

Frank J. Aldrich to be postmaster at Pike, N. H., in place of F. J. Aldrich. Incumbent's commission expired January 30, 1921.

NEW YORK.

Rennie T. Dayton to be postmaster at Center Moriches, N. Y., in place of B. B. Tooker. Incumbent's commission expired May 24, 1920.

Herbert L. Smith to be postmaster at Cortland, N. Y., in place of Hugh Duffey. Incumbent's commission expired March 2, 1919.

Henry J. Chichester to be postmaster at East Moriches, N. Y., in place of H. J. Chichester. Incumbent's commission expired December 20, 1920.

Frederick W. Ashenhurst to be postmaster at Little Falls, N. Y., in place of W. H. Nolan. Incumbent's commission expired March 28, 1920.

Frank E. Dickens to be postmaster at Middleville, N. Y., in place of J. F. Mumford. Incumbent's commission expired March 22, 1920.

James Kilby to be postmaster at Nyack, N. Y., in place of A. A. Blackledge. Incumbent's commission expired January 12, 1918.

Lottie Allen to be postmaster at Perrysburg, N. Y., in place of P. H. Cantillon. Incumbent's commission expired January 18, 1920.

NORTH CAROLINA.

Justus E. Armstrong to be postmaster at Belmont, N. C., in place of D. P. Stowe, resigned.

NORTH DAKOTA.

William C. Farman, jr., to be postmaster at Hankinson, N. Dak., in place of F. O. Hunger. Incumbent's commission expired May 15, 1920.

OHIO.

Smith T. Meyers to be postmaster at Amanda, Ohio, in place of L. L. Reed. Incumbent's commission expired March 16, 1921.

Carl W. Appel to be postmaster at Lucasville, Ohio, in place of J. M. Cockrell, resigned.

OKLAHOMA.

John L. Coyle to be postmaster at Rush Springs, Okla., in place of G. H. Crittendon. Incumbent's commission expired April 26, 1920.

PENNSYLVANIA.

Lucinda Abbott to be postmaster at New Eagle, Pa. Office became presidential January 1, 1921.

SOUTH CAROLINA.

Bessie P. Lamb to be postmaster at Enoree, S. C. Office became presidential April 1, 1921.

WASHINGTON.

Oscar A. Kramer to be postmaster at Asotin, Wash., in place of A. H. Graves, resigned.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 22 (legislative day of October 20), 1921.

MEMBERS OF THE RENT COMMISSION OF THE DISTRICT OF COLUMBIA.

A. Leftwich Sinclair.
Mrs. Clara Sears Taylor.
William F. Gude.

ASSAYER IN THE MINT.

Ambrose E. Moynahan to be assayer in the mint at Denver, Colo.

POSTMASTERS.

ARIZONA.

Charles L. Beatty, Nogales.

NEW JERSEY.

Clara C. Hurry, Atco.
Laura Menzel, Maple Shade.
Lurelda Sooy, Somers Point.

OHIO.

Frank A. Gamble, Van Wert.

OKLAHOMA.

William B. Carroll, Okemah.

RHODE ISLAND.

Ernest P. Shippee, North Scituate.

WITHDRAWALS.

Executive nominations withdrawn from the Senate October 22 (legislative day of October 20), 1921.

PROMOTIONS IN THE NAVY.

The nomination of Ensign George B. Birdsall, for temporary service, to be an ensign in the Navy from the 6th day of June, 1919, in accordance with a provision contained in the act of Congress approved June 4, 1920.

Lieut. Mark A. Mangan, United States Naval Reserve Force, to be an ensign in the Navy from the 4th day of June, 1920, in accordance with a provision contained in the act of Congress approved June 4, 1920.

SENATE.

MONDAY, October 24, 1921.

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The roll was called, and the following Senators answered to their names:

Ashurst	Gerry	McLean	Shortridge
Borah	Gooding	McNary	Simmons
Brandege	Hale	Moses	Smoot
Broussard	Harrell	Nelson	Spencer
Bursum	Harris	New	Stanley
Cameron	Harrison	Newberry	Sterling
Capper	Heflin	Nicholson	Sutherland
Caraway	Hitchcock	Norbeck	Swanson
Culberson	Johnson	Oddie	Townsend
Cummins	Jones, N. Mex.	Overman	Trammell
Curtis	Kellogg	Owen	Wadsworth
Dial	Kendrick	Page	Walsh, Mass.
Dillingham	Keyes	Penrose	Walsh, Mont.
du Pont	King	Pittman	Warren
Edge	La Follette	Poindexter	Watson, Ga.
Ernst	Lenroot	Pomerene	Watson, Ind.
Fletcher	McCormick	Ransdell	Williams
France	McKellar	Reed	Wills
Frelinghuysen	McKinley	Sheppard	

Mr. MCKELLAR. I wish to announce that the Senator from Iowa [Mr. KENYON] is detained at a hearing before the Committee on Education and Labor.

