

# Congressional Record.

SIXTY-FIRST CONGRESS, FIRST SESSION.

## The Tariff—Inheritance Tax.

SPEECH  
OF  
HON. ROBERT L. OWEN,  
OF OKLAHOMA,  
IN THE SENATE OF THE UNITED STATES,

Tuesday, June 29, 1909.

The Senate, as in Committee of the Whole, having under consideration the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes—

Mr. OWEN said:

Mr. PRESIDENT: I do not agree with the Senator from Montana [Mr. DIXON] that the psychological moment is at hand for the adoption of the inheritance tax. I have not the slightest idea that there is any probability of the programme laid down by the committee being changed in any respect. But I am in thorough accord with the view of the Senator from Montana in regard to the wisdom and propriety of an inheritance tax. I favor, equally, the income tax. But I regard the inheritance tax as a matter of far greater importance, and that it ought to be added to our permanent fiscal system, not only for the purpose of raising revenue, but for the further and more important purpose of abating the increasing danger of the accumulation of fortunes swollen beyond all reason, which now constitute a menace to the stability of our finance and of our commerce and to the liberties of the people of the United States and of the civilized world.

I suggest to the Senate a progressive inheritance-tax amendment, which I ask the Secretary to read.

The VICE-PRESIDENT. Without objection, the Secretary will read the amendment proposed by the Senator from Oklahoma.

The Secretary read as follows:

### PROGRESSIVE INHERITANCE TAX AMENDMENT.

Suggested to the Senate by Mr. OWEN.

In lieu of sections 34 and 35, insert the following:

"A legacy duty shall be and is hereby imposed upon the transfer of any right, title, and interest in or to any property, real or personal, by will, grant, or transfer in any manner, or under the intestate law of any State or Territory, or of the United States, from any person in anticipation of death, or of any person dying, who is seized or possessed of such property while a resident of the United States, or of any of its possessions; or when the property of such decedent lies within the United States, or within any of its possessions, and the decedent or grantor was a nonresident of the United States, or of any of its possessions, at the time of his death, in accordance with the following schedule, to wit:

"Where the clear value of the entire estate is less than \$100,000 it shall be exempt from legacy duty, otherwise, subject to the following duties, to wit:

"Where the clear value of the entire estate is between \$100,000 and \$300,000, 1 per cent; between \$300,000 and \$500,000, 2 per cent; between \$500,000 and \$600,000, 3 per cent; between \$600,000 and \$700,000, 4 per cent; between \$700,000 and \$1,000,000, 5 per cent; and upon every excess in the clear value of such estate over and above \$1,000,000 there shall be automatically added in addition to 5 per cent, and accumulative as to each additional increase, 1 per cent additional legacy duty to be laid upon each increase in the clear value of such estate of \$1,000,000, or the major fractional part thereof, until such duty reaches 100 per cent cumulative duty upon such additional increase in the clear value of such estate.

"Provided, That when such estate, by will, devise, grant, or inheritance law goes to collateral kin, there shall be imposed the following additional legacy duty upon such portion only of such estate as may descend to such persons severally, to wit:

"Brothers and sisters, or their descendants, 3 per cent; uncles and aunts, or their descendants, 5 per cent; other persons, not children or parents, 10 per cent.

"Provided, That any property conveyed, in anticipation of death, by any person, as a gift or grant to the extent conveyed without adequate consideration, where such estate would come within the rule imposed by this act, fixing such legacy duties, such conveyance, gift, or transfer, however made, shall be subject to the legacy duty herein provided, as if it were the estate of a decedent, and the estate shall be chargeable therewith unless otherwise paid. Where corporate stocks or bonds are transferred or placed under a trust for transfer within five years previous to death, as a gift, either in whole or in part, to that extent such transfer shall be conclusive evidence of its character as a legacy.

"Provided, however, That property devised or bequeathed to any religious, educational, patriotic, charitable, or benevolent corporation or institution shall be exempt from legacy duty.

"The legacy duty hereby imposed shall be a lien and charge upon the property of every person who may die as aforesaid, from the date of the death of such person, and shall be payable within one year, bearing 6 per cent from the date of the death for the first twelve months, and thereafter at the rate of 10 per cent until fully paid.

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"The Secretary of the Treasury is authorized and directed to submit to Congress rules and regulations for the collection of the same for further congressional action."

Mr. OWEN. Mr. President, the Finance Committee has struck out the inheritance-tax provision of the House of Representatives. It should have been heavily increased and made progressive on the swollen fortunes of the country. The most important need of the people of the United States of this generation requires the abatement of the gigantic fortunes being piled up by successful monopoly, by successful stock jobbing, by skillful appropriation under the protection of the law of all the opportunities of life, and which have brought about a grossly inequitable distribution of the proceeds of human labor and of the values created by the activities of men.

I have framed this provision for the express purpose of proposing a readjustment in the distribution of wealth in this country in a manner which will restore to the people who have created these values the gigantic sums appropriated either by fraud or by the permission and the assistance of the law itself.

### DISTRIBUTION OF WEALTH.

Mr. President, I have heretofore shown to the Senate in a manner most conclusive that the very great part of all of the wealth of this country has already passed into the hands of less than 10 per cent, and over half of the national wealth into the hands of less than 1 per cent of the people. (P. 3403, CONGRESSIONAL RECORD, June 16.)

