Ho. of Reps.

Income Tax—Mr. Reeves.

41st Cong.—2d Sess.

once compel a full review and radical amendment of the tariff infancy and permit our people to buy where they can buy cheapest and sell where they could get the best price; it would cease to be a protection; then all our laborers would be adapted to protect their interests; it would require the capital of the country now locked up in Government bonds to pay part of the expenses of the Government, and all those taxes upon the labor of the country.

But, sir, I have, I think, explained my position fully and shown why I cannot, as Representative of the district from which I come, vote to continue the income tax, nor to sanction an increase of the taxes on those articles which every farmer must use in either plowing his ground, planting his crops, reaping his harvest, putting it in market, or exchanging it for commodities not grown upon his soil. Let the people say whether I have correctly represented them upon the subject of taxation. I think it is because of my views of constitutional obligations and requirements would not comport with their desires and interests. I have no more to say to you, sir, than I have already said in my judgment of my position upon your vote and my record.

Income Tax.

REMARKS OF HON. H. A. REEVES, OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,
June 2, 1870.

On the bill (H. R. No. 1051) to reduce internal taxes, and for other purposes.

Mr. REEVES. Mr. Speaker, I desire, in as brief a manner as possible, to state some considerations which constrain me to vote for the motion of my colleague [Mr. McCarthy] to strike out the provisions of this bill relating to the income tax. Having on yesterday voted to reduce this tax, I do not rise to promote a diminution of it, but I am unwilling to let that vote stand upon the inference that I approve the principle of such a tax, and merely favor its reduction to a lower figure from prudential or political motives.

I oppose its theory and its practice, its principle as well as its policy, and shall so vote. The main controlling reason that sways my judgment is one to which comparatively little attention, incidental allusion only, has been given in the discussion on the other side of this question, and, indeed, would seem to be the case with many other questions that came before this House. It relates to the constitutional power of Congress to enact such a law. The fact that it was enacted by a previous Congress, and has continued in force from that time to this, annually exacting vast sums of money from the pockets of “every man, woman, and child,” is not the argument that sways my judgment, nor is it the fact that by the capricious fortune of the business world, and the surplus of filthy lucre over and above an arbitrary limit, and with the rare honesty to tell the truth when pressed by the weight of the public clamor for the embrace of the internal revenue’s “Black Martin’s,” does not in the least remove this constitutional difficulty, does not confer on the present Congress the smallest modicum of authority, and does not in any degree lessen the duty of the most honest legislators to carefully examine the warrant and measure of the power they are invited to exercise. Let us look before us in the pending bill provisions for revenue, and see if they are not forcing the income tax substantially in the same form and upon the same basis as it was first created by Congress.

The increase in the amount of exemption from ten to fifteen hundred dollars, which is right to lay and collect charges of these sorts; but if it does so the law must have a uniform operation in all the States; there must be no exceptional privileges to one section, no favoritism to any one class; all citizens and classes must share alike in the burdens as well as the benefits of the General Government. Congress also has, under this same clause, an obligation to levy a direct tax in the meaning of that significant little word, “direct,” taxes, for no other are referred to in the Constitution; but it is bound to see that such tax shall have been apportioned among the several States according to their respective numbers.

Section nine, which specifically circumscribes federal power to tax by the words of Congress, in its fourth clause ordains:

“...no capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinafter directed to be taken...”

This is a repetition, with redoubled emphasis, of the restriction contained in the third clause of the second section, before referred to, and makes it absolutely certain that no direct tax can be levied by Congress in proportion to population. Clause five of section nine forbids Congress from levying a tax or duty on any article exported from any State. Clause ten prevents the taxation of post offices from laying any impost or duties on imports or exports, except what may be absolutely necessary for executing its inspection laws, and also from levying any “duty on vessels entering any port.”

These are all the provisions of the Constitution in relation to taxation. Do they severally or collectively authorize Congress to lay a tax on incomes? What kind of a direct tax, within the meaning of the Constitution, must be apportioned according to population? Is it thus apportioned? Nobody so pretending & referring to the annual report of the Commissioner of Internal Revenue will demonstrate that it was not apportioned according to population. From that document it appears that the State of New York paid about on the income tax for the year 1868 the sum of $10,729,769.21, while the State of Ohio paid for the same period $2,000,295.00. By the latter it is clear that New York had a population of 3,880,735, while Ohio had a population of 2,359,511.

Assuming that this income tax had been apportioned accordingly, and that the amount collected from the people of Ohio was in just accordance with the unit of apportionment, whatever that might be, then the amount levied upon the people of New York should have been less than three and a half millions instead of almost ten and three quarters millions; or, to take the reverse of the hypothesis, if the amount collected from the people of New York was in just accordance with the unit of measurement, Ohio ought to have paid nearly six and a half millions instead of a little over two millions. Similar analogies, or antitheses, rather, yet more strikingly that afforded by this parallel between New York and Ohio, might be drawn from the same field of legislative efforts to the purposes of internal taxation, the injustice, and the utter incompleteness of this tax with the provision of the Constitution that all direct taxes shall be apportioned according to numbers; which provision contends that the income tax is apportioned according to numbers, and no proofs are needed to show that it is not so apportioned. It only remains to consider the essential character of the direct tax within the meaning of the Constitution.

To the determination of such a question no surer test can be applied than that which is supplied by the Constitution itself, to wit: can the tax be apportioned among the several States according to numbers? I maintain that it can and ought to be so apportioned, if laid at all; and this appears to be clear from a
consideration of the important and most suggestive words among the several States is the connection with and direct sequence to the words "shall be apportioned." These words are evidently inseparable, and in any complete view of the words taken together, they cannot be construed in no other sense than as forming the substantive proposition of the sentence, which is qualified and limited to the several States, and the apportionment and division of the burden imposed among all the States according to population, was it appointed to be done in terms as explicit as could well be used.

No one then dreamed of spreading a network of Federal tax-gatherers over the land more numerous and more wasting than the "swarm" which the colonists complained had been sent from Great Britain to "harass the people and eat up their substance;" it was supposed that forbidding the States in their grasping hands on the earnings of business or the gains of capital for any purpose whatever, and certainly nobody dared imagine that, should such a bold stretch of Federal authority ever be exercised, it would seek to execute itself without regard to the clear directions of the very instrument on which alone it could rely for the rent, gains, or profits of land. I stop not now to discuss the flagrant injustice of a tax on the earnings of business, be they more or less; the inequality of a tax on the lands of the citizen, whether ever fair and just in theory, is incapable of being reduced to practical effect without infecting gross wrongs on individuals; the insidious growth of the idea of an income tax, however apportioned and levied; nor any of the other grave objections which have been so well presented and illustrated by others, but only to point out this inconsistency that such a tax is at variance with the spirit and letter of the Constitution. That view of the question once fixed in my mind, I cannot consider the right to collect the taxation of advantages or disadvantages that may attend the proposed measure. But one course lies before me, and that leads straight to the vote I shall cast.

If the maximum sum of $25,000,000 were to be raised under the head of a tax on incomes the proportion which the population of any State bears to the whole population fixes the amount to be collected from that State. Then, if we remit the collection to the States, abolishing the Federal machinery now in use, each State would be responsible for the amount fixed by its own constitution; it may prefer, and pay over to the Federal Treasury the whole sum assessed upon it, free from any deductions on account of expense of collection. The whole plan of the present system, which costs nearly or quite twenty per cent, this would be a truly equal and equitable, a truly effective and economical means for enabling the Federal agency of the States to perform its intended functions. This they did in the clauses of the Constitution which I have previously quoted, and I now ask that you can examine those provisions and compare them with the whole scope and body of the instrument without coming to the conclusion that the power conferred on Congress to lay and collect taxes is both expressly and impliedly limited to "direct" taxes; that, in brief, the word tax, wherever it occurs in the Constitution, is the subject of a direct tax, and that, as equality (the grand, distinguishing characteristic of the Constitution) could only be maintained by dividing the burdens it imposes among all the States according to population, it was appointed to be done in terms as explicit as could well be used.

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Be it so. I gladly accept the odium and proudly wear the brand which attaches to the unwavering few who still uplift the banner of the Constitution "as it was," the integrity of the Union which voids every deviation from which, administered in the spirit of its authors, for seventy years poured manifold blessings on all the people; the sovereignty of the States as the creators of the new political system then established, which, allowed to distribute harmoniously its beneficent influences, expanded the few and feeble members of the Confederacy into the august proportions of a mighty republic of republics; the supremacy and undivided rule of the superior white race—in line, all the glorious truths of the earlier and purer days of America before "new lights" had risen to shed their baleful glare over a land till then united, free, and happy; before sectional passions had been aroused by the mere pretense of pushing more or less of the "liberties" assigned to the black freemen. If to wish those halcyon days back again, with all the "sin and shame" which a maudlin sentimentality affected to find in their intermingling with the "horrors and dangers of the old times" is the only thing most obnoxious to "loyal" sensibilities, I glory to be so denounced.

Internal Revenue.

REMARKS OF HON. B. C. COOK, OF ILLINOIS, IN THE HOUSE OF REPRESENTATIVES, June 2, 1870.

On the bill (H. R. No. 105) to reduce internal taxes, and for other purposes.

Mr. COOK. Mr. Speaker, I think that this tax should be retained, but that the exemption of the poor should be reduced. I think it is not, in very many cases, a burden of $2,000. The tax ought not to be made to deprive any man of any portion of the amount necessary for the maintenance of his family and support of the public debt, and I have in any case less than $2,000. In so far as the tax takes from any person any portion of the amount which is fairly necessary to the support of his family it is oppressive. But a tax upon property is the fairest of all
Sovereignty Education and Defense Ministry (SEDM) Website

http://sedm.org