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

SENATOR FROM PENNSYLVANIA.

Mr. PENROSE. Mr. President, I rise to a question of privilege. I present the credentials of Hon. WILLIAM E. Crow as a Senator from Pennsylvania and ask that they be read.

The VICE PRESIDENT. The credentials will be read.

The reading clerk read the credentials, as follows:

IN THE NAME AND BY AUTHORITY OF THE
COMMONWEALTH OF PENNSYLVANIA.
EXECUTIVE DEPARTMENT.

To the President of the Senate of the United States:

This is to certify that pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Pennsylvania I, William C. Sproul, the governor of said State, do hereby appoint WILLIAM E. Crow a Senator from said State to represent said State in the Senate of the United States until the vacancy therein caused by the death of the Hon. PHILANDER C. KNOX is filled by election as provided by law.

Witness: His excellency our governor and our seal hereto affixed at Harrisburg this 17th day of October, in the year of our Lord 1921.

[SEAL.]

By the governor:

WM. C. SPROUL, Governor.

BERNARD J. MYERS,
Secretary of the Commonwealth.

The VICE PRESIDENT. Without objection, the credentials will be placed on the files of the Senate.

Mr. PENROSE. I ask that Mr. Crow be now permitted to take the oath of office.

The VICE PRESIDENT. The Senator appointed will come forward and be sworn.

Mr. Crow, escorted by Mr. PENROSE, advanced to the Vice President's desk, and, the oath prescribed by law having been administered to him, he took his seat in the Senate.

JOURNAL, HOUSE OF REPRESENTATIVES, HAWAIIAN LEGISLATURE.

The VICE PRESIDENT laid before the Senate a communication from the secretary of the Territory of Hawaii, transmitting, pursuant to law, copy of the journal of the House of Representatives of the Eleventh Legislature of the Territory of Hawaii, regular session, 1921, which was referred to the Committee on Territories and Insular Possessions.

PETITION.

Mr. HARRIS presented a resolution adopted by the Bainbridge (Ga.) Board of Trade, favoring the proposed objects contemplated in holding the conference on limitation of armaments, particularly a drastic reduction of naval and military expenditures so as to decrease taxation, which was referred to the Committee on Foreign Relations.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 2618) to authorize the exchange of certain lands within the Wasatch National Forest, Utah; to the Committee on Public Lands and Surveys.

By Mr. POINDEXTER:

A bill (S. 2619) granting an increase of pension to Annie King; to the Committee on Pensions.

By Mr. FRANCE:

A bill (S. 2620) to create a board of adjustment, which shall constitute a wage board and board of appeals for employees of navy yards and arsenals, and to define its powers and duties; to the Committee on Naval Affairs.

By Mr. WADSWORTH:

A bill (S. 2621) authorizing the President to dispose of certain arms and ammunition seized in pursuance of the act approved June 15, 1917, along the Mexican border; to the Committee on Military Affairs.

By Mr. LODGE:

A bill (S. 2622) to incorporate the American Mathematical Society; to the Committee on the Judiciary.

AMENDMENT OF TAX REVISION BILL.

Mr. KING submitted an amendment intended to be proposed by him to House bill 8245, the tax revision bill, which was ordered to lie on the table and to be printed.

TAX REVISION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The VICE PRESIDENT. The question is upon agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee, proposing to insert section 210. The amendment to the amendment will be stated.

The READING CLERK. It is proposed to amend section 210 by inserting in the proviso on page 23, line 1, after the words "United States," the words:

For each taxable year up to and including the calendar year 1921—

And by adding the following proviso at the end of line 2, page 23:

Provided further, That for the calendar year 1922 and each calendar year thereafter, in the case of a citizen or resident of the United States, the rate upon the first \$5,000 of such excess amount shall be 2 per cent; the rate upon the second additional \$5,000 of such excess amount shall be 4 per cent; the rate upon the third additional \$5,000 of such excess amount shall be 6 per cent.

Mr. PENROSE. On that I ask for a vote, Mr. President.

Mr. WALSH of Massachusetts. Mr. President, I wish to make a few observations about the pending amendment. A very general and serious criticism that has been made of this revenue bill is that it is discriminatory. In relieving our people of the war burdens of taxation the bill as reported has sought to relieve only two classes of our citizenship, the highly successful corporate interests of the country and the extremely wealthy class. Every Senator in the Chamber who has spoken against the measure has referred to this fatal weakness—its favoritism to certain classes.

Personally, I think that there is a good deal to be said in favor of the removal of some of the war-time tax burdens from the corporations of this country; I think there is something to be said in favor of lessening somewhat the high surtaxes upon the extremely wealthy class of this country; but there is nothing that can be said in favor of removing the burdens of taxation from those two classes without relieving also the great middle class of American people—those of moderate incomes. The same arguments for relief apply to all alike. All classes should at once have their taxes lowered.

Upon what theory was the tax law framed during the World War? I was not in the Senate; but I have been told again and again that great care and consideration were given in the measure with the end in view of making the corporation interests, the wealthy class, and the great middle class of individuals, equally bear the financial burdens of the war. All were to pay in equal proportion the taxes which were necessary to be levied and thereby provide revenue which had to be raised in order suc-

cessfully to wage the war. If it is true that all were burdened alike, on the theory of ability to pay, then the pending bill is subject to very serious criticism, in that it has not sought in distributing relief to extend it equally to all classes.

Three classes were to be heavily taxed when we sought to raise taxes in order to meet the expenses of the war. Every individual was required to pay an income tax, those possessing wealth or receiving excessively large incomes were to pay surtaxes, and the corporations of the country were to pay corporation taxes of various kinds. The war is over, but the burdens of the war remain and will continue for years to come; the necessity of raising money to pay for the expenses of the war will exist for years to come; yet in the very first effort to relieve the people of the country, to readjust our burdensome taxes, what has been suggested by the majority party of this Senate?

Mr. PENROSE. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Pennsylvania?

Mr. WALSH of Massachusetts. I yield.

Mr. PENROSE. Will the Senator permit an inquiry at that point?

Mr. WALSH of Massachusetts. Certainly.

Mr. PENROSE. Has the Senator from Massachusetts any idea as to how much revenue the Treasury would be deprived of under the amendment he is discussing?

Mr. WALSH of Massachusetts. Yes, sir.

Mr. PENROSE. What is the Senator's estimate of that amount?

Mr. WALSH of Massachusetts. I am informed that it would be about \$135,000,000.

Mr. PENROSE. I am informed that it would be nearer \$150,000,000.

Mr. WALSH of Massachusetts. I must say to the chairman of the Committee on Finance, with all due respect to the experts, that I never yet have obtained the same answer from the experts on a second or third inquiry when attempts have been made to ascertain what the losses or gains were to be from certain forms of taxation. I do not say that in any criticism of the experts, because I think it is very often impossible to obtain a uniform answer.

Mr. PENROSE. I agree with the Senator from Massachusetts, and I know that it is difficult to get more than an approximate estimate in reference to these matters. The difference between \$135,000,000 and \$150,000,000 is considerable, but it is evident, whichever figure may be correct, that there would be a great loss of revenue involved. I should like to ask the Senator from Massachusetts what substitute he has in mind for this loss of revenue?

Mr. WALSH of Massachusetts. I shall be very glad to discuss that matter when I develop my argument.

Mr. PENROSE. Of course, it would be a wonderfully desirable thing if the amendment could be adopted and the revenue could be made up from some other convenient source.

Mr. POMERENE. May I have the attention of the chairman of the Committee on Finance?

Mr. PENROSE. Yes.

Mr. POMERENE. The figures which the Senator from Pennsylvania has just given were the same as the estimates given on Saturday afternoon last?

Mr. PENROSE. Yes.

Mr. POMERENE. At that time the senior Senator from Massachusetts [Mr. Lodge] suggested that he desired an adjournment so that more definite information on the subject might be obtained. Has the Senator from Pennsylvania obtained that information or are the figures which he now has given simply confirmatory of the statement which was made on Saturday last?

Mr. PENROSE. I think that the Senate is in possession of figures which are approximately near enough to show a very substantial loss of revenue and to justify the query as to the source from which the deficiency shall be made up.

Mr. SIMMONS. Mr. President—

Mr. WALSH of Massachusetts. I want to resume my argument, and I shall be glad to answer the question asked by the Senator from Pennsylvania later. However, I will yield now to the Senator from North Carolina.

Mr. SIMMONS. I think the figures which were given by the Senator from Rhode Island [Mr. Gerry] on Saturday last are correct—at least, those were the figures which I understand were furnished by Mr. McCoy—that \$135,000,000 would be lost by the adoption of the amendment proposed by the Senator from Rhode Island.

Mr. GERRY. The Senator from North Carolina is correct. The figures were around \$135,000,000, which estimate was agreed to by Mr. McCoy.

Mr. SIMMONS. That is my understanding. Will the Senator from Massachusetts pardon a further interruption?

Mr. WALSH of Massachusetts. Certainly.

Mr. SIMMONS. While I recognize the fact that if any of the taxes proposed to be imposed by the pending bill are reduced it will be necessary to make up the loss of revenue in some other way, it does not seem to me that that is a conclusive answer and even a good answer to make why an unjust tax should not be eliminated.

Mr. WALSH of Massachusetts. Exactly. If there is an unjust tax in the law, it should be eliminated and some other method found to raise the revenue that is necessary.

Now, Mr. President, I wish to resume my argument in reference to the bill generally. There are two defects in this bill that must certainly condemn it before the country. Although a great deal has been done to improve the bill as reported out by the majority of the committee by amendments which have been suggested on the floor—and, no doubt, the bill will be improved further by other amendments which will be suggested later—yet there are still left in the bill errors or discrepancies which make it absolutely indefensible.

The first is that this bill reduces the taxes of profit-making corporations and increases the taxes of all nonprofit-making corporations. That can not be denied. Every corporation which has been making more than 14 per cent will have its taxes reduced, while every corporation which has been making from 1 to 14 per cent will have its taxes increased. That is what it means to take off the excess-profits tax and to increase the income corporation tax from 10 to 15 per cent. That is how this change is going to work out.

Mr. FLETCHER. Mr. President, will the Senator point out how that is brought about?

Mr. WALSH of Massachusetts. At the present time all corporations are taxed 10 per cent on their net income, and those that make a profit of over 8 per cent on their invested capital have, in addition, to pay an excess-profits tax. The excess-profits tax is to be eliminated, but a flat increase from 10 to 15 per cent is to be made on the net income of all corporations regardless of whether or not they make excess profits. What will be the result? The result will be that all corporations earning less than 8 per cent on their capital stock and now only paying 10 per cent on their net income will after the enactment of this bill have to pay 15 per cent, so that the poor, struggling, limited profit-making corporations will have their burdens of taxation increased under this bill, notwithstanding the fact that it is a peace time, not a war tax, bill which seeks to lessen the burdens of taxation rather than to increase them. To cover this injustice I have an amendment to propose, which I shall discuss later. Now, recurring to the other proposition—

Mr. POMERENE. Mr. President, are all excess-profits taxes eliminated?

Mr. WALSH of Massachusetts. All excess-profits taxes of every kind and description have been eliminated in this bill, and in their place an increase from 10 to 15 per cent has been made in the corporation net income tax. That will apply to every corporation, whether it makes excess profits or not.

Mr. POMERENE. Mr. President, what is the argument which is used in favor of increasing the corporation tax on those corporations earning the lesser percentage of profits and advancing it on those with the higher percentage of profits?

Mr. WALSH of Massachusetts. The only argument that I know is that \$450,000,000 has been taken away from the Treasury of the United States by the elimination of the excess-profits tax, and some means—some way—has got to be found to make up that loss. The only means, so far as I have been able to see, that have been suggested in this bill are to increase from 10 to 15 per cent the net income tax upon all corporations.

Mr. POMERENE. So, Mr. President, it must follow then that, instead of decreasing the taxes of the corporations which were occasioned by the war, we are increasing them if they have a low earning power?

Mr. WALSH of Massachusetts. That is absolutely the fact.

Mr. PENROSE. Mr. President, did I understand the Senator from Massachusetts to make the statement that he could possibly see his way clear to support a proposition to reduce the surtax adjustment very considerably in case the excess-profits taxes are retained?

Mr. WALSH of Massachusetts. I do not think that I quite catch the purport of the question of the Senator from Pennsylvania. I have been trying to say that I can see something in the argument for the reduction or the elimination of the excess-profits tax; I can see force in the argument for the reduction of the surtaxes; but I can not see any force whatever in the removal or the reduction of those taxes while not one single

cent is taken off the normal tax which the average moderate-income citizen must pay. That is one of the fatal weaknesses of the bill.

If the Senator from Pennsylvania and those who stand sponsor for this bill desire to confound their enemies and to prevent any opposition whatever from any political party to this bill, they have it in their power to do so by going before the country and saying: "Yes; we have reduced the excess-profit taxes of corporations, we have reduced the surtaxes of the rich, but we have also reduced the taxes of the three millions or more of people who pay only a normal tax or a very slight surtax." I repeat, they can confound their enemies, they can stifle the opposition to this bill in the country and in this Chamber with a proposition of reducing the taxes on all classes and not merely on two classes. Why the majority fail to see their opportunity to stifle opposition is incomprehensible. Who are these people that the Senator from Rhode Island suggests in his amendment should be given some relief?

Mr. POMERENE. Mr. President, let me ask a further question. I am asking these questions because I am obliged to go to a committee meeting. As we were only relieving those who pay the surtaxes and the excess-profits taxes, what reason is there to differentiate them from the others which prompted the pending measure?

Mr. WALSH of Massachusetts. Mr. President, the Senator from Ohio has suggested a very pertinent question. The reason is this: The corporations are organized. The wealthy class are organized. They have political influence. They are prominent in the leadership of political parties. They have maintained a propaganda that has been tremendous in favor of the reduction of their taxes. On the other hand, the normal tax class are unorganized, they have no propