

We, the People, by amendment, thus created in the hands of Central Government a new power of great magnitude.

But that was not all.

The Supreme Court has held that, under this amendment, the Congress, in a sense, may also tax capital.

The Courts will sustain a mere definition written by the Congress unless it is of a flagrant abuse of power.

You will recollect that it was held that the Congress might constitutionally say that a cooling drink containing more than one-half of one per centum of alcohol was intoxicating liquor, and prohibited.

The same may be said of the Congressional definition of "income".

Congress, by amendment, was authorized to tax "income". Income had to be defined.

In American jurisprudence, a clear distinction has always been recognized between capital and income.

True income consists of the return from profession or business, salaries, rentals from real estate, interest on bonds and dividends on stocks.

Congress, in its very first definition of income went further than this and included, in its definition of