

WEALTH: ITS CONSERVATION, TAXATION, CONTROL,
DISTRIBUTION, AND PRODUCTION

EXTENSION OF REMARKS
OF
HON. DICK T. MORGAN
OF OKLAHOMA

IN THE
HOUSE OF REPRESENTATIVES

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REMARKS
OF
HON. DICK T. MORGAN.

Mr. MORGAN said:

Mr. SPEAKER: The acquirement of wealth is unquestionably to the large majority of people the greatest incentive to human action. The average man devotes practically all of his time and energy providing support for himself and family, and in an effort to acquire a surplus of means for the use of himself and family in his declining years or in days of misfortune or ill health. So far as possible, the laws enacted by Congress and the policies pursued by the National Government should favor the average citizen in his effort to support himself and family and to lay by some of this world's goods for use in time of need.

Policies of a national administration and the laws enacted by our National Congress are of vital interest to all the people of the United States, because the policies pursued by the National Government and the laws enacted by the National Congress affect all the people of the United States in their struggle for their just share of the wealth of the country. Since the inauguration of William Howard Taft as President of the United States on the 4th of March, 1909, during which time I have had the honor to be a Member of the House of Representatives, the Congress has passed laws which affect:

1. Conservation of wealth.
2. Taxation of wealth.
3. Control of wealth.
4. Distribution of wealth.
5. Production of wealth.

CONSERVATION OF NATURAL WEALTH.

The people are vitally interested in any of the laws coming under the above classification. At the beginning of our history we possessed great natural wealth, which seemed unlimited and inexhaustible. Apparently there was plenty for all and no need for limitation or restriction to individuals. We had a wilderness to subdue, a desert to reclaim, a continent to conquer. Our population, compared with other nations, was small, and as a Nation we adopted the policy of giving to individual enterprise every encouragement possible. It can not be doubted that this policy contributed largely to our wonderful growth in population, in wealth, and in national strength. But the time came when a new policy should be adopted. The time came when it became necessary to throw around our natural wealth still in the control of the National Government such laws and restrictions as would prevent such wealth from being concentrated in the hands of a few persons with power to use this wealth to the injury and detriment of the masses of the people. With all our lavish liberality in the past, the Government still possesses many millions of acres of public lands, extensive forests, great mineral wealth, and important water-power sites. During the Sixty-first Congress we passed laws which threw around our public lands, forest reserves, minerals, and water-power sites such restrictions, limitations, and regulations as will hereafter prevent the national wealth, as represented by these national resources, from being concentrated in the hands

of a few. As a member of the Committee on the Public Lands I aided as best I could in preparing and reporting such bills as would protect our public lands, our valuable forests, our minerals, and water-power sites from monopolistic control. I voted for every proposition, provision, measure, and bill which had for its object the conservation and preservation of our natural resources—to prevent these national resources of wealth belonging to the National Government from getting into the control and ownership of great corporations, syndicates, or combinations of wealthy individuals.

LAWS RELATING TO THE TAXATION OF WEALTH.

The people are naturally greatly interested in the laws which relate to the taxation of wealth. Taxation touches everybody. In some way our local, State, and National Governments must be supported. Every man contributes a part of his earnings to support the Government under which he lives. Do our utmost, we can not escape this taxation. With all this, our laws should be so fashioned that the just, proper, fair, and equitable share of taxation should fall upon wealth and not upon poverty—that success, not failure, should bear the burden of taxation.

Some years ago the Congress passed an income-tax law. The Supreme Court of the United States decided that this law was unconstitutional. It became necessary, therefore, to amend our Constitution, so that Congress could pass a legal and valid income-tax law which would enable the National Government to place a special tax upon those who are fortunate in having large incomes. The Sixty-first Congress passed a resolution submitting to the States for ratification an amendment to the Constitution of the United States, authorizing the National Government to levy an income tax. I voted for this resolution. The National Government should have the power to levy an income tax. The wealth of this Nation should be compelled to pay its just share of taxes in support of the Government under which this wealth has been accumulated and to which the owners of this wealth look for protection.

The Sixty-first Congress also passed the act of August 5, 1909, which contained a provision placing a special tax of 1 per cent per annum upon the profits of all corporations having a net profit over \$5,000 annually. Under this provision the corporations of the country are paying into the Treasury about \$30,000,000 annually. I voted for the bill which contained this provision, and I believe it is but just and right that the wealthy corporations of the Nation should pay a special tax to relieve to some extent the burden which would otherwise come upon those less able to bear it.

The House of Representatives at this session of Congress passed what is known as the excise-tax bill, which met my hearty approval, and which places a tax upon individual incomes above \$5,000 annually. This is virtually an income-tax law. There has not been a single proposition to place additional taxation upon the wealth of the country that has not received my support. The burdens of life naturally fall heavily upon the poor. Those of our citizens who are more fortunate than the great majority and have large incomes can well afford to pay a special tax for the support of the National Government. And the rich, if they are patriotic, will not grumble at the payment of this additional tax.

CONTROL OF WEALTH.

During the last quarter of a century we have had in this country an industrial, financial, commercial, and business revolution. Prior to this revolution the business of this country was done by individuals, firms, and copartnerships. To-day the great interstate business of this country is done by corporations. The last 25 years has been a period of concentration, combination, and integration in business. We have now the big corporations. We call them trusts. These great corporations dominate the manufacturing, transportation, and commercial business of the country. It can not be doubted that many of these corporations possess large monopolistic power—even though few of them are complete monopolies. Many of the corporations have such domination in their respective lines of business as to be able to arbitrarily control the prices of products in common and among the people of the United States.

Free, fair, effective competition is no longer the controlling factor in the prices of many products in common use. Now, Congress has authority to control the business of these great corporations engaged in interstate business. Ordinarily, I believe in giving free play to individual enterprise, energy, industry, and effort; but when enormous wealth is concentrated in one corporation under the control of a few men, and the corporation possesses monopolistic power, then I believe the National Government should do one of two things—either destroy the monopoly or control it.

The National Government long ago entered upon the policy of controlling corporations engaged in interstate business. Congress passed an act, approved February 4, 1887, creating the Interstate Commerce Commission and gave it supervision over the railways engaged in interstate business. At first the commission had little power. But the authority of the commission was increased from time to time until finally the Sixty-first Congress, by the act approved June 18, 1910, gave to the commission the authority to fix the rates and charges which the railway companies may charge for the transportation of passengers and freight. With a Government commission possessing the jurisdiction and authority to fix charges of railways the people are safe in the future from any serious injury through unjust rates charged by the great railways doing an interstate business. I voted for this measure and I have supported every proposition to increase the authority of this great commission over these great transportation companies, which control our great national highways over which our enormous internal commerce passes.

EXPRESS, TELEGRAPH, AND TELEPHONE COMPANIES.

The same act, for the first time, gave the Interstate Commerce Commission authority over the express companies, and the telegraph and telephone companies, with authority to fix the charges made by such companies. As a result of that law, a few weeks ago, the commission made an order making a reduction of 15 per cent in the rates charged by the express companies for transportation of merchandise and all kinds of packages. I voted for this law. The express companies and the telegraph and telephone companies are natural monopolies, and the rates which they charge the people should not be left to the greed of their managers.

On July 2, 1890, Congress passed what is known as the Sherman antitrust law. The object of this law was to prevent monopoly by industrial corporations engaged in interstate business. Whatever may be said in favor of this law, it is a fact that since its enactment our corporations have been growing in size and in monopolistic power. Twenty-two years have elapsed since the enactment of the Sherman antitrust law. In the meantime our corporations have been growing larger, but Congress has not added a line to the laws of the Nation to prevent or control monopolistic corporations.

Some time ago I came to the conclusion that there should be created a national commission, with authority over our great industrial corporations similar to the power the Interstate Commerce Commission has over transportation companies. After diligent investigation I prepared a bill creating an "interstate corporation commission," which I introduced (H. R. 18711) in the House of Representatives January 25, 1912. On the 20th day of February, 1912, I addressed the House, explaining the provisions of the bill and advocating its enactment into law. Subsequently thereto Col. Theodore Roosevelt delivered his "Charter of Democracy" address before the Ohio constitutional convention, in which he advocated the creation of a commission along the lines provided in my bill.

The Republican Party, for the first time in its history, in the platform enunciated at the national convention at Chicago, June 18, 1912, declared in favor of creating such a commission. The Progressive Party, which convened in Chicago August 5, 1912, in its platform declared in favor of such a commission. So far as I have been able to ascertain, the bill which I introduced January 25, 1912 (H. R. 18711), was the first bill that has been introduced in the House of Representatives creating such a commission, and my remarks made in the House on the 20th day of February, 1912, was the first speech delivered in the House advocating the creation of such a commission. If we, through State or national laws, create gigantic corporations, possessed with sufficient capital and controlling such a percentage of the production of articles in common use as to be able to overcome free competition and control arbitrarily the prices of these products, we must either enact laws that will prohibit such corporations from engaging in interstate business or we must throw around such corporations laws and governmental machinery as will prevent such corporations from imposing upon the people by charging prices which are unjust, unfair, and unreasonable.

THE DISTRIBUTION OF WEALTH.

The census returns for 1910 will show that there are in the United States about 35,000,000 persons over 10 years of age engaged in gainful occupations. Eleven millions of these are on the farm; 7,000,000 are engaged in domestic and personal service, including common laborers; 7,000,000 are engaged in trade and transportation; 9,000,000 are engaged in mechanical and manufacturing pursuits. It is this army of toilers that gives this country its wealth, its prosperity, its prestige abroad, and its real strength at home. In all our legislation we should keep in view the physical, intellectual, social, and moral uplift of this grand army of 35,000,000 toilers and workers. The fair, just, and equitable distribution of the wealth produced among those who earn it is of the highest importance to our Nation

and our citizenship. Wealth should be fairly distributed, first, as a matter of justice to those who earn it, and, second, as a matter of strength to our Republic. The character of our citizenship depends upon the distribution of wealth, and the perpetuity of our Republic depends upon the character of our citizenship. The houses in which our people live, the clothing they wear, the food they eat, the schools their children attend, the conditions, environments, and surroundings in which men labor, and their opportunities for rest, recreation, and travel determine the physical, intellectual, and moral character of our citizenship. Our Nation can not maintain its leadership among the nations of the earth unless the standard of our citizenship continues to hold its superiority over the average citizens in other great nations. The proper distribution of wealth is, therefore, not only a question of doing justice to the men who earn the wealth, but it involves also the very life and perpetuity of the Republic and its free institutions.

The wealth the farmers produce is distributed through the sale of their surplus products. Three things are necessary that the farmer shall get his fair share of the wealth he produces: First, the price he receives must be fair and reasonable; second, the charges of the middlemen for transportation, storage, marketing, distribution, and delivery to consumers must be reasonable; and, third, the farmer must be able to purchase manufactured products at prices which are reasonable and just. It is plainly important to the farmer that the transportation companies and the big corporations which transport the farmer's products and manufacture the goods and merchandise which the farmers buy shall have such laws and governmental control thrown around them as will prevent such corporations from exacting from the farmers exorbitant and unfair prices. The men engaged in common labor, in trade and transportation, in manufacturing and mechanical pursuits secure their share of wealth in the form of wages. The scale of wages paid is of the highest importance to this great army of 25,000,000 of toilers. On the other hand, the wage earners are interested that the great corporations which manufacture and control the sale and distribution of food products and clothing and other necessities of life shall dispose of them at reasonable prices. The control of such corporations is therefore vital to the welfare of all wage earners. Fundamentally the interests of all wealth producers are mutual. The wage earners are the farmer's customers. The farmer can not get good prices unless the wage earners who are his customers get good wages. The largest element of cost in transportation and in producing manufactured articles is the cost of labor. The farmer must be willing to pay fair prices for his transportation and for his manufactured articles or the wage earners employed in these lines of industry can not be paid good wages, and if they do not get good wages they can not pay the farmer good prices for his products.

PRODUCTION OF WEALTH.

Administrative policies and national laws affect the production of wealth. In our national policies and in our national laws we must not overlook the importance of pursuing such policies and of enacting such laws as will encourage and stimulate the production of wealth. If we do not as a Nation successfully produce wealth, we will have no wealth to conserve, no wealth to tax, no wealth to control, and no wealth to distribute. The poli-

cies which have been pursued by the Republican Party and the laws which have been enacted by Republican Congresses have been the most favorable to the production of wealth among our people.

Under this 50 years of Republican rule our population has increased from 31,000,000 to 92,000,000; our national wealth has grown from \$16,000,000,000 to \$130,000,000,000; the annual products of our farmers have grown in value from one and one-half billions of dollars to \$9,000,000,000; our farm property has increased in value from \$8,000,000,000 to \$41,000,000,000; the annual products of our mines have increased in value from \$200,000,000 to \$1,600,000,000; our annual manufactured products have grown in value from \$2,000,000,000 to twenty and one-half billions of dollars; our railways have increased in mileage from 31,000 miles to 242,000 miles; our imports have increased from \$353,000,000 to \$1,500,000,000; our exports have increased from \$333,000,000 to \$1,700,000,000; the annual revenue of our Government has grown from \$56,000,000 to \$700,000,000.

In this 50 years of Republican rule our population has increased threefold; the value of our farm property has increased fivefold; the value of our imports has increased fivefold; the value of our exports and the value of our annual agricultural products have each increased sixfold; our wealth and our railway mileage have increased each eightfold; and the value of our annual manufactured products has increased more than tenfold.

We excel all other nations in mining, in manufacturing, and in agriculture. We are the wealthiest Nation in the world. Our wealth almost equals the combined wealth of England, Germany, and France. Nearly one-half of all the railway mileage in the world is in the United States. Fifty years ago in our industrial pursuits we were fourth-class power. Now, in the industrial field, we are preeminently first among all the nations of the world.

It required 250 years, from the first settlement of America down to 1860, for the people of the United States to accumulate \$16,000,000,000 in wealth. But in the year 1910 the value of our annual manufactured products was over \$20,000,000,000—four billions more than all of our national wealth in 1860.

That the Republican Party has not deteriorated in its administrative ability, and that its principles and policies have lost none of their vitality and beneficent effect, is shown by the fact that our greatest prosperity has been during the last 10 years of Republican rule. In these 10 years the value of our manufactured products has grown from \$13,000,000,000 to \$20,672,000,000. In these 10 years the amount of wealth distributed through our manufacturing industries in wages has increased from \$2,300,000,000 to \$3,300,000,000. In this period the number of wage earners employed in manufacturing increased 40 per cent. The amount of wages increased 70 per cent. The exports of our manufactured products have increased from \$447,000,000 to \$1,000,000,000. The value of our annual agricultural products has increased from \$4,500,000,000 to \$9,000,000,000. The capital invested in manufacturing industries in 1900 was \$9,000,000,000; the capital invested in manufacturing industries in 1910 was \$18,000,000,000.

In this 50 years of Republican rule we have made our greatest advancement in invention, in improvement in tools, implements, and machinery, in transportation facilities, in means of communication, and scientific discovery. Education, art, science, and literature have flourished as never before. Moral, chari-

table, and religious institutions have attained their greatest strength and influence. And now, after 50 years of Republican rule, there are a few uncontestable facts that every unprejudiced person will concede. The people of the United States are better off than are the people of any other country on the globe. The masses of our people have more of the comforts of life, and enjoy more of the luxuries than do the common people in any other country. There is less pauperism and less poverty in the United States than in any other great country in the world. The laboring man, the poor man, has a better chance for advancement in the world, for the attainment of a competency, for the acquirement of wealth, than he does anywhere else on the globe. The 30,000,000 persons engaged in gainful occupations in the United States are to-day better housed, better clothed, better fed, and better paid than are persons in corresponding employment in any other country in the world.

No other country on earth maintains such a high standard of living among the masses of its people, or affords such splendid opportunities for the attainment of success in every avenue of employment. And whatever change may come in our laws, in our institutions, in system or government, I hope in this country it will continue in the future as it has in the past that any worthy man by industry, economy, and persistence may rise from the depths of poverty to the pinnacle of wealth. I hope in this free Republic it will be in the years to come as it has been in the years gone by that the humblest boy may rise to positions of the highest distinction and honor.

Not only are we better off than any other people, but in all the 125 years of our history as a Nation we never before were so well off as we are to-day.

The laboring man never before received so large a wage as he receives to-day after 50 years of Republican rule. He never worked fewer hours per day or under better conditions and environments. He never enjoyed more luxuries than he does to-day. He never provided his family with a better home than he does to-day. He never before gave his boy and his girl a better education than he does to-day. Labor never had more recognition than it has to-day. The farmers have never been so prosperous as in recent years. Take our entire population as a whole, there has never been an hour in our history when the average man among us had more of the good things of life, more to make him contented and happy than he has in 1912.

For one I do not want to see the national policy which has contributed to this unparalleled development in the direction of wealth change. I do not want to see the national laws which have contributed to this wonderful creation of wealth in this great Nation repealed. I hope the policy of protection which has been pursued by Republican administrations will not be abandoned for a policy of a tariff for revenue only or for any free-trade policy.

I therefore solemnly protest against the abandonment of the policy of protection which has made this country rich, great, and prosperous for a policy of tariff for revenue only, which, when tried under our last Democratic administration, brought to this country business depression, industrial prostration, and almost universal poverty.

