor of employment and the ability to exist. Drive our artisans to the farms; bring iron and coal from abroad; and let the American mines remain closed. Shut up the shops at home and watch the incoming procession of English ships, bearing the British flag at the masthead, with holds filled and decks piled high with foreign goods. We will till the soil and become a nation of farmers, and let Europe do the manufacturing. Europe shall fix the price of what we buy and of what we sell, and again shall we be at her mercy, as we were in 1812 and in the days of the Revolutionary war. What matters it to our Democratic friends that the Treasury is empty to-day? We can replenish it with the proceeds of Government bonds sold, and in a few years, when our credit is exhausted, we shall have returned to the good old antebellum Democratic days when United States government bonds sold in the European markets at a discount of 10 and 12 per cent.

Mr. MORSE. And 6 per cent bonds.

Mr. RAY. Oh, hasten the day, says the free trader of Democratic tariff reform, and pass the Wilson bill. But what will this matter? Our wives and daughters will be milking the cows and working in the fields and wearing calico manufactured in the English mills. Our sons will hold the plow and drive the machine manufactured in the English workshop, and we shall contemplate the ruin of American industries, but trade with Europe will be free.

Mr. Chairman, these are some of the advantages of free trade, the beneficent results of Democratic tariff reform. But thank God they will be of short duration. The American people have in their hearts the American idea of protection to American industry and American labor. They will sustain the American factory and the American home.

They will sustain the Star-Spangled Banner as against all others. The next Congress will be Republican; the next Administration will be Republican, for the bugle notes of Republican victory, which means a victory for the American common people, that were heard resounding last fall from Massachusetts to the Rocky Mountains, are still echoing among the hills and through the valleys, and are cheering the heart of every true American citizen and assuring him of a return to universal prosperity in 1897, when the McKinley tariff shall resume business and bring back confidence and prosperity, give work, wages, happiness, and restore the United States to her proud position among the nations of the earth. [Loud applause on the Republican side.]

Mr. TARSNEY obtained the floor.

Mr. HALL of Missouri. As the time of the gentleman from New York [Mr. RAY] is not out, I ask permission to repeat the question that I asked him awhile ago—is he or is he not against an income tax?

The CHAIRMAN. The gentleman from Missouri [Mr. TARSNEY] has been recognized.

[Mr. TARSNEY addressed the committee. See Appendix.]

[Mr. DINSMORE withholds his remarks for revision. See Appendix.]

Mr. DANIELS. Mr. Chairman, the gentleman who has just resumed his seat [Mr. WELLS] has stated that it is a part of the design of the present measure to bring back our Government in its revenue system to the method of raising revenue which preceded the present period. But in looking back upon the history of revenue legislation by Congress members will fail to see any period when a resort was made to a measure of this character except on one occasion, when the Government was in extreme want and peril. Upon no single occasion since our Government was organized, with the exception of one when the necessity was so overruling as to require taxation to be resorted to in every possible form, has a measure of this character been brought before the National Legislature.

Only when it became necessary to adopt every possible expedient for the purpose of raising money to maintain the Government has a measure of this kind been resorted to. When a bill to impose an income tax was heretofore brought into Congress it was to meet a necessity which had arisen out of the imperious demands of uncontrollable circumstances. It was passed under this imperious state of necessity; not because it was necessary to meet the wants of the Government on ordinary occasions or under ordinary circumstances, but because there was a necessity that had been brought upon the Government by the perils of war, that required every possible contribution to be made for the purpose of meeting and supplying the means for the disbursements of the Government.

At the time when this bill was introduced, and afterward when it became the law, and during the whole period while it was in process of execution, it was condemned in the most unmeasured terms by the gentlemen who represent that party that has now brought this bill before this House for enactment. It was considered by that party to be an unconstitutional and oppressive measure, one that no language could be commanded to describe in sufficiently objectionable terms. And it is a remarkable fact in the history of this measure that when the Democratic party pronounced its judgment upon that bill it was to pronounce the law itself unconstitutional.

It is also a part of the history of this measure that the great leader of the Democratic party, Samuel J. Tilden, always contended that the law was unconstitutional, and for that reason he declined to make returns under the exactions of the law of the income he was receiving from his property; and as a matter of fact he never paid a dollar's income tax, unless it was the amount that was assessed upon him by the internal-revenue officer and independently of the requirement that he should make a return voluntarily himself.

This met with the approval of the great party to which Mr. Tilden belonged, and whose representatives have now—or a fac-

tion of which has to-day—brought before this House this objectionable measure, in a time of profound peace, simply to meet a deficiency voluntarily created, to deprive domestic industries of just protection and for the purpose of resorting to extreme legislation of this description. No word was uttered when the convention was held in Chicago in 1892 that would sanction the idea or promote or sustain the theory that is now underneath this proposed legislation. On the contrary, the resolution which was adopted by that convention in reference to revenue matters, left the action of Congress to be entirely in harmony with that which had previously existed during the history of the country, but discarding incidental protection to home industries, with the exception of this one single instance, when a bill of this character became a law—that is, to raise revenue by means of duties upon imports which should meet all the wants and necessities of the Government in the course of the exercise of its authority and the performance of its functions.

I desire right here to call the attention of these gentlemen who are promoting this legislation to the resolution which formed a part of the platform of their party when the convention was held in Chicago in 1892. Its provisions upon this subject are as follows:

We declare it to be a fundamental principle of the Democratic party that the National Government has no constitutional power to impose and collect tariff duties, except for the purpose of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the Government, honestly and economically administered.

This on its face you will see contains the implied authority, and substantially asserts the duty to maintain the system of revenue so far, by imposing duties upon imports, as to meet the actual wants and necessities of the Government. Not a word is lispd, not an implication is found in this resolution that would sanction the idea that Congress should be called upon to report and maintain and enact a bill of this character into law to supply deficient revenue, deliberately caused by withdrawing the protecting hand of the law from industrial pursuits.

On the contrary, the entire system which is maintained by this resolution of the Chicago convention is that which had preceded the adoption of the resolution, with the exception of the principle of incidental protection; and that is, that the revenues of the Government, for the purpose of meeting its expenditures, should be derived wholly from imposts upon imports, brought into the country from foreign countries. This is the entire theory and scope of this resolution, and it placed upon the Democratic party, so far as it could place any duty upon that party, the obligation of bringing in some measure here that would secure sufficient revenue for the Government, by duties upon imports, to support and maintain it.

If it had been stated in these resolutions, or in this platform, in any form whatever, that this party was committed to the creation of a deficiency to be supplied by the introduction of a bill of this character, and its enactment into law, the time never has existed—it certainly did not exist in November, 1892—when the Democratic party could have secured the election of the present occupant of the White House. The people would not have sustained the party with such a policy before it, with such a determination to be carried into effect by means of legislation. On the contrary, the platform is framed in such words as to be consistent only with the entire preceding course of government upon this subject, with the exception of condemning protection, and it does condemn that undoubtedly in the most unequivocal language.

But aside from the question of protection, the system of revenue recommended, prescribed, and maintained in this platform is that the wants of the Government shall be wholly supplied by means of duties imposed upon articles imported into the United States. If we look back into the history of the country we shall see that the people have always been satisfied with the principle that the wants of the Government should be supplied in this manner, and in this manner only, with the additional circumstance that in extremely rare instances only have duties failed to be incidentally extended to maintain and promote American manufactures. This source of revenue, with incidental protection to domestic manufactures, has been the prevailing theory of the Government from the time of its first existence down to the present, and it has always been productive of a degree of prosperity in marked contrast with the state of things now existing throughout the country.

Whenever proposed legislation of this description has been produced and matured into law, destroying substantially the system of protection, it has been followed by the same disturbance of business as now exists, though not to the same extent.

The gentleman from Tennessee [Mr. McMILLIN] says that we are now involved in a state of industrial disturbance such as has never been equaled; that the number of persons who are unemployed is greater than the number of unemployed at any time during the previous existence of the Government. Yet it is pro-

posed by means of this legislation to still further disturb the industrial condition of affairs and the business interests of the country.

Why is it that so many people are unemployed? Why is it that business has been so generally and effectually disturbed and broken up? Because there has been a threat, and that threat was made in the Chicago platform—the threat of legislation that should destroy this principle of protection and leave our industrial interests conflicting with those European countries that have the advantage of cheap labor and cheap material, and in that way to destroy the prosperity and the successful pursuit of business interests on our part. That is the cause; that is the reason. It is that menace which has disturbed the business interests of the country and sent so many people out of employment as are found in that condition to-day.

The gentleman from Tennessee undoubtedly is right in the statement he has made that at no period during the history of this Government have so many people been out of employment. Why is it? While the administration of the laws was in the hands of the Republican party there was no difficulty of this character. The laws have not been changed, and if they had been maintained and enforced without this threatened interruption or interference, or fear of interruption or interference, by a measure of this character, there is no reason for supposing that the business interests and prosperity of the country would have been disturbed in any manner whatever.

It is the logical result, the necessary effect of this threatened legislation, to produce just the results upon the industrial interests of the country that have been described so eloquently by the gentleman who stands as the father or the foster father of the bill for taxing incomes.

The people who have been engaged and are engaged in manufacturing, and the people who are engaged in importing foreign merchandise, alike saw the perils to which they were to be subjected by the threatened legislation that was to be brought forward under this declaration that I have read, denouncing all protection of American industries. The manufacturers themselves were unable to proceed with the transaction of business as it had existed previously, because it was apparent that if legislation of this character matured into law their business would be carried on at a loss, and that bankruptcy instead of prosperity would be the unfortunate result.

So it has been with the importers. They could see that under the provisions proposed to be enacted in the Wilson bill, duties were to be reduced very largely, from probably 45 to less than 30 per cent; and that, therefore, importations could not be made with the expectation of realizing profit upon them, or, indeed, of making any sales, except at a large loss, in case of this change in the legislative condition of the country.

It was natural, therefore, that persons who were engaged in both these occupations, both manufacturers and importers, should see and submit to the necessity which prevented the profitable continuance of their business. Importers avoided the importation of merchandise from foreign countries, because they saw that when the articles which they were engaged in importing should come upon the market, under the new tariff, that there would be no possibility of realizing their cost and the expenses of importation.

Manufacturers have found it equally as necessary to submit to the same imperious control. It became at once obvious to them that only losses would follow their manufactures prepared for a future and falling market. The proposed revenue system, attended as it must be by diminished consumption and contracting prices, would entail losses more certainly than profits. And to assist these inevitable losses by a surplus of unsalable goods, a suspension of business in whole or in part became the only alternative. Prudence dictated no other course, and diminished employment has been the result. And it is to that circumstance, and that circumstance alone, that the changed industrial condition of the country is due.

What has occurred since the fall of 1892 or the spring of 1893 to arrest the prosperity and progress which then characterized this country, and under which every man was employed and had a fair remuneration for the services rendered by him, unless it be the threat of legislation of this character tending to disarrange and interrupt the successful business progress of the country? There has been no other interposing circumstance, no other event in any form whatever, that can be regarded as the cause of these disturbances, nothing except this threat on the part of the prevailing party to disturb the business interests by means of this legislation.

This fact will become entirely apparent if we consider that if this legislation should be at once suspended, or if the threat to incorporate it into the laws of the country should be withdrawn or brought to an end, and the people should be assured that no change would be made in the industrial legislation of the coun-

try, prosperity would be at once restored. There can be no question at all on this subject when we look at the facts and circumstances which have brought about this derangement to the course of trade and business.

I repeat, it is because of the threat of this legislation that these disturbances have taken place. Our laws are the same today as they were a year or two ago, and if the administration of them was in the hands of the party friendly to their execution and maintenance there can be no question at all that the preceding state of prosperity would have continued. But manifestly, it is because of the threats of these changes which have been made by the majority of this House and the power, combined with the probability of their enactment, business disturbances have been produced throughout the country.

Now, Mr. Chairman, in framing this bill for the purpose of supplying revenue for the support of the Government, as far as that can be done under its provisions, there has been a purpose, a design, to so frame it that it should not meet the wants and necessities of the Government and provide the necessary revenue for that purpose, as the Democratic party had expressed its obligation to do in the resolution I have cited. It was the policy and the theory of the convention that nominated Mr. Cleveland, as well as the policy and the theory of the Democratic party upon all preceding occasions, to levy duties upon imports to an extent sufficient to meet the entire necessities of the Government.

This bill is the only exception in that respect of an intentional character that has occurred, for it was evidently intended, as is apparent from the report of the Committee of Ways and Means, and from the character of the bill, to create a large deficiency. The design has been by reducing duties on imports, to leave this deficit, to justify a resort to an income tax. The Democratic party condemned legislation of this character by Congress when it took place on the only preceding occasion in the history of this country. By this resolution of the Democratic convention in 1892 it also stands in direct hostility to this species of legislation. The party was never willing to acknowledge it as one of the elements of its political creed, and that it should resort to an extreme measure of this kind, for the purpose of supplying an intentional and needless deficiency in raising revenue to provide for the expenses of the Government, is a direct departure from all that party's previous policy.

Upon no other occasion before the present time has it been the design to so levy the duties as not to meet the expenditures of the Government. For a deficiency was not expected to arise even under that legislation which has been referred to and extolled by gentlemen upon the other side, which unfortunately came upon the country in 1857. At that time the duties were put down to something under 20 per cent—19 and a fraction per cent, I think—upon foreign imports brought into this country, and the revenues received under that tariff were found to be insufficient for the support of the Government, so much so that towards the end of Mr. Buchanan's Administration it became necessary to go into the market, as the present Administration is forced to go into the market, to borrow money to pay the ordinary expenditures of Government.

Upon that occasion, in June, 1860, a loan was provided for at 6 per cent for the sum of \$21,000,000; in the month of July another loan of ten millions was provided for at the same rate of interest, for the purpose of meeting the ordinary expenses of the Government. That is the system that it is proposed shall be practically repeated to-day, and by means of which alone will the Treasury Department be enabled to meet its obligations. It is stated as a fact that for the present month the duties upon imports are something like \$9,000,000, nearly one-half less than they were one year ago. This is not because the law does not provide for the collection of ample duties upon imports, but it is because the revenue bill before the House and the fears of the effects of that bill upon the trade and prosperity of the country have paralyzed foreign importations, as they have paralyzed the manufacture of commodities in our own country.

That is the cause. There is the difficulty. There is uncertainty, there is apprehension as to the future condition of business, and that is at the bottom of this present deficiency in the revenues from the duties on imports, as it is at the bottom of the disturbance in our manufacturing interests. The threat and the apprehension that radical changes are about to take place that have never been sanctioned by any action on the part of the Democratic party prior to the time when these bills were brought before the House for enactment, is the great cause of all this disturbance of our business prosperity.

Now, if there shall be any doubt about this, as petitions have come in from all quarters of the country, as remonstrances have been sent in to members from all quarters interested in trade and the progress of manufactures against the enactment of this Wilson bill and against all the expedients that may be resorted to

for the purpose of changing the existing system—if any doubt exists as to whether this bill is a menace to trade and a menace to business and prosperity, why not delay all action upon it for the present and until the people in the election in 1894 shall be heard from, and when the expression of their sentiment upon the subject shall be known? And if the people shall be willing to say that they are in favor of defective legislation of this character, restricting so greatly all incidental protection and depriving the Government of its usual resources only to be supplemented by a bill of this nature, an easy course will be presented to secure the enactment of these laws and place them upon the statute books as the governing policy of the country.

But at the present time remonstrances are sent from nearly every business, from every quarter, not in the North, not in the East exclusively, but largely from the Southern States, against the enactment of this system of laws that are now proposed. You have by the proposed legislation not only encroached upon and threatened with devastation and destruction the interests and the business pursuits of a large class of people in the North, but you go down to the State of Alabama, and there in like manner injure the interest of the iron and coal developments that have just fairly come into the markets, competing, as they do, with the industries that have prospered in the North for so many years.

You also go into the State of Louisiana, where the sugar industry has been promoted and prospered by the law now on the statute books, and strike down an industry in which the people are very extensively interested; and they are against the enactment of this revenue bill into law by Congress. So are the lumbering, the iron and coal mining, beet sugar, and other important occupations and the extensive carrying trade, impressed with a just state of alarm at the prospects before them.

There is a feeling throughout the country that the final arrest of activity through the means of this legislation simply awaits those interests, and it is for the purpose of making that disturbance more secure and more disastrous that this great deficiency has been left in the amount of revenue that the bill will supply for the support of the Government, and an opportunity has been afforded and means have been presented of bringing an income bill forward to supplement this other defective legislation.

Now, it is said on the part of those who favor this legislation, that it will reach the pockets of persons who have never been obliged to contribute the amount that they should have contributed towards the expenses of the Government. But when the systems of taxation, State, municipal, and national, as they now exist are looked through and considered, it will be found that they extend to all classes in the community; those who are wealthy paying more than those who are not wealthy; and wherever any persons may escape the consequences of the present systems of taxation, they are obliged, indirectly, to contribute to those consequences by the necessities to which they may be subjected in their relations with other members in the community.

The poor have never escaped the burdens of taxation, because it is not laid expressly in terms upon them. You place it, as this bill proposes to place it, upon a certain class of people, and it is sure as the fact of its existence in the end to come proportionately upon the poorer and more needy of the community. These things always equalize themselves. If a tax is placed upon real estate, when that real estate is rented the rent of the property is increased correspondingly, for the purpose of bearing its proportion of taxation; and so it will be here.

If a tax is placed upon incomes of persons over and above the amount of \$4,000 and upon corporations, in which individuals may own only a single share of stock, it will come proportionately in the end upon that class, and they will be made to bear the burden with the other members of the community who are in more prosperous and more affluent circumstances. All insidious devices will be readily avoided, and justice meted out to all the people only by sustaining the Government by revenues derived from duties on imports, and their incidental distribution in the protection of domestic industries. That will close the doors to this needless legislation, and insure a continuance of the thrift and prosperity which has been so unwisely interrupted by this threatened and impending deficiency. The true policy is to abide more by the past than to make these experiments with the future. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I believe it is a truism that government is a piece of human machinery designed for the purpose of protecting the individual in the enjoyment of his right to life, limb, property, and the pursuit of happiness, as against the trespasses of other individuals. Government is a sort of human contrivance, which serves as a fence to guard the crop of personal rights to which every man is entitled. The aim of government is "equal protection." Abso-

lutely equal protection can of course never be obtained under any human government. All that can be obtained is approximately equal protection to all citizens.

The fact that you can not guarantee equal protection grows out of the condition of natural inequalities met at the outstart. You may protect all men's lives equally from the assault of other men; but you can not protect all men's property, because it is not true that all men have property. Furthermore, when you protect a man's money you protect his life in a higher sense. When you protect the money with which he may buy warm clothing, abundance of fuel, healthy and nutritious food, the best medical attendance, change of climate, etc., you have given that man, in protecting his money, a measure of protection to his life itself which you can not extend to the life of the man who has no money with which to buy these things which ameliorate the conditions of subsistence and prolong human life itself.

You can protect the tenement-house dweller only in what he has; and that is unhealthy physical surroundings, badly ventilated bedrooms, moral rot, intellectual starvation, hunger and shivering. You can not for the life of you extend equal protection. But it is none the less the aim of government to do it; and in undertaking this duty government has the right to demand from each citizen in order to extend this protection, what? A sacrifice. And what sort of a sacrifice? An equal sacrifice; and that is all. To sum up: The aim of government is equality of protection; the result of government is approximate equality of protection for all, attained by approximate equality of sacrifice on the part of each.

Now, government has a right to such revenues as are necessary in order to answer the ends and aims of government economically administered. This is taxation. That is also a truism, as well as that in collecting the money for this purpose it has the right to demand from each citizen only an equal sacrifice, nothing more. This is the limitation in justice of the right of taxation. Natural inequalities exist, and I am certainly no leveler. But while you can not so frame your laws as to bring about absolute equality of protection, nor so frame a system of taxation as to secure absolute equality of sacrifice, you can at least so frame your system as not to increase and emphasize the already existing inequalities among men. You need not legislate men into consumption, into pneumonia, into rheumatism, into sin and suffering.

Every tax upon the necessities of life is a tax which tends towards legislating men into consumption, pneumonia, and disease, moral and mental. It is a tax upon the fuel that keeps the man warm, upon the warm flannels which he requires for clothing, upon the tenement he lives in, vitiating by remote consequence the very air that he breathes.

Therefore you may lay down as the basis of all taxation this maxim—that equal sacrifice is equal taxation; that unequal sacrifice is unequal taxation. All the doctors of finance and economy, and chief among them John Stuart Mill, lay that down as a canon. Mr. Richard T. Ely, in a learned disquisition, a part of which I shall incorporate in my remarks, says that "equality of taxation is impossible in any community without an income tax." Let me read his language on this subject:

It has already been stated in this work that the farmers of Maryland and her sister States, and other hard-working people, are right in their feeling that all men of means should contribute to the support of government in proportion to their ability. It is a just grievance, that men who can amply afford to bear a part of the burdens of government do not participate in them, while they do derive inestimable benefits from the existence of government. There is one way and only one to remedy that evil, and that is by an income tax which requires calm and judicial examination, undisturbed by the hue and cry raised by tax-dodgers, or even by the prejudiced.

First, it is universally or almost universally admitted that no tax is so just, provided it can be assessed fairly and collected without difficulty. More nearly than any other tax does it answer the requirements of that canon of taxation which prescribes equality of sacrifice. Furthermore it is of moment that the income tax, unlike license charges, does not make it more difficult for a poor man to begin business or to continue business. Its social effects, on the contrary, are beneficial, because it places a heavy load only on strong shoulders. Even for men of large means engaged in business it is a tax to be strongly recommended, for such men will in some years make little or nothing, or even lose money. Now, our property tax is merciless; it exacts as much in a year when a business man is struggling to keep his head above water as in a year of rare prosperity; whereas the income tax exacts much only when much can be given without financial embarrassment. If it were practicable to substitute an income tax for the whole of the property tax, it would save many a man from bankruptcy. I will repeat, with some modification, in this connection, words I used in my special report as member of the Baltimore tax commission.

It is the fairest tax ever devised; it places a heavy burden when and where there is strength to bear it, and lightens the load in case of temporary or permanent weakness. Large property does not always imply ability to pay taxes, as taxes should come from income; even when assessed on property it is only an indirect device for estimating income. An income tax spares the business man in season of distress and helps him to weather the storm, but asks a return for the consideration shown him in days of increasing prosperity.

Again, why should the man with a large income but with no property escape all share in the common burdens? There is a considerable and increasing class living in great comfort on incomes of large proportions, say five, ten, twenty, thirty or forty, or even fifty thousand dollars, who by insurance and various devices, protect themselves and their families for the future and yet pay no taxes. This is an injustice to other classes and a

harm to the commonwealth, because these men are often careless and indifferent about their public duties, knowing that their income is not affected by high or low taxation. They appear to pay nothing to government, and as it seems to cost them nothing, they too often care little for it.

One of the reasons of poor government in our States and cities is to be found in the failure of large and influential classes to concern themselves about practical politics. They often speak of politics with an affectation of superiority, as if they were above anything so base and common. This attitude is not uncommon among professional people, as lawyers, physicians, and teachers. These men have opportunities for personal cultivation and for gathering knowledge which are better than those enjoyed by other members of the community, and their influence ought to be large and beneficial. They must pay taxes because indirect Federal taxes form a part of the price of commodities which they purchase, and because a considerable portion of our direct taxes, like the tax on house property, is shifted and reaches them indirectly. This, however, is not noticed.

What is needed is a tax varying with the public needs, and with the integrity and efficiency of administration, which will reach the great mass of citizens—a tax which will directly and immediately rest upon the tax-bearer. We have too few payers of direct taxes in our States and cities; but the income tax is a tax which is felt and which must be paid by the tax-bearer. It is precisely the kind of a tax needed, and it is beyond question that it would change the attitude of a large portion of the community towards government.

The incomes enjoyed by the professional and salaried classes and some others are frequently the results of large expenditures in cultivating one's powers, and they create what can be called personal wealth. One man spends \$10,000 in preparing himself for some lucrative position, and derives therefrom an income, but pays no taxes, while the man who spends \$10,000 on a farm must contribute every year a sum large in proportion to income for the support of the Government.

I especially call your attention to the language, "A tax varying with the efficiency and means of public administration," a tax which will interest the taxpayer in watching the politicians in order to see that they do not lay too heavy burdens upon the backs of the people; in order to see that government is neither extravagantly nor dishonestly administered.

And by the way, gentlemen, in defining government a moment ago I might have given a more practical definition of it. It is a collection of a certain number of politicians who are appointed agents of the people for the purpose of carrying on public affairs, and if there is not such a system of taxation as that the people feel and know what they are paying and can put their hands upon the shoulder of the politician who has laid the burden upon them, then it is an uneconomical and inefficient system.

Now, my friends, before I proceed in the discussion further, I want to dwell upon one idea, at the threshold, as a Democrat. It has been said, as a matter of partisan consideration, that in framing the Wilson bill we have given a slap at every class interest in the country, and at every corporate moneyed interest—at the plutocracy of the country in all its branches. That is true. We have struck the cordage trust, Standard Oil trust, sugar trust, lead trust, steel-rail trust—all trusts. We could not reform the tariff without doing it, unfortunately for us as a party, speaking merely from the partisan standpoint.

I know there are two classes of men who make arguments, not for the sake of the good that there is in the argument, not for the sake of the public benefit, but for the sake of the votes to be gained. One is the demagogue, who addresses himself directly to the passion and prejudice and communistic tendencies of the mob for the purpose of obtaining votes, and foisting himself into public position. He makes his argument regardless of the permanent welfare. The other is the man to whom I want to give a name to-day, to frame an English word. I shall call him the plutagogue, the man who makes his address to the "secret-service" of the party, in the rear, to the men who furnish the "campaign fund" to carry on elections. The former appeals to Demos, the latter appeals to Plutos, and I call him the plutagogue.

I call his addresses plutagogy; and whenever I find a man on the floor of this House who is speaking with a view to accumulate a campaign fund I think he is a little bit worse than a demagogue, because a demagogue appeals to the mob directly and this fellow is appealing to the man who buys the mob. [Applause on the Democratic side.] But if it be true—and it doubtless is true—that we have given a slap in the face to all the trusts of this country, then I say it follows all the more necessarily, it is *a fortiori* true, that the Democratic party should now throw itself headlong upon the support of the people themselves. There is no hope for us as a party anywhere else. I am glad that in the Wilson bill we have burned the bridges behind us. You can not conciliate and pacify and gain the votes of these plutocrats. A stab half an inch deep makes as much of an enemy of one of them as a stab that goes a foot deep. You have given the stab. You could not help giving it, and now you must throw yourselves altogether upon the common people of the country, ever the natural support of the Democracy, and trust to the common sense and the common conscience of the common people, which is, as I believe, the instrumentality of God for the ruling of democratic peoples in a state of civilization. [Applause on the Democratic side.]

Mr. Chairman, this income-tax bill has been spoken of as if it were some new thing in the world, some Populistic vagary that

had come to light for the first time in the Fifty-third Congress. Every democracy since the days of Solon in ancient Athens down to now has resorted to an income tax as the most equal of all taxes, and therefore as the most democratic; the object of a democratic government being to secure liberty, fraternity, and equality, and equality not by any means the least of the three, being instrumental in the maintenance of the other two. Aristocracies have for obvious reasons never favored it.

I find that Mr. August Böckh, in his work on the "Public Economy of the Athenian State," states that the avowed principle upon which Solon based his income-tax law was the principle which I have stated. And as this is an interesting bit of old reading, I will read it to you. It shows that wisdom does not spring up in the nineteenth century. Solon had a little of it. This was what he stated to be the right principle:

The smaller the income of a citizen, the less in proportion should the state take from an equally large part of it compared with the higher income of another citizen. For every citizen must first obtain a maintenance for himself and his family, and the poor man, compared with his richer neighbor, suffers if he be taxed in the same proportion, and at the same rate.

And he further says:

This principle might be carried into effect in two ways; either by the poorer class paying a smaller portion of their property than the higher, * * * or by the taxable capital being so rated that only a part of the property of the lower class should be considered taxable. The first method is of difficult management; the second is much the more judicious. The government of the state knows what is the sum total of the whole taxable capital of the country and its own wants, and can at a single survey determine what portion of the taxable capital is to be demanded.

Now, gentlemen, let me illustrate the truth of this. Suppose you levy an income tax of 10 per cent upon the man who has an income of \$100, upon the man who has an income of \$5,000, and upon him who has an income of \$100,000. What have you done? You have taken from the man with \$100 income, \$10, but what have you taken? Not money, but what money could buy, and what he would have bought with it. You have taken from him fuel, flannels, medicines—the necessities of life.

Suppose you take \$500 from the man who has an income of \$5,000. What have you taken? You have taken from that man some of the comforts of life, a higher degree of education for his children perhaps, lithographs or engravings, books that he might have wanted. That is his sacrifice. It is a sacrifice of comforts, of refinements of life, but not of prime necessities. Suppose you take \$10,000 from the man in possession of a hundred thousand dollars a year. What have you taken from him? Not necessities, not comforts, not even refinements, but luxuries. I might go further and say you have simply taxed out of his surplus, over and above luxuries even, a part of what was his, for purposes of display or of charity.

This is no new principle. The Democratic party recognizes the philosophy of it in tariff legislation when it says that the taxes ought to be put upon luxuries rather than upon necessities. To tax the latter involves suffering; to tax the former involves sacrifice only. All of your State laws recognize it when they exempt a homestead for a man. Why? Because the State must leave a maintenance for a man, something to keep him and his family from being a burden upon the balance of society.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WILLIAMS] has expired.

Mr. STALLINGS. I ask that the gentleman be allowed to proceed for five minutes.

The CHAIRMAN. Unanimous consent is asked that the gentleman from Mississippi [Mr. WILLIAMS] be allowed to proceed for five minutes. Is there objection?

Mr. WILLIAMS of Mississippi. Mr. Chairman, I want to set a good example for this House. I want to object myself to that request; I can extend in the RECORD, and there are about two hundred other men who want to speak. [Applause.]

Mr. CHARLES W. STONE. Mr. Chairman, since the House disposed of the question as to the duty upon petroleum, I have received from the United States consul at Batoum, Russia, a letter which is by far the most complete and comprehensive statement of the facts relating to that industry in Russia which has come to my attention and also states certain facts in relation to action taken by the Russian Government, demonstrating conclusively, I think, that Russian oil can, in the near future, be laid down in the United States seaports at a cost not exceeding 50 cents per barrel. This letter seems to me so conclusively to demonstrate the folly of our inviting the importation of Russian petroleum, that I think the members of the House should have the advantage of the information contained in it before final action is taken.

Mr. BROOKSHIRE. May I ask the gentleman a question?

Mr. CHARLES W. STONE. Yes.

Mr. BROOKSHIRE. I understand that the Standard Oil Company own the oil wells of Russia.

Mr. CHARLES W. STONE. The gentleman is very much at

sea in relation to that information. As I understand it, the Standard Oil Company do not own a single oil well in Russia.

The CHAIRMAN. The Clerk will read the letter handed up by the gentleman from Pennsylvania [Mr. CHARLES W. STONE].

The Clerk read as follows:

UNITED STATES CONSULATE,
Batoum, Russia, January 4, 1894.

DEAR SIR: I beg to acknowledge the receipt of your letter of the 11th ultimo, which reached me yesterday.

I am afraid that I can add little to the information regarding the oil business of Russia to that already given by the annual reports from this consulate, which, I presume, are on file in the State Department. However, in order to spare you the time and trouble necessary to look up those reports, I will give you here the facts and figures they contain, as concisely as possible.

The total production of Russia reaching the markets of the world at the present time comes from the vicinity of Baku, from the districts of Balakhan-Sabunchi and Romani, about 8 miles north of Baku, and Bibi-Eibat, a couple of miles south of the city. The area of the developed territory is probably not more than 2,000 to 3,000 acres, but in neither district is the limit of the profitable territory yet known, and there is, at present, no effort being made to ascertain it, because the known territory seems quite sufficient to supply all the oil that will be required for some years.

The following figures show the amount of the crude production of Balakhan-Sabunchi-Romani and Bibi-Eibat since 1883, in barrels of 42 gallons:

Year.	Total production.	Daily average.
	<i>Barrels.</i>	<i>Barrels.</i>
1889	24,944,562	68,341
1890	29,194,728	79,985
1891	35,842,078	99,567
1892	37,024,022	110,520
1893	46,042,928	137,853

The production given for 1893 is only for the eleven months ending November 30, as the figures for the whole year are not yet obtainable.

The production for the past year has apparently been curtailed only by a lack of necessity for the oil, as the average daily production during the season of Volga navigation, i. e., from April to November, was greater than at present. It is during this season that the whole of the home trade for the year is supplied by shipment via the Caspian Sea and Volga River; this water transportation is closed in the winter by the freezing of the Volga. The demand for Volga shipment is usually about 10,000,000 barrels crude equivalent. The number of wells producing during the year I am unable to give accurately, but I am sure that the average number did not greatly exceed 300.

The territory in the vicinity of Baku always has been, and is yet, looked upon as practically inexhaustible by the trade, and, while this view seems ridiculous at first, the more one sees of the territory the less he is inclined to sneer at the opinions of those who have spent many years in operating in it. Ten years ago the average depth of the wells did not exceed 500 feet, but as the shallower strata were exhausted the drilling of course became deeper; but up to the beginning of 1882 it was generally held that there was no profit in going deeper than 1,000 feet. In March, 1882, however, a well was struck in the old territory, at a depth of over 1,100 feet, which started off producing more oil than any other well ever struck, it was said, and whether or not that was true, I do not know, but there is no doubt that this well flowed at the rate of 100,000 barrels per day for a time; at the same time several other wells commenced flowing, and I am sure that the daily production was for a time very little less than 300,000 barrels per day. Since then many large wells have been struck at greater depths than 1,000 feet, and the depth of the lowest oil-bearing stratum is still problematical.

The figures given show the average well to be about 500 barrels, but two to three thousand barrel wells are very common, and there is hardly a time that there is not a well or two giving from 12,000 to 40,000 barrels per day to be seen. I have seen many wells of that caliber, and some that produced 75,000 to 100,000 barrels per day, and I never spend more than three or four weeks in the year at Baku.

The life of the Baku wells is difficult to ascertain, as no one seems to pay any attention to that matter here. The large flowing wells are often stopped by sand, but when cleaned out start flowing again; and some of them continue flowing for years, producing an immense amount of oil; I believe that there has been a number of wells in the vicinity of Baku that have produced from 10,000,000 to 20,000,000 barrels. The pumping wells last well; some of the wells now producing are, I believe, eight or nine years old.

The quality of the crude for illuminating purposes is much inferior to that of Pennsylvania crude, as it does not yield an average of more than 33 per cent refined; some refiners, however, claim to be able to get 40 per cent from it, and I have no reason to doubt this, but with the present low prices of crude and high price of residuum I do not think it pays to run the crude so close. I have alluded to the price of crude as low now, but it is about 10 cents a barrel at wells, and after the exceedingly low prices of last summer, when for a time it could be bought for about 2 cents per barrel, present prices seem high. Refined is selling at less than half a cent a gallon free on board cars at Baku, and residuum—for which there seems to be an unlimited demand in Russia for fuel—is worth about 15 cents per barrel, with prospects for an advance when the Volga navigation opens, because there are no residuum shipments now. Thus from crude, costing 10 cents per barrel, 33 per cent refined and at least 50 per cent residuum are obtained, the residuum alone being worth at present about 8 cents, leaving the cost of the crude for 14 gallons of refined not more than 2 cents.

Of course, labor is very cheap, averaging, I think, not more than 30 cents per day per man all around, refineries and wells.

With the very cheap refined, the only thing that prevents the Russians from taking such of the markets of the world as they might choose, is the railway freight from Baku to Batoum, a distance of 500 miles. This railway is the property of the government and the rate for petroleum products is about 85 cents per barrel. The Russian refiners have always protested that this rate was exorbitant, and have repeatedly petitioned for a reduction, but without success, until very recently. In October last year, at the urgent request of the Russian ministry of finance, the Baku refiners met in St. Petersburg, and under the direction of that ministry signed an agreement to carry on the export trade for five years from the 1st of April, 1894, in combination; later, because of dissatisfaction on the part of a part of the refiners, with their representation in this combination, the "union," as it is called, was divided into two groups, including every refiner in the trade. The ministry offered the inducement, it is said, of a reduction of freight on oil exported of 31 cents per barrel, if the trade would unite and carry on the export

as a unit. This reduction in the freight rate has not yet been announced, but the newspapers say that it will be, just as soon as the two groups of the "union" settle some small differences as to the manner of working together, which, according to the newspapers, will be very soon, as they state that business under the agreement is to be commenced as early as the 1st of February.

The assertion of American newspapers that the Russians are also behind the Americans in refining, transportation, and everything else pertaining to the oil business, is wholly without foundation. From the wells to the refineries near Baku, a distance of from 8 to 10 miles, there are at least eighteen pipe lines with an aggregate daily capacity of more than 200,000 barrels; at Blacktown, the refining suburb of Baku, there are more than one hundred refineries, with an aggregate capacity great enough to supply the world with illuminating oil; one of these refineries has a capacity of 170,000 barrels per week, and is, consequently, probably the largest in the world; many others have a capacity of 50,000 to 75,000 barrels per week. They have had the benefit of the best chemical skill in Europe for years, and they have now had many years of experience, which is worth a great deal. It is true that they are yet dependent upon railway transportation to the seaboard, but the question of the construction of a pipe line from Baku to Batoum has been under the consideration of the government for some time, and it may be decided to construct the line any day. With a pipe line to the Black Sea, unless the American producers are greatly in error as to the cost of piping oil, even the proposed reduced railway freight will seem very high.

Beyond an import duty of about 16 cents a gallon on refined, and \$1.30 per barrel on crude, the Russian Government has done nothing for the oil trade. Recently, however, the Government sent an expert to Europe and America to investigate and report upon the oil trade and the manner in which it is carried on; this fact in connection with the recent arrangement at St. Petersburg, which was made at the request of the Government, would make it appear that the Government was waking up to the importance and possibilities of this industry, and might soon be expected to render it some material assistance.

With the anticipated reduction in the railway freight, and present prices of refined at Baku, Russian illuminating oil can be delivered in Batoum for about 1½ cents per gallon. What it would cost to put Russian oil into the United States it is impossible for me to say, but steamers have been chartered from Poti (about 30 miles from here) to New York at 65 shillings per ton, which is equivalent to less than 1½ cents per gallon.

The following figures show the annual output of petroleum products from Batoum since 1888, in American gallons:

	Crude and residuum.	Lubricating.	Illuminating.	Total.
1888	4,824,070	9,673,305	147,072,170	160,909,545
1889	4,149,685	10,534,660	189,130,440	203,914,785
1890	6,940,180	20,569,430	212,807,250	240,256,860
1891	7,276,740	21,968,145	239,731,235	268,976,120
1892	6,934,050	26,828,745	254,949,085	288,711,880
1893	8,005,890	27,888,745	287,615,185	323,509,820

You will notice that the Russians have more than doubled their output in the last five years, and you know what low prices for crude in the United States they have had to contend with; therefore I think you will agree that this is a very good showing for such slow and unenlightened people as the Russians are supposed to be in the United States.

In commencing this, I said that all Russian oil now reaching a market was produced in the neighborhood of Baku; but there has been another field opened very recently, which seems even a greater menace to the American trade than the older territory.

Near Grosnoe, a town north of the Caucasian Mountains, in the valley of the Terek River, and between the town of Vladikavkas and the Caspian seaport of Petrovsk, a little oil has been produced for years from shallow pits, as was formerly the case in the Baku territory; the amount was insignificant, as it could not compete with Baku, owing to lack of railway facilities. Several years ago, however, a railway from Vladikavkas to Petrovsk was commenced, and when it was known early in 1893 that this road would be opened for freight in a few months, drilling in the vicinity of the old pits was begun, and in October the first well was completed at a depth of 441 feet; this well commenced flowing 6,000 barrels per day, but there were much sand and water with the oil, and this well soon stopped. On November 30 the second well was struck at the depth of 196 feet, and it commenced flowing at the rate of more than 100,000 barrels per day, pure oil; it settled down, however, after a day or two, to 40,000 barrels per day, and when I last heard of it it was doing 15,000 to 20,000 barrels per day. Since the striking of the second well the first well has been cleaned out, and the last reports say that it is doing 1,200 barrels of oil per day. The specific gravity of the Grosnoe crude is about the same as that of Baku, about 0.874, or 30 Beaume.

If the Baku refiners can sell their product at less than half a cent a gallon, drilling more than 1,000 feet, who can say how much cheaper refined oil can be sold from this new and much shallower territory.

I have shown you, however, that the cost of the oil plays a much less important part in the export of illuminating oil than the cost of railway transportation. Grosnoe is about 100 miles nearer the port of Novorossisk, on the Black Sea, than Baku is to Batoum, and the railway from Grosnoe to Novorossisk is a much more inexpensive line to operate than the Baku-Batoum line, because it is without the heavy grades of the latter; therefore a much lower freight rate is expected from this new territory to the seaboard than from Baku. A week ago some of the people interested at Grosnoe made the statement that they were assured of a rate of 48 cents per barrel to Novorossisk, and if this is true, it will be a very serious matter, not only for the American, but also for the Baku trade, unless—which is exceedingly probable—the Baku-Batoum rate is reduced to correspond to the Grosnoe-Novorossisk rate. Novorossisk is also almost a day's steaming for a cargo steamer, nearer the Bosphorus than Batoum; and when this new territory commences to make itself felt in the markets of the world which will be when they construct a pipe line to the railway and refineries (which will not be long, as the work has already been commenced), a material reduction in the price of refined is almost certain.

Baku can undoubtedly produce sufficient oil to supply the world, outside of the United States, and if this new territory comes anywhere near fulfilling its promises, Russian refined will be able to successfully compete with the American article (at 50 cents a barrel for crude) in the Atlantic States of the Union.

I must not neglect to inform you of the fact that a search for new territory in many places near the Black Sea coast has been going on for years, fortunately, as yet, without success; but there are many locations near the Black Sea where very good indications of oil are to be found, and while the possibility of a new field being discovered in any of these places may be considered very remote, still it can not be ignored. With a supply of crude on the Black Sea coast, the great expense of railway transportation will be avoided,

and refined oil can be delivered on board vessels that can reach any part of the world at present Baku prices, which would make it possible to put it into the United States at less than 2 cents per gallon.

In the hope that you will find this information of some use, I am,

Very respectfully,

JAMES C. CHAMBERS.

Hon. C. W. STONE, Washington, D. C.

Mr. HALL of Missouri. Mr. Chairman, during the discussion of the income-tax law of 1842 one of the ablest English financiers used this expression, and I am here for the purpose of defending that statement and showing that he announced a sound economic principle:

The original proposition respecting the income tax was warmly defended by the late Mr. James Wilson, who said: "Every tax they imposed will turn out in one shape or another to be an income tax. All taxes were taxes on incomes."

I am here to defend that statement.

I begin with an author whom, I am very glad to say, the learned gentleman from New York [Mr. COCKRAN] indorses as being the man who carried the pioneer torch of sound economics into the dark recesses of political ignorance; I refer to Adam Smith's "Wealth of Nations." I read from part 2, book 4, page 653, of Dugald Stewart's edition:

The private revenue of individuals, it has been shown in the first book of this inquiry, arises ultimately from three different sources; rent, profit, and wages. Every tax must finally be paid from some one or other of those three different sorts of revenue, or from all of them indifferently.

Every dollar of revenue received by every individual, corporation or copartnership, whether it be the laborer or the capitalist, must be from one of these three great sources, and when he expends any of his means in the purchase of goods he pays his proportion of the taxes where those goods have levied upon them a custom duty.

In accordance with this canon here laid down by Sir James Wilson and by Adam Smith, every dollar of taxation collected by this Government is derived from one of three sources: rents, profits, or wages; these comprise the incomes of all the people of the United States and all of the various peoples of the world. Then, as laying down a sound doctrine of taxation to be assessed on incomes, I quote the following from page 654, of Adam Smith, as the great canon that should govern the distribution of taxation upon those three great sources of revenue or income:

The subjects of every state ought to contribute towards the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state. The expense of government to the individuals of a great nation is like the expense of management to the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate. In the observation or neglect of this maxim consist what is called the equality or inequality of taxation.

Another one of the great writers that he indorses was M. Thiers, the great French author, who lays down the doctrine that a tax is the same as a premium paid by an insured person to an insurance company; that as a man pays premium in proportion to the amount that he is insured, so should he pay tax in proportion to the amount of property that the government protects, insures, and defends for him.

The great French author, Le Roy Beaulieu, whose discussion of the subject has not been fully translated into the English language, so that I have been obliged to take a translation in part of it, says:

We adopt this principle of taxation, laid down by Smith, as the only sound and defensible doctrine that can be laid down.

I further say that the gentleman can not, in his research, find a single great political economist, if I possibly except one, who has written under the impulse of the present agitation in regard to this question. I refer to Mr. Howe, of the Johns-Hopkins University. I say that, with this exception, the gentleman can not find one who has not laid down principles consonant with the doctrine of Adam Smith. That tenet, which Adam Smith lays down, John Stuart Mill declares classical.

