

interest The Outlook, and we do not think it greatly interests the general public. The real question is this: Have we reason to be encouraged in a hope that, under the present Administration and the present Congress, the public interest will be effectively preserved against special interests? And on that question the public attitude is one of mingled hope and apprehension. The President evidently regards the tariff legislation as a triumph, and accepts as a necessary incident to tariff legislation the clash and scramble of private interests. If the President is right in this respect, and we are inclined to think that he is, his attitude is an unanswerable condemnation of the protective system. We hope that the President's confidence in the power of the Tariff Commission to put future tariff laws on a sound basis of public interest will be justified, but on this subject also the public is by no means as confident in its optimism as is the President.

**ARE WE TO HAVE  
CORPORATION PUBLICITY?**

Last week the much-discussed Corporation Tax entered upon a new phase of its existence, for, temporarily at least, it was shorn of its publicity feature. The Corporation Tax was passed last summer by Congress as a part of the Payne Act. Under its operation corporations must report annually under oath to the Federal Government their total paid-up capital stock outstanding, their total bonded and other indebtedness, their gross income from all sources for the year, their total expenses for the year, their total losses for the year, their total interest paid within the year, their taxes paid within the year, and their net income or profits for the year. Furthermore, and particularly, these statements "shall be filed in the office of the Commissioner of Internal Revenue [in the Treasury Department], and shall constitute public records and be open to inspection as such." Attorney-General Wickersham, the author of the corporation tax provision of the Tariff Bill, has said of it:

It seems to me that uniform returns of this character from every class of corporations will constitute a body of information which should be available to stockholders

and creditors and those dealing with corporations, and which, so far from being an injury to the corporations, should tend to promote confidence in those worthy of confidence and to prevent fraud by those that are not. I think it will help enormously in improving the estimation in which American securities are held abroad, and it will afford information of some accuracy which will enable the Government—State and Federal—to deal more intelligently with the problem of controlling abuses in corporate management than is now possible with the imperfect and unreliable information at present available.

Commenting on the new tax, The Outlook declared it to be the most radical and, in some respects, the most important feature of the Payne Act—"indeed, it is not improbable that it may have a more revolutionary effect, in behalf of the public welfare, upon American commerce and finance than any other statute of recent times. If sustained by the Supreme Court, it will give the National Government an unprecedented power in controlling the trusts." In this comment The Outlook had of course in mind a principal element in this Federal power, namely, the publicity feature, providing that corporation returns should be open to inspection. What is meant by "returns"? All the documents connected therewith? President Taft construes the law to mean that the returns of corporations, "original and corrected, not the documents and evidence taken upon investigation, should be open to inspection." But to open the returns as so defined to public inspection means an enormous increase of work in the Internal Revenue Bureau. First, the returns of nearly 400,000 corporations must be indexed. Then they must be displayed. They must be housed, as President Taft said, "in rooms convenient of access for the public." Moreover, very many new clerks must be provided to arrange and protect the returns. Last summer Congress appropriated the sum of \$100,000 "for the expenses of collecting the Corporation Tax." It said nothing about publishing the returns or expending any part of the appropriation within the District of Columbia. Only last week was it discovered and made public that a law passed in 1882 prohibits the employment of persons within the District of Columbia by any executive department or subordinate bureau except as specifically appro-

priated for by law. The Treasury Department therefore appealed to President Taft for an opinion on this point also. The President replied, holding that the intention of Congress in passing the Corporation Tax feature was to make the returns accessible to the public; he regrets the oversight of Congress to provide specially for this; and he recommends that Congress now appropriate the sum of \$50,000 for this specific purpose, especially as all of last summer's appropriation is necessary for use outside the District of Columbia.



**WILL CONGRESS ACT?** What will Congress do? Very many critics declare that it will do nothing, and thus give corresponding gratification to the host of small manufacturers and corporation managers who have protested against revealing their reports and returns and trade secrets to their rivals, because in that event the greater corporations would crush the smaller. Until the present condition is rectified, therefore, the reports and returns from corporations will be treated merely as internal revenue returns. They will be accessible only to the corporations and their attorneys, or to persons authorized by the President or the Secretary of the Treasury. In other words, any person other than the taxpayer making the return, or his duly appointed agent or attorney, who desires to see it, may make application to the Secretary of the Treasury, who, in his discretion, will, on proper showing of cause, approve the request. Thus approved, it is to be presented to the Commissioner of Internal Revenue, who will permit the return in question to be seen by the applicant on such conditions as may be imposed by the head of the Treasury Department. Quite aside from the desire to please the host of small corporation managers, however, it is possible that Congress is now not unwilling to postpone the actual operation of the publicity feature until the Supreme Court has an opportunity to pass upon the law's constitutionality; half a dozen cases are already pending before the courts, and within a few weeks should come up for argument. But whether Congress acts or does not

act, the attention of the country has now been called to a forgotten law, and people are inquiring how often that act has been evaded in carrying out other laws. In our judgment, there are plausible and perhaps quite adequate reasons why the private affairs of private corporations should not be open to the inspection of the public, and so of their competitors. But we agree with Mr. Wickersham that it would be a distinct advantage to the public and to all honestly managed corporations whose stock is sold in the open market to have so much of their financial affairs open to the public as would enable the public to form some approximate estimate of the value of their stock.



**WHAT OF ALASKA?** That something must be done to establish more orderly, stable, and civilized conditions in Alaska, as well as to make impossible the wasteful exploitation and monopolization of its enormous natural wealth, everybody must concede. What shall it be? There is now before Congress a bill in charge of Senator Beveridge, Chairman of the Senate Committee on Territories, which embodies one constructive proposal. It represents the views of the President on the problem. By his long experience as the administrative head of the Philippines, Mr. Taft is exceptionally equipped to understand problems of government under what may be called colonial conditions, and to frame a definite plan for dealing with such problems. Mr. Taft's plan is that of a commission form of government. On another page in this issue of *The Outlook* Mr. Atherton Brownell describes those conditions in Alaska which have made the commission form of government seem particularly adapted to Alaska's needs. Readers of Mr. Brownell's article will find there a strong and persuasive statement of the facts which render any form of self-government by the people of Alaska as a whole difficult, if not virtually impossible. It has been pointed out in the course of the discussion over this bill, and particularly by Senator Borah, that this plan is an adaptation of the Philippine form of government to a community, or rather a vast region, in which Philippine conditions do not obtain. Men like Senator Borah