Spahr's table for the distribution of wealth in the United States, taken from his work, "The Present Distribution of Wealth in the United States," when our national wealth was \$60,000,000,000, is as follows:

Class.	Families.	Per cent.	Average wealth.	Aggregate wealth.	Per cent.
Rich.....	125,000	1.0	\$263,040	\$32,880,000,000	54.8
Middle.....	1,362,500	10.9	14,180	19,320,000,000	32.2
Poor.....	4,762,500	38.1	1,639	7,800,000,000	13.0
Very poor.....	6,250,000	50.0			
Total.....	13,500,000	100.0	4,800	60,000,000,000	100.0

The inequalities have been steadily growing worse, and when a single person's fortune is estimated at a thousand millions and is gathering in \$50,000,000 per annum of the net proceeds of the products of the labor of this country, while millions of human beings can not lay aside \$50 apiece per annum, what must be the inevitable result? It is this condition, half understood, that is developing rapidly a sentiment of radical socialism, discontent, and social unrest.

Moody's Manual of 1907, page 30, presents a "General Summary" of corporations offering stocks and bonds for sale to the stock exchanges and recorded by him in great detail in a volume of nearly 3,000 pages, as follows:

	Total stocks and bonds.
Steam railroad division.....	\$15,436,758,000
Public utilities division.....	8,130,464,000
Industrial division.....	10,156,333,000
Mining division.....	2,525,173,000
	36,248,668,000

In addition to this enormous volume of corporate wealth, which comprises a registered one-third of our national wealth, there is an unregistered volume of corporations which are close corporations which do not sell stock, which are personal corporations, amounting to thousands of millions of dollars.

I respectfully call your attention to the Statistical Abstract of 1907, Table 244, which sets forth the wealth of the United States, which shows clearly where its approximate ownership may be found, to wit:

Table 244, Statistical Abstract, 1907.

Real property.....	\$62,341,492,134
Live stock.....	4,073,791,736
Farm implements and machinery.....	844,989,863
Manufacturing machinery, tools, etc.....	3,297,754,180
Railroad equipment.....	11,244,752,000
Street railway, shipping, waterworks.....	4,840,546,909
Agricultural products.....	1,899,379,652
Manufactured products.....	7,409,291,668
Imported merchandise.....	495,543,685
Mining products.....	326,851,517
Clothing and personal ornaments.....	2,000,000,000
Furniture, carriages.....	5,750,000,000

Total for United States..... 107,104,211,917

Where do the city laborers under protection come in as joint heirs of modern prosperity?

What part of this wealth created by labor is theirs?

They have no real estate, no live stock, farm machinery, manufacturing machinery, railroads, or under any visible classification. The only thing that they can have under this tabulation is clothing and a little personal property.

And yet the products of the labor in our specified manufacturing industries of 1905 reached a total of \$14,802,147,087, for 5,470,321 wage-earners, whose product was therefore worth \$2,708 per capita.

These people received \$2,611,540,532 in wages (Stat. Abst. U. S., 1907, p. 144), or \$479 per capita.

This \$479 each must feed and shelter and clothe and educate and provide leisure and the joyous participation in the common providences of God for an average of three people, or about \$160 each per annum, or about an average of \$13.33 per month.

There can hardly be much margin of saving under the circumstances for sickness, ill health, accident, or loss of employment.

In New York City, with over four millions of people, less than 1 in 40 has any real estate.

ENORMOUS WEALTH INHERITED BY A MAN'S CHILDREN IS WORTHLESS IN THE HIGHEST AND BEST SENSE.

Mr. President, it takes a human being of the first magnitude to administer an estate of \$10,000,000 with wisdom and efficiency. No human being can properly consume the income of such an estate, which, at 5 per cent, will make an income of \$500,000 per annum, \$1,366 per diem—about a hundred dollars an hour for every waking hour.

Since such vast sums of money can not be properly used by the individual in the gratification of any just personal needs, and since its possession frequently leads to the wildest extravagances, to the establishment of false standards of life, and often leads to harmful dissipation and vice, and sometimes even to the corruption of our legislatures, of our administrative offices, and of the judiciary itself in the crafty ways by which we all know human beings can be misled, a wise public policy should establish a system of government which will restore to the people so much of the swollen fortunes developed by our modern methods as justice demands.

No thoughtful student will deny that these gigantic fortunes represent values created by the labors and the activities of our people. No man can deny the moral righteousness of restoring to the people by legacy duty that which they have created and which has been taken from them under legal processes and by fair legal means, in the best view of the case, and by crafty, unfair, and illegal means, in the worst view of the case.

THE TAX MORALLY AND ETHICALLY JUST.

It will do no harm to the legatees of these swollen fortunes to contribute to the State a reasonable percentage of such fortunes. They receive these fortunes as a gift, without effort, without service, and are purely beneficiaries of a public legal gratuity, which permits them to receive, without consideration, vast sums by authority of a public statute.

It is true, Mr. President, that the usual inheritance statute itself, based upon the obligation of the parent to provide for his child, is thereby justified; that the child, the wife, the dependents have moral claim for support out of the proceeds of the labor, self-sacrifice, ambition, or providence of the parent; but these considerations are abundantly recognized and provided for in the amendment which I have the honor to submit. They are more than provided for; they are left rich beyond every possible desire or need of a well-ordered mind or a well-disposed heart.