Now, I desire to come forward to the present agitation. There never comes an agitation that strikes wealth in any of its channels that you do not find certain "cuckoos" ready and willing to appear upon the front of the clock, at the stroke of the clock of wealth, to attack the broad principles of economic legislation. One of these cuckoos, I am sorry to say, is a professor of political economy in the John-Hopkins University, Mr. Howe. In the January number, 1894, of the annals of the American Academy of Political and Social Science, he discusses this subject in a number of pages; and as I have seen spread broadcast throughout the land quotations from this essay of his against an income tax, I desire to quote what the gentleman himself is forced to admit. Here is the testimony of an unwilling witness. I quote from page 68 of this essay, where he says:

This tax—

Meaning the income tax—

has much to defend it, and theoretically it appears to be the most equitable of taxes. The burdens which it imposes are palpable and likely to induce a more careful scrutiny into public affairs; it is ascertainable in amount and is not hidden from the view of the payor by entering into cost; it is not cumulative, does not interfere with business relations, and does not impinge upon the limit of subsistence of those possessing but small incomes, as do the customs and excise taxes. Thus it satisfies most thoroughly that canon of taxation which prescribes equal-

ity of sacrifice on the part of citizens. Many of these excellencies are corroborated by our own experience during the war.

This is the testimony of an unwilling witness, a cuckoo, who comes forward to utter his protest when the wealth of this country is asked to bear some little portion of the burdens of taxation which are necessary for the support and maintenance of our Government. Mr. Chairman, I have heard a gentleman say on this floor that no one ever heard of an income tax prior to 1842. I desire to say that that gentleman has certainly never read Moses in Deuteronomy, where he advocates collecting taxes according to the means and ability to pay. He has certainly never read of the great theocracy of Judea, which collected its taxes by tithes, which means one-tenth of a man's income, no matter how wealthy he may be. I am not indorsing the tithe system. He has certainly not read Saint Luke, where he declares,

For unto whomsoever much is given, of him shall be much required; and to whom men have committed much, of him they will ask the more.—Luke 12, 48.

He has certainly never read that great writer, St. Paul, quoted to-day by my friend from Tennessee [Mr. McMILLIN], nor has he read that great man who is looked upon by many as being the greatest writer upon the subject of the laws, Montesquieu. Speaking of taxation he says:

At Athens the people were divided into four classes. Those who drew 500 measures of liquid or dried fruit from their estates paid a talent to the public; those who drew 300 measures paid half a talent; those who had 200 measures paid 10 minæ; those of the fourth class paid nothing at all. The tax was fair, though it was not proportionable—it did not follow the measure of people's property; it followed that of their wants. It was judged that every man had an equal share of what was necessary for nature; that whatsoever was necessary for nature ought not to be taxed; that to this succeeded the useful, which ought to be taxed, but less than the superfluous; and that the largeness of the taxes on what was superfluous prevented superfluity.

There is the doctrine laid down by this great writer. I suppose gentlemen on the other side would class Montesquieu with those whom they call demagogues. Mr. Chairman, were I called on to frame a law that would tend to keep down demagogy in this country it would be an income-tax law made similar to the provisions of this. [Applause.] I had hoped, sir, that the wealth of this country would have had the wisdom, would have opened its eyes wide enough, would have exhibited a sufficient degree of that intelligence with which it is generally credited to have, to have come forward and said that it was willing to bear its just proportion of the taxes necessary for the support of our Government, thus relieving to some extent the great mass of the people from tax burdens.

But I am sorry to see, with but few exceptions, they have allowed the veil of greed to be drawn down over the eyes of intelligence and shut from view the tenets of justice, the principles of right, the sound doctrines of economic legislation, and the cries, petitions, and prayers of millions of our laboring classes.

By refusing to pass this bill its opponents can find but one authority in divine writings to justify them, and that is where St. Mark says:

Unto him that hath shall be given, but unto him that hath not, even that which he hath shall be taken from him.

But how are the arguments in favor of this measure met? We find them met by expletives; we find them met by the calling of names, by opprobrious epithets; we find them met with as much logic as the school girl uses who makes mouths at another in retaliation for some sharp expression. Gentlemen, do not try to meet sound logical propositions announced and indorsed by the greatest economic writers of the world by calling names. The opponents of this measure call an income tax a "war tax," and I was surprised to hear the learned gentleman from New York [Mr. DANIELS] say that it was a tax unknown except during the season of war. I hold in my hand a copy of the statutes of Virginia, and what do I find there? I find this:

CHAP. 450.—An act to provide for the assessment of taxes on persons, property, and incomes, and imposing taxes thereon for the support of the Government.

This is an act approved March 15, 1884. In schedule D I find the following:

He shall ascertain from each person in his district the aggregate amount of income in excess of six hundred dollars, whether received or due, though not received within the year next preceding the first of February in each year. * * *

In this same schedule D it is provided that—

The word "income" shall include all rents, salaries, interest on notes, stocks, bonds, and other securities not otherwise taxed of whatever description, of the United or of any other State, or county, or corporation, company, partnership, firm, or individual, collected or received during the year, less the interest due and paid by said person during the year; the amount of all premiums on gold, silver, or coupons; the amount of sales of live stocks and meats of all kinds, less the value thereof at the time of the assessment of the same; provided the said value has heretofore been taxed as capital: the amount of sales of wood, butter, cheese, hay, tobacco, grain, or other vegetable, agricultural, or other production grown or produced by said person; provided that the amount derived by the producer from the sale of any agricultural production during the preceding year, whether the same was grown during the preceding year or not, shall be assessed and taxed as income; all other gains and profits derived from any source whatsoever, and the shares of the gains and profits of all companies, whether incorporated or partnership, of any person who would be entitled to the same if divided, whether said profits have been divided or not: *Provided*, That in addition to the sum of six hundred dollars as aforesaid, there shall be deducted from the income of the person assessed, all losses sustained during the year; all losses incurred in trade; all sums actually paid for labor, ditches, fences, taxes, and rents; all fertilizers, clover or other seed purchased and used by any person who cultivates land, except sums paid out for improvements new buildings, and betterments made to increase the value of the

property or estate: *And provided further*, That only one deduction of six hundred dollars shall be made from the aggregate income of any family, except that guardians may make a separate deduction of six hundred dollars in favor of each ward out of income coming to said ward.

Section 11 in schedule D put a tax—

On the income derived from the interest or profits, as the same is defined in this schedule, the tax shall be 1 per centum on the amount of such income in excess of \$600.

There is the statute of the State of Virginia; and that was not passed in a time of war but in a time of profound peace, in the year 1884; and I am informed by the librarian that it is still in force in that State.

But, gentlemen upon the other side say that this is a secession measure. Let me say that there are a number of other States that have recognized the validity of a proportionate rate of taxation. Take the statutes of Massachusetts and see if we can not find in them that a recognition of the validity of proportional taxation, and find whether the duty and power of levying and imposing proportional and reasonable assessments of rates and taxes upon all inhabitants and persons resident within the lines of that commonwealth is exercised. In section 4 of chapter 2, title 3, of the statutes of Massachusetts on the assessment and collection of taxes I find, in describing what persons taxes shall be levied upon, it says:

SEC. 4. * * * The income from an annuity, from ships and vessels engaged in the foreign carrying trade, within the meaning of section eight, and so much of the income from a profession, trade, or employment, as exceeds the sum of two thousand dollars a year, and which has accrued to any person during the year ending on the first day of May of the year in which the tax is assessed; but no income shall be taxed which is derived from property subject to taxation.

That is the law of Massachusetts. Massachusetts levies a tax upon incomes; and certainly that is not a war measure, passed in the exigencies of the war. The supreme court of the State of Massachusetts passed upon the validity of this statute, in 103 Mass. Reports, p. 544, in the case of Daniel W. Willcox *against* The County Commissioners of Middlesex, where I find that the question of double taxation came up; and we hear many opprobrious epithets cast against this bill because it is said to be double taxation. In this case an able decision is given by Justice Ames, which was concurred in by the entire bench.

The decision was as follows:

The petitioner's complaint of the manner in which he has been taxed in the town of Medford, where he resides, is based entirely on the assumption that the income which he derives from his business as a member of the firm is derived from their "stock in trade" legally taxable and actually taxed in the city of Boston. On that ground he claims that the tax upon his income is assessed in violation of that clause of the statute which provides that "no income shall be taxed which is derived from property subject to taxation." (Gen. Sts., c. 11, p. 4.)

But it appears to us that the assumption on which the petitioner's case depends is a fallacy. The income from a "profession, trade, or employment," which is taxable under our system of laws, is an entirely different thing from the capital invested in the business, or the stock of goods in the purchase of which the whole or part of such capital may have been expended. The income from the statute is the income for the year, and is the result of the year's business. It is the net result of many combined influences: the use of the capital invested; the personal labor and services of the members of the firm; the skill and ability with which they lay in, or from time to time renew, their stock; the carefulness and good judgment with which they sell and give credit; and the foresight and address with which they hold themselves prepared for the fluctuations and contingencies affecting the general commerce and business of the country.

To express it in a more summary and comprehensive form, it is the creation of capital, industry, and skill. The stock of goods that happened to be in the possession of the firm on the 1st day of May might be, and it is perfectly fair to assume would be, in the ordinary course of business, for the most part sold out, and replaced by another stock; and in the course of a year this operation might be many times repeated. The income to which the statute refers does not mean merely the profits derived from the sale of the goods that happened to be on hand at the date of the tax, but the profits derived from the dealings and business of the firm for the year. It would not relieve the petitioner from any part of his tax, though it should be found that the goods on hand at the date of the tax had yielded no profit whatever, and had contributed absolutely nothing toward making up the sum which he reported to the assessors as his income from that business. It certainly is among possibilities that the business for the first part of the year may have been conducted, and the entire stock on hand on the 1st day of May may have been sold at a loss; and yet, that a favorable change in the markets, at a later period, may have overbalanced this loss, and made the result of the whole year a profitable one.

And even if it could be said that the "stock of" the firm taxable in Boston is meant by the statute to include the whole amount of the capital invested in its business, yet the profits of the business depend upon many elements and are affected by many causes other than the mere use of capital. The tax which has been assessed upon the petitioner is not for an income derived from specific goods and merchandise, but for an income derived from the business of dealing commercially in the like goods and merchandise with such a degree of skill, judgment, and good fortune, that his share of the year's profits amounts to the sum which he returned as his income from business. We can not doubt that this tax is allowed and justified by the laws of the State, and we see no reason for holding that the petitioner has been overtaxed.

This is the decision of the supreme court of Massachusetts, not of a seceding State.

Mr. McMILLIN. Here is the decision in the Supreme Court of the United States.

Mr. HALL of Missouri. But we heard that this law is unconstitutional, and the very able gentleman from New York [Mr. DANIELS], for whom I and everybody who know him has the highest respect, as I understood him, says that the measure has been frequently denounced as unconstitutional. I do not believe that he said it was unconstitutional himself. I understood the gentleman to say that it has been frequently denounced as unconstitutional.

Mr. DANIELS. Denounced by Democrats.

Mr. HALL of Missouri. Very well; I simply wish to quote the gentleman's language correctly.

The Supreme Court of the United States in the case of Springer against the United States, uses this language:

That the United States Congress has full power to levy and collect taxes on incomes.

It was decided by the Supreme Court of the United States that this tax was constitutional.

Now, Mr. Chairman, I desire to refer to the statutes of one or two other States. I have here before me the statutes of Pennsylvania, and right in that connection I desire to read what the Hon. Richard T. Ely says upon this question:

Two States levy general income taxes now. In Virginia, on income derived from interest or profits, the amount in excess of \$1,000 is subject to a tax of 1 per cent. The proceeds from this tax amounted in 1886 to \$20,755. In Massachusetts it is provided that income from annuities, from certain ships and vessels, and so much of the income from a profession or trade or employment as exceeds the sum of \$2,000 shall be taxed; but it is further provided that no income shall be taxed which is derived from property subject to taxation.

PENNSYLVANIA LEVIES AN INCOME TAX ON SPECIAL KINDS OF INCOMES.

In Pennsylvania an income tax of 3 per cent is levied on the income or net earnings of all corporations, foreign insurance companies, and on every private banker and broker, or unincorporated banking and savings institution, and express company. The receipts from this source in 1887 were \$81,596.92 out of a total of \$7,646,147.87.

Here are the laws of the State of Pennsylvania. Men upon this floor oppose that law when there is an income tax in that State and has been for years, and it yields that State nearly \$100,000 a year; and yet they call this simply a war tax, a tax resorted to as a war measure.

But let us go to the State of New York. I find that the statutes of New York are full of income taxes. I find a "definition of personal estates" subject to taxes upon page 2952 of the statutes of that State.

The terms "personal estate" and "personal property" wherever they occur in this chapter shall be construed to include all household furniture, money, goods, chattels, debts due from solvent debtors, whether on account, contract, notes, bond, or mortgage, public stocks and stocks in corporations. They shall also be construed to include such portion of the capital of incorporated companies liable to taxation on their capital as shall not be invested in real estate.

Then it goes on and prescribes, in section 21, that certain property passing by will or under the intestate laws shall be taxed, and that, notwithstanding it prescribes whether the property is in possession or in expectancy—

Any such property or to the income thereof shall be and is subject to a tax of \$5 on every \$100 of the clear market value of such property.

Then there is an inheritance tax. After a man is dead, when he has lost his right to vote, when he can no longer go to the polls and swell the Republican or the Democratic majority in that State, this tax of 5 per cent is imposed upon the property he has left.

But I say this is simply an income tax—nothing else; by the great weight of authority as laid down by all writers it is nothing but an income tax. And this is an act passed not in time of war, but in time of peace. Why? Because, as the constitution of Massachusetts says, that all taxes should be proportional to the amount that a man has.

My friend from New York [Mr. DANIELS], and some gentleman on this side of the House have said that no proposition for an income tax is embraced in the Democratic platform of 1892. I want to say that there was in that platform everything that was necessary to put into effect the abolition of "a robber tariff and an unconstitutional measure." I maintain as my second proposition that no man conversant with the history of national legislation can maintain that we have any hope or chance of repealing the burden of protective taxation resting upon our people, unless an income tax is resorted to.

I wish to read very briefly from this work of Noble upon the fiscal legislation of England:

"The income tax," said Sir Robert Peel, "was proposed as 'a substitute in part for the other taxation which we thought was pressing more heavily on the industry of the country.' The tariff then proposed has been swept away, but these two principles remain; upon them has been based a series of wise and comprehensive measures, which have liberated industry from many of its burdens, and greatly promoted the prosperity of all classes. It is not in its mere details or its immediate results that we must look for the full benefit of this measure, but in the long series of reforms of which it was the foundation. Its errors have perished: its vital principles remain."

Another quotation from the same author:

It was through the instrumentality of the income tax that Sir Robert Peel effected his revision of the tariff first in 1842 and again in 1845. It was the same potent instrument which enabled Mr. Gladstone in 1853 to carry still further the great work commenced by his illustrious master; and again, in 1860, to supplement previous legislation by the great measure of finance which characterized that year, and which laid the foundation for the remissions of subsequent years. Direct taxation has been the foundation of modern fiscal legislation, and the instrument of incalculable good to all classes.

The income tax may be regarded by the unreflecting with aversion; it may be more agreeable to be deceived into the payment of taxes than to meet the open demand of the tax gatherer; yet experience proves that concealment of taxation is no real advantage. Unless the facts narrated in this volume are imaginary and our prosperity a delusion, the question naturally arises whether the limits of improvement have been reached, or whether it would not, on every consideration, be a wise and statesmanlike policy to seek fresh triumphs in a field in which such laurels have been won.

Coming down to the question of principle, can you ever perfect a revenue tariff in any government without an income tax? My able

colleague from Missouri [Mr. TARNSEY] dwelt in some measure upon this matter. I notice in the Washington Post of this morning an extract from the New York Sun, in which that organ denounces the income tax for the reason that the revenue from the income-tax law in England had varied during a period of twenty years; this writer cites the fact that during this period the rates of taxation varied from 16d. on the pound to 2d., the revenue derived by the Government varying from £3,500,000 to £17,500,000. I quote the article merely from memory. Now, I say that this flexibility of the income tax is one of the greatest arguments in its favor. I do not believe that any party on earth, that any man who is a patriot, wants to see the business interests of this country hazarded and the obligation of contracts impaired by changes in the tariff every two or four years.

I asked an eminent member of the Ways and Means Committee whether he could even in theory conceive of a tax which would give a proper revenue for 1895 and 1896 which would not produce a surplus of at least twenty-five millions in 1897 and 1898. He answered, as every student of that subject must answer, "no." Without an income-tax the only method at your command for producing the proper flexibility of revenue to meet the flexible demands of the Government, without disturbing the business interests of the country, is to change your tariff schedule every two years. I am not one of those who believe that the present business depression is due to threatened tariff legislation, but rather that with a view to the present tariff legislation fastened upon the people with increasing and ever-growing burdens until its final culmination in the McKinley act of 1890, which has brought around with marked severity the present financial crisis under which we are now suffering.

I believe that tariff legislation or threatened tariff legislation must always have some tendency to impair the obligation of contracts, to disconcert business, to bring about business distress. And I believe that no party that has at heart the real interest of the country can afford to say, "We will change the tariff legislation of the Government every two years and thereby run the risk of impairing the obligation of contracts and disturbing business interests."

By this kind of a tax, a tax upon incomes, the English Government was enabled to pass through the Crimean war; and the man who wrote that article in the New York Sun did not say it was during that war, but the dates show it. And the fact that the rate varied from 16d. to the pound to 7d. to the pound, and 4d. to the pound and down to 2d. to the pound showed what? It showed that England was enabled, by increasing the income tax, to pass through the Crimean war with very little disturbance of the taxing system of the Government from the internal revenue or from the tariff taxation; and they were able, when that crisis passed, to bring it down, and bring nothing but good will and gratitude from all classes of the people.

My friends, I see gentlemen from New York and the Eastern States here opposing this measure. Had I the naming of this bill, had I the naming of any income tax bill of a kind like this, I would denominate it a measure to kill anarchy and keep down socialists. I believe, in my humble way, I have passed through as many States, of mingling with the people, as any man of no older than myself. I know that I have heard expressions from the mouths of 10,000 of the laboring classes all over this country. I know there never has been a meeting of the National Grange, of the National Alliance, of the National Federation of Labor, or the Knights of Labor, where this question was presented, that they have not called with one voice for an income tax. I say if we go to the people of the United States and say to the laboring masses, "We are ready, willing, and anxious to put upon you a great burden of taxation laid down in the customs duties, but we are unwilling to lay a feather's weight upon the great wealth of this country," that is an argument in favor of demagoguery and socialism, without righteousness for its warp and woof, and it will come back and curse us in the future.

We are called demagogues and socialists, because we advocate this measure. My friends, I hate to call names back; it is not the way to discuss great national legislation; but were I to define a man who is a friend of the demagogue, I would say he is the man who advocates legislation that will build up demagoguery. If I were called upon to define a friend of socialism, I would call him the man who advocates principles that will build up socialistic tendencies in this country.

I am no pessimist nor alarmist. I feel that I am not going too far in saying that I have stood up amidst the hisses and howls of demagogues, when I, single-handed and alone, denounced their heresies, and God giving me the power, I will ever continue in that course. [Applause.]

But my friends, I tell you when you oppose a measure of this kind, when you come to the great masses of the people and say that the wealthy of this Government shall bear none of its burdens, then you make a foundation for the argument of anarchy, socialism, and demagoguery, that eventually will sweep back and curse this country, as it did in France in the days of the French revolution.

Now, my friends, they call this measure by other opprobrious names. They call it a reward to perjury. Understand me now, I am not saying that a single member of Congress on either side of

this House will get up on this floor and say that he will be guilty of perjury if this law is passed. Let any one outside of this hall dare to make such an insinuation against my brother members of Congress here, and I am ready and willing to denounce him as a falsifier; but my friends, what position are you putting yourselves in on this floor? You come here advocating whose claim, when you make that argument? What are you giving utterance to here? Whom are you representing?

You come forward to a national Congress, dealing with great national legislative matters, and say "Dare to pass this law and men will perjure themselves." Do we dare to frame legislation upon threats of perjury? Do we dare go to the people of the United States and say we have refused to pass a law because men have come into that body and said that the wealthy men of this country would perjure themselves if we dared pass such an act? Is not that a reward to a threat of perjury, instead of a reward to perjury? Now I am stripping that argument. I am simply taking the feathers off from it and holding it up in all of its naked villainy before you. Are you men going to let that argument have a feather's weight with you, that you will refuse to legislate upon the matter that is now laid down as a sound principle by the great teachers of political economy the world over, simply because men threaten that if you do pass this act they will perjure themselves?

My friend from Nebraska [Mr. BRYAN] used an expression which struck me with great weight. I must give him credit for it. He said:

I have heard very many hard things said against wealthy men by men out in the country districts, but I never heard a man say yet that they were so base that they would perjure themselves if this tax were levied upon them, in order to escape a 2 per cent tax upon their incomes.

But, Mr. Chairman, let us see the fallacy that lurks just behind that stump. It is that the men who perjure themselves will thereby avoid paying their just share of this taxation, and so will lay heavier burdens upon their more honest neighbors. Now, is there any logic in that position? Let us see. Suppose 100 men are called upon to pay an income tax, and 99 out of the 100 perjure themselves, and the other one comes forward and tells the truth and pays his tax. Will the tax on the one man who tells the truth be increased 1 cent or 1 mill on account of the perjury of the others? Certainly not. There is no increase of anybody's income tax by reason of other people perjuring themselves.

I say, Mr. Chairman, that the American people are willing and ready and anxious to have this law put in operation, and I see that Gould and Carnegie, if they are correctly reported, show themselves to have wisdom or to have patriotism—and when a man uses patriotic language I hate to sit in judgment upon his motives—when they come forward and say that they are willing that an income tax shall be assessed, and that the wealth of this country shall bear some of the burdens of taxation. This bill a reward to perjury! There is but one way in the world that you can reward perjury in connection with this bill, and that is by refusing to pass it. [Applause on the Democratic side.] Then the humiliating spectacle will be presented that, because a body of wealthy men come here by their representatives and say that if the law were passed they would perjure themselves, this Congress refused or failed to lay upon them their just and righteous proportion of the burdens of government.

Another argument is made that this tax is inquisitorial.

Mr. Chairman, I do hope that before gentlemen use these arguments again they will at least give them a little closer consideration. Before they speak of this as a "war-tax" let them look at the statutes of the various States; let them look at the legislation of Great Britain upon this subject, in a time of profound peace establishing this income tax, a tax which that Government has maintained for more than fifty years, and which in the last budget is declared to be one of the most permanent of British taxes, a tax which enabled the statesmen of Great Britain to frame a customs bill of which this Wilson bill is the counterpart, for I will show in my printed remarks that had the gentleman from West Virginia had the English bills before him by which taxes were taken from the necessities of life he could not have followed more closely in the details than he has done the bills of 1842, 1844, and 1847.

Gentlemen call this tax inquisitorial. Well, sir, there never was a tax on earth that was not inquisitorial. But, is this tax as inquisitorial as any other tax? I assert that the least inquisitorial tax in the world is an income tax. I maintain that when you land in the city of New York from one of the great ocean steamers and are taken into a separate room and stripped as naked as the day you were born, and have every part of your clothes examined piece by piece, and your baggage turned upside down, and every dollar's worth of the property which you have brought across the ocean subjected to examination, no income tax ever was one-tenth as inquisitorial in the manner of its collection as are your customs taxes in such cases. Not only so, but in the levying of your internal-revenue taxes you are more inquisitorial.

I refer to the taxes on whisky and tobacco. In those cases the Government actually takes bodily possession of the whisky, and the party can not have any control over it until he pays the tax which he owes the Government. Again, there is no system of

espionage greater than that carried on now throughout the United States by the deputy marshals all over the breadth of this country, who, every time that a poor fellow sells a twist of tobacco to his neighbor or a detective, haul him up and bring him into a United States court, to respond to a charge of violating the internal-revenue laws. But now, when we ask that the wealth of this country, that those who have incomes above \$4,000 per year shall be required to make an exhibit of those incomes, to the end that some small portion of the burdens of Government shall be placed upon them, in consonance with all the principles of Christianity, of morality, and of political economy we hear this cry raised that the tax is an inquisitorial tax. For shame!

The committee have gone further, Mr. Chairman, than I thought they could have gone. They have even gone so far as not to require men who have incomes no higher than \$3,000 to make any return. My friend from Massachusetts [Mr. WALKER], and I am sorry that he is not in his seat, says that this tax will operate unequally and unjustly. "Some year," he says, "I may make \$40,000 and the next year I may not make a dollar." Very well, my friend. When you make \$40,000 you will pay the income tax upon it and when you do not make anything you will not pay any tax.

Mr. LIVINGSTON. And all he has to do in either case is to swear to the truth.

Mr. HALL of Missouri. That is all he has to do in any case.

All that he has got to do in any case under this bill is to see that the return which shall be made shall be a truthful return. Whoever heard of any criticism of the income tax in England after such a provision was made in their law as is contained in the amendment that the Committee on Ways and Means so wisely put upon this bill, an amendment that declares that if an internal-revenue officer shall divulge or at any time make known what the income of any individual is that he shall be liable to fine and imprisonment and be forever disqualified from holding office. I think that latter clause would frighten the average American citizen more than anything else. [Loud laughter and applause.] I desire to read in that connection section 9 or part of section 10.

SEC. 3167. That if any collector or deputy collector, or other officer or internal-revenue agent acting under the authority of any revenue law of the United States, divulges to any party, or makes known in any other manner than may be provided by law, the operations, style of work, or apparatus of any manufacturer or producer visited by him in the discharge of his official duties, or to the amount or source of income, profits, losses, expenditures, or any information obtained by him in the discharge of such duties, he shall be subject to a fine of not exceeding one thousand dollars, or to be imprisoned for not exceeding one year, or both, at the discretion of the court, and shall be dismissed from office and be forever thereafter incapable of holding any office under the Government.

When that provision was put in the income-tax law in England no more complaint was ever heard as to the inquisitorial character of the law. No business interests were hazarded by it.

Now, Mr. Chairman, we have all been before our people more or less. We have all talked with them about what we were going to do for them. We have declared ourselves time and time again that we were going to enact just laws, that should lay the burdens of the Government justly and equitably upon all.

There is not a Republican orator in the sound of my voice that has not made that pledge. There is not a Democrat or a Populist speaker or member in this House that has not reiterated that statement time and again. I know that wealth is fighting this bill now. I know that wealth has and ever will oppose any tax, however just, that lays one little bit of burden upon accumulated wealth. But, sir, now is the time to redeem the pledges made to our people. Now is the day, and now is the hour. I say that never since 1860 has there been a time when the Congressmen were called upon to stand by the interests of their people more than now, even to the spirit and the letter of the pledges made by those before me upon this question. Go forward! You have not been goaded on—

Mr. DUNN. Will the gentleman allow me to ask him a question?

Mr. HALL of Missouri. Certainly.

Mr. DUNN. When did the Democratic party pledge the people that it would support an income tax?

Mr. HALL of Missouri. I will say that I have always said in every speech that an income tax was just and right. The platform in my district pledged me to it. I maintain that when the Democratic platform adopted at Chicago declared that a protective tariff was robbery and unconstitutional, that it laid the ground for some form of direct taxation such as this. Let us wipe away the robber and unconstitutional tariff, and that brings us to the income tax as a logical result of that platform. [Applause.] I want you to go forward and lift the burden off the people and put some little of the burden on the wealth of this country.

Mr. DUNN. If the Democratic platform had said that we should do it. I would have been with you, but it did not say that. You are departing from that platform and I am staying with it.

Mr. LIVINGSTON. What did you do about silver?

Mr. DUNN. We did what we promised to do.

Mr. HALL of Missouri. I am simply making this argument to try and enlist the gentleman from New Jersey and more of that kind, to see that the only possible way of bringing about the reform that we have definitely pledged ourselves to is through this income tax,

to take the burden off the great masses of the people and put a small portion of it upon the great wealth of this country.

Mr. CHICKERING. You say that the wealth of the East opposes the income tax.

Mr. HALL of Missouri. Yes, sir.

Mr. CHICKERING. Will you state what evidence you have upon that point?

Mr. HALL of Missouri. Well, I will say this, that the great metropolitan press, with the exception of three, that I think deserve great honor and credit, the St. Louis Republic, the Chicago Times, and the New York World, who in a great measure reflect the wishes of that class of people who control this press, that the members of Congress from the wealthy districts of the United States are all opposed to this measure, and I suppose they are voicing their wishes here.

Mr. CHICKERING. What about the New York World?

Mr. HALL of Missouri. The New York World, I am proud to say, has been prominent among the Eastern papers in manfully fighting for the income tax as right and just. [Loud applause.]

Mr. PENCE. Will the gentleman state whether he is in favor of a graduated income tax?

Mr. HALL of Missouri. I will say to the gentleman in that regard that I believe that this tax is a graduated income tax. If a man has \$5,000 a year he pays a tax on \$1,000, or \$20; if he has an income of \$10,000 he pays on \$6,000, or \$120; and the gentleman will see that that is a graduated tax.

Mr. PENCE. If the gentleman will carry it out to \$100,000 he will find that the fraction is so small that he can scarcely discover it.

Mr. HALL of Missouri. I am simply saying that if this proposition is passed that the wealth of this country will pay a very small share of the burdens of taxation; but they will all oppose this bill, and that every friend of income tax should help this bill, and help it now without criticism or stint.

Mr. DUNN. I will ask the gentleman one other question with his permission.

Mr. HALL of Missouri. Yes, sir.

Mr. DUNN. Do you believe that if you had put such a proposition as you now advocate into the Democratic platform of Chicago that you would have had a President or House of Representatives or Senate with a Democratic majority?

Mr. HALL of Missouri. I certainly do. But I will answer the gentleman more fully. I say that what the opponents of an income tax have most to dread is the education of the people. If we had been able to put an income tax plank in the Chicago platform and had had the time to educate the people on this question, there is no question that we would have carried this country and carried it like a cyclone. [Applause on the Democratic side.]

Let me mention an incident in this connection. A friend of mine who lives in Nashville, Tenn., had a banquet given to him at Boston by the protectionists of that city, being a protectionist himself. In addressing them he said:

I tell you, gentlemen, what is destroying protection in the United States; it is the fact that you allow your children to go to the great colleges and universities of this country and be educated there in the principles of free trade.

He never uttered a sounder remark; no greater truth was ever announced. I say to protectionists and to those who oppose an income tax alike that what you gentlemen should seek above everything else is to see that the people of the United States may be and remain ignorant; for in ignorance you find your triumph and strength; but in education upon the income tax and upon the protective tariff you find death and destruction of your principles.

But, Mr. Chairman, there is another class of citizens whom we want to reach by this income tax, that class of men who live in the nontaxpayers' paradise, outside of the cities. They generally have their property invested in choses in action which are not taxable under the laws of most of the States, or at least are not reached. They remove outside of the city limits and thereby escape municipal taxation. When you ask such a man whether he is coming out to vote he answers, "No, I thank you; I am a gentleman; I am no politician." What does that mean? It means that he is taking no interest in politics; no interest in the proper conduct of governmental affairs; no interest in national legislation—why? Because he knows that taxation does not touch him. Is that the way the manufacturers look at these questions? No; there has not been an hour in the day during the last four months when you could not have found the corridors of this capitol filled with manufacturers.

The door of the Ways and Means Committee room has been almost battered down by representatives of the manufacturing interests of the country—why? Because they know that their wealth comes from taxation; they realize that they are interested in taxes, and they constantly concern themselves as to national legislation. There is no member of Congress who does not receive in almost every mail petitions from men of this class. They make a study of these great questions of taxation, and they express their views by petition as well as in various other ways. But how are you going to interest in these questions the man who parts his hair exactly in the middle? I do not mean the man who parts it as widely as I do mine. I mean the man who does not allow seven hairs on one side and eight on the other. [Laughter.] When such a man declares

that he is too much of a gentleman to interest himself in political questions, how are you going to make him to do his duty as a citizen? There is but one way; and that is to say to him, "Your wealth must bear some portion of the burden of taxation." Then the man becomes interested at once—why? In order to find out how his money is expended.

Mr. Wanamaker, after he had raised \$400,000 for the Republican campaign fund several years ago, went into the manufacturers' bureau—why? Because he was interested in the expenditure of that money. As he said, he wanted to see that it was expended in a proper way. Now, when you relieve the groaning millions from some portion of the unjust taxation they have been bearing, and when you say to these men who are living on their means that they must bear their proper share of the burden, you at once interest them in legislation. A man of that class will no longer say he is too much of a gentleman to have anything to do with politics.

Mr. MAHON. This tax, as the gentleman has explained, is to be paid by business people, by officers of the Army and Navy, and by all others who have an income of \$4,000 or more. Now I ask the gentleman whether under this bill the President of the United States will pay any tax on his salary of \$50,000 a year?

Mr. HALL of Missouri. Yes, I presume he will.

Mr. MAHON. If the gentleman will allow me five or ten minutes I will prove that he will not pay it.

Mr. SPRINGER. He is exempted by the Constitutional provision which forbids a reduction of his salary during his term of office.

Mr. HALL of Missouri. Probably the gentleman from Illinois (Mr. SPRINGER) is correct in his suggestion; and as the President's salary under the Constitution can not be diminished during his term of service, it may be that he would not pay the tax.

There are gentlemen present who are learned in the law who will discuss these matters. I know that under this bill the salary of the President of the United States will be subject to taxation, and he will pay the tax.

Mr. Chairman, I have far exceeded the time within which I promised to close, but I desire to extend these remarks by way of comment and the introduction of authorities, and will aim to get them into the Record as soon as possible. I desire specially to thank members of Congress for the kind attention they have given me.

I desire in the first place, Mr. Chairman, to bring to the attention of the House on this principle of taxation defended and proposed in this bill, that it is indorsed by a great portion of the economic writers in the world. I have already cited one or two and I desire now to make still further citations.

Therold Rogers says:

Taxation in proportion to benefits received is sufficiently near the truth for the practical operations of Government.

Montesquieu, speaking of the Athenian property tax, *Esprit des Lois* Liv. 3111 Ch. 7, says:

It was just though not proportional; if it did not follow the proportion of goods, it followed the proportion of wants. It was thought that each had equal physical necessities, which ought not to be taxed; that what was useful came next and should be taxed, but not so highly as superfluities.

Rousseau and the elder Mirabeau took the same ground as Montesquieu, and in the present century J. B. Say and Joseph Garnier "have approved of a system of moderate progression." While Sismondi, in his "Maxims of Taxation," lays down the four cardinal principles:

First. "Every tax should fall on revenue, not on capital."

Second. "In the assessment of taxation gross produce should not be confounded with revenue."

Third. "Taxation should never touch what is necessary for the existence of the contributor."

Fourth. "Taxation should not put to flight the wealth on which it is imposed."

The great French writer, Thiers, in his "De La Propriété," page 348, declares "that a tax is like an insurance scheme."

John Stuart Mill, in his "Principles," Book V, chapter 2, section 2, says:

Equality of taxation as a maxim of politics means equality of sacrifice.

While Bastable, the professor of political economy in Dublin University, in his able work on National Finances, which appeared in 1892, declares, on page 279, as follows:

It is apparent that the rule of equality of sacrifice is but another mode of stating the rule of equality as to ability. Equal ability implies equal capacity for bearing sacrifice. An equal charge will impose equal sacrifice upon persons of equal "faculty," and where abilities are unequal a corresponding inequality in the amount of taxation will realize the aim of equality of sacrifice.

This same great writer, in speaking of Adam Smith's "Maxims of Taxation," to wit, that it should be adjusted "in proportion to the revenue which they respectively enjoy under the protection of the state," says:

And since his time the rule has been quoted and adopted by most of his English and French successors.

Le Roy Beaulieu is referred to by the same writer as having adopted and defended these principles, and then Bastable further says while this principle was "at first put forward as a protest against the injustice of the old system of privilege, the maxim of proportional taxation is now employed as a weapon against the

newer radical socialism. One great advantage of the rule is its simplicity."

The great writer, M. Say, says, that "proportional taxation does not need definition; it is the rule of three. When it is said of a tax that it will be levied proportionally, everyone understands it."

Sax and Weiser, who represent the financial studies of the Austrian school, have both declared for progressive taxation. In Mr. Cohn's brilliant treatise on "Digressive Taxation," page 293, section 9, he says:

When the articles consumed by the poorer classes are heavily taxed they would contribute more than their share to the maintenance of the state where they are relieved through the income and property taxes. The rule of proportionality is applicable only to the whole tax system and it may be necessary to have several partial inequalities in order to establish that final equality that is one of the principal merits of France.

Among the supporters of the doctrine known as the "Exemption of the minimum of subsistence," I mention Justi, Bentham, Sismondi, Herman, and J. S. Mill, and upon the question of "Double taxation" this able writer uses the following language on page 298, Section II:

To the plea of double taxation it may be replied that taxation is imposed on income as such; that the wealth which is taxed as income is not identical with the extra produce that is the result of its application, and the charge on each is distinct. The income out of which savings are made can not be the same as the subsequent income produced by those savings. The broad and simple principle of taxing all income alike and of taxing all this is income, (allowance being made for the action of taxes on consumption in the case of the smaller incomes), appears to attain the result of just distribution quite as well as the more refined discriminations so often suggested.

On page 299, he says:

In the same spirit we can solve the problem raised by the existence of incomes on the minimum. Financial convenience combines with economic conditions to make it desirable to exempt the smaller revenues from direct taxation where the duties on articles of common consumption are productive. The distinction between temporary and permanent incomes, as also between expenditure and savings, may, it appears, be disregarded as involving subtleties unsuitable for fruitful application and to a great extent canceling each other. The result is, therefore, that on the whole, and speaking broadly, taxation should be proportioned to revenue by which a fair appropriation to justice and a convenient basis of working are supplied.

Speaking upon "tax on interest" as to dividends and mortgages, page 403, section 6, the same writer says:

Unless this large part of wealth is reached in some way there is an undue encouragement given to it. Investments in land and industrial enterprises are checked and the distribution of taxation is so far unfair. These reasons point toward the adoption of the general income tax, which will necessarily include the revenue from floating capital. France has employed a substitute for this part of the income tax in the *impôt sur les valeurs mobilières* (tax on the movable wealth), introduced in 1872, by which 3 per cent was imposed on the shares of companies, either home or foreign. The yield, which in 1873 was £1,250,000, increased by 1880 to nearly £1,600,000; by 1890 to over £2,000,000. The rate has been raised to 4 per cent for 1891, and the estimate for that year is £2,600,000, or more than double the receipts of 1873.

Again on page 436, section 9:

Any notice of the question of incidence may seem unnecessary in respect to a tax which falls on all the constituents of revenue. On whom can income receivers in general shift their burdens? Some of the suggested objects are certainly not available. Thus the vulgar idea alluded to by Mill, that the income tax falls on the poor by checking the expenditure of the rich, has no foundation in fact. Nor is there much force in the contention that in so far as the tax is paid out of capital it falls on the laborers (Fawcett, Political Economy, 538 sq.), as this is no peculiar quality of the income tax, but is one common to all taxation. The State must obtain revenue, and unless the income tax were specially obstructive to saving, it would produce no peculiar effect. Looking at the subject in a rather different way we obtain a better result.

Article XX of the Declaration of Rights of Maryland declares every person in the State or holding property therein "ought to contribute his proportion of public taxes for the support of government according to his actual worth in real or personal property."

Part 2, chapter D, section I, paragraph IV, constitution of Massachusetts, declares, in defining legislative powers:

To impose and levy proportional and reasonable assessments, rates, and taxes upon all the inhabitants and persons resident and estates lying within the said Commonwealth.

Leone Levi, professor of the principles and practices of commerce in King's College, London, in an article in the Statistical Journal of 1874, uses the following language relative to the income-tax law of England, which has now been in existence fifty-one years, and, as the last budget will show, is upon firmer foundation than ever:

Ever since Sir Robert Peel, in a moment of financial perplexity, hit upon the happy expedient of appealing to the wealthy class of people to contribute in a direct manner such a sum as might enable him to establish a proper equilibrium between the revenue and expenditure, and to induce wholesome and radical reform in the custom and excise revenue, every chancellor of the exchequer has clung to the income tax as the main prop of all his budget, in peace or in war; with a wholesome surplus or with a deficiency to meet this tax has always been found most welcome, and notwithstanding all the grumbling and objections urged against it at its first imposition, and at every subsequent revival of the same, the income tax still brings a handsome contingent to the national revenue.

The taxation of the country is now very much simplified. In 1873 70 per cent of the whole amount of governmental revenue was derived from the sources, namely: of spirits, malt, tobacco, sugar, and tea, and the income tax; but none of these branches of taxation is less objectionable in relation to the production of wealth, expensiveness of collection, or certainty of result than the income tax, and I do not wonder that with perfect machinery at work, with the assessment, and with the national mind accustomed to the burden, the chancellor of the exchequer is unwilling to relinquish so good a contributor to his "ways and means."

Prof. Robert Ellis Thompson, of the chair of social science in the University of Pennsylvania, uses the following language in section 178 of his work on the Elements of Political Economy:

The most modern and, theoretically, the fairest form of taxation is the income tax. It seems to make every one contribute to the wants of the State in proportion to the revenue he enjoys under its protection. While falling equally on all, it occasions no change in the distribution of capital or in the material direction of industry, and has no influence on prices. No other is so cheaply assessed or collected. No other brings home to the people so forcibly the fact that it is to their interest to insist upon a wise economy of the national revenue.

In that very able work, written by Dr. Luigi Cossa (professor of the University of Pavia, Italy), "On Taxation, its principles and methods," on pages 151 and 152 of the Horace White edition of the work, we find the following language:

In the year 1776 Adam Smith stated four rules of taxation which have been accepted by the whole civilized world and by all governments in it as the maxims of justice applied to that matter. The first of these rules says that the subjects of every state ought to contribute as nearly as possible according to their respective abilities. This means, of course, that a man whose income is \$5,000 ought to pay ten times as much as the one whose income is \$500. Nobody denies the truth of this maxim, except some writers who contend that the man whose income is \$500 or less ought not to pay any taxes.

John Stuart Mill, in his work on Political Economy, book 5, chapter 3, section 5, uses the following language:

We now pass from taxes on the separate kinds of income to a tax admitted to be assessed fairly upon all kinds—in other words, an income tax. This tax, and the conditions necessary to make this tax consistent with justice, has been investigated in the last chapter. We shall suppose, therefore, that these conditions have been complied with, and they are, first, that incomes below a certain amount should be altogether untaxed. This minimum should not be higher than the amount which suffices for the necessities of the existing population. The exemption from the present income tax of all incomes under £100, and the lower percentage levied on all those between £100 and £150, are based upon the ground that almost all indirect taxation bears more heavily on incomes between fifty and one hundred and fifty than on any others whatever.

The second condition is, that incomes above the limit should be taxed only in proportion to the surplus by which they exceed the limit. All sums saved from the income and invested should be exempt from tax, or if this should be found impracticable that the live incomes and incomes from business professions should be less heavily taxed than such inheritable incomes and in a degree as nearly as possible equivalent to the increased need of economy arising from their termable character, allowance being also made in the case of available incomes for their vicariousness.

This able writer closed his remarks upon this branch of the subject with this assertion:

An income tax fairly assessed on these principles is, in point of justice, the least objectionable of all taxes.

This same writer was on the witness stand as a witness before a committee composed of members of the House of Commons and the House of Lords, and his testimony will be found in vol. 7 of the Income and Property Tax Reports of 1861, page 212, in which he defends not only the principles of the income tax law, but advocates an exemption as to incomes large enough to support a man and his family.

Senator Sherman, in a speech made in the United States Senate on March 15, 1892, uses the following language:

The public mind is not yet prepared to apply the key of a genuine revenue reform. A few years of further experience will convince the whole body of our people that a system of national taxes which rests the whole burden of taxation on consumption and not one cent on property and income is intrinsically unjust.

While the expenses of the National Government are largely caused by the protection of property, it is but right to call property to contribute to its payment. It will not do to say that each person consumes in proportion to his means. That is not true. Everyone must see that the consumption of the rich does not bear the same relation to the consumption of the poor, as the income of the rich does to the wages of the poor. As wealth accumulates this injustice in the fundamental basis of our system will be felt and forced upon the attention of Congress.

As I said before the Ways and Means Committee in my argument upon this question, there was in 1889 \$63,000,000 or about \$1 per capita, taken from the consumers of wool and woolen goods, cotton and cotton goods, and iron and steel goods for the purpose of revenue for the United States Government by the tariff tax. I believe that it will be safe to say that in order to secure this revenue of \$63,000,000 that it cost the people of the United States \$450,000,000, the balance, \$387,000,000, being paid as a bounty by the people to the monopoly manufacturing establishments under this protective tariff system. In other words, for every dollar placed in the Treasury of the United States there was \$7 put in the pockets of the protected manufacturers on account of the tariff tax that would have yielded \$63,000,000 the consumers of cotton goods, woolen goods, iron and steel manufacturers of the United States could have been saved \$450,000,000 yearly—an amount almost equal to the State, county, and local tax of nearly every State in the Union combined.

