DEBATING THE INCOME TAX.

TOM JOHNSON EXPLAINS HIS PARADOXICAL POSITION.

He Opposes Income Taxes in General and Dislikes This One in Particular, but Will Vote for It as a Choice of Evils—Bourke Cockran Makes a Speech in Denunciation of the Bill—Bryan of Nebraska Defends It—New York Democrats Speak Against It.

WASHINGTON, Jan. 30.—The House very promptly went into Committee of the Whole to consider the Tariff bill this morning, on motion of Mr. Richardson of Tennessee, having dispensed with the call of committees for reports.

The consideration of the Income Tax bill was resumed, and Mr. Covert (Dem., N. Y.) took up the thread of his argument against it at the point where he dropped it yesterday when the House took a recess. He referred to Mr. McMillin's eloquent tribute to the flag in his peroration yesterday; but he wanted to see that flag floating over a united country, in which there should be no class distinctions such as would be created by this bill.

Mr. Bartlett (Dem., N. Y.), in denouncing the Income Tax bill said it was proposed by a branch of the Democratic party which affiliated with the Populist party, and demanded also the free coinage of both gold and silver at its present ratio. The Democracy of New York had been accused of treachery, and it had been proposed to read the New York Democracy out of the party; but it was the Populist wing of the Democratic party, those who favored an income tax and free coinage of silver, who were the traitors to the party policy.

Mr. Bartlett said he was opposed to an income tax of any kind, but he was particularly opposed to the Income Tax bill which had been presented to the House because it bore with unequal severity on different classes. He did not see any justice in taxing a few thousand people while the millions escaped.

He objected to the pending amendment because savings should not be taxed, as was proposed by the bill; he objected to it because no distinction was made between incomes derived from the practice of a profession and an income received from an inheritance. It was wrong that no distinction was made between these two classes of income. Another objection was that it gave the deputy collectors arbitrary authority in the collection of evidence.

In conclusion, he characterized the bill as a premium on dishonesty and a punishment for honesty.

Lafe Pence, the Colorado Populist, delivered a ringing speech in favor of an income tax. This measure and this alone of the work of the Fifty-third Congress would give the millions of people throughout the country something to which they could pin their faith. He said that for their work in fostering this bill the names of Messrs. McMillin and Hall and Bryan and Tarsney and Fithian would be known and loved throughout the land. He paid his respects to the eminent Administration man, Gen. Tracey, and also referred in passing to Mr. Reed, "the mentor of his party and the tormentor of the other." [Laughter, in which Mr. Reed joined.]

Mr. Dunn (Dem., N. J.) scored the bill roundly, and denounced the free trade tendencies of the House which made an income tax necessary. He said that Mr. Johnson and men of his ilk were leading the Democratic party into the slough of free trade despond. [Republican laughter and applause.] The Democratic party was also being led into the Populist ranks, and he was glad it was going. He characterized the action of the Ways and Means Committee in framing the bill as being extremely sectional. As to himself, he knew no section, but he had found in the whole country a home, and he had been sent to Congress to represent the interests of the whole country.

Mr. Walker (Rep., Mass.) said that the men who would be reached by the income tax were only such men as those who controlled the manufacturing and transportation industries of the country, and who did the most toward developing the resources and wealth of the country. They were the men who were making the country worth living in. Mr. Walker yielded the rest of his time to Mr. Cockran.

Mr. Pendleton (Dem., W. Va.) said that while the Wilson bill bore somewhat heavily on the products of his State, all the Representatives of West Virginia, as well as of Virginia, would stand shoulder to shoulder in support of the bill. And as those States had swallowed the free lumber, free coal, and free iron pills, the New York Democrats should swallow the Income Tax medicine and help the bill through its final passage. He predicted that when the time came for a final vote not a single Southern Democrat would be found lurking in the camp of the enemy. [Democratic applause.]

Then Mr. Johnson (Dem., O.) devoted himself to an elaboration of his free trade and single tax theories. He said:

MR. JOHNSON'S SPEECH.

MR. CHAIRMAN: I am for any kind of a direct tax in preference to any kind of a tariff tax. As I have said before, any tax on what men have is better than a tax on what they lack, and so I am willing to support this Income Tax bill. But I shall do so under protest and as a choice of evils.

As a measure for collecting revenue from income this is a very poor measure. The thing about it that is not bad, is that it is not a bad composition of a bad tariff bill emanating from the same committee. It is marked by the same want of clear principle, the same indecision, and, if I may use the word, the same slouchiness. If you must have an income tax, the bill presented to the Ways and Means Committee by Mr. Thomas G. Shearman of New York, and which I have, at his request, laid before this House, is a much clearer and better one.

But since, to my regret, the time for our discussion of this question has been cut so short, I shall not take up the few minutes that have been accorded me with any discussion of the weakness of this bill as an income tax measure. I prefer to take higher ground—that of objection to any income tax.

I am for an income tax as opposed to any tariff tax, for the reason that no income tax bill enlist moneyed interests in opposition to its repeal, which any tariff tax inevitably does. I would gladly support any income tax, however bad, if offered as a substitute for the whole tariff. Not only would the country gain enormously and immediately from the freedom that would thus be given to production and exchange, but the great obstacle to further improvement would be removed. When we came to reform or abolish it we should find no powerful interests, representing millions gleaned annually from the masses, besieging Congress, filling the newspapers, and getting up petitions in the name of workingmen against reducing or abolishing such a beneficent tax.

But in itself, and for itself, and by itself, I am opposed to any income tax. I am opposed to any income tax, because all income taxes, even the best of them, are wrong and undemocratic in principle, because they involve another horde of official tax-eaters and require inquisitorial methods. It is better to tax men on what they have than on what they need, but in itself it is wrong to tax men on what they have. The true principle is to tax men, not on what they have, but on what they have that belongs to all—to tax them, not in proportion to what they may have honestly earned or saved, but in proportion to the special advantages which they are suffered to enjoy. There is an enormous difference, a difference in kind, between what a man gets by his own exertions without any advantage over his fellows and what a man gets on account of special advantages accorded him over his fellows. This bill and all similar bills make no such discrimination.

But a discrimination is made in this bill—a discrimination as to the amount of income. The whole strength of the opposition to this bill depends on that. There is no one here who would venture to support for its own sake a bill which proposed to tax all incomes, or even all incomes above so small an amount as to bring the great body of his constituents under its provisions. The strength of this bill lies in its exemption of incomes up to $4,000. It is not consistent in this for it ruthlessly taxes, without any exemption the little incomes of widows or orphans or aged people drawn from corporate stocks or bonds, but they are few and have but little political power. The great feature of the exemption is that it is purposely made high enough to exempt the great mass of voters. It is an attempt of the many to tax the few, of the majority to impose special burdens upon the minority, and that without any reason of right, without any assumption that there is any difference save amount in the incomes that are to be taxed and the incomes that are to be exempt.

Mr. Chairman, this is not Democracy; it is communism! I am willing to accept communism for a while as a relief from protectionism, which is a one-sided communism plus robbery; but I shall not shut my eyes in doing so. The only clear principle in this bill is that the rich should be taxed because they are rich. If we admit this principle as right in itself, where shall we end? Such a cruel leader on to the social condition of those semi-barbarous countries where no one dare show any sign of the possession of wealth unless he heavily bribes Government officials.

I protest as a Democrat and as a Democrat of Democrats. A single tax man, against any discrimination against the rich, as I have protested and do protest and will protest against any discrimination against the poor. Democracy means justice or it means nothing. It means equal rights to all, and in this it means equal obligations on all.

Mr. Chairman, I am not arguing for the rich. I am arguing for the principle of equal rights. No one can see more clearly than we single taxers see that few can be rich, and none very rich, save by some unjust special privilege. No one knows better than we do that the great fortunes that have been and are being so rapidly accumulated in this country mean the appropriation of the fruits of labor to those who do no labor. But the remedy is not by ignoring the equality of rights; it is by asserting that equality. It is by abolishing special privileges; and where that may not be done by taxing them. It is not by ignoring all distinction as to the source of income and jumping with shut eyes into communism!

You protectionists—you Republican protectionists, and you Democratic protectionists—you are really but Socialists, and that, Socialists of the worst sort; for those who avow themselves Socialists wish to have the State interfere with production and exchange for the purpose of taxing the wealth of the poor; but you want the State to interfere for the purpose of adding to the wealth of the rich.

You read political economy backward! You ignore its first and clearest principles. You assume that it is capital that employs labor, though the veriest child could tell you that capital could not be used for labor was. You assume that it is from the store of the employer that the workman gets his wages, whereas if the workman did not render to the employer a greater value than his wages, and that in advance of receiving his wages, the employers of labor could not continue business, still less make a profit. You prate of preserving "our own home market," as if to the most ignorant woman who ever went marketing the goodness of a market did not consist in the abundance of sellers and the cheapness of goods, instead of in the scarcity of sellers and the dearness of goods. From first to last you put the things inverted, as though you stood on your heads and imagined the branches of the trees to be really their roots; and the sum and climax of your political economy is the assumption—agreed to even by the so-called Democratic members of the Ways and Means Committee—that the rich must be taken care of, so that they may take care of the poor.