We all agree that it would be unwise to remove or weaken the incentive of an abundant reward as a compensation for the great personal virtues of industry, providence, enterprise, self-sacrifice, and labor, and the proposed legacy duty will not remove a reasonable incentive, while it will put, perhaps, a check on unrestrained ambition not content with tens of millions, but greedily disposed to acquire hundreds of millions at the expense of a just distribution of wealth. Common sense and sound public policy demand that a fair incentive be not taken away from the humbler citizens, who now, in vast numbers, have not a sufficient supply of this world's goods to protect themselves against an illness of thirty days, and from whom every incentive of hope is removed except the pittance of a meager daily bread.

While we should be considerate of the incentive to labor, industry, providence, and self-sacrifice, on the part of strong and powerful men, we should see to it that this incentive is not taken away from millions of weaker men, or permit one man, with the advantage of the accumulated millions drawn from his ancestors, UNDER THE AUTHORITY AND PERMISSION OF OUR LAWS, to appropriate all of the opportunities of life, and thus deprive millions of feebler men of the incentive which

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we all agree is of the highest importance in developing human beings.

THE PLAN PROPOSED IS LAWFUL.

Mr. President, the plan proposed is lawful and has been passed upon by the Supreme Court of the United States in *Magoun v. Illinois Trust and Saving Bank* (107 U. S., 283), in which the court held that the inheritance-tax law of Illinois makes a classification for taxation which the legislature had power to make, and that the inheritance-tax law does not conflict in any way with the provisions of the Constitution of the United States.

The court in this case shows that these laws have been in force in many of the States of the United States—Pennsylvania, 1826; Maryland, 1844; Delaware, 1869; West Virginia, 1887; Connecticut, New Jersey, Ohio, Maine, Massachusetts, 1891; Minnesota, by constitutional provision.

The constitutionality of said taxes has been declared and the principles explained in many cases referred to in the case above mentioned. For example, in the *United States v. Perkins* (163 U. S., 625), *Klapp v. Mason* (94 U. S., 589), *United States v. Fox* (94 U. S., 315), *Mager v. Grima* (8 Howard, 490), and so forth.

With the consent of the Senate, I submit a record of the inheritance tax of the British Empire, the German Empire, and of the German Independent States; and, without objection, I will print in the Record these tables without reading them.

THE PRACTICE SUSTAINED BY FOREIGN COUNTRIES.

D. Max West, in his work on Inheritance Tax, fully sets forth the practice of every nation in this regard. I freely quote from his work and call attention of the country to it.

England has adopted the progressive inheritance tax, reaching as far as 15 per cent on great estates.

Inheritance tax of the British Empire:

In the finance act of 1894 (57 and 58 Vict., chap. 30) Sir Vernon Harcourt simplified the system of death duties, removed the more glaring anomalies, and greatly extended the application of the progressive principle. For the old probate, account, and estate duties he substituted a new estate duty graduated according to the size of the estate, real and personal, from 1 to 8 per cent, as follows:

When the principal value of the estate—

Exceeds £100 and does not exceed £300,	30 shillings.
Exceeds £300 and does not exceed £500,	50 shillings.
Exceeds £500 and does not exceed £1,000,	2 per cent.
Exceeds £1,000 and does not exceed £10,000,	3 per cent.
Exceeds £10,000 and does not exceed £25,000,	4 per cent.
Exceeds £25,000 and does not exceed £50,000,	4½ per cent.
Exceeds £50,000 and does not exceed £75,000,	5 per cent.
Exceeds £75,000 and does not exceed £100,000,	5½ per cent.
Exceeds £100,000 and does not exceed £150,000,	6 per cent.
Exceeds £150,000 and does not exceed £250,000,	6½ per cent.
Exceeds £250,000 and does not exceed £500,000,	7 per cent.
Exceeds £500,000 and does not exceed £1,000,000,	7½ per cent.
Exceeds £1,000,000,	8 per cent.

By the finance act of 1907 the estate duty on estates exceeding £150,000 was increased to the following scale:

When the principal value of the estate—	
Exceeds £150,000 and does not exceed £250,000,	7 per cent.
Exceeds £250,000 and does not exceed £500,000,	8 per cent.
Exceeds £500,000 and does not exceed £750,000,	9 per cent.
Exceeds £750,000 and does not exceed £1,000,000,	10 per cent.
Exceeds £1,000,000 and does not exceed £1,500,000,	10 per cent on the first £1,000,000, 11 per cent on the remainder.
Exceeds £1,500,000 and does not exceed £2,000,000,	10 per cent on the first £1,000,000, 12 per cent on the remainder.
Exceeds £2,000,000 and does not exceed £2,500,000,	10 per cent on the first £1,000,000, 13 per cent on the remainder.
Exceeds £2,500,000 and does not exceed £3,000,000,	10 per cent on the first £1,000,000, 14 per cent on the remainder.
Exceeds £3,000,000,	15 per cent on the remainder.

In addition to this estate duty, calculated on the value of the estate as a whole, collateral heirs still have to pay legacy duty on their legacies or distributive shares of personal property, and succession duty on the corresponding shares of real estate and on leaseholds, settled personality, and legacies charged on land, which are not subject to legacy duty, according to the following consanguinity scale:

	Per cent.
Brothers and sisters and their descendants	3
Uncles and aunts and their descendants	5
Great uncles and great aunts and their descendants	6
Other persons	10

The German Empire has a similar system, imposing the following imperial inheritance tax.

	Per cent.
Parents, brothers, and sisters, and their children	4
Grandparents and more distant ancestors, parents-in-law and step-parents, children-in-law and stepchildren, grandnephews and grandnieces, illegitimate children acknowledged by the fathers and their offspring, adopted children and their offspring	6
Brothers and sisters of parents and relatives by marriage in the second degree in collateral lines	8
In other cases	10

The tax is progressive, the rates given above being increased in the case of inheritance over 20,000 marks by one-tenth; for each further sum, at first of 20,000 or 25,000 marks and afterwards of 50,000 or 100,000 marks. For amounts over 1,000,000 marks the tax is levied at two and one-half times the basic rates, making the maximum rate 25 per cent. In the case of the immediate relatives, subject to the 4 per cent rate, the progression applies only when the value of the inheritance is more than 50,000 marks. On large amounts the German tax is considerably heavier than the French, because the progressive rates apply to the entire amount of the inheritance, not merely to their respective fractions; but when an inheritance is valued at a sum slightly in excess

of that to which a lower rate applies, the higher rate will be collected only in so far as it can be paid out of half the amount by which the inheritance exceeds the preceding class limit.

Besides this, the German independent States also have a progressive inheritance tax, according to degree of consanguinity, as well as a progressive rate.

Rates of German inheritance taxes in force January 1, 1936.

	Alsace-Lorraine.	Anhalt.	Baden.	Bavaria.	Bremen.	Brunswick.	Hamburg.	Hesse.	Lippe.	Lubeck.	Mecklenburg-Schwerin.	Oldenburg.
Husband or wife.....	Per cent. <sup>a</sup> 3											
Children.....	1				<sup>b</sup> 2-3					<sup>b</sup> 2-4		
Other descendants.....	1				2-3		2-4					
Adopted children.....	1				2-3		4-8					
Stepchildren.....	1	4-6	( <sup>c</sup> )		<sup>d</sup> 5-7½	2½	6-12	5	3	6-12	1	4
Parents.....	1	6-9	6	4	5-7½	2½	4-8	8	3	6-12	2	4
Grandparents, etc.....	1			<sup>e</sup> 6	5-7½		6-12	5		6-12		
Stepparents.....	9	6-9	1-2	4		2½	6-12	5	6	6-12	4	7
Children-in-law.....	9	6-9	6	4	5-7½	2½	4-8	8	3	6-12	3	4
Brothers and sisters.....	6.5	4-6	3-4	4	5-7½	2½	6-12	<sup>d</sup> 5	3	6-12	1	4
Nephews and nieces.....	6.5	4-6	3-4	6	5-7½	2½	8-16	5	3	8-16	2	4
Uncles and aunts.....	6.5	6-9	6	6	10-15	5	8-16	8	6	8-16	3	7
Grandnephews, grandnieces.....	7	4-6	3-4	6	10-15	2½	10-20	8	6	10-20	3	7
Greatuncles, great aunts.....	7	8-12	6	6	10-15	5	10-20	10	6	10-20	6	7
Cousins-german.....	7	8-12	6	6	10-15	5	10-20	10	6	10-20	3	7
Great-grandnephews and nieces.....	8	10-15	3-4	8	10-15	2½	10-20	10	6	10-20	6	7
Great-greatuncles and aunts.....	8	10-15	10	8	10-15	5	10-20	10	6	10-20	6	7
Relatives of the sixth degree.....	8	10-15	10	8	10-15	5	10-20	10	10	10-20	6	10
More distant relatives and strangers.....	9	10-15	10	8	10-15	5	10-20	10	10	10-20	8	10

  

	Prussia.	Reuss (elder line).	Reuss (younger line).	Saxe-Altenburg.	Saxe-Coburg.	Saxe-Gotha.	Saxe-Meiningen.	Saxe-Weimar.	Saxony.	Schaumburg-Lippe.	Schwarzburg-Rudolstadt.	Schwarzburg-Sondershausen.	Wurttemberg.
Husband or wife.....	Per cent.	<sup>b</sup> 3											
Children.....													
Other descendants.....													
Adopted children.....	2	3	4-6	6	5	5		4		2	2	5	3
Stepchildren.....	4	6	8-12	6	6	8	6	6	3	4	8	5	3
Parents.....			2-3	( <sup>f</sup> )		<sup>g</sup> 2							2
Grandparents, etc.....			3-4½	4		<sup>g</sup> 2							3
Stepparents.....	4	6	8-12	6	6	8	6	6	4	4	8	5	4
Children-in-law.....	4	6	8-12	6	6	8	6	6	3	4	8	5	3
Brothers and sisters.....	2	3	4-6	4	5	4	4	4	2	4	4	4	2
Nephews and nieces.....	2	3	6-9	4	6	6	4	4	3	4	4	4	3
Uncles and aunts.....	4	6	8-12	5	6	8	6	4	4	4	4	5	4
Grandnephews, grandnieces.....	2	6	8-12	4	6	8	4	4	4	4	4	5	4
Greatuncles, great aunts.....	4	6	8-12	5	6	8	6	8	8	4	8	8	6
Cousins-german.....	4	6	8-12	5	6	8	6	6	6	4	8	8	6
Great-grandnephews and nieces.....	2	6	8-12	4	8	10	4	4	8	4	8	8	8
Great-greatuncles and aunts.....	4	6	8-12	5	8	10	9	6	8	4	8	8	8
Relatives of the sixth degree.....	4	6	8-12	5	8	10	9	6	8	4	8	8	8
More distant relatives and strangers.....	8	8	10-15	<sup>h</sup> 6	8	10	9	8	8	8	8	8	8

<sup>a</sup> Only 1 per cent of offspring also inherit.  
<sup>b</sup> Exempt if with issue.  
<sup>c</sup> Not exempt if children are excluded.  
<sup>d</sup> Unless children are excluded.  
<sup>e</sup> Exempt on 1,000 M. and on 20 per cent of the excess.  
<sup>f</sup> Exempt on the interstate portion.  
<sup>g</sup> Exempt on the compulsory share (one-half the interstate portion).  
<sup>h</sup> Relatives, 5 per cent on the interstate portion.

Progressive rates are a recent development in Germany. Schaumburg-Lippe had a slightly progressive collateral-inheritance tax as early as 1811, but the maximum rate was only 3 per cent, and the progressive feature was omitted from the law of 1880. The recent progressive movement began in a small way in Baden in 1899, grandparents being taxed 2 per cent instead of 1 when the amount exceeded 5,000 marks, and certain collateral relatives 4 per cent instead of 3 on amounts over 3,000 marks. More complete applications of the progressive principle were made by Hamburg and Lubeck in 1903, by Bremen in 1904, and by Anhalt and Reuss (younger line) in 1905, the rate on all in-

heritances of more than 50,000 marks being subjected to additions of 5 or 10 per cent for each 50,000 or 100,000 marks, up to a maximum of one and one-half or two times the basic rate. In most of the States gifts inter vivos were taxed like inheritances, but in some cases they were taxable only when made in contemplation of death or when formally authenticated. Bavaria has the beginning of a tax on corporations as a substitute for the inheritance tax; the real estate of juristic persons, except charitable and religious institutions, is subject to a tax of 1 per cent once in twenty years.

France in like manner has a progressive inheritance tax, changing in accordance with the degree of consanguinity, as shown by the following table:

	1 to 2,000 francs.	2,001 to 10,000 francs.	10,001 to 50,000 francs.	50,001 to 100,000 francs.	100,001 to 250,000 francs.	250,001 to 500,000 francs.	500,001 to 1,000,000 francs.	Over 1,000,000 francs.
Direct line.....	Per cent. 1.00	1.25	1.50	1.75	2.00	2.50	2.50	2.50
Husband or wife.....	3.75	4.00	4.50	5.00	5.50	6.00	6.50	7.00
Brothers and sisters.....	8.50	9.00	9.50	10.00	10.50	11.00	11.50	12.00
Uncles and aunts, nephews and nieces.....	10.00	10.50	11.00	11.50	12.00	12.50	13.00	13.50
Great-uncles and great-aunts, grandnephews and grandnieces, cousins-german.....	12.00	12.50	13.00	13.50	14.00	14.50	15.00	15.50
Relatives of the fifth and sixth degrees.....	14.00	14.50	15.00	15.50	16.00	16.50	17.00	17.50
Relatives beyond the sixth degree and strangers in blood.....	15.00	15.50	16.00	16.50	17.00	17.50	18.00	18.50

  

	1,000,001 to 2,000,000 francs.	2,000,001 to 5,000,000 francs.	5,000,001 to 10,000,000 francs.	10,000,001 to 50,000,000 francs.	Over 50,000,000 francs.
Direct line.....	Per cent. 3.00	3.50	4.00	4.50	5.00
Husband or wife.....	7.00	7.50	8.00	8.50	9.00
Brothers and sisters.....	12.00	12.50	13.00	13.50	14.00
Uncles and aunts, nephews and nieces.....	13.50	14.00	14.50	15.00	15.50
Great-uncles and great-aunts, grandnephews and grandnieces, cousins-german.....	15.50	16.00	16.50	17.00	17.50
Relatives of the fifth and sixth degrees.....	17.50	18.00	18.50	19.00	19.50
Relatives beyond the sixth degree and strangers in blood.....	18.50	19.00	19.50	20.00	20.50

Switzerland in like manner has the progressive inheritance tax, a full account of which will be found on page 41, West, Inheritance Tax.

In the Netherlands; Austria-Hungary; Italy; Russia; the Scandinavian countries, Norway, Sweden, and Denmark; Belgium; Spain; Portugal; Greece; Roumania; Bulgaria; and in Spanish America, Uruguay, Chile, Brazil, Argentina, Guatemala, and Mexico, and Japan this system prevails.

In Australasia they have heavy, progressive taxes imposed, not for the financial consideration alone, but also for the purpose of breaking up large estates, rising to 10 per cent in Victoria, New South Wales, South Australia, and western Australia; 13 per cent in New Zealand; and to 20 per cent in Queensland.

Mr. President, some time ago I called the attention of the Senate to the fact that the mortality tables of Australia, and particularly of New Zealand, show that they do not have much more than half the death rate we have in this country; and it is directly due to the more equal distribution of wealth and the better opportunity of life afforded to the man who toils.

Sir Charles Dilke, in Problems of Greater Britain, part 6, chapter 1, declares that the institution of private property has not been weakened nor capital driven from the colonies by these progressive taxes. The Cape of Good Hope, Cape Colony, has like duties. Seven of the principal colonies of Canada have succession duties with elaborate progressive scales: Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, Prince Edward Island, and British Columbia.

INHERITANCE TAX IN THE UNITED STATES.

The inheritance tax has been recognized in the United States by the act of July 6, 1797; by the war-revenue act of July 1, 1862; by the act of June 30, 1864; by the act of April, 1898.

This law was repealed April 12, 1902 (32 U. S. Stats., 92).

The receipts from the inheritance tax of 1898 are shown in the following table:

Fiscal year.	Receipts.	Percentage of internal revenue.
1898-99.....	\$1,235,435.25	0.452
1899-1900.....	2,884,401.55	.977
1900-1901.....	5,211,898.68	1.698
1901-2.....	4,842,966.52	1.781
1902-3.....	5,356,774.90	2.322
1902-4.....	2,072,132.12	
1904-5.....	774,354.59	
1905-6.....	142,148.23	

American inheritance-tax laws, by States.

State.	Collateral.		Direct.	
	Rates.	Exemption.	Rates.	Exemption.
Arkansas.....	Per cent. 5		Per cent. 1-3	\$4,000
California.....	1½-15	\$500-\$2,000	1-3	10,000
Colorado.....	3-6	500	2	10,000
Connecticut.....	3	10,000	1-2	10,000
Delaware <sup>b</sup> .....	5	500		
Idaho.....	1½-15	500-2,000	1-3	4,000
Illinois.....	2-6	500-2,000	1	20,000
Iowa.....	5	1,000		
Kentucky.....	5	500		
Louisiana <sup>c</sup> .....	5		2	10,000
Maine.....	4	500		
Maryland.....	2½	500		
Massachusetts.....	3-5	1,000	1-2	10,000
Michigan.....	5	100	4 1	2,000
Minnesota.....	1½-5	10,000	1½-5	10,000
Missouri.....	5			
Montana.....	5	500	4 1	7,500
Nebraska.....	2-6	500-2,000	1	10,000
New Hampshire.....	5			
New Jersey.....	5	500		
New York.....	5	500	1	10,000
North Carolina.....	1½-15	2,000	3-4	2,000
North Dakota.....	2	25,000		
Ohio.....	5	200		
Oregon.....	2-6	500-2,000	1	5,000
Pennsylvania.....	5	250		
South Dakota.....	2-10	100-500	1	5,000
Tennessee.....	5	250		
Texas.....	2-12	500-2,000		
Utah.....	5	10,000	5	10,000
Vermont.....	5			
Virginia.....	5			
Washington.....	3-12		1	10,000
West Virginia.....	3-7½		1	20,000
Wisconsin.....	1½-15	100-500	1-3	2,000
Wyoming.....	5	500	2	10,000

<sup>a</sup> Widows and (except in Wisconsin) minor children taxable only on the excess above \$10,000 received by each.

<sup>b</sup> Tax payable only by strangers in blood.

<sup>c</sup> Tax not payable when the property bore its just proportion of taxes prior to the owner's death.

<sup>d</sup> Applies to personal property only.

<sup>e</sup> Decedents' estates of less than \$10,000 are also exempt.

<sup>f</sup> For the surviving husband or wife and children, if residents of Wyoming, \$25,000.

NEED OF FEDERAL LAW TO PREVENT EVASION.

I call the attention of the Senate to this important fact in considering this matter, that whenever a fortune grows very large the owner of that fortune can easily transfer his residence from a State which has an inheritance-tax law to a State which has no inheritance-tax law, and in that manner evade it. For that reason it is of the highest importance that the Federal Government should lay its hand upon the inheritance tax and upon the gigantic fortunes which are built up under our system of laws permitting monopoly to grow and flourish in this country, so that, at the death of the ambitious individual who has profited by our system, the people of the United States may have restored to them that which has been created by their labor.

Mr. President, I have no idea whatever that the amendment which I have the honor to propose will receive respectful consideration now; I do not offer it with any such view. I offer it because I desire the people of the United States to consider it, not because I expect the Finance Committee to consider it. This provision, if adopted by the people of the United States, will provide an enormous amount—not tens of millions, but hundreds of millions—that ought to go back to the people of the United States; and with that fund we could then have available a supply sufficient to improve the roads of the United States from the Atlantic to the Pacific, to improve the waterways of the United States and make transportation cheap, so that the tremendous outflow of the wealth of the people of the United States and their products might find an easy pathway to the sea and to the commerce of the world.

When this policy shall have been adopted by the people of the United States, it will check the very dangerous accumulations of gigantic fortunes which now comprise a serious menace to the people of the United States. Where a single fortune reaches a thousand millions and an annual income of fifty millions, increasing, as it must, in compounding geometric ratio and being typical, it is obvious that such an unequal distribution of the proceeds of human labor is not only unjust, unwise, but is dangerous to the peace and stability of the world.

Fifty millions of annual accumulations in one hand means the deprivation of many millions of people of a part of their slender earnings, and the accumulated force of all the demands of all of the great fortunes of the country, with their total exactions, means the impoverishment of the weaker elements of society by artificial exactions, depriving them of their reasonable opportunity to the enjoyment of life, of liberty, of the pursuit of happiness, and of the enjoyment of the fruits of their own industry.

Monopoly and plutocracy have more power in this Republic than they have in the kingdoms of Europe, where duties on inheritances universally prevail.

If the managers of this bill strike out the inheritance tax on any pretense whatever, I shall certainly regard it as a temporary triumph of selfishness over the influence of patriotism and righteousness. It will be impossible to prevent for a great while the imposition of inheritance taxes. First, because it is right; second, because the judgment and the conscience of the American people, with their increasing intelligence, will not sustain the party now in power in such a gross lack of its obvious duty—a duty earnestly recommended by the President of the United States in his message of December 3, 1906, and approved by such men as the noble-hearted Andrew Carnegie, who, in 1889, wisely said:

By taxing estates heavily at death the state marks its condemnation of the selfish millionaire's unworthy life. It is desirable that nations should go much further in this direction. Indeed, it is difficult to set bounds to the share of a rich man's estate which should go at his death to the public through the agency of the state.

He also said:

There are exceptions to all rules, but not more exceptions, we think, to this rule than to rules generally, that the "almighty dollar" bequeathed to children is an "almighty curse." No man has a right to handicap his son with such a burden as great wealth.

He also said:

This policy would work powerfully to induce the rich man to attend to the administration of wealth during his life, which is the end that society should always have in view, as being by far the most fruitful for the people. Nor need it be feared that this policy would sap the root of enterprise and render men less anxious to accumulate, for, to the class whose ambition it is to leave great fortunes and be talked about after their death, it will attract even more attention, and, indeed, be a somewhat nobler ambition, to have enormous sums paid over to the state from their fortunes.

Mr. President, I sincerely hope that the managers of this bill will do themselves the credit, and the Republican party the honor, to put into this bill a substantial progressive inheritance tax, even if they do not approve the form of the amendment I have the honor to propose.

Mr. President, I submit a table of the proceeds of the inheritance taxes in the United States, and also in the several States.

PROCEEDS OF INHERITANCE TAXES IN THE UNITED STATES.

The inheritance taxes paid in the various States now amount to about \$10,000,000 a year. Below are shown the receipts from this source for four years past:

Proceeds of state inheritance taxes, 1902-1906, in comparison with the estimated true value of taxable wealth in each State, 1904.

[In most cases the receipts reported are net receipts exclusive of commissions, etc.]

State.	Taxable wealth, 1904 (millions).	Inheritance-tax receipts.			
		1902-3.	1903-4.	1904-5.	1905-6.
Arkansas.....	\$781	\$1,605	\$66	\$755	\$850
California.....	3,881	<sup>a</sup> 285,868	<sup>a</sup> 286,561	<sup>a</sup> 532,713	<sup>a</sup> 292,705
Colorado.....	1,101	<sup>b</sup> 5,960	<sup>b</sup> 5,961	<sup>b</sup> 48,646	<sup>b</sup> 48,647
Connecticut.....	1,317	249,730	265,781	284,117	274,259
Delaware.....	221	1,618	3,272	3,102	
Illinois.....	8,534	<sup>b</sup> 460,857	<sup>b</sup> 460,858	<sup>b</sup> 688,312	<sup>b</sup> 688,312
Iowa.....	3,943	<sup>b</sup> 117,333	<sup>b</sup> 141,721	<sup>b</sup> 141,722	190,748
Louisiana.....	980		10,694	57,001	86,655
Maine.....	749	31,227	73,899	69,076	70,534
Maryland.....	1,417	67,115	91,559	76,665	107,820
Massachusetts.....	4,533	506,147	562,193	694,181	712,720
Michigan.....	3,149	<sup>a</sup> 163,572	<sup>a</sup> 181,539	187,036	289,025
Minnesota.....	3,229	3,422			159,455
Missouri.....	3,598	142,564	122,030	305,551	213,131
Montana <sup>c</sup> .....	636	<sup>b</sup> 8,506	<sup>b</sup> 8,506	<sup>b</sup> 6,038	<sup>b</sup> 6,038
Nebraska.....	1,949	<sup>b</sup> 2,804	<sup>b</sup> 2,805	<sup>b</sup> 2,120	<sup>b</sup> 2,120
New Hampshire.....	493			3,277	
New Jersey.....	3,022	138,932	438,635	202,668	200,780
New York.....	13,440	4,665,736	5,428,052	4,627,051	4,713,311
North Carolina.....	812		16,000	5,324	4,673
Ohio <sup>e</sup> .....	5,693	39,276	78,209	406,744	124,457
Oregon.....	766		6,826	23,192	15,290
Pennsylvania.....	10,814	1,300,835	1,080,578	1,677,185	1,507,962
South Dakota.....	629			1,450	
Tennessee.....	1,058	<sup>b</sup> 56,007	<sup>b</sup> 56,007	<sup>b</sup> 34,310	<sup>b</sup> 34,310
Utah.....	407	44,144	39,393	9,971	39,880
Vermont.....	342	29,440	37,227	41,058	40,581
Virginia.....	1,235	19,612	12,797	20,215	28,742
Washington.....	986	8,292	25,774	<sup>b</sup> 33,267	<sup>b</sup> 33,268
West Virginia.....	814	1,367	6,443	10,495	26,052
Wisconsin.....	2,734		4,320	125,965	103,917
Wyoming.....	256			<sup>b</sup> 4,373	<sup>b</sup> 4,373

<sup>a</sup> Refunds deducted.  
<sup>b</sup> One-half the receipts for two years.  
<sup>c</sup> The figures here given represent the States share only; that is, in the case of Montana, three-fifths of the total receipts; and in the case of Ohio, three-fourths of the net receipts.

The following table shows the receipts from the national tax on legacies and distributive shares of personal property during the two fiscal years when it was most fully in operation, in comparison with the estimated value of all personal property in each State or collection district:

Proceeds of the national tax on legacies and distributive shares of personal property, 1900-1902, in comparison with the estimated true value of personal property, 1900.

State.	Value of personal property, 1900 <sup>a</sup> (millions).	Legacy-tax receipts.	
		1900-1901.	1901-2.
Alabama.....	\$401	\$1,353.10	\$5,935.90
Arkansas.....	296		2,062.21
California and Nevada.....	1,235	88,518.41	61,497.39
Colorado and Wyoming.....	596	2,083.26	7,748.33
Connecticut and Rhode Island.....	704	358,954.73	641,096.10
Florida.....	168	282.27	
Georgia.....	453	3,144.68	24,812.96
Hawaii.....		5,303.76	1,051.56
Illinois.....	2,711	345,636.55	325,964.84
Indiana.....	1,106	9,355.47	19,194.24
Iowa.....	1,316	19,533.59	44,274.50
Kansas, Oklahoma, and Indian Territory.....	1,278	6,964.17	107.20
Kentucky.....	569	12,934.06	13,350.17

<sup>a</sup> Including stocks and bonds of railroads, etc.

Proceeds of the national tax on legacies and distributive shares of personal property, etc.—Continued.

State.	Value of personal property, 1900 <sup>a</sup> (millions).	Legacy-tax receipts.	
		1900-1901.	1901-2.
Louisiana and Mississippi.....	\$703	\$20,186.62	\$20,076.69
Maryland, Delaware, and District of Columbia.....	750	<sup>b</sup> 217,581.10	<sup>b</sup> 99,417.05
Massachusetts.....	1,442	452,914.61	559,296.97
Michigan.....	1,035	66,498.47	67,780.66
Minnesota.....	1,056	17,931.27	23,147.10
Missouri.....	1,243	78,078.32	91,011.72
Montana, Idaho, and Utah.....	665	2,843.40	162,744.19
Nebraska.....	751	1,732.90	10,547.10
New Hampshire, Maine, and Vermont.....	652	67,813.64	114,115.15
New Jersey.....	1,107	295,935.17	79,861.37
New Mexico and Arizona.....	254	455.71	660.55
New York.....	4,533	2,314,425.51	1,608,843.83
North Carolina.....	343	2,577.13	3,215.10
North and South Dakota.....	500	( <sup>c</sup> )	83.93
Ohio.....	2,100	175,067.92	69,321.70
Oregon and Washington.....	602	<sup>d</sup> 141.21	<sup>d</sup> 6,641.72
Pennsylvania.....	3,917	571,019.10	660,753.94
South Carolina.....	247	2,780.25	6,793.95
Tennessee.....	445	6,395.58	7,853.18
Texas.....	1,013	18,264.77	18,643.32
Virginia.....	508	8,373.08	15,791.19
West Virginia.....	326	2,865.09	10,564.64
Wisconsin.....	943	33,890.78	62,176.07
Total.....	35,980	5,211,893.69	4,842,966.52

<sup>a</sup> Including stocks and bonds of railroads, etc.  
<sup>b</sup> Including Accomac and Northampton counties, Va.  
<sup>c</sup> Included with Nebraska.  
<sup>d</sup> Including Alaska.

Mr. President, these tables show that a small inheritance tax will do, and I call attention to the fact that the state taxes on inheritances are very small and the tax runs to small estates, which I do not think at all desirable as far as a federal inheritance tax is concerned. The federal tax—inheritance tax—in my judgment, should be confined to large estates and should be made progressive, so as to abolish the present skillful evasion of the constitutional law laid down by our ancestors against the rule of primogeniture and entail.

ENTAIL AND PRIMOGENITURE.

Mr. President, it is contrary to the welfare of the human race to permit estates in perpetuity, and it is against the spirit of the common law and it is against the constitutional rule everywhere in force in our Republic forbidding primogeniture and entail.

The rule of primogeniture is so well understood that no man would be so imprudent as to attempt to leave his estate subject to such a will. And the law of entail is equally well understood, but it is in recent years avoided in various ingenious ways.

For example, by placing the property in trust; by incorporating estates and placing the stock in the hands of trustees, the corporation itself having a perpetual life. By the perpetual life of corporations has grown up a method of evading the wise spirit of the rule forbidding primogeniture and forbidding the accumulation of vast properties in a single hand. In my judgment there should be no apologetical treatment of this matter.

The accumulation of gigantic fortunes in a single hand, with the huge power of increase where the income can not be consumed, is dangerous to the commercial liberties of the people; and because dangerous to commercial liberties of the people it is dangerous to the political and civil liberty of the people.



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