On the subject of flexibility of revenue, I refer you to an article written by Prof. Levy, in speaking of the English income tax, in which he says:

Table I, in the appendix, shows that for eleven years consecutively from 1844 to 1854, five million and a half pounds per year were derived from the income tax, that being equal to 10 per cent of the whole taxation of the country. When the Crimean war came, from 1855 to 1857, first £10,000,000, then £15,000,000 and £16,000,000 a year were drawn from the same source. And when peace brought back the national finances to their ordinary level, the income tax continued a fruitful source of revenue, the increasing resources of the people causing a much smaller rate in that period to produce a revenue of some £7,000,000 or £10,000,000. In 1854 the amount of the tax assessed was at the rate of £800,000 to the penny; in 1864, £1,300,000 to the penny; in 1874, £1,800,000 to the penny.

One of the objections urged against an income tax, which applies with great force in England, but does not apply with nearly so great

force in this country, is that permanent investments are by income tax taxed at the same rate as temporary investments. I have never been able to concede much weight to this argument. Prof. Bowen, in his work on political economy, page 426, announces what I conceive to be a correct principle of taxation in the following words:

Taxation is the equivalent rendered by the people to their Government for preserving peace, enforcing justice, and aiding in various other ways the production of wealth. To the extent of the service thus performed the Government is a coworker with the rest of the community, and, therefore, equitably claims its share of the products of each year's industry.

To state briefly the argument used against the income tax under this heading: If A rents a piece of property at \$25,000 a year, and B owns in fee another piece of property from which he receives \$25,000 a year, that it would be unjust to collect the same tax off of A, on account of his temporary possession and small interest in the property, that the Government would collect from B, who owns the absolute title to his property. The difficulty with this argument is that it ignores a correct principle of taxation. Our taxes are collected annually, and are intended to represent the cost to the Government of preserving and protecting life and property for each year separately. A has received for the fiscal year for which he pays taxes the same amount of protection and defense that B has for that year, each one of them being protected in the enjoyment of property that has yielded them an income of \$25,000 a year apiece.

Lord R. Dudley Baxter, in his work entitled "Taxation of the United Kingdom," on page 95, clearly concurs in this view, as do a number of others of the ablest writers on taxation in England. He says:

The more simple view is that the taxes for the year protect the property or income for the year, and must be paid by the occupant for the time being, the proportion at the yearly assessable value of the property occupied. The taxpayer is the tenant or as perhaps as absolute owner, perhaps for life, perhaps for years, but in either case he is bound to maintain and defend it, and hand it down in the same state to his successor. In no case is he entitled to call upon his neighbor to contribute towards the obligation. I apprehend that this is the right and practical view of taxation, and the one which is adopted and carried out by English law. Thus, in almost all taxes on incomes and property, whether land tax, probate duty, legacy duty, or income tax, the state makes and finds it is practically obliged to make no distinction in respect to length or shortness of interest, and assesses the holder of the income for the time being at the full rate.

John Stuart Mill says:

The supposed hardship of compelling people to disclose the amount of their incomes, in my opinion, does not amount to much. One of the social evils of this country is the practice or custom of maintaining, or attempting to maintain, the appearance to the world of a larger income than one possesses; and it would be far better for the interest of those who yield to this weakness, if the extent of their means were universally and exactly known, and the temptation removed of expending more than they can actually afford, or stinting real wants in order to make a false show externally.

Another of England's ablest writers says:

The inequality which is caused by this power of evasion is not, by many, so much objected to as what they allege the general immorality which will be produced by this taxation. It is, for instance, maintained that the income tax places so great a reward on perjury that men who would otherwise be honorable are tempted to deceive the government. I hardly think, however, that statesmen ought to pay much attention to such an argument. The honesty of such individuals, who are so easily led away from the paths of virtue and honor, are scarcely worth the fostering care of government. Every precaution should, of course, be taken to detect and punish those who make false returns, because the burden which they escape is thrown upon the rest of the community. Let us, however, hope that the general honesty of the nation is progressing; and that therefore, the force, if any, of the objection against the income tax, which we have just noted, is each year diminishing.

Sir Robert Peel, in his argument of March 3, 1842, says:

Nothing can be more frivolous or absurd than the extreme sensitiveness as to what a man's income may be. I believe that a very good estimate is usually formed of the state of a man's circumstances by those who care about inquiring into other men's property and the state of their credit. There is a keen and quick instinct in such parties which enables them to ascertain without much difficulty what their neighbors, or those with whom they happen to have dealings, are worth, and as to the terrors of the inquisition which I propose into men's private affairs, it is mere folly.

I quote from the speech made by Sir Robert Peel on the 25th of April, 1842, before the committee:

One of my reasons, as I originally stated, for proposing the income tax is that I might be able to affect the reduction contemplated by the tariff.

It includes a sacrifice of revenue to the tax of £1,200,000, and I am aware that the defense of the income tax must mainly rest upon the adoption of the tariff and its leading principles, which is the general impression out of doors; and my colleagues entirely concur with me in thinking that an income tax ought to be accompanied by measures of simultaneous relief.

He further said in his speech of March 18, 1842:

The objection to the income tax is that it is inquisitorial. I feel it is one of the best taxes that can be imposed. I make the proposition from a firm conviction that it will be infinitely less onerous and more just than any other tax.

In his speech of March 23, 1842, he uses this language:

Another objection to the tax on income is that it has a great tendency to drive people from England.

Why has not the present system of taxation a tendency to drive people out of the country quite as great as the income tax? What is there at present to prevent the great landed proprietors of this country from living abroad and from thereby escaping the action of both direct and indirect taxation? But what I propose is that those classes should be subjected to a direct contribution to the revenue, and from that contribution I apprehend that they can not possibly escape even by an absence. At least, then, my scheme has this advantage, that I call on him who chooses, either for his amusement or pleasure, to travel abroad and evade taxation at home to contribute his fair taxation to this Government.

But I do even more, I offer an inducement for the absentees to return. I propose by the amended tariff to reduce the cost of living in this country, which has hitherto, with a certain class at least, been the reason for residence abroad. I

expect that the result of the new tariff will be to reduce the cost of articles of consumption in this country; and let me ask, will not this have a tendency to induce absentees to return? I say it will. If by removing prohibitory duties and reducing the scale of duties generally I reduce the cost of living, I contend that instead of driving capital out of the country the general tendency of my measure will be to induce absentees to return and to insure their remaining here when they come back.

I have the strongest persuasion that if my general proposal be received by the House the actual sum each man will contribute will be exceedingly small. If my whole plan be adopted there will be a diminution in the cost of living, which will pay to the contributors of the income tax a large portion of the money they are called upon to advance.

Take the case of a man of £5,000 a year. He will contribute £150, and it is my fixed belief that he will receive back in cheapness of living the greater part of the sum he pays. My settled opinion is that the burden will be less than that rising from any other tax you could devise.

Sir Robert Peel, on the 8th of April, 1842, in his report uses this language:

Looking at the whole argument which I have made; looking at the taxes which I have proposed to lay on and to those which I intend to remove, I do not think myself warranted in saying that I have done all that could be accomplished for the working man, and most especially do I say this when I remember that I have exempted from the tax all incomes below £150 a year. I consider that in proposing the adoption of the income tax I give a great boom to the country, to the productive industry of the country, to the manufacturing, the commercial, and trading interests of the nation.

He further remarks:

The more I look at this question, the more I consider the amount of the sum to be raised, the more confident am I that the best measure now to be adopted is to resort to a tax upon income rather than to impose a tax on those articles of excise and customs to which I referred, and upon which an abatement of the duties has of late years been made. I believe that such an attempt would far more disturb the application of capital and the operation of active industry than would a call upon each individual to pay £3 of every hundred pounds. I have a strong conviction that the great mass of the lower classes will consider the voluntary determination of Parliament to accept for themselves and to impose upon the wealth of the country this tax for the purpose of relieving its burdens.

I have a strong opinion that it will be generally hailed on the part of the country as a strong proof of the determination of the upper classes to bear their fair share of taxation. Although I admit that the tax may press with additional severity, on account of the uncertain nature of profits, on that property which is derived from trade and professions, yet, when I consider that one of the main objects of this measure is to reduce the duty upon the raw materials of production, and that such a production will give the best chance for the revival of commerce, I can not but think that the measure will work for the especial advantage of those who are connected with the trade of the country. As to those who hold lands or those who derive their incomes from professions, I have a confident expectation that by reducing the cost of living I shall compensate them for a great part of its burdens.

The great argument now used by Mr. Howe, to which I have referred, is that this tax results with greater weight upon some districts in New York, for instance, and in the New England States, than upon other districts in the West and South. I defy that gentleman or anyone else to cite one broad canon of taxation advocated by any of the great writers that declares that men should pay a tax according to territory in support of a common government, instead of in proportion to their ability. In setting up this argument he has gone back upon the teachings of all the great writers of past years and done violence to the well settled canons of taxation.

I will add, however, that while I do not maintain that all the writers on political economy in the past have advocated income-tax legislation, I do maintain that out of a list of one hundred and twenty there are only four who have opposed the principles of income-tax legislation.

I have simply to say that while these advocates of the principles of political economy do not all of them come out in express terms on the income tax, they adopt these principles as laid down by Adam Smith and such writers. For instance, Cooley, in his work on taxation, declares that taking everything together nothing can be more just, as a principle of taxation, than that every man should bear the burdens of the Government in proportion to his wealth.

There are other authorities here that I should like to cite. I believe it is recognized, as it has been quoted by gentlemen on both sides of the House, that "Dowell's History of Taxation and Taxes in England" is an authority, the author being unbiased. You will find in the second and third volumes of his work that he says that the great key to the removal of the burdens of protective tariff is the income tax; that without that the great bulwark of protection could never have been destroyed; that without it the day which Adam Smith prophesied would never come, would have been waited for in vain. Let me recall the condition of England in 1776 as portrayed by Adam Smith. I can see the gloom of that old man as he writes these sentences, expressing his despair of anything like free trade or the removal of the burdens of the protective tariff in that country:

To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceania or Utopia should ever be established in it.

He goes on to give his reasons. He says:

Not only the prejudices of the public, but what is much more unconquerable, the private interests of many individuals, irresistibly oppose it. Were the officers of the army to oppose with the same zeal and unanimity any reduction in the number of forces with which master manufacturers set themselves against every law that is likely to increase the number of their rivals in the home market; were the former to animate the soldiers, in the same manner as the latter inflame their workmen, to attack with violence and outrage the proposers of any such regulation—to attempt to reduce the army would be as dangerous as it has now become to attempt to diminish in any respect the monopoly which our manufacturers have obtained against us.

A little further:

This monopoly has so much increased the number of some particular tribes of them that, like an overgrown standing army, they have become formidable to the Government, and upon many occasions intimidate the legislature. The member of Parliament who supports every proposal for strengthening this monopoly, is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance.

Now, it seems to me that what I am about to read applies with special force to the chairman of the Committee on Ways and Means:

If he opposes them, on the contrary, and still more if he has authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger arising from the insolent outrage of furious and disappointed monopolists.

There is a picture of England in 1776 as drawn by Adam Smith. Dowell tells us how the system was changed through the agency of the income tax. To you men who are the friends of tariff reform, who believe that structure should be built up on sound principles, I say, you will never tear that structure down, never come effectually to the relief of the burdened masses of the country until you erect another structure, and put in the keystone of that arch the principle that every man shall bear his burden in proportion to his ability to pay. [Loud and continued applause on the Democratic side.]

The CHAIRMAN. The gentleman from Pennsylvania [Mr. BELTZHOVER] was next on the list. The Chair does not see him in his seat, and will recognize the gentleman from New York [Mr. COVERT].

[Mr. COVERT addressed the committee. See Appendix]

Mr. McMILLIN. Mr. Chairman, if I may interrupt my friend, as the hour for a recess is near at hand, if he desires to conclude his remarks this evening, I ask him to suspend long enough for us to get unanimous consent to extend this day session, or perhaps he will prefer to proceed in the morning.

Mr. COVERT. I should be glad, Mr. Chairman, to be permitted to conclude my argument in the morning. I shall not occupy much more time.

By unanimous consent, Mr. COVERT obtained permission to continue his remarks in the morning.

The committee then rose; and the Speaker having resumed the chair, Mr. RICHARDSON, from the Committee of the Whole, reported that they had had under consideration the bill H. R. 4864, and had come to no resolution thereon.

Mr. DOCKERY. Mr. Speaker, before the adjournment is announced I ask leave to introduce two bills to be referred to the joint commission of Congress to inquire into the status of the laws organizing the Executive Departments, with leave to report at any time.

The titles were read, and the bills were severally referred as requested.

A bill (H. R. 5529) to repeal section 311 of the Revised Statutes of the United States.

A bill (H. R. 5530) to regulate the making of property returns by officers of the Government.

Mr. RICHARDSON of Tennessee. Mr. Speaker, I ought to have announced before leaving the Chair that no gentleman has asked for time to speak against the tariff bill at this evening's session, so that any gentlemen desiring to speak on that side will have an opportunity.

The SPEAKER. The hour designated in the special order having arrived, the House will take a recess until 8 o'clock p. m., the evening session to be for debate only. The gentleman from Indiana [Mr. BROOKSHIRE] will take the chair.

EVENING SESSION.

The recess having expired, the House was called to order at 8 o'clock p. m. by Mr. BROOKSHIRE as Speaker *pro tempore*.

The SPEAKER *pro tempore*. The House is in session this evening, pursuant to the special order, for further consideration of the bill (H. R. 4864) to reduce taxation, to provide revenue for the Government, and for other purposes.

The House resolved itself into Committee of the Whole House on the state of the Union, Mr. LANE in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the purpose of considering the tariff bill.

TARIFF.

[Mr. KILGORE addressed the committee. See Appendix.]

Mr. McDANNOLD. Mr. Chairman, there is a remarkable unanimity of expression regarding the pending measure. Even its authors apologize for it and gentlemen on both sides of the House agree in denouncing it, though from far different standpoints. For myself, I will say that it pleases me no better than it does my earnest friend from Ohio [Mr. JOHNSON]. It seems cowardly for us to deal with the most important question that

can come before this House in such a manner as to afford so limited relief to the millions who are suffering from the fraud called protection. The toilers of this country pour gold into the coffers of the protected interests. Out of their meager savings they contribute their mite to enrich those who wax fat through fraud and false pretense. Protection never benefited the poor laborer with only his labor to sell.

No tariff wall has ever been raised against the free importation of labor, and while that is true every provision of law that enhances the cost of commodities labor must buy while adding nothing to the wage that labor may demand, must of necessity rob the toiler for the benefit of the employer. It is only the rich who stand at the door of the Ways and Means Committee begging for protection. That committee never hears the prayers of the poor laborer save as they may come to their ears in the form of a petition forced from them against their judgment by the terrorizing threats of favored monopolists.

Sir, I believe most firmly in the right of petition. I believe the humblest citizen has a right to be heard before the highest tribunal in the land equally with the most eminent. But, sir, I am free to say that the limit of this right has been exceeded since the honorable gentlemen of the Ways and Means Committee began the preparation of the pending bill. By warrant of the people and by the promptings of our own consciences, we were met in this House for a certain definite purpose. Never before in the history of this country have the people been so emphatic in their expression regarding our fiscal policy as at the last general election. Never before have their Representatives approached their duty in this House so firmly bound by the plain demand of their constituents. There was full and fair "hearing" on the tariff question before the electorate in the last Presidential campaign.

The American people then declared in the most unmistakable terms in favor of a tariff for revenue and against protection. Meeting here for the purpose of giving effect to this verdict, I claim, sir, that the interference of a protected manufacturer was a piece of impudence only possible in the case of men who have lost all sense of decency through their long years of legalized robbery. The very fact of their appearance before the Ways and Means Committee as mendicants for further favors, the very fact of their claiming some change in a proposed law for the purposes of "protection," was sufficient cause for the honorable chairman of that committee to show them the door.

There is no warrant in the hands of that committee, nor of this House in any capacity, to frame a bill for the purpose of protection. It must be understood once and for all that revenue ceases where protection commences, and every proposition looking to the transfer of the proper revenue of the people into the pockets of the monopolists, who have too long ruled in this Hall, is at variance with honest principles of government and, thank God, contrary to the commands of a Democratic majority. [Applause on the Democratic side.]

I know the attempt is made to deceive the people with the false pretense that the workmen are not to be benefited by this legislation. The claim is that if by protective laws we give the employer a chance to pay higher wages, then he will take care of the poor laborer. Following closely upon this absurdity comes the threat that wages will be reduced if the tariff wall is lowered and the products of the pauper labor of foreign countries allowed to come in here free.

One gentleman, with a degree of impudent audacity that is so extreme as to be amusing, declares that even the free gift of cargoes of foreign products would be a curse to the people who received them. That gentleman would have stood with uplifted hands in the wilderness and hurled his epithets at the Almighty because he looked with pity upon the escaping Israelites and rained manna upon them for their daily bread. The gentleman believes, apparently, that it would have been better for the children of Israel if they had been allowed to waste their time and energies in the raising of food in the wilderness, rather than to pick up their daily bread as a free gift of God. [Laughter.]

And we are told, even by some gentlemen on this side of the House, that we must not at this time too suddenly remove the people's burdens, but must give them opportunity to recover from the business depression which every one knows to exist.

Against this senseless sophistry it is difficult to present a respectful argument. Charity may be exercised to those who have brought themselves to believe the tariff not a tax, but a real blessing, when they adduce the old time-worn stock arguments of their school. But when this argument proceeds from gentlemen who have had the privilege of associating with Democrats and of hearing economic truths honestly discussed, I will confess that I am tempted to substitute an expression of contempt for argument.

There is neither logic nor truth in the claim. If protective tariffs will raise this people from the present distress, then I say

that no reduction of the tariff can ever be defended. If it is possible to restore confidence to the business community or open avenues of employment to the hand of labor by retaining a law which the people have pronounced a monstrosity, then I say there can never be found warrant for lowering that tariff wall. Look at the absurdity of the proposition. All enterprise is prostrated in this country. In every one of the great industrial centers laborers walk the streets in indleness, and cover their faces in shame as they approach the soup house to escape starvation. Under such circumstances the Democracy of the nation are asked to redeem the promises made in their platform. They are asked to remove the barriers which stand between labor and employment, and lo! they are told that they must withhold their hands, because, forsooth, labor is in distress, and it will not do to give it too great relief all at once. It is as if we saw a poor fellow struggling with a load up a steep hill, one of his legs manacled, and proposed to give him greater strength by removing the bonds and leaving him free to exercise the faculties with which nature had endowed him.

In such a case I presume the gentleman from Massachusetts would denounce the man proposing to give immediate relief and argue that it would not do to remove the bonds too suddenly. And I am sorry to say we have had evidence that if such a proposition under such circumstances were brought to the attention of the Democratic majority of the Democratic Committee on Ways and Means there would be some timid souls so influenced by the fetich of protection that they would ask us to go slowly and not give too immediate relief to the man ready to sink under his burdens. [Laughter.]

Sir, I am at loss for words with which to fitly characterize such senseless arguments against the establishment of conditions of freedom in this country. It is true that labor seeks employment. It is true that workmen seek soup houses for the necessities of life. But, because this is true, I demand the most certain relief by a removal of every vestige of protection from our statute books.

Let us turn for a moment to a consideration of one of the industries that has been represented by petitioners for further bounty. I refer to that of iron mining. Away up in Minnesota there has been discovered an iron range that is so rich as to have overthrown all previous experience in this or any other country.

The Mesaba range opens a new era in the production of iron and steel. It is a misnomer to call its development iron mining. All they have to do is to scrape off a few feet of superincumbent earth with a steam shovel, and then the same steam shovel dumps the 70 per cent ore into the cars ready for transportation to the mills, where American laborers stand idle awaiting employment. Let me ask any apologist for protection in this House what he would say to the man who proposed to erect barriers between those mines and the furnaces? What would he say to the man who argued that labor must be deprived of this bounty of nature? Would it be possible to convince any sensible man that labor in this country would be benefited by some provision that made it more difficult to secure that rich ore?

Is it not true, rather, that everything that makes it easier for the laborers in forge or shop to secure this ore for their industries is so much to their own benefit? If now some inventor would provide a way by which that ore could be placed at once in the hands of the laborers free of cost of transportation, would it not tend to increase the wages of labor? But the whole theory of protection rests upon the contrary assumption. It demands that this iron ore shall be burdened with increased cost before it can be touched by labor. It demands this in the name of protection of American laboring men.

What, sir, would be the effect of maintaining the present iniquitous tariff tax on iron ore? Would it not be to enhance the value of the Mesaba range? Is there a gentleman in this House so ignorant of the simplest principles of economics and the ordinary routine of business as not to know that the announcement of the failure of a Democratic Congress to remove this tax would be followed by an immediate rise in the price of stock in this range? And, sir, if labor seeks employment and starves because of its lack, will some gentleman standing for monopoly explain how it can be relieved either by postponing the day of relief or by limiting its scope?

And there is one point that must not be overlooked in the discussion of this question of tariff and wages. Since the enactment of the first tariff bill for raising revenue in this country the beneficiaries of indirect taxation have been constantly changing their ground, as they found it necessary for the defense of their increasing exactions. In the early days it was affirmed that a tariff for protection was necessary because of the higher rate of wages prevailing in this country. Then it was claimed that the manufacturer must have protection in order that he might reap some of the benefits accruing to the laboring men

because of conditions that enabled workmen to demand higher wages than those ruling in foreign lands.

There can be no mistake about this. Everyone who has studied the progress of this tariff legislation is familiar with the fact I have quoted. High wages were a condition precedent to the enactment of a tariff. They were the natural results of a new country with natural opportunities not yet monopolized. There were avenues of employment open to the hand of labor everywhere. No man could depress labor below that reward possible to be gained by the application of effort to the natural opportunities which then abounded. Let any gentleman on this side of the House turn to the letters of Thomas Jefferson and he will find full support of my present statement.

I do not for a moment defend the policy which was thus established for the purpose of diverting from labor its just rewards. I look back with admiration upon the life and teachings of Thomas Jefferson. I believe him to have been one of the purest patriots whose lives have shed luster upon their country. But neither do I believe that Thomas Jefferson can be quoted in favor even of a system to which he gave his assent under the light that was before him. He was a man of progress, and as a man of progress was a worthy founder of the Democratic party as it stands before the people to-day.

But it would be as illogical to demand a return to those methods of transporting the mails advised by Thomas Jefferson as to ask that a system of taxation which has been demonstrated, in the light of the nation's experience, to be fruitful of crime and injustice to the producing classes should be sustained forever simply because the light of the close of the nineteenth century had not shone on the patriot who at its opening demanded the best he could conceive for the plain people.

We find, then, that high wages preceded the enactment of the tariff law. They were the excuse for its enactment. For nearly a century the people have had cumulating proofs of the folly of supposing that manufacturers and other forestallers protected by a Federal law would bestow in wages any part of the plunder placed in their hands under cover of law. The unwelcome confession has been forced from the mouths of defenders of the system on this floor that the only way in which the laborer could secure a portion of this tariff bounty was by the maintaining of labor unions. And then the further confession has been wrung from these same gentlemen that capitalists thus protected are justified in wasting hundreds of thousands of dollars in an effort to break the force of labor organizations by a lockout of strikers.

The old cry has been silenced by the logic of events, and now it is impudently claimed that high wages depend upon the tariff, the same tariff which was originated because wages were high. It is only the tenderfoot in the protection camp who now asks for a tariff on the ground his father held. It is only the tenderfoot in the Republican camp who now prates of the infant industry, while a tariff is levied to protect the forest primeval and to stimulate the flow of salt wells. But they must have some falsehood with which to humbug the people, and they throng the corridors of this House and demand license for further tribute, taking under the more modern plea that if the employer be protected by a tariff bounty he will thus be enabled to pay higher wages to his workmen.

Sir, I am tired of this special pleading with which this discussion of the tariff bill has been characterized. It is to me a pitiable sight when men come into this Hall under the warrant of the Democratic party and beg for a high tax on collars and cuffs for the alleged benefit of workmen in their district when they know that the employers in every manufactory will seek labor in the cheapest market and hold wages down to the lowest limit, whether the tariff be 75 per cent or 7,500 per cent.

Already there have been indications in this House that the sentiment of this people has found echo and lodgment in the hearts and minds of a vast majority of the gentlemen who stand for the Democratic party on this floor. Never before in the history of this country have the pages of the record of this House so bristled with arguments in favor of a greater freedom. No longer do we hear men masquerading under the cowardly evasions of "tariff reform." There are, it is true, still a few gentlemen wearing the garb of the Democracy who have failed to see the trend of events. But they are in an insignificant minority and will be overwhelmed in the tide which has obliterated all signs of cowardice in the demand for free trade. That is no longer a tabooed expression among men who stand for Democracy. No apology for the expression is heard and everyone who has noted the progress of this debate must have been impressed with the fact that the day of evasions has passed, I trust never to return. [Applause.]

I am aware, sir, that the pending bill is but a step in the right direction, even with all the improvements that have been placed upon it in the House since it came from the hands of the committee. I, too, have been strongly tempted to stand for the com-

mittee in response to the appeals of its illustrious chairman. Long before I entered this House I had learned to look upon him with admiration, and my experience here has strengthened the feeling of regard and esteem I am proud to affirm for him. But, sir, I have voted against every proposition to increase the burdens of the people and in favor of every proposition looking to their diminution. And even yet the bill is far from perfect.

But it is a step, and a step in the right direction. And here, pleading for the rights of the great plain people of this country, pleading in behalf of a policy that I believe must be adopted if American institutions are to stand, I accept this bill with all its imperfections, with the words that have to all worthy seekers after better things an ever increasing force,

I do not ask to see the other shore,
One step is enough for me.

And, sir, I believe this is but a step in the reform of our fiscal system. The people have demanded a reduction of tariff taxation because they have learned something of its incidence. They have discovered that a tariff tax levied upon any product of labor must necessarily be added to the cost of that material and included in the selling price; they have discovered that, because of this, every dollar of such taxation is paid by the consumer, and I have had practical demonstration of the fact that the expression of the honorable gentleman from Ohio made upon this floor has met with the hearty approval of my constituents. He said, "I would rather tax what men have than what they need."

For this, among many other reasons, I am in favor of the income tax. I note the argument upon this floor, that this is a war measure; that it is inquisitorial; that it offers a premium to perjury. There is a simple answer to be made to these arguments. In presenting them the opponents of an income tax confess the whole case. They expose their poverty. They teach every one capable of following a logical statement that there is no fair argument against the proposed tax known to them. Was it a war measure? Then, indeed, it may be said that this same argument applies to the increased tariff tax which the country is paying to-day and was never thought of until the rebellion.

Is it inquisitorial? Then what shall be said of our personal-property tax? What shall be said of the army of special appraisers, and the inspectors who line the docks at which are landed gentlemen of wealth and intelligence on their way back from Europe? Are those inspectors there for any other purpose than that of inquiring into the private affairs and searching through the trunks of the passengers? And they tell us that this offers a premium to perjury. Every inspector of the custom-house examining the baggage of an incoming passenger, every act in the appraisal department is an indication of the fact that tariff taxation tends to promote perjury.

But, sir, there is a strong reason why these gentlemen oppose the income tax. You will have noticed that immediately upon the proposition to include this tax in the pending measure there were protests received from all the large centers of trade. From the boards of trade, from chambers of commerce, from clubs, where congregate men who wax fat in traffic, came protests against what they termed the iniquitous proposition. I can readily understand why these gentlemen should fear an income tax. They have been in the habit of escaping all such taxation because the Federal Government has levied its tax upon products of labor, commodities dealt in by these gentlemen, and they have simply included the tax in the selling price of their goods and the consumer has paid it entirely.

This is the lesson that the people have learned of the incidence of taxation. They want a tax that will stay put. [Laughter.] They want a tax that will compel those receiving large incomes to pay their just proportion of the expense of the Government. They want a tax that will not hurt or cripple those who pay it; a tax which is only for revenue; a tax which reaches property not otherwise burdened; a tax on those who ask the most and have hitherto paid the least; a tax which corrects gross iniquities which have been created under an unjust system. I know the argument is made that the income tax can be shifted as well as that upon a product of labor. That this is not true can be easily demonstrated.

Let it be noted that I do not claim that this tax can not in any degree be shifted from the burdens of the person who originally pays it. But I do claim that less than any other tax thus far levied in this country, or in any other, so far as I know, can this be shifted. I will give an illustration of the tendency of this tax to stay put. If a tax, either at the custom-house or in the form of excise, should be levied upon any product of human industry, it must of necessity be included in the selling price of the commodity. If this tax should amount to 100 per cent of the cost of the article, it must still be included in the selling price.

But if an income tax should be made equal to 100 per cent—that is, should include the entire income—it is perfectly appar-

ent that no part of it could be shifted from the burden of the citizen so taxed, for if any addition were made to any items upon which the income was based and the income thereby increased, the 100 per cent of the tax would include the last addition. This is a demonstration of the tendency of the income tax as against the possibilities of a tax upon a product of labor. There may be isolated instances in which some portion of the income tax levied upon the returns for property peculiarly situated may be added to the rent of that property, but these cases are so isolated as not to furnish valid exception to the rule, that the income tax once paid tends to the condition of justice I have noted.

It is objected to this tax that publicity attaches to it, that the world may know what each citizen pays. I believe that this objection is one of the strongest arguments in favor of the proposed tax. It is a matter of comment that in the towns and villages of this country, where the revenue for the support of the local government is derived from taxation almost entirely direct, there is more public discussion, and that more careful scrutiny is made of a proposition for the purchase of a dozen brooms than is had in this House over a bill to expend millions of dollars. The reason for this is clear.

The people understand that they are to be taxed for the cost of the brooms if the taxation is direct; but if it is to be levied in the form of a tariff tax at the custom-house, and is to come out of one great fund—which some men believe the foreigner pays, and others believe somebody else but themselves pay, but all are conscious of the fact that no one pays when he can escape—the tendency is to extravagance, to the creation of debt, forming an unnecessary burden upon the industries of the country. It is the secrecy of the protective system that has endeared it to the rich. No one but the protected has ever been able to tell just what the gains have been under this system. Its secrecy and insidiousness have been its strength. Its indirect action is responsible for its continued existence, and for the blindness of those who pay it. Not so with an income tax; everyone can know, and take an interest in knowing, just how much his neighbor pays in proportion to the amount he pays, and each citizen is interested to see that it is economically expended.

Let it be remembered that the Democratic party is committed to the principle that no tax can be justified except it be for the purpose of revenue. This is, to my mind, one of the strongest arguments in favor of this measure. Under it I believe that rich law makers will be more willing to practice economy in legislation, for they will realize that lavishness in appropriation will hurt them. They will then, indeed, be paying money out of their own pockets—a new sensation for many of the millionaires in this country. It will be looked upon as a disaster instead of a political blessing for men who will be forced to pay from their own incomes a portion of the tax necessary to recoup the Treasury.

It is objected that true returns will not be made, and that the income tax will encourage perjury. It is a strange comment upon the condition of public morals that these arguments are found in the press of our great centers of wealth, and that they are uttered here upon this floor by gentlemen who claim high standing in the community as representatives of the wealth and intelligence of the country. Is it true that these gentlemen who have waxed fat from the profits of past class legislation have become so demoralized that they will all swear to a falsehood in order to continue the exemption from taxation which they have hitherto enjoyed?

Is it possible that wealth and intelligence in this country must be coupled with so lax a regard for truth, with so elastic a conscience that an oath will be taken to save a small portion of an abundant income? Is it possible that after one hundred years of experience in raising revenue for the support of the Government by means of a tax upon the consumption of the people, which tax must necessarily have been paid most largely by the poorer classes, that now the proposition to levy an equable and just tax upon incomes awakens suspicion that the better classes, so-called, have become so corrupt that they will be universal perjurers?

The contrary claim is made in this House in regard to the so-called upper classes upon other occasions, and it seems to me that if the fears of these gentlemen were justified it would have been a kindness to suppress them. And I want to give these opponents of the income tax who raise this objection a single hint. There are other ways of escaping taxation than by perjury, and it is a sorry lesson in these days of soup-houses and paupers for those who stand as exemplars of the highest forms of civilization to openly avow their belief that the wealthy American people will resort to perjury in order to escape the proper burdens of government. I will confess to a desire to shield some of these favored pets of fortune from temptation to false swearing. I can imagine with what pain some of the denizens of the tenderloin districts of New York and Boston will look upon a proposition

that their dainty fingers must be forced to draw a check for the vulgar purpose of paying a tax. [Laughter.]

I know it is a sad thing to place extra temptation in the pathway of these gentlemen. They have little to occupy their time, save in spending money. They have little to keep them in the straight paths of virtue. They illustrate the statement that the devil finds much for idle hands to do.

Just one word in regard to the suggestion that this is a war tax. I want to remind the gentlemen upon this side of the House that they are now taking a step to rectify what seems to me to have been the most unjustifiable course in the adjustment of taxation at the close of the war.

Look back at the legislation from 1866 to 1884 and you will find that in every instance the effort was made to remove the burdens from the shoulders of the rich, while increasing those that rested upon the poor. We repealed the income tax, which touched no man engaged in manual labor. We repealed—and claimed in doing so that we were helping the cause of labor—a tax upon bank checks and notes, with terrible sarcasm assuring the laboring men of this country that when they drew their checks upon their bankers they would be saved the necessity of this 2-cent tax.

We removed the tax upon the strictly revenue articles of coffee and tea under the shallow cry of a "free breakfast table," while we increased the tax upon the table itself, the cloth which covered it, the plates, the cups, the spoons, the knives and forks, the napkins, and everything that went to make up that "untaxed breakfast table." And we did this well understanding that the tax which was removed was one which had been paid into the Government Treasury, while the tax which remained and was increased was one which was paid to a petted manufacturer.

The Democratic party has always been, and is now, the friend of the poor. It is a party composed as a whole of poor but patriotic men. And, Mr. Chairman, all over the mighty West and South our people almost to a man favor an income tax. They are for it without regard to party—Democrats, Republicans, Populists, and Prohibitionists. It is demanded by all. Pass such a law, reasonable in its provisions and not too drastic, and the rich who have so long been favored will pay their proportion of the taxes, while the common people will rise up and call you blessed. [Applause on the Democratic side.]

[Mr. STOCKDALE addressed the committee. See Appendix.]

[Mr. LYNCH addressed the committee. See Appendix.]

Mr. WILLIAMS of Mississippi. Mr. Chairman, I stated when I had the honor to address the committee this morning that the income tax, so far from being a new thing, was a system of taxation which had been adopted in all times by all democracies everywhere, and I illustrated that statement by citing the laws of Solon in Athens. I had intended to extend my remarks in the RECORD, but owing to the kindness of a fellow-member I have the unexpected opportunity of finishing them now.

I shall proceed to cite other instances of the imposition of income taxes as matters of contemporaneous history; to tell where they exist, and how they have been received.

Of all nations on the face of the globe next to America Great Britain, the mother country, to-day is most nearly a pure Democracy, if we except the cantons of Switzerland, which are more purely democratic than either Great Britain or America. In Great Britain there has been an income tax for fifty years. The rate was 6*d.* on the pound in 1893, and it is 7*d.* this year, 1894; which amounts to about 3 per cent. Under that law are exempt all incomes under £150, about \$750. In addition to that, incomes under £400 are subject to an abatement of £120 in the payment. There are also other exemptions which I will not dwell upon now. The total revenue derived from this source in the last fiscal year was £13,240,000 sterling, which is equivalent to \$66,200,000 of our currency.

As to how the income tax has worked in Great Britain, it is worthy of notice that it was imposed there, just as it is being imposed here, in aid of tariff reformation, because it was found necessary at the beginning of tariff reformation that other auxiliary taxes should be resorted to. So far from being unpopular in Great Britain, the income tax has become more and more popular all the time, and has been the elastic feature of British taxation, the one thing which varies while other things, the alteration of which would disturb business interests, remain stationary.

In Switzerland, the purest democracy on the face of the globe to-day, they have gone so far that in Zurich and some other cantons they, by constitutional enactment, require that indirect taxation shall be no further imposed upon the people. Under the head direct taxation they class the income tax. Here, however, under our Supreme Court decision, an income tax has been held not to be a direct tax. In Zurich, Geneva, Berne, Basle, and in nearly all the cantons of Switzerland an income tax ex-

ists, and in every case it is a progressive tax with exemptions. So far from being unpopular, it exists and is being extended by the demand of the people and is as popular as any tax can be.

In Prussia the income tax has existed for twenty years. The exemptions are incomes under 900 marks, and in the case of incomes not exceeding 3,000 marks 50 marks in the taxable income are exempted for each child in the family under 14 years of age; a very beautiful exemption, one founded upon a right principle and one that I would like to see engrafted upon this bill.

The rate is graded. Incomes under 1,200 marks pay 1 per cent. Incomes over 3,000 marks pay 2 per cent; incomes over 10,000 marks pay 3 per cent. The tax has been in operation there twenty years, with no changes except to lower the rates upon the lower incomes and to raise the rates upon the higher incomes, and, I believe, though not quite certain, to increase exemptions. But, as the German Empire has become more and more democratic, as Prussia has ceased to be an absolute monarchy and has become a limited constitutional monarchy with democratic features, the income tax has taken a more important place in the system, because, as I said this morning, it is an equal and therefore a democratic tax.

In Bremen, one of the old free towns, but now a part of the German Empire—and, if you except Switzerland and the cities of Italy, the places where democratic principles had their first birth on the Continent of Europe, free republican institutions, was in the Hanse towns—in Bremen the income tax has been in existence for forty years, with a rate at present of 4 per cent. And when the income goes over 6,000 marks the rate is increased.

In Bavaria there has been an income tax for forty-five years.

In Austria the income tax is progressive, the rate rising in proportion to the income, from 8½ to 20 per cent of net income. The yield from this source in that poor monarchy last year was \$10,000,000. The tax has been in existence since the beginning of the nineteenth century. The exemptions are laborers' wages, interests on deposits in savings banks, and incomes not exceeding 315 florins, about \$113.80.

In Italy \$45,000,000 was raised on income tax last year.

I will say nothing more about that.

These are some of the many instances. If you will take the history of those countries, you will find that just in proportion as they have become democratic, just as the idea has grown that the common people had rights which somebody was bound to respect, just in that proportion the privileged classes ceased to have complete exemption from taxation and the old systems have been followed by income tax and inheritance tax, and the poorer class of people, as they ought to be, get the benefit of the exemptions, where there are any exemptions at all.

With this principle of equality of sacrifice before him, let each American citizen institute a comparison between tariff taxation—not a protective tariff, for I do not care to enter into that now, but a tariff for revenue only on the one hand, and an income tax upon the other. With the idea of equal sacrifice in your mind, the first thing that strikes you is that all tariff taxation is a tax upon consumption—upon what one wears and eats, upon the freights which one ships, upon the passage which he pays the railroad; some sort of consumption, either for transportation or things eatable or wearable—things destroyed in the using. The next thing that strikes you is this: That the measure of taxes upon consumption, like the tariff upon imports, is *things consumed*.

Think of it.

The other measure, the income tax, is *value received*. Take it as a question, not of protection at all, but a question of taxation by tariff for revenue only on the one hand and by income tax on the other. Which one of these two systems most nearly demands and secures equality of sacrifice from each citizen in proportion to his ability to support the state? Do men eat or wear clothes or take medicine in proportion to their ability to pay taxes? Do they pay in proportion to ability when they pay on the amount of salt consumed by them, or on the amount of sugar or quinine, clothing, coal, tools, or implements of trade and of agriculture, of silk even, or of broadcloth? To a certain extent in the cases of silks and broadcloths and wines, they do. Take the wife of my friend and colleague from Texas, or the wife of any other man of the middle classes who wears silk. She consumes very much more than one-hundredth part as much silk as somebody's else wife worth a hundred times as much; so that even in luxuries the tax upon consumption is not in proportion to financial ability.

Take tea, coffee—anything upon which an import duty is levied now or has been levied in the past by the United States and paid by the consumer, and the amount of these things consumed by the poor man amounts to almost as much as the consumption by the rich man. In some cases it amounts to more, absolutely. Take salt, for example. The poor man consumes

more salt than the rich, because it is the only sort of condiment to make his food palatable which he uses at all, and because salt meat and salt fish constitute a larger part of his food. Other men dispense with it to a very large extent. That is true also of quinine, a medicine upon which a tariff tax used to be levied, but is not now. It is true concerning tobacco, and a great many other things.

You levy an import duty upon steel rails and locomotives. Who pays the tax? Why the railroads do in the first instance; but after awhile and ultimately the people who take passage upon the railroads, or who ship and receive freights—shifting it around among them; and chiefly those who ship or receive bulky articles of freight like agricultural products. The poor farmer—"the forgotten man"—must pay the piper. It is paid by the consumer also, shifting more or less from one to the other; now the consumer upon the one hand pays it and now the farmer upon the other loses it. The railroads do not pay it. It is the people who pay it. Is it paid in proportion to the ability of the citizen to support the Government? Not at all. But it is paid in proportion to the necessities of production and consumption.

Mr. Chairman, Mr. James H. Canfield says:

We need cheap transportation. Up to 1883 we had paid \$10,000,000 more than we ought, more than was necessary for the track which is laid within this State.

Meaning the State of Kansas. Upon this, as a part of their capital invested in the plant, the railroads had to earn interest. I have computed 6 per cent upon that; if the railroads got it, and I suppose they did, it amounts to \$600,000 a year paid by the people as a bonus, for which the railroads did not get the benefit even, but which passed through them from the people on its way to the protected manufacturers. He also said that "one firm alone in Wisconsin engaged in manufacture of agricultural implements largely for the Western trade paid in a single year more than \$30,000 of increased price on the iron and steel which it used."

Who paid it? In what proportion? In proportion to ability? Not at all. In proportion to needs, and needs of what? Chiefly the needs of agriculture—tilling the soil—the primitive occupation of man, and the least liberally rewarded occupation in this country.

But, Mr. Chairman, a main objection to tariff taxation or to any form whatsoever of taxation on consumption, even when levied only for revenue (and although I do not want now to get involved in the protection argument, *a fortiori*, when levied for protection with higher rates), consists in the fact that it taxes the man with the most children most; and as my friend and colleague from Mississippi and I come from districts where children are numerous, it becomes important that we should think of this feature in the operation of the law.

With the same wealth as the man of small or of no family, the man of large family is at an industrial disadvantage anyhow.

He who has the larger family has the heavier drain upon his resources. So that this tax upon consumption is not only unjust and unequal as between persons, but worse than that, is, as has been well said, a tax "not upon the person, but upon the family." Men are made to pay taxes in proportion as they have obeyed the Biblical injunction to multiply exceedingly and people the earth.

It is perhaps owing to an instinctive desire to harmonize Republican families with Republican taxation that it has become an appalling fact in certain sections of this country, Mr. Chairman, that motherhood is unfashionable.

A tariff on necessaries and personal and family comforts, as a revenue tax, can not be supported by any sound logic unless it be the logic of necessity. It is, as a system of equal taxation, only one grade farther removed from barbarous fiscal methods than the poll tax or the business license tax, and has not, as the latter frequently has, the excuse of being a police regulation. But for the theory of protection a tariff on necessaries and comforts, when not a necessity of state, would be too crude a form of taxation to be seriously debated in any civilized country.

In addition to its inequality, it is an extremely *inelastic* system. When revenue is most needed you get the least revenue. When revenue is least needed you get the most revenue. In times of war (and this was well illustrated in the war of 1812 and in the war between the States), when most revenue is needed, commerce on the sea being disturbed—maritime insurance rates being unduly inflated because of the risk of vessels liable to be attacked by privateers—imports practically cease, and revenue ceases. In times of prosperity, when you can largely get along without it, then revenue increases.

So it leads to a system which has been in vogue in America, the only civilized country in the world where it has been in vogue, of not having any "budget;" it leads to a system of fitting your expenditures to the amount of money you have in the Treasury,

instead of first settling what amount of money is needed for the economical administration of the Government and subsequently proceeding to collect that amount of money and that amount only from the people. It is the very opposite, therefore, of an *economical* system of taxation. It leads to thriftlessness, carelessness, and extravagance of taxation. And when the element of fancied protection to labor and real advantage to capital in certain industries protected by tariff rates from competition enter into the problem, it not only is uneconomical, if I may frame a bad English word, but it is *antieconomical*, because there is a positive bonus offered to extravagance. Extravagance grows by feeding upon protection. Protection in turn grows by feeding upon extravagance; and each grows by feeding upon itself.

The people of the United States have been for several years spending half a billion dollars a year, which is \$8 yearly for each man, woman, and child in this country. This is the amount which the heads of families pay to the Federal Government outside of what they pay to the manufacturers; for although all this tax is not collected by import duties, a great deal of it is, and all of it is on consumption; and in internal revenue taxes and import duties each head of a family pays more than he pays for State, county, and municipal taxes; but he does not know it.

The consequence is that while he watches his member of the State Legislature like a hawk and keeps the State down to such a condition of revenue that it can not carry out satisfactorily the duties of statehood, he does not watch the National Government, but allows all sorts of extravagance and jobs to be carried through. If the citizen yearly saw a statement of the tax as it is actually paid by him—his Federal tax receipt—how long do you suppose he would allow 350-odd politicians in this House, 80-odd politicians in the other House, and 200,000 of them in the Executive Departments to fleece him and to feed upon him?

