TAFT ADVOCATES CORPORATION TAX

Declares it is Best Form of an Income Tax That Can be Levied and Tells Why.

CONSTITUTIONAL AMENDMENT

Pavors One That Will Permit Government to Levy Direct Income Tax Without Apportioning It.

Denver, Sept. 21.-Making his way still further to the west, President Taft arrived in Denver this afternoon and tonight, in the Denver auditorium, where, a year ago, Mr. Bryan was nominated as his opponent in the presidential race, faced a crowd of thousands that in its noisy welcome and continuing enthuisasm recalled some of the scenes of convention week

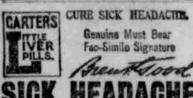
President Taft, switching from bis purpose to discuss the question of the conservation of natural resources in his Denver speech, elected tonight to take up the corporation tox passed as a part of the Payne tariff bill and to defend it as against the proposition to impose a direct income tax, which he acknowledged seemed likely to pass the senate when the corporation tax was devised as a compromise. The president strongly urged that all the states should adopt the proposed amendment to the Constitution, how-

ever, to make an income tax possible in time of need.

Mr. Taft was joined here toda; by the secretary of the interior, Mr. Ballinger, who will accompany him on a part of the trip through the far northpart of the trip through the far north-west. It is likely that the president desired a further conference with Mr Ballinger, whose conduct of the inter-ior department he recently upheld in a long letter called out by the Balling-er-Pinchet controversy, before making a final exposition of the aims and ob-jects of this administration as to the conservation of the resources. Mr. Taft probably will not take up the subject probably will not take up the subject now until he reaches Salt Lake City, where he spends Friday and Saturday; or he may wait until he arrives at Spokane, Wash, where, at the irriga-tion congress, the Ballinger-Pinchot controversy really had its first public stiens.

BEST INCOME TAX.

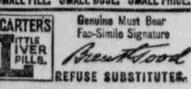
The president tonight declared that the corporation tax was in itself the best form of lucome tax that could be levied, and pointed out that it contained many of the best fentures of the income tax law of England. In urging that the states should vote for the amendment to the Constitution permitting the levy of a direct income tax without apportioning the proceeds among the states, according to their population, the president declared that it would be possible so to amend the corporation tax as to in-



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FRANK W. BENSON,

Governor of Oregon. Mr. Benson, who was secretary of state of Oregon, succeeded ex-Governor Chamberlain when the latter took his seat in the United States Senate.

clude within its scape every feature of an income tax except the levy upon incomes derived from actual sulary and professional services. The president said he opposed a di-

The president said he opposed a direct income tax except in cases of emergency, and he believed it to be a prime fault in the federal Constitution that no provision is made for a direct leys to meet war-time or other extraordinary expenses.

Mr. Taft declared that it was the supreme court declaring unconstitutional the income tax law passed by a Democratic Congress some years ago that prevented the leaders in Congress aucing the session recently closed from including in the corporation tax

mering the session recently closed from including in the corporation tax measure a provision for a levy upon bonds and bondholders. To tax bonds would result in the reduction of the rate of interest and hence this resulted in a direct tax upon the individual holders of the bonds and came in contact with the decision of the court that no direct tax could be levied by the national government without the resulting apportlenment of the proceeds. sulting apportionment of the proceeds among the states.

The president based his argument in

favor of the corporation tax, as compared to the direct income tax almost entirely upon the results of the income tax in England. The English tax is levied first on the decirred dividends of corporations, secondly on rents before leaving the hands of the tenants, and third upon the individual directly. It was found in England that a direct income tax at 10 per cent did not produce as much revenue as the present method of taxation ar 5 per cent. This he declared illustrated the premium that the direct tax places upon perjury and concealment.

ity and concealment.
It is a question, the president de-clared, whether incomes earned to sal-arias and from professional work should be taxed as heavily as incomes derived from investments or not fazed at all. The latter, he said, was the effect of the corporation tax.

The president received a most enthus-iastic welcome to Denver. Signs were hing at intervals all over the city, readng; "Welcome to Denver, the Summer

While here the president is the h guest of United States Senator Hughes, a Democrat. He held a public recep-tion of two hours this afternoon at the

inte capitol. At the Auditorium tonight, after a At the Auditorium tonight, after a few preliminary remarks about the extent and purpose of his trip through the west. Mr. Taft touched briefly on the tariff, saying that while a revision had seemed assential, there was also a defict in the treasury to be met. This partly will be met by a cut of \$40.000,000 in the appropriations to be made by Congress, and partly by the income from the new corporation tax law. Mr. Taft said he had favored at first as inheritance tax, but the obof first an inheritance tax, but the ob-

that field, had sufficient weight with th supreme court some 10 years ago and was held to be unconstitutional by a vote of five to four. It was conoded that the tax would probably raise \$150,000,000 to \$200,000,000, which was far in excess of the needs of the government if the tairff bill was to retain its general form, as proposed, and so to produce revenues which should be revenuely worthed. Our friends the so to produce revenues which should be reasonably expected. Our friends, the Democrats, favored the income tax with a view to substituting it for the tariff as an income-producing measure, thus minimizing the effect of the tariff in protecting the industries of the coun

INCOME TAX AND TARIFF.

"In other words, the passage of the income tax bill would have lent support probably to the proposition to have a tailff revenue only, and would have interfered with the protective policy to which the Republican party is pledged. "One further objection to the income tax amendment was that it had been declared unconstitutional by the supreme court, and to involve a second decision upon that issue was to question the uniformity of the decisions of the supreme court, and to drag the court into a political discussion which, whatever its decision, would not make for its standing as an impartial tribunal before the people. It indicated a diversity of view between Congress and the courts—two co-ordinate branches—with reference to the constitutionality of the law which it seemed unwise to perpetuate in a formal statue. But the income tax amendment seemed quite likely to pass by vote of all the Democrats and a sufficient number of Republicans. Therefore those who were opposed to the hocome tax amendment looked about to see if a compromise could not be proposed less objectionable than the income tax amendment, which would satisfy enough Republicans who were inclined to favor the income tax to prevent the passage of that amendment. "One further objection to the locon

the income tax to prevent the passage of that amendment. Such a compromise was found in a proposal to pass the present corpora-tion tax, and also the joint resolution already referred to, proposing an amendment of the federal Constitution according to the population of the government to impose an income tax without apportioning is as a direct tax

The provisions for the corporation tax in the bill exempt all corporations whose set income does not exceed \$5.000. It is, therefore, in effect, an income tax; that is, it taxes earnings actually made. It is a tax upon success and not upon failure.

MOST OBJECTIONABLE FEATURE.

"The most objectionable feature of a direct income tax is the premium up-on perjury which it offers to those who on perjury which it offers to those who are willing to conceal their incomes—a matter not at all difficult to do—and who thus subject to a much heavier proportionate burden, those who are conscientious in making their returns and who pay their tax as the law intended. So great was this evil in the levy of an income tax in England that when the tax was imposed directly upon individuals, as was proposed here in the so-called income tax amenddment bill, it was found that the proceeds of the tax at 10 per cent were less than the proceeds of an income lax of \$\frac{1}{2}\$ per cent imposed as our corporation tax is, not upon the individuals directly, but upon the income before it comes into their hands.

UNANEWERABLE ARGUMENT

UNANSWERABLE ARGUMENT.

"This is a practical argument in fovor of the corporation tax as against
an individual income tax that is altogether unanswerable.

"Now, if the proposed amendmeint to
the Constitution authorizing the imposition of an income tax without apportioning it among the states according to the population passes, it will be
possible to add to our corporation tax
the feature of the imposing a tax on
the honded interests in that corporation by a percentage tax upon interest
to be paid, thus reducing the amount
of interest which the corporation wauld
pay to the bondholders to the extent
of the tax collected.

"This would make the corporation
ax a more beneficial measure, and one
reaching interests that ought to be
reached because under modern systems
of financing corporations, the bondholders and elockholders are all of them
in a sense joint investors, and a corporation income tax ought to include
them all. Under the conditions that existed with reference to the Constitution,
it seems to me clear that the corporation tax is an equitable burden, one
reaching active business, not too heavy
to rotard if, but enough to collect a
substantial revenue from those who are
successful to business.

"It is a tax usually collected—one
that no corporation can excape—one in

"It is a tax easily collected—one that no corporation can vscape—one in which perjury cannot play any important part at all in an effort to escape

"Another feature of it is that incidentally it will give the federal government an opportunity to secure most valuable information in respect to the conduct of corporations, their actual financial conditions, which they are required to show in general terms in a public return. In addition, the law provides the means under proper limitations of investigating fully and in detail their course of business.

"Indirectly it would help very much in another revision, whenever that shall come, because corporations engaged in business said to be affected by the tarriff will have upon record in Washington their exact financial condition from year to year in the matter of their income, their espenditures and their debits.

PAVORS AMENDMENT

income tax amentment as proposed by Congress to the states. Assuming the constitutional authority to have been given, I am opposed to a general individual income tax law, except in times of great national stress. I am opposed to it because of the difficulty already alluded to, that it puts such a premium on perjury as to have led other governments to abandon that method of laying an income tax and of imposing the tax whenever posible on the sources of income in the hands of these who are not ultimittely to pay it.

the text whenever posishle on the sources of income in the hands of these who are not ultimately to pay it.

"But I am most strongly in favor of adoption by the states of the amendment authorizing Congress to impose an income tax without apportioning it among the states according to population and I am strongly in favor of this because in times of great stress, if war or some other calamity were to visit this country, and we should need to strain our resources, the income tax would be one of the essential instruments by which we could collect a large amount of money to enable us to meet the exigencies. It has been so in the past, for during the Civil war is was understood that the levy of an income tax without appartionment was constitutional, and such a tax was levied and collected. And I consider it in the Constitution, as at prosent construed, an elemental weakness on the part of the central government not to be able in times of emergency to levy such a tax. "It seems, therefore, that the present Congress has taken the wisset rourse in adopting as much of the features of an income tex as conforms to the Constitution, and by recommending an amendment to the Constitution, which shall contain us to round out and perfect this corporation tax so as to make it more exuitable and so as to make it no restricted of supervision.

perfect this corporation tax so as to make it more exultable and so as to make it an instrument of supervision of corporate wealth by federal authority. I denbt not that the information thus obtained may be made a basis for further legislation of a regulative character applicable only to those corporations whose business is so largely of an interstate character as to justify greater restrictions and more direct superrestrictions and more direct super

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FRANK C. CLARK.

Times Bidg. New York.

HOGS ATTACK

AND KILL A MAN

Vancouver, B. C., Sept. 21 .- An un usual transfey occurred at Chilliwack yesterday, in which James R. Hosken, aged 25, mar bla life. Hosken, in com-pany with Charles Carter, a farmer, was driving bogs to market along a public highway when the animals hearne uncontrollable. One of them a macked Hosken and he lost his footing cuher satunais immediately jumped on him and gered him with their turks. Carter ran for help, and three men armed with citibs finally draw off the hogs. Hosken died from the shock and loss of blood, He was the sen of a Church of England clergyman at Mansfield, England, and had been in this country only a short time.

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