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NO. 49

NEW TAX IS URGED BY TAFT

Special Message to Congress on It.

CORPORATIONS TO PAY

President Estimates It Would Raise \$25,000,000.

PUBLICITY A FEATURE ALSO.

Asks Amendment to Permit Levy on Personal Incomes Too.

Washington, June 17.—President Taft held a special cabinet meeting, Senator Root also being present, to obtain views regarding a tax on net earnings of corporations. The message he had prepared for congress was read to them and then sent to that body. It is as follows:

"To the Senate and House of Representatives:
"It is the constitutional duty of the president from time to time to recommend to the consideration of congress such measures as he shall judge necessary and expedient. In my inaugural address, immediately preceding this present extraordinary session of congress, I invited attention to the necessity for a revision of the tariff at this session and stated the principles upon which I thought the revision should be effected.

"Obligation to Raise Revenue."
"I referred to the then rapidly increasing deficit and pointed out the obligation on the part of the framers of the tariff bill to arrange the duty so as to secure an adequate income and suggested that if it was not possible to do so by import duties new kinds of taxation must be adopted, and among them I recommended a graduated inheritance tax as correct in principle and as certain and easy of collection.

"The house of representatives has adopted the suggestion and has provided in the bill it passed for the collection of such a tax. In the senate the action of its finance committee and the course of the debate indicate that it may not agree to this provision, and it is now proposed to make up the deficit by the imposition of a general income tax in form and substance of almost exactly the same character as that which, in the case of Pollock versus Farmers Loan and Trust company (157 U. S., 429), was held by the supreme court to be a direct tax and therefore not within the power of the federal government to impose unless apportioned among the several states according to population.

"Income Tax Not Legal."
"This new proposal, which I did not discuss in my inaugural address or in my message at the opening of the present session, makes it appropriate for me to submit to the congress certain additional recommendations.
"The decision of the supreme court in the income tax cases deprived the national government of a power which, by reason of previous decisions of the court, it was generally supposed the government had. It is undoubtedly a power the national government ought to have. It might be indispensable to the nation's life in great crises.

"Although I have not considered a constitutional amendment as necessary to the exercise of certain phases of this power, a mature consideration has satisfied me that an amendment is the only proper course for its establishment to its full extent.
"I therefore recommend to the congress that both houses by a two-thirds vote shall propose an amendment to the constitution conferring the power to levy an income tax upon the national government without apportionment among the states in proportion to population.

"This course is much to be preferred to the one proposed of re-enacting a law once judicially declared to be unconstitutional.

"For the congress to assume that the court will reverse itself and to enact legislation on such an assumption will not strengthen popular confidence in the stability of judicial construction of the constitution. It is a much wiser policy to accept the decision and remedy the defect by amendment in due and regular course.

"Again, it is clear that by the enactment of the proposed law the congress will not be bringing money into the treasury to meet the present deficiency, but by putting on the statute book a law already there and never repealed will simply be suggesting to the executive officers of the government their possible duty to invoke litigation.

"I therefore recommend to the congress that both houses by a two-thirds vote shall propose an amendment to the constitution conferring the power to levy an income tax upon the national government without apportionment among the states in proportion to population.

"I therefore recommend an amendment to the tariff bill imposing upon all corporations and joint stock companies for profit, except national banks (otherwise taxed), savings banks and building and loan associations, an excise tax measured by 2 per cent on the net income of each corporation. This is an excise tax upon the privilege of doing business as an artificial entity and of freedom from a general partnership liability enjoyed by those who own the stock.

"I am informed that a 2 per cent tax of this character would bring into the treasury of the United States not less than \$25,000,000.

"The decision of the supreme court in the case of the Spreckels Sugar Refining company against McClain (102 U. S., 307) seems clearly to establish the principle that such a tax as this is an excise tax upon privilege and not a direct tax upon property and is within the federal power without apportionment according to population.

"The tax on net income is preferable to one proportionate to a percentage of the gross receipts because it is a tax upon success and not failure. It imposes a burden at the source of the income at a time when the corporation is well able to pay and when collection is easy.

"Benefits of Publicity."
"Another merit of this tax is the federal supervision which must be exercised in order to make the law effective over the annual accounts and business transactions of all corporations. While the faculty of assuming a corporate form has been of the utmost utility in the business world, it is also true that substantially all of the abuses and all of the evils which have aroused the public to the necessity of reform were made possible by the use of this very faculty.

"If now by a perfectly legitimate and effective system of taxation we are incidentally able to possess the government and the stockholders and the public of the knowledge of the real business transactions and the gains and profits of every corporation in the country, we have made a long step toward that supervisory control of corporations which may prevent a further abuse of power.

"I recommend, then, first, the adoption of a joint resolution by two-thirds of both houses proposing to the states an amendment to the constitution granting to the federal government the right to levy and collect an income tax without apportionment among the states according to population, and, second, the enactment as part of the pending revenue measure, either as a substitute for or in addition to the inheritance tax, of an excise tax upon all corporations measured by 2 per cent of their net income.

"WILLIAM H. TAFT.
"The White House, June 18, 1909."
Aldrich Acts Quickly.
Senator Aldrich called a meeting of the committee on finance to consider both of the propositions in the president's message.

In a series of roll calls the senate rejected all proposed amendments to the Philippine paragraph in the pending tariff bill except that proposed by the finance committee.

Place Auditors on Their Trains.
Chicago, June 17.—In the effort to check speculations by conductors the managements of the St. Paul and Northwestern roads will place auditors on their trains.

PARIS BARS MORGAN STOCK.

Minister of Finance Decides Steel Can't Be Listed.

Paris, June 17.—Announcement is made that M. Caillaux, minister of finance, has refused the J. P. Morgan request that the common stock of the United States Steel corporation be listed on the Paris bourse.

The failure to list the stock is due to haste and lack of candor on the part of Americans having the campaign in charge. All the Paris brokers and thousands of French investors were eager to see American stocks listed and the Paris market enlivened.

C. W. MORSE OUT ON BAIL.

Convicted Banker Freed in Sum of \$125,000.

New York, June 17.—Charles W. Morse, the convicted banker, who has been in the Tombs awaiting the outcome of his case in the United States circuit court of appeals, was admitted to bail in the sum of \$125,000.

Martin W. Littleton, Morse's counsel, argued that there were numerous errors in the record of the case when Morse was convicted before Judge Hough and a jury and particularly in the judge's charge—enough to justify a new trial.

PASTOR HAD NONUNION SHAVE

Couldn't Interest Organized Labor Till He Found Why.

Washington, June 17.—Rev. Donald McLeod of the First Presbyterian church recently went in for the labor union uplift movement with heart and soul, prepared some lectures and invited the Central Labor Council.

"Never," said Secretary De Nedrey. "This friend of organized labor doesn't even get shaved in a union shop." "I have never noticed what they were," said Mr. McLeod. "I patronize them at random."

RAILROAD MAN NO DIPLOMAT.

F. A. Delano's Reason For Declining Post of Minister to China.

Chicago, June 17.—A preference for railroading over diplomacy and a desire to continue his home in Chicago were assigned by Frederick A. Delano, president of the Wabash railroad, in declining the president's offer of the post of minister to China.

"I have no inclination for public life," said Mr. Delano. "I believe I can accomplish more in the development of railroads at home."

HEINZES PLEAD NOT GUILTY.

Copper Magnate Charged With Obstructing the Law.

New York, June 17.—F. Augustus Heinz, his brother, Arthur P. Heinz, and Carlos Warfield, a former director of the United Copper company, were arraigned before Judge Ray in the United States circuit court on indictments charging them with conspiracy in splitting away books wanted by the grand jury.

The three pleaded not guilty with leave to withdraw.

SUSPECTED VESSELS FREED.

Mystery of Nanticoke and Dispatch Cleared by Venezuelan Advice.

Washington, June 17.—State department official advices from Venezuela cleared up the mystery of the steamship Nanticoke and the tug Dispatch, suspected of filibustering, showing they were purchased by Venezuela.

The department of justice has ordered its agents to abandon their observations of the vessel and to return to Washington.

Bryan Not in Senatorial Race.

St. Louis, June 17.—Wearing a long black overcoat and a panama hat, William Jennings Bryan in the Union station here said, "I do not desire to be a candidate for senator and do not expect to be."

Low Tide Saved Battleship.

Washington, June 17.—Officers who were aboard the Michigan when she ran aground off Cape Cod say that had she struck at high tide she would likely have become a total wreck.

Great Hailstorms in North Carolina.

Beaufort, N. C., June 17.—One of the worst hail and rain storms ever known in this county occurred in the Harlow creek section. One man was killed by lightning.

Bubonic Plague Gains in China.

Amoy, June 17.—There were 131 deaths from bubonic plague in Amoy during the fortnight. Obangchow reports upward of 300 deaths daily.

Died of Apoplexy at a Wedding.

Brillon, Wis., June 17.—Mrs. Joseph Manilk fell dead from apoplexy while at a wedding here.

Ex-Judge is a Librarian at Joliet.

Chicago, June 17.—Ex-Judge Abner Smith, convicted of conspiracy in wrecking the Bank of America, is an assistant librarian in the Joliet penitentiary.

HONESDALE HIGH SCHOOL COMMENCEMENT WEEK

Class Night Exercises of the Class of 1909

Last Class to Graduate from Old School Building. Farwell Frolic

The Lyric was crowded to the doors on Tuesday evening last by relatives and friends of the graduation class to listen to the class exercises. Frederick J. Osborne, as class president, presided, and introduced the several speakers. The address of welcome by Ernest F. Dudley and other addresses are here-with given in full.

"ADDRESS OF WELCOME"

By Ernest F. Dudley.
Ladies and Gentlemen—I wish to extend to you all, in behalf of the Class of Nineteen Nine, a most hearty welcome to this, our final gathering. I suppose to the majority of you the address of welcome to the class night exercises has long since lost its significance as an address of welcome. People clearly take it for granted that they are welcome, or why do they come in such vast numbers? However, at the very outset of our performance, if there are any persons present who fail to see the word "welcome" written all over every countenance in this crowd, I wish to say to them especially, that we, the Class of 1909, bid them a hearty welcome to our last official meeting. With these words, spoken from the very depths of my cardiac recesses, my duty is performed. Yet, I cannot but think that there are some people here to-night who do not realize the vast importance of the occasion, and probably need to be impressed with it. 'Tis the fifteenth day of June, a day long to be remembered. Of course there are a few great events that invite some attention but what are they compared to the battles of the class of 1909? Ladies and Gentlemen, you see before you to-night the scarred veterans of from three to six faculty scrimmages, and a few school board skirmishes. We came, we saw, we conquered! We climbed though the rocks were rugged, and fought bravely, until finally after a long siege of four years, we have managed to get out from within the confines of four white walls and have gained a foothold on the outside. Of course our ranks suffered considerably during that time. Every year a few dropped from the rolls until now the happy day has arrived, our ranks number but two and twenty.

I suppose even now some of you wonder how we escaped. Well, I won't go into detail about each one's experiences but one of the happy ones who held her own throughout the term of years, is our "Friend" the "Dein," in whom we all had great "Faith," and who refused to "Romaine" in confinement any longer to be "Harris'd" by the Faculty, so one day, "Beck"—onion to her "Polly" to follow, and taking something to "Frye," well in fact she took about all one could "Gerry" she boldly struck out without a "Murrin-man." You can all see that she has reached the top of the "Hill"—er even tho' there were at times a thick "Heal"-ly of bullets. But I think I am straying a little from my duty.

The purpose of to-night's meeting is to gather for a final frolic before the dawning of the dignified day when our Principal is privileged to present us with our well-deserved diplomas. To you, Prof. Oday, and the esteemed members of the Faculty, I wish to extend in the name of the Class of 1909, our appreciation of the kindness you have shown us and the great blessing you have been to us since we came under your care and guidance. To our schoolmates all, we say, "God-speed!"

Now I must turn the evening's duties into other and abler hands. Kind friends, we believe you will find enjoyment, if not profit, in our class to-morrow. If jokes are too local or too personal for general understanding, smile away; it won't hurt you. I am sure the members of the class will keep cool, even though they are roasted.

ADVICE TO JUNIORS

By Russell E. Romaine.

Juniors! Perhaps you think advice is needless, but you need some, as to what you should do during your Senior year, as then you are supposed to be the model class of the High school. Seeing that I was at one time a member of your class, I think myself capable of giving you some advice, which I hope you will gladly receive, although I know 'tis "More blessed to give than to receive," yet it will do you no harm. There are many different kinds of advice. "Some that old men give young, when they can no longer set a bad example." Also a "Commodity peddled by your lawyer and given away by your mother-in-law." I need say nothing concerning the latter, for if you wish that kind of advice given by a mother-in-law, I would direct you to your President.

In your Senior year you will run up against various difficulties, and I will advise you how to overcome them. First, when you enter Literature next fall, let those, who wish to be favored, obtain a front seat, and I hope Beatrice Rehbein will not write any more tragic stories when she becomes a Senior. Of course, we don't expect that you will come up to our average in the examination on Samuel Johnson; but you must do your best for if you have the same, as we did, I don't think there is any chance to get through. Always copy us according to behavior, when the teacher goes out of the room, or when a substitute is teaching you. Do not try to bluff when you have not your lesson, for the same thing never works two years in succession, and if called names do not contradict; but reserve privilege of doubting until further evidence. Conrad Hiller would improve his health a great deal if he did not drink so much soda water. When you enter the new building don't decorate the desks with your initials. I will tell you why, "But don't you tell I told you."

As I passed the office door one day, I heard someone talking with the school board, and this is what was said: "If they destroy any school property we will fine them fifty cents, and with interest." Surely you all know what the interest would be, one yard of rubber hose. If you should take a school trip as we did to the contest, let recreation be not nonsense altogether, that is, do not be lead astray by the good looking Dunmore and Carbondale girls. If when you assume the titles of Seniors, your heads begin to swell, do not get a "Teddy Bear Hair Cut," as Jacobs, Pethick, and Beurket did, for it is out of style. "Taffy Possum" has taken his place. Don't accept all the candy Schuller brings next year, it will make you sick, for sickness is worse than freckles. Christmas approaches and you have been thinking what to give your school girl in the line of gifts, I will not tell you what to give, nor pick the present, but if a box of candy is chosen, do not give such a large one that they may afterwards use it for a shirtwaist box, as Hat-tie is doing with the one she received. Physical culture would benefit Kathryn Nicholson and Clarence Bodie, as it would add to their stature. I would prescribe Ipecac for Peterson when he comes home from a banquet. Daniel Eno, when you become a Senior, assume a little more dignity. And now to those girls, that I have not personally advised, I would suggest that they take a few lessons in the science of cooking, for I hear, they are going to teach it next year, as they already have had one lecture on the subject. And now, if you follow in the footsteps of the "Class of 1909," you will prove to be the model class of H. H. S. in 1910.

"CI CREED"

By A. Turnberger.

We, the students of nineteen nine believe in a State and obeying a State's rules. If anyone doubts this statement they are perfectly free "to discuss it" with the teachers; that the "would-be society" should be abolished, that the only way to reduce a coal bill is to take a brisk walk from nine to ten every morning when the thermometer drops below zero; that the length of the school term should be extended to ten months a year, six days a week six hours a day, Fridays included; that the waste basket is a reliable authority to consult about the fads, and follies of the class; that we would like to "keep our seats" as a souvenir of our school days but they may be needed next year; that the extent of every lesson should be "go as far as you come." This embodies the creed of the class in general and we sincerely hope its articles will be adopted by succeeding classes.

Abigail Baird, believes that our street railway should be pushed forward for it would be such a convenience to the East Honesdale students, especially those who have difficulty in reaching the high school at nine o'clock. Embodied in Helen Beck's creed is this brief but suggestive article of faith: "A cosy corner is any corner that does not contain a chaperone." Faith Clark, that Honesdale's Humane Society should make some provision for all stray cats and dogs, thus relieving the high school students from all responsibility.

Hazel Dein, that marcel waves are a great acquisition to personal appearance and popularity. Ernest Dudley, that all are not clams who have "Scho-ells"; Fred Frey, in improving Shakespeare every time the opportunity is afforded, but as yet he has not been very successful. William Freund, that this is the proper time to apologize for his compulsory insult namely, turning back to the high school. Chester Gerry, that "Storms" are essential factors in every-day life. Walter Healy, in disregarding all the rules of etiquette governing introductions to young ladies and playing the part of the man behind. George Harris, that he has been signally honored by having the chair of Literature given him in Honesdale High School. Florence Hiller firmly believes in generosity, even to sharing the measles with her neighbors. Albert Krantz, that each class room should be furnished with a calendar, so that if in doubt about the day of the week it can be consulted without disturbing the entire class. Coe Lemnitzer evidently believes the course in the Honesdale High school is not sufficiently crowded for the tried very hard to have palmistry introduced this year. Gertrude Murrman, that one member of the class at least, should be loyal enough to wear class colors, this solves the question of the blue and gold dress, together with the belt of the same pleasing combinations; Susie McGraw, a few more years, of single blessedness and then her name will be "Dennis." Fred Osborne, believes to his sorrow that the child labor question is too difficult for a senior and if written at all the limited time should be two weeks. Flossie Polley, that a handful of good life is better than a bushel of learning. Russell Romaine believes having learned from experience that it is necessary to invite three or four girls to a dance before you can find one who will consent "to rob the cradle."

Henry Soete, never do to-day what you can put off until to-morrow. Clara Saunders, in the study and mastery of natural history, but she does not advance very rapidly for she is still on "B's." Laura Van Horne, that she will soon invest in the best of Union Bonds on the market—a marriage certificate.

Without doubt our teachers are well pleased with our creed for they have said to us: "My children, you have indeed performed your tasks with valiant courage, and we consider you the best and brightest class that ever graduated from the good, old H. H. S., you may now enter the promised land for you have reached the goal."

(CONTINUED ON PAGE 4)

Pongee, Taifeta, and Ottoman Cloak and Jackets, at MENNER & CO.'S.