Tariff taxation, therefore, is inelastic. It is unequal. It is uneconomical, and if it is protective in its features it is *antieconomical*. The income-tax payers, the men of wealth and influence, would soon inaugurate a reform in the expenditures of this country; and, after all, it is upon the expenditure side of the ledger that the reformation is to be made. The taxpayer would not put up so easily with fraudulent pensions. The nine manufacturing States of this Union, which have by the protective system drawn to themselves over half of the wealth of the entire country, would be interested in enforcing economy of expenditure, instead of being, as they are now, directly interested in encouraging extravagance.

Now, speaking of elasticity of taxation, it may be answered that all taxes are wanting in elasticity.

That is true to some extent, but a tariff tax is least elastic of all, because when revenues are superabundant, or when a deficiency is threatened and a change in tariff taxation is demanded in order to increase or to decrease revenue, you disturb all the business interests of the country, and necessarily hurt them while you are doing it, so that you have a system that all men hesitate to touch, whether for the purpose of raising or lowering it. So the tariff taxes are the least elastic of all taxes. Income taxes are the most elastic of all, for the reason that the rates can be raised or lowered with the minimum disturbance to business interests.

Let us now take another point of view. Let us consider the cost of collection. An income tax costs one-third less to collect a given amount than tariff taxes do. In support of that I will read to you from Richard T. Ely's book, *Taxation in American States and Cities*, pages 90 and 91:

For the first twenty-five years of the existence of our Federal Government the average cost of collecting the customs duties was a little less than 4 per cent, while it is now about 3 per cent. The cost of collecting all Federal revenues during the period immediately following the civil war was between 3 and 4 per cent. The customs duties cost now 3 per cent to collect, while the income tax cost only 2 per cent. It was the cheapest tax collected, except the tax on national banks, which cost nothing to collect.

The above is based upon a statement by Senator SHERMAN in a speech on the income tax in the United States Senate, January 25, 1871, and I think the fact will not be denied by any Republican or by any opponent of an income tax. The cost was 2 per cent, and yet learned and distinguished gentlemen from the State of New York stand up here and urge as an objection to an income tax that it is "difficult and expensive to collect," with history staring them in the face. And in England and Switzerland the tables show that it does not cost as much as it cost here at the time it was in vogue.

Besides that, tariff taxes not only cost 3 per cent to collect; they cost that much for the part which reaches the Federal Treasury. God only knows how much they cost the citizen for that part which reaches the pockets of the manufacturers.

But it is said that an income tax is difficult of assessment and is easily evaded. In this connection I will quote again from Prof. Ely's *Taxation in American States and Cities*:

It is said that it is difficult to assess it fairly. It is incomparably more

difficult to assess a personal property tax fairly. It is so much easier to assess an income tax that assessors sometimes first assess a man's income, and then on the basis of that estimate his probable personal property. This plan is sometimes followed in the city hall in Baltimore. It is, indeed, on this account that a part of the prejudice against the income tax exists. I do not intend to express any condemnation of men of large means as a class, but you will find among them, as in all classes of society, unscrupulous persons. Now, these found the income tax a less easy tax to evade than the personal property tax, and precisely on that account they raised a hue and cry, which by reason of their control over influential newspapers attracted undue attention. In the case of the Federal income tax its very excellence was turned against it. A chief objection to it was that it accomplished exactly what it was intended to accomplish.

No one pretends that the publication of the valuation of a man's personal property will injure him in any way or destroy his credit; that was alleged with reference to income tax. Why the difference? Because the one was more nearly accurate than the other. No one attaches any importance to the publication in the newspapers of personal estates taxed in New York and Brooklyn, but importance was attached to the income-tax returns.

Any man who is honest must confess that it is easier to discover income than personal property. I own a promissory note, but where it is I do not know. How can a tax assessor find it? If he finds it, how can he tell what it is worth? I do not know myself.

It may be paid, and it may not be paid. If I receive my income from it in the shape of interest that is something which I know. I have some copy-rights. What are they worth? I do not know. How can an assessor tell? What income they yield during any one year is a matter which I know well enough. How can an assessor find any evidence of the fact that I am the owner of a copyright? There is not one assessor in a thousand to whom it ever occurs that such a form of personal property exists.

If, however, I derive an income from my promissory note, and from my copyrights, it is altogether probable that I may give some evidence of the receipt of income. The style in which I live, the property I purchase, and a thousand and one acts give evidence of income. It is not asserted that it is always an easy thing to tell what income is; but it is incomparably easier than to discover intangible property. The facts just given are merely typical. Every business man can duplicate them. Anyone who is willing to accept the taxation of personal property as a just and proper mode of taxation, and at the same time object to an income tax on the ground that it is inquisitorial in nature, and that income can not be fairly assessed, must not be surprised if either his intelligence or his sincerity is called in question.

As I have said, there can be no excuse for tariff taxation from a revenue standpoint even, except the dire necessities of the state and the opportunity afforded thereby to tax luxuries. If there be any excuse for a tariff tax on necessities and family comforts at all, it is to be found in the protection theory. The fancied benefits of the protection theory furnish lifeblood to the tariff taxation system. Now, let us examine the protection theory, in as far as it touches this question, for a few moments. Protectionists themselves, Mr. Chairman, have deserted every line of defense which they have dug around their pet theory except one. The last ditch in which they now hide and from which they now shoot is the contention that protection raises wages of laborers in the countries which adopt the system.

A great deal has been said upon this subject, but I will read something from Prof. Ely's Problems of To-day, a book by the way, which I commend, not only upon this subject but upon a great many others, to the careful reading of the House:

But is American labor, after all, protected? Let us at once go to the heart of things. If I have anything to sell, it is conceivable that I may be helped in two ways by Government. To say that I want to sell a thing means simply that I want to get something else for it. I sell that I may buy. Money simply comes in as a medium. A farmer sells corn for money, and with that money buys shoes. Corn is really exchanged for shoes, and money is used as a medium merely to facilitate exchange. Now, if government in some way can increase the supply of those things which I wish to buy, I may be benefited. More will be offered me for what I have to sell. On the other hand, if Government can diminish the supply of the article I want to sell, I can get more for it, and I am benefited. How stands the case with the wage receiver? What has he to sell? The commodity, labor, and nothing else. With that commodity (labor) he must purchase all other things. Now, what is Government doing for him? Is Government rendering labor scarce and commodities plentiful? On the contrary, no duty is put on labor. Labor comes in free. Not only that; our protectionists are helping to increase the supply of labor and to keep its price down.

And right in that connection I will say that you never see any of these trade journals from Pennsylvania which do not tell you somewhere something about the estimated immigration into American ports in the near future, with a view to letting employers know how cheaply they can get labor.

But I will proceed to read:

Do not Federal consuls encourage emigration from Europe to America? Do not States and Territories send agents abroad to aid and abet foreign labor in its purpose to fill up the supply of labor in our own market? Do not the protectionist employers themselves keep their agents in every part of Europe to help swell the throng of those coming to our shores, and, in case of demand for higher wages, to take the place of the discontented? Strange! Yet it is all true! Every word of it, and the organs of the protectionists gloat over the increasing supply of labor in our markets. The commodity which the laborer has to sell is not protected. All that Government does is to help increase its supply and thus reduce its price.

But then it must be that Government is trying to increase the supply of those things which workmen want in exchange for their commodity, labor. God forbid! It is taxing them and rendering them scarce! It looks as if Government were working against labor, does not it? A funny world, isn't it?

Assuming that it is the duty of the Federal Government to aid labor by taxes, how should these taxes be laid? It is proposed to help labor to secure high wages, and it is therefore necessary to raise the price it commands by diminishing the supply. What can be simpler than the solution of the problem? Tax the commodity of labor by taxing every foreigner landing on our shores, and encourage, on the other hand, a plentiful importation of goods. This would necessarily alter the relation between supply of labor

and demand for labor, and supply of commodities and demand for commodities in the interest of labor.

I have read that, because it is better expressed than anything I have seen or heard upon that subject, although it is common learning. If these manufacturers were sincere about protecting labor by a tariff they would lay the duty on foreign labor seeking employment in our industries and thus prevent the pauper labor of Europe, by direct enactment, from competing for employment on American soil—at any rate—with our labor. They might as well at the same time tax returning tourists. Not because they are foreigners, but because "they would like to be;" not because they compete with American or any other sort of labor, for that matter, but on the Democratic theory that "dudes are luxuries." But, to be serious; as a matter of fact, the last thing in the world the manufacturer wants to see is "a duty on imported labor." He wants cheap labor, and the markets of the world are open for him to get it. Transportation across seas is now so cheap that it is no longer a protection or a bar.

I will now read from Our National Revenues an article by Carroll D. Wright, on page 200 of that little book. You all know who Carroll D. Wright is. He is not a partisan. He is a most elegant and upright gentleman and a conscientious and scientific statistician. He says:

It is claimed by ardent protectionists that protection is the sole cause, or, if they do not go that far, that it is the main cause of the advance of wages in America; while the free trader, on the other hand, claims that the advance of wages in Great Britain is due to her free-trade policy—while any careful investigation will show that there has been an advance in wages during the last fifty years in both countries, and that, so far as the manufacture of textiles is concerned, the advance has been nearly equal under the two great commercial systems. This one fact shows that the claim of each as to wages is entirely without foundation.

The whole truth about wages has been best and most tersely expressed in the familiar saying, "When two men are seeking one job, wages are low; when two jobs are seeking one man, wages are high."

To get to the bottom of the wage question, "the truth behind" the familiar saying quoted above, I will read from an article by Prof. John B. Clark on "The certainties of the tariff question."

Prof. John B. Clark says:

Wages are gauged in amount by the productiveness of industry. When land can be had for the asking, wages are what a man can get by cultivating it; and if the land is both fertile and accessible, wages are high. Manufacturers must pay enough to induce their men to keep out of agricultural life. They can afford to pay this amount if their business creates as large a product as could be created by the same expenditure of labor and capital upon the soil. If the product of business is smaller it can not survive. Natural selection insures, in a new country, the survival of the most productive industries.

High wages, caused by the great productiveness of labor applied to land, are the primary facts in the history of American industry.

A tariff that "protects" anything does so by taxing the productive industries in order to sustain the less productive. A protective duty on woolen goods does not enable a day's labor in a mill to create a particle more of cloth than it would have created before; but it causes a day's labor on the farm to purchase a smaller amount of cloth than it would otherwise have done. A tariff on manufactured articles lessens the economic product of agriculture; it gives a bushel of wheat a smaller purchasing power. As agricultural wages set the standard to which the returns of all labor conform, the protective duties lower that general standard. Labor in the mill must henceforth be paid at the rate that now prevails on the farm. That, however, is a reduced rate; protection has lessened the reward of labor even in the protected industry. It follows that protection necessarily inflicts an economic loss on the country that resorts to it, by diverting labor and capital from industries that create a real product to those that create a smaller one. It lessens general wages by lowering the standard to which they must conform. It makes the country poorer, and inflicts the loss largely on the poorer class within the country.

Mr. TALBERT of South Carolina. Mr. Chairman, I ask that the gentleman be allowed to proceed by unanimous consent until the conclusion of his remarks.

There was no objection.

Mr. WILLIAMS of Mississippi. I will state that I would not take advantage of this unanimous consent were it not for the fact that I know I happen to come last on the list of speakers this evening, and I shall not, therefore, inconvenience or delay any other speaker.

In other words, wages depend, like other things, upon the demand and supply of labor, and demand and supply of labor depend in the long run upon the remuneration of agriculture.

In that connection I will say this: You do not by your protective tariff protect the carpenter, the plasterer, the shoemaker, the plumber, the engineer, the clerk in the store, the brakesman or the fireman—they are not employed in protected industries—and yet they get more here than they do elsewhere in the world. Why?

Because the remuneration from agriculture is greater here than anywhere else in the world, and that is the test and touchstone of wages all over the world. Everywhere in this world the farmer who wants a pair of shoes made must pay somebody a sufficient sum to enable that somebody to stay out of agriculture while making the shoes—to leave the field and follow some other business.

This truth is well expressed also in an article from the pen of the Hon. Francis A. Walker, which I will read, after which I shall not read any more to the committee. I read it now because he expresses the idea better than I could. It is a platitude, however, of political science, disputed by nobody but Republicans and schoolboys:

Whenever the American farmer wants a pane of glass set, or a pair of boots mended, or a horse shod, he must pay someone, his neighbor, enough for doing the job to keep him in his trade and to keep him out of agriculture, in the face of the great advantages of tilling the soil, in New York or Ohio or Dakota, or wherever else the farmer in question may live; but how much he shall pay the man who makes the pane of glass or the pair of boots or the set of horseshoes will depend upon the advantages of tilling the soil not where he himself lives, but where the maker of the horseshoes, the boots, or the glass may live.

If he will have the work done he must pay someone, somewhere, enough to keep him in his trade and out of agriculture; but not necessarily out of New York agriculture or Ohio agriculture or Dakota agriculture; but perhaps out of English agriculture, or French agriculture or Norwegian agriculture, under the requirements of constant fertilization, deep plowing, and thorough drainage, and subject to that stringent necessity which economists express by the term "the law of diminishing returns."

Now, to offset and overcome the inducements to engage in agriculture even in Merry England is a different thing, a very different thing, from keeping a man in his trade and out of agriculture in the United States.

The American agriculturist having large quantities of grain and meat, of cotton and tobacco left on his hands, after providing ample subsistence for his family, and even after hiring the carpenter, mason, and blacksmith, the schoolmaster, lawyer, and doctor, for as much time as he requires their respective services, and still further after putting a good deal into farm implements and increase of stock, is desirous of obtaining with the remainder sundry articles more or less necessary to health, comfort, and decency. To him it makes no difference whether the articles he requires are made on one side of the Atlantic or on the other; but it makes a great difference what he is obliged to pay for them; how much of his surplus grain and meat, tobacco and cotton, must go to secure a certain definite satisfaction of his urgent and oft-recurring wants. If he must needs pay some one to stay out of American agriculture and do this work, his surplus will not go so far as if he were allowed to pay some one to stay out of English agriculture to do it.

But here the state enters and declares that it is socially or politically necessary that these articles, these nails, these horseshoes, this cotton or woolen cloth, or what not, shall be made on this side of the Atlantic. That necessity the agriculturist as consumer, can not be expected to feel; he does not care where the things were made; he only wants them to use. He does not care who makes them; he does not even care whether they are made at all; they would answer his purpose just as well were they the gratuitous gifts of nature, spontaneous fruits of the soil or the sea or the sky. Whatever his own economic theories may be, he will, as purchaser, every time select the cheapest article which will precisely answer his need. He will not, of his own motion, pay more for an article because it is made on his side of the Atlantic than he could get an equally good article for, bearing the brand of Sheffield or Birmingham or Manchester. But if the state says he must, he must; and consequently the American maker of this article is by force of law admitted to a participation in the abundance enjoyed by the American agricultural class. The tiller of the soil is now compelled, by the ordinance of the state, to share his bread and meat with the maker of nails or horseshoes, of cotton or of woolen cloth, just as he was before compelled by the ordinance of nature to share his bread and meat with the blacksmith, carpenter, and mason, the schoolmaster, lawyer, and doctor.

Now, if men want to protect labor by a tariff they must put a tariff on labor. That can be done very easily. But even admitting that a tariff upon manufactured commodities does secure higher wages in the protected industries—for the sake of the argument I am going to admit that it does—then the question becomes, after all, a question of industrial warfare between those who have capital and labor invested in the protected industries and those who are not engaged in them; which leaves all the rest of the community upon the latter side. Our statistics show that 5 per cent of the population of the United States are engaged in the protected industries.

It is therefore an industrial warfare between that 5 per cent of our people and all the rest of the community, an industrial warfare in which the protected classes are fighting for power to discriminate by taxation against the interests of all the rest—the buyers and consumers of the land; an industrial warfare in which they are fighting for the privilege of having somebody stand them up and hold them up and give them something to lean on, and in which the 95 per cent of the people on the other side are fighting for the poor boon of being permitted to stand up by themselves and to have nobody lean upon them except when they permit it by way of charity. It is a warfare between a set of paupers—for that is what they are, rich paupers—on one side paupers who threaten and demand, and upon the other side the 95 per cent of the people of America, who mildly expostulate and suggest, "Perhaps you might get along with a little less tribute." That is all the Wilson bill means. Even if the tariff does add to the wages in the protected industries, it can not increase the general fund from which the labor of the whole country is to be paid.

Legislation can not create wealth. That you can legislate money into the pockets of a particular individual or a particular class I freely admit; but in order to do that you must legislate it out of the pockets of some other individual or some other class. A nation can not lift itself up by the boot straps any more than a man can. Government is no independent entity. It has no independent revenue. Every dollar the Government has it must get from the people, and every dollar that the Government gives away it must first get before it can give it away, and it must tax

the people before it can get it. If it gives it not directly out of the Treasury, but by making the manufacturer its agent for the nonce to receive the tax directly from the consumer, it must still get the money out of the pockets of the people. The only difference is that it gets it through the manufacturer rather than through its own direct representatives.

The men from whom it takes, or, in plain English, the men robbed are the farmers, the farm laborers, and all the community except those engaged in protected industries.

But, Mr. Chairman, they tell us that the farmer, by means of this system, gets a home market! Infinite bosh! What difference does it make to me whether the man who buys my cotton lives at Cape Colony or Cape Cod; on the banks of Fall River or on the banks of the Mersey; where Oregon rolls and dashes or where Timbuctoo swelters and squats [laughter], unless one pays me a higher price than the other? The price of my cotton is regulated by the amount of cotton in all the world on the one hand, and by the number of people in all the world on the other hand who want cotton goods and have the money to pay for them. The place of their residence is not of the slightest importance, whether they live in the adjoining township or at the uttermost ends of the earth. The place where the purchaser lives cuts no more figure in the problem than the state of his religious opinion. I do not care whether he is an American or an Englishman, a Presbyterian, a Theosophist, or a Transcendentalist, always provided that he is not so transcendental as to forget to wear clothes. [Laughter.]

These tax-fattened paupers, the owners of the industries which can not stand alone, the industries which the charity of the nation (by their own claim at any rate, true or false) maintains and sustains, these men grown rich by taxing all consumers for their private benefit, have the unparalleled audacity to object to being themselves taxed for the public benefit. To an income tax they cry out, "class legislation!"

Mr. Chairman, Archbishop Whately defines orthodoxy to be "Our doxy," and heterodoxy to be "the other fellow's doxy." [Laughter.] "Class legislation," in the estimation of these gentlemen, is the other fellow's legislation. A bill like this income-tax bill, which exempts to every citizen of the United States, not to any one particular citizen or class, but to every citizen, \$4,000 of such income as he may have, they say is "class legislation!" To make me pay \$40 for a suit of clothes which, but for tariff legislation, I could buy for \$25 is not class legislation, but giving a uniform exemption of \$4,000 under the pending income-tax law is class legislation, and for what reason? Mark the answer. The infinite ridiculousness of it! The answer is, "Because some people are so unfortunate as not to have the \$4,000 which is exempt."

The exemption in the bill is not alone to the possessor of \$2,000, \$3,000, or \$4,000. It is also to him of \$10,000; him of \$50,000; him of \$100,000. Class legislation! Oh! Thou fool! If thou with thy \$20,000 per annum hast exempt to thee \$4,000, what right hast thou to complain that he, with \$3,000 yearly, has his all exempt? You say he pays no tax at all? The state is kinder to him than to you! On the contrary, it exempts for you \$4,000 and for him only \$3,000. If unjust to either it is unjust to him. But it is not unjust to him because less than this can the state demand of no man, viz, that he pay nothing. But really, all taxes considered, his clothes, his passage, his freight, the whole tariff on consumption considered, he pays more than you. You can not eat and wear six and two-thirds times as many tariff-taxed articles of consumption with your \$20,000 yearly as he can and does with his \$3,000 per year.

But they say this is an inquisitorial tax and "discloses business." Mr. Chairman, I want to say that in the State of Mississippi and most of the States of this Union there is a system of taxation where a man in business is required to make a return of the stock on hand, of the open accounts which he holds, of the amount of notes that could probably be collected; and there can not be in the assessment of an income tax any greater inquisition than this. There can not be any fuller "disclosure of business." In connection with the alleged inquisitorial feature of the tax, I will read to the committee the following from the pen of an economist of international reputation:

It is said to be inquisitorial. What tax is not? What tax is in fact less so? Does the tax on whisky and tobacco involve a less searching examination into private affairs? On the contrary, the manufacturers of tobacco and the whisky distiller must expose their every operation to inspection, and they are surrounded by spies. Those who try to evade the tax are frequently hunted down like wild beasts, and its collection is attended with bloodshed of taxpayer and taxcollector. Is the tariff less inquisitorial? On entering an American port you must open your trunk and exhibit all you have, and in case of suspicion, your very person is liable to be searched. Is the personal-property tax less inquisitorial? By no means. The income tax asks one question, while the personal-property tax, if really enforced, demands every item of personal property, and involves an exposure of all assets and liabilities. Anything more inquisitorial can not be conceived.

But, Mr. Chairman, the opponents of the income tax say that

it is an undue temptation to evasion by fraud; that taxpayers will seek to avoid the tax by perjury. That is an objection to all taxation. I will give you a few facts as to the amount of fraud that has been and is being daily committed by those who seek to avoid the payment of the personal-property tax in New York, Ohio, and other States. The fraud and perjury indulged in by these tax dodgers in the large cities in giving in their personalty, notes, bonds, and choses in action, is simply appalling. They have sworn to so many lies and are so deeply damned already that they can not be sent much lower. I will show that the personal property in the State of New York, one of the most rapidly progressive of the States in the accumulation of wealth, has according to the swearing of the rich citizens of that State, absolutely fallen off in the last ten years. But let us see about Ohio first. The governor of Ohio in his "special message" of April 6, 1887, says:

In connection with the recent refunding of our State debt it was disclosed that some of the most prominent and highly respected men of our State held large amounts of these bonds, without having ever paid a dollar of tax on the same, or without having ever reported them for taxation. The only excuse given for this was that bonds were supposed to be nontaxable; but it is difficult to be patient with such a claim, when it is advanced by men of intelligence, familiar with our constitution and its requirements that all bonds, etc., shall be taxed.

I find from that same message that the value for taxation of personal property in Ohio for the year 1883 was \$542,207,121. In 1884 it shrunk to \$528,298,871, and in 1885 to \$509,913,986. Everyone acquainted with the condition of things in Ohio must be aware of the fact that instead of decreasing, the personal wealth of the citizens of that State has increased immensely from year to year.

The New York assessors, in their report for 1881, speaking of personal property outside of "banking capital," say:

It is quite evident that it is assessed at an average of less than 10 per cent.

In other words, 90 per cent of it escapes taxation. The governor of that State, in his message the same year, says that in 1869 real estate contributed 78 per cent of the public revenue and personal property only 22 per cent, while in 1879 real estate paid 87.8 per cent and personal property only 12.2 per cent of the whole tax.

I find that the decrease in the assessed valuation of personalty from 1878 to 1880 amounted, in round numbers, to \$30,000,000, and that there was a decreased valuation in 1882 alone of \$36,000,000. This, too, when it was asserted by the assessors and the governor and apparently acknowledged by all men that the assessable personal property in the State equals, if it does not exceed, the real value of real estate, and yields as much, if not more, profit to the owners. There can be no doubt about the fact that wealth in the shape of personal property augments immensely in the State of New York from year to year.

Governor Hill, of New York, in his message of 1886 discloses some startling things, among others the following:

Assessed valuation of personal property in 1875 was	\$407,427,339
Assessed valuation in 1885 was	332,383,329
Decrease in 10 years	75,044,160
In 1885 the assessed value of real estate was	2,762,348,218
Assessed valuation of personal property in 1884 was	345,418,361
Assessed value in 1885 was	332,383,329

Decrease in one year

13,035,122

In 1880 in New York, embracing the city wherein is concentrated and owned the bulk of the wealth of the nation, personalty paid 14 per cent of the tax, and in 1884 only 11.47 per cent of the total tax.

But they say that a tax on incomes is a tax on superior thrift and ability. Are you quite sure about that? Perhaps it is sometimes superior opportunity, superior environment, superior cold, heartedness, better luck. Some of the greatest fools that I have ever known are money-getters and money-savers. But I am willing to admit that as a rule a man's prosperity does depend upon his thrift, on his knowledge, his industry, and his temperance as well as his opportunity; but is not your thrift and ability specially protected by the laws and civilization under which you live? Are not the very opportunities given to thrift, ability, and self-control under these laws and that civilization fair subjects of taxation? It is civilization capitalized.

Ought not you to thank God that you are able to pay more tax than your poor neighbor, and with equal or less sacrifice than he? I am thankful that it is my condition, and I am not disposed to quarrel because somebody else has not the amount exempt under this bill. That all men ought to pay to the State in proportion to their abilities is, I take it, simply infusing into our system of taxation some of the spirit of Democracy and of Christianity. [Applause.]

[Here the hammer fell.]

Mr. TALBERT of South Carolina. I move that the committee do now rise.

The motion was agreed to.

The committee accordingly rose; and Mr. BROOKSHIRE having resumed the chair as Speaker *pro tempore*, Mr. LANE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill (H. R. 4864) to reduce taxation, to provide revenue for the Government, and for other purposes, had come to no resolution thereon.

Mr. MCDANNOLD. I move that the House do now adjourn. The motion was agreed to.

And accordingly (at 10 o'clock and 17 minutes p. m.) the House adjourned until 11 o'clock a. m., to-morrow.

PUBLIC BILLS, MEMORIALS, AND RESOLUTIONS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials of the following titles were introduced, and severally referred as follows:

By Mr. LOUD: A bill (H. R. 5507) to provide for licenses to certain officers of steam vessels—to the Committee on Interstate and Foreign Commerce.

By Mr. TERRY (by request): A bill (H. R. 5508) for the better regulation of insurance companies doing business in the Indian Territory—to the Committee on the Judiciary.

By Mr. RUSK (by request): A bill (H. R. 5509) providing for the reconstruction of the Aqueduct bridge—to the Committee on Appropriations.

By Mr. MAGUIRE: A bill (H. R. 5510) to increase the revenue by a direct tax on land values in the United States, and for other purposes—to the Committee on Ways and Means.

By Mr. HEARD (by request): A bill (H. R. 5511) to amend an act entitled "An act for the further protection of property from fire and the safety of lives in the District of Columbia"—to the Committee on the District of Columbia.

By Mr. BOATNER: A bill (H. R. 5528) to provide for the existing deficiency of the public revenues to meet the current expenses of the Government and to authorize the issue of United States notes to the extent of \$100,000,000, and for other purposes—to the Committee on Ways and Means.

By Mr. DOCKERY: A bill (H. R. 5529) to repeal section 311 of the Revised Statutes of the United States—to the Joint Commission of Congress to Inquire into the Status of Laws Organizing the Executive Departments.

By Mr. FLYNN: A resolution calling on the Secretary of the Interior for certain information regarding the lease of certain land in the Cherokee Strip—to the Committee on Indian Affairs.

By Mr. MCRAE: A resolution for the consideration of the bill (H. R. 118) to finally adjust the swamp-land grants, and for other purposes—to the Committee on the Public Lands.

By Mr. BELL of Colorado: A memorial of the General Assembly of the State of Colorado, demanding the free and unlimited coinage of silver—to the Committee on Coinage, Weights, and Measures.

PRIVATE BILLS, ETC.

Under clause 1 of Rule XXII, private bills of the following titles were presented and referred as follows:

By Mr. BRICKNER: A bill (H. R. 5512) to reimburse The C. Reiss Coal Company for dredging done in Sheboygan Harbor, Wisconsin—to the Committee on Rivers and Harbors.

By Mr. FITHIAN: A bill (H. R. 5513) granting pension to Henry H. Grieves—to the Committee on Invalid Pensions.

Also, a bill (H. R. 5514) granting a pension to William McCoy—to the Committee on Invalid Pensions.

By Mr. HAYES: a bill (H. R. 5515) granting a pension to Nancy G. Allabach—to the Committee on Invalid Pensions.

By Mr. HINES: A bill (H. R. 5516) for the relief of Owen Lee, late private of Company B, Tenth Regiment New Hampshire Volunteers—to the Committee on Invalid Pensions.

Also, a bill (H. R. 5517) for the relief of Abram G. Hoyt—to the Committee on Invalid Pensions.

Also, a bill (H. R. 5518) for the relief of Francis J. Conlan, late private of Light Battery G, Fifth United States Artillery—to the Committee on Invalid Pensions.

Also, a bill (H. R. 5519) for the relief of Spencer D. Hunt—to the Committee on Invalid Pensions.

Also, a bill (H. R. 5520) granting a pension to Clara R. Rodgers—to the Committee on Invalid Pensions.

Also, a bill (H. R. 5521) for the relief of James Wilcox—to the Committee on Invalid Pensions.

Also, a bill (H. R. 5522) for the relief of Thomas Montgomery—to the Committee on Military Affairs.

Also, a bill (H. R. 5523) to amend the military record of John W. Marcy, late second lieutenant Company G, Fifty-second Pennsylvania Volunteers—to the Committee on Military Affairs.

Also, a bill (H. R. 5524) for the relief of William Hancock, administrator—to the Committee on War Claims.

By Mr. MCCREARY of Kentucky: A bill (H. R. 5525) authorizing John E. Johnson and others to accept medals of honor and diplomas from the Government of Spain—to the Committee on Foreign Affairs.

By Mr. PHILLIPS: A bill (H. R. 5526) granting a pension to Regina O'Brien and Elizabeth O'Brien, daughters of Edward O'Brien, deceased, etc.—to the Committee on Invalid Pensions.

By Mr. SMITH of Illinois (by request): A bill (H. R. 5527) to authorize and direct the Secretary of War to investigate the claim of James and Emma S. Cameron, made for occupation and damage to property and for fuel taken and used by the United States Army during the war—to the Committee on War Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, the following petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. BAKER of New Hampshire: Petition of Hon. George H. Ramsdell and 121 others, of Nashua, N. H., protesting against the passage of the Wilson bill—to the Committee on Ways and Means.

By Mr. BOUTELLE: Protest of the employes of various industries in the State of Maine against the passage of the Wilson tariff bill—to the Committee on Ways and Means.

Also, protest of the granite-workers of the State of Maine against the enactment of that section of the proposed Wilson bill which places undressed granite upon the free list—to the Committee on Ways and Means.

By Mr. BOWERS of California: Petition from Tulare County, Cal., asking Congress to purchase lands heretofore patented to citizens in Sequoia Park, California, or allow owners to use and enjoy the property—to the Committee on Public Buildings and Grounds.

By Mr. CHILDS: Protest of citizens of Morehead, Ky., against any lowering of the tariff on lumber—to the Committee on Ways and Means.

Also, petition of citizens of Olive Hill, Ky., protesting against any lowering of the tariff on lumber—to the Committee on Ways and Means.

Also, petition of citizens of Grayson, Carter County, Ky., against any lowering of tariff on lumber—to the Committee on Ways and Means.

Also, petition of citizens of Willow, Carter County, Ky., against any reduction of tariff on coal and lumber—to the Committee on Ways and Means.

Also, petition of 7 citizens of Leland, Ill., against the repeal of the McKinley act—to the Committee on Ways and Means.

Also, petition of 87 carpet institutions, protesting against the proposed reduction of tariff upon their manufactures and asking the same treatment as other woolen goods embodied in Schedule K—to the Committee on Ways and Means.

Also, protest of 65 makers of gold and other metal leaf, against the reduction of the tariff on their manufacturers—to the Committee on Ways and Means.

Also, petition of 72 citizens of Streator, Ill., protesting against the passage of the Wilson bill—to the Committee on Ways and Means.

Also, protest of 66 glass-bottle makers, of Ottawa, Ill., against a reduction in the tariff on their products on a change from a specific tax to ad valorem—to the Committee on Ways and Means.

By Mr. CUMMINGS: Petition of Capt. H. F. Picking, Garrison No. 8, Army and Navy Union of the United States of America, in favor of the passage of an act to amend the act of February 14, 1885, relative to the retirement of enlisted men of the United States Army, Navy, and Marine Corps—to the Committee on Naval Affairs.

Also, papers proposing an amendment to the Wilson bill, relating to musical instruments—to the Committee on Ways and Means.

By Mr. CURTIS of New York: Petition of Anson J. Larkin and 35 others, of South Ballston, Saratoga County, N. Y., asking for the passage of the bill introduced in the Senate by Senator HILL, of New York, for the regulation of the traffic in oleomargarine—to the Committee on Agriculture.

By Mr. DOCKERY: Petition of citizens of Ray County, Mo., to admit as second-class matter periodical publications issued by or under the auspices of benevolent and fraternal societies—to the Committee on the Post-Office and Post-Roads.

By Mr. FITHIAN: Two petitions of citizens of Crawford and Coles Counties, Ill., to accompany bill for the relief of Henry H. Grieves—to the Committee on Invalid Pensions.

Also, petition of citizens of Mount Carmel, Ill., praying that the journals of fraternal societies and colleges be admitted to the mails as second-class matter—to the Committee on the Post-Office and Post-Roads.

By Mr. GILLET of New York: Petition of 86 citizens of Elmira, N. Y., that the journals of fraternal societies and colleges be admitted to the mails as second-class matter—to the Committee on Ways and Means.

By Mr. GORMAN: Papers to accompany House bill 3275 for the relief of the owners of the schooner Henry R. Tilton and of personal effects thereon—to the Committee on Military Affairs.

By Mr. GROUT: Memorial of Dan Talmage's Sons of New York, in opposition to the tariff on rice, Schedule G, No. 192—to the Committee on Ways and Means.

Also, memorial of W. B. Fonda, of St. Albans, Vt., and W. I. Harwood, of Swanton, Vt., against the passage of the Wilson tariff bill—to the Committee on Ways and Means.

Also, resolutions adopted by the Trades League of Philadelphia, Pa., in behalf of the postmasters in the ten large cities—to the Committee on the Post-Office and Post-Roads.

By Mr. HAGER: Petition of William Barnholdt, of Missouri Valley, Iowa, against the passage of the Wilson bill—to the Committee on Ways and Means.

By Mr. HARMER: Petition of citizens of New York City, for the removal of the duty on books printed in the English language—to the Committee on Ways and Means.

By Mr. HARTMAN: Protest of P. H. Poindexter and 49 others, of Beaverhead County, Mont., against the Wilson bill—to the Committee on Ways and Means.

By Mr. HERMANN: Petition of the Federated Trade and Typographical Union, of Portland, Oregon, for Government control of telegraph—to the Committee on the Post-Office and Post-Roads.

Also, memorial of Chamber of Commerce of Astoria, Oregon, for legislation as to immediate transportation of dutiable goods—to the Committee on Ways and Means.

Also, resolution of Chamber of Commerce of Astoria, Oregon, for quarantine station on the Columbia River in Oregon—to the Committee on Interstate and Foreign Commerce.

By Mr. HILBORN: Petition of manufacturers of vermicelli, macaroni, and Italian paste on the Pacific coast, asking that the duties on these articles may not be reduced—to the Committee on Ways and Means.

Also, memorial of the fruit-growers of California, against any reduction of duties on fruits, fruit products, olive oil, etc.—to the Committee on Ways and Means.

Also, resolutions of Cigarmakers' International Union, of San Francisco, against increase of tax on cigars—to the Committee on Ways and Means.

By Mr. HINES: Petition of 18 citizens of Olivers Mills, Pa., asking for the defeat of the Wilson bill—to the Committee on Ways and Means.

By Mr. HITT: Memorial and resolution of citizens of Grayson, Carter County, Ky., at a meeting held January 16, 1894, protesting against the coal and lumber provisions in the Wilson bill—to the Committee on Ways and Means.

Also, memorial and protest of lumbermen and citizens at a meeting held at Olive Hill, Carter County, Ky., January 17, protesting against the lumber provisions in the Wilson bill—to the Committee on Ways and Means.

Also, memorial and resolution passed at a public meeting January 15, at Willard, Carter County, Ky., protesting against the coal and lumber provisions of the Wilson bill—to the Committee on Ways and Means.

Also, memorial and resolutions of lumbermen adopted January 11, at meeting at Morehead, Rowan County, Ky., protesting against the Wilson bill—to the Committee on Ways and Means.

By Mr. HULL: Petition of B. F. Rehkooff and 60 others, citizens of Des Moines, Iowa, asking the passage of the Manderson-Hainer bill on fraternal societies and college journals—to the Committee on the Post-Office and Post-Roads.

Also, resolutions of Capital Lodge, No. 14, Ancient Order of United Workmen, of Des Moines, Iowa, asking that present postage rates on newspapers be extended to the fraternal press—to the Committee on the Post-Office and Post-Roads.

Also, petition of P. H. Ream and 17 others, members of Ersland Post, Grand Army of the Republic, Cambridge, Iowa, asking the enactment of a just and equitable service pension law—to the Committee on Invalid Pensions.

Also, petition of P. H. Ream and 17 others, members of the Ersland Post, Grand Army of the Republic, Cambridge, Iowa,

asking the restoration of suspended pensions, and that none hereafter be suspended except on proof of fraud—to the Committee on Invalid Pensions.

By Mr. JOSEPH: Petition of citizens of Cuba, N. Mex., praying Congress not to put wool on the free list—to the Committee on Ways and Means.

By Mr. KRIBBS: Petition of William A. Hagerty and others, of Clearfield, Pa., for the immediate passage of the Wilson tariff bill—to the Committee on Ways and Means.

By Mr. LACEY: Petition of C. P. Newell and many others, of Agency, Wapello County, Iowa, against the passage of the Wilson bill granting free trade to wool—to the Committee on Ways and Means.

By Mr. LAYTON: Petition of W. B. Forsyth and 169 other citizens of Sidney, Ohio, praying for postal laws in the interest of fraternal, society, and college journals—to the Committee on the Post-Office and Post-Roads.

Also, petition of the Cleveland Medical Society, of Cleveland, Ohio, for a bureau of public health in the United States Treasury Department—to the Committee on Revision of the Laws.

By Mr. LOUD: Paper from James Carroll, master of steam vessels of San Francisco, Cal., relating to bill to provide for licenses to certain officers of steam vessels—to the Committee on Interstate and Foreign Commerce.

Also, petition of employes of Golden Gate Woolen Manufacturing Company, San Francisco, Cal., against the passage of the Wilson bill—to the Committee on Ways and Means.

By Mr. McCALL: Petition of Washington Council No. 9, Home Circle, of Somerville, Mass., in favor of the passage of Senate bill 1353 or House bill 4897, for the reduction of the rates of postage of the periodical publications of benevolent and fraternal societies and of college journals—to the Committee on the Post-Office and Post-Roads.

Also, petition of W. R. Scott and 34 other residents of Somerville, Mass., for the passage of Senate bill 1353 or House bill 4897 for the reduction of the rate of postage of the periodical publications of benevolent or fraternal societies and of college journals—to the Committee on the Post-Office and Post-Roads.

Also, resolution of the Boston (Mass.) Art Club in favor of the free-art clause of the Wilson bill—to the Committee on Ways and Means.

By Mr. McNAGNY: Protest of L. A. Hendry and others, of Angola, Ind., against the passage of the Wilson bill—to the Committee on Ways and Means.

By Mr. MEIKLEJOHN: Petitions from citizens of Grayson and Willard, both of Carter County, Ky., against the reduction of duty on lumber and coal—to the Committee on Ways and Means.

By Mr. MEREDITH: Papers on claim of William Grubb, of Loudoun County, Va.—to the Committee on War Claims.

By Mr. MORSE: Petition of the Boston Chamber of Commerce, asking for an additional lighthouse in Boston harbor—to the Committee on Interstate and Foreign Commerce.

Also, petition by the Boston Chamber of Commerce, praying for a change in the way the United States consular system is conducted, so that it shall stand on merit and permanency—to the Committee on Foreign Affairs.

By Mr. O'NEIL: Petition of underwriters, merchants, and others, of Boston, in favor of a lightship and range lights in Boston harbor—to the Committee on Interstate and Foreign Commerce.

Also, petition of owners and masters of vessels, in favor of a light-ship and range lights in Boston harbor—to the Committee on Interstate and Foreign Commerce.

By Mr. PAYNE: Two petitions for passage of bill to prevent sale of imitation butter, etc.—to the Committee on Agriculture.

Also, petition of 70 employes of Melwzir & Co., of New York, praying for ad valorem duty of 80 per cent on ready-made clothing and wearing apparel—to the Committee on Ways and Means.

Also, protest of 87 carpet manufacturers of the United States, against Schedule K of Wilson bill in its reference to carpet—to the Committee on Ways and Means.

Also, petition of 9 residents of Sennett, N. Y., for passage of the Manderson-Hainer bill to settle the question of classification of college journals—to the Committee on the Post-Office and Post-Roads.

By Mr. PHILLIPS: Five hundred and seven separately written and individual protests of citizens of the Twenty-fifth district of Pennsylvania, against the Wilson bill—to the Committee on Ways and Means.

Also, remonstrance of 63 citizens of the Twenty-fifth district of Pennsylvania, against putting wool on the free list—to the Committee on Ways and Means.

Also, remonstrance of 20 citizens of Saxonburg, Butler County, Pa., against putting wool on the free list—to the Committee on Ways and Means.

Also, six separately written and individual communications favoring the passage of the Wilson bill—to the Committee on Ways and Means.

By Mr. POST: Petition of John C. Streibich, of Peoria, Ill., against a tax of more than 1 cent per pack on playing cards—to the Committee on Ways and Means.

Also, petition of Singer & Wheeler and Colburn, Birks & Co., of Peoria, Ill., against a tax of more than 1 cent per pack on playing cards—to the Committee on Ways and Means.

Also, petition of committee of Cigar Makers' Union, Peoria, Ill., in opposition to an increase of internal-revenue tax on cigars—to the Committee on Ways and Means.

Also, petition of New York Consolidated Card Company, in favor of a tax of 5 cents per pack on playing cards—to the Committee on Ways and Means.

By Mr. RANDALL: Resolutions adopted by the Cotton Weavers' Protective Union, New Bedford, Mass., in favor of Government control of telegraph lines—to the Committee on the Post-Office and Post-Roads.

By Mr. RAYNER: Petition of citizens of Baltimore, Md., asking that fraternal societies' and college journals be admitted as second-class matter—to the Committee on the Post-Office and Post-Roads.

By Mr. RUSK: Petition of artists, architects, etc., of Baltimore, Md., indorsing the Wilson bill—to the Committee on Ways and Means.

By Mr. RUSSELL: Petition of citizens of Stonington, Conn., in favor of admitting to mails as second-class matter periodicals issued by benevolent and fraternal societies and institutions of learning—to the Committee on the Post-Office and Post-Roads.

By Mr. SCRANTON: Protest of the American Lactos Company, William E. Smith (New York), president, against the reduction of tariff on milk sugar—to the Committee on Ways and Means.

Also, protest of William Vogt and others, of Louisville, Ky., against the reduction of tariff on mirrors—to the Committee on Ways and Means.

Also, protest of the American Rattan and Reed Manufacturing Company, Brooklyn, N. Y., against placing chair cane and reeds on free list—to the Committee on Ways and Means.

Also, protest of Browning, King & Co. and other firms of New York, against tariff reduction on clothing—to the Committee on Ways and Means.

By Mr. WILLIAM A. STONE: Petition of 1,300 citizens of Western Pennsylvania, for passage of the law restricting immigration—to the Committee on the Judiciary.

By Mr. WANGER: Memorials of Edward Bostock and 51 other window-glass workers and others, of Norristown, Pa., protesting against the passage of the Wilson bill—to the Committee on Ways and Means.

By Mr. WEVER: Petition of 80 citizens of Bangor, N. Y., against the passage of the Wilson bill—to the Committee on Ways and Means.

Also, petition of 156 citizens and residents of Whitehall, N. Y., against the passage of the Wilson bill—to the Committee on Ways and Means.

Also, petition of 30 citizens of Bangor, N. Y., against the passage of the Wilson bill—to the Committee on Ways and Means.

Also, petition of 121 citizens and residents of Fort Ann, N. Y., against the Wilson bill—to the Committee on Ways and Means.

Also, petition of 40 employes of Ticonderoga Paper Company, New York, against the passage of the Wilson bill—to the Committee on Ways and Means.

Also, petition of 50 stockholders and employes of the Essex Horse Nail Company, against the passage of the Wilson bill—to the Committee on Ways and Means.

By Mr. WILSON of West Virginia: Petition of J. C. Johnson and others, of Bridgeport, W. Va., for free wool—to the Committee on Ways and Means.

Also, petition of F. E. Thompson and 58 others, of Davis, W. Va., against free lumber—to the Committee on Ways and Means.

Also, petition of Jacob Phillips and 162 others, of Elk Garden, W. Va., against putting coal on the free list—to the Committee on Ways and Means.

Also, petition of W. H. Dasher and 52 others, citizens of Tucker County, W. Va., against free lumber—to the Committee on Ways and Means.

Also, J. T. Laughlin and 131 others, of Mineral County, W. Va., against removal of duty on coal—to the Committee on Ways and Means.

Also, resolutions of the Jefferson Society of Democratic Voters, of Brooklyn, N. Y., in favor of the Wilson bill and against the income tax—to the Committee on Ways and Means.