This Income Tax bill is a twin brother of the protectionist Tariff bill which Democratic protectionists, with the aid of Republican protectionists, have imposed on this House by the stifling of the real Democratic sentiment.

Have you kept up your Democratic alliance the special privileges of the rich, to the continued robbery of the poor, you now propose to take from the rich a little for the relief of the poor!

I will vote for your Income Tax bill if I must, as I will vote for your Tariff bill; but, as a Democrat, I protest against the one as I protest against the other—as anti-Democratic measures, involving an insult to labor! Labor is not a poor weak thing that needs protection or that needs to ask the rich to pay its debts. Labor! it is the producer of all wealth. All that it needs is justice; equal rights to all. Give it that: abolish your special privileges, and labor can take care of itself. It is your people who do not labor that will need to be taken care of.

Nor is an income tax necessary. There is a better mode of direct taxation open to us—a far more effectual way of striking at great fortunes. That is by way of the direct tax, resorted to, beginning in 1798, three times already—that is to say, with every great financial exigency in our history.

There is in my mind more than a doubt of the constitutionality of the income tax reported by the Committee of Ways and Means. It is true that the Supreme Court, under the pressure of war necessities, drove a coach and four through the Constitution, and declared the income tax of 1861 constitutional. But the proposed tax differs from the income tax of 1861 in important details, and the Supreme Court, if disposed to—and it will be urged to this by the strong influence of aggregated wealth—can easily find good reason for declaring this measure unconstitutional. The constitutionality of a direct tax, apportioned according to the population of the various States, is not open to question.

As to the substitution of the direct tax for the income tax, there will at once be made the objection that in proportion to their wealth it will fall far more heavily on the States of the West and South than on those of the North and East. We shall at once be told that Texas, with an estimated wealth of $995,842,320, would under the direct tax have to pay only a little less than Massachusetts, with an estimated wealth of $2,154,134,629; that Florida, with an estimated wealth of $191,068,000, would have to pay a little more than New Hampshire, with an estimated wealth of $252,722,010; that Washington, with an estimated wealth of $124,765,449, would pay something more than Rhode Island, with an estimated wealth of $421,924,501!

But the error in the conclusions drawn from these figures is seen at once when we note that this assumed valuation of real and personal property is made up largely of items that have no value in themselves, but are merely evidences of the ownership of things having value or of obligations for the payment of money, such as stocks, bonds, promissory notes, and other evidences of indebtedness, titles to lands, buildings, and other improvements. The real things represented or called for by these documents, which so greatly swell the assumed valuations of the Northern and Eastern States do not, in great part at least, really exist in those States; they in great part exist in or are called for from the Western and Southern States, which occupy to the North, the East, and Europe the relation of debtor to creditor, of tenant to landlord. Thus the great disproportion in assessed valuation would largely disappear on an estimate of the value of all the things which the direct tax as heretofore imposed has been laid on; and the incidence of a direct tax apportioned in the constitutional way, according to population, while still unequal, would not show so glaringly unequal as these figures would make it appear.

Now Congress has never yet committed the folly of attempting to assess evidences of value. The first tax, that of 1798, was levied upon "dwelling houses, lands, and slaves." In 1813 it was levied upon all lands, lots of ground, with their improvements, "dwelling houses, and slaves;" in 1861, upon "the value of all lands and lots of ground, with their improvements and dwelling houses," with an exemption of $500 to any individual who actually resided thereon.

While a tax upon the value of all lands and improvements, when apportioned among the States in proportion to population, might still appear unequal, there is an easy method of doing away with real inequality—that of striking out improvements and making the direct tax a tax on the value of land and lots alone.

Very much of the improvements of the South and West—for instance, practically all the railroads—are owned in the North and East and in Europe, and a still greater proportion of the land values.

Now, it is an accepted and indisputable principle of political economy, obvious to whoever will think of the matter, that any tax falling upon improvements must be borne by the users of the improvements. Thus a tax levied upon improvements must be paid by the residents of the State in which those improvements are located, no matter where the owners may be for the residents of that State alone can be the users of those improvements.

But it is also an accepted and indisputable principle of political economy, obvious to whoever will think of the matter, that any tax on the value of land will not fall upon the user of the land, who must be a resident of the State, but upon the owner of the land, who may be—and in a very large proportion in the West and South is—an absentee residing in the great Eastern cities or in Europe. Thus by striking out improvements in the direct tax and leaving it a tax upon the value of land alone, we obtain a tax which, though apportioned to a State and collected in that State, is with regard to the South and West in large measure borne by absentee owners of the land of that State. Thus the seeming inequality is corrected. Texas might appear to pay a greater pro rata tax than Massachusetts, and Florida than Rhode Island, and Washington than New Hampshire, but this would be only seeming. Either in