

DEPARTMENT OF AGRICULTURE
WASHINGTON

March 29, 1937

Mr. F. W. Beitz
165 Heath Street
Buffalo, New York

Dear Mr. Beitz:

Secretary Wallace wishes me to acknowledge your letter of March 23. I can well understand and sympathize with some of the things you say. At least one of your questions is rather easily answered. You ask, "Why does a man with an income of \$5000 from tax exempt securities get away with it?"

You may remember that some years ago the country adopted the Fourteenth Amendment to the Constitution which provided that Congress might levy a tax on incomes "from whatever source derived." Following the adoption of this Amendment, the Supreme Court made a decision that the words, "from whatever source derived," did not mean exactly what they said and that the salaries of Federal judges were exempt from the income tax law which Congress had passed under the Fourteenth Amendment. In a later case, the Supreme Court held that the salaries of state officials were exempt from the provisions of the income tax law. Still later the Supreme Court held that the income from certain tax exempt securities, such as government bonds, was not included under the words, "income from whatever source derived."

It is to remedy just such interpretations as this that the President proposes to enlarge the Supreme Court, placing upon it younger men fresh from active participation in this changing world, whose interpretations might reasonably be presumed to be a little more liberal and a little more in accordance with the Constitution than those which we have been getting from the Court.

Yours very truly,

J. D. LeCron
Assistant to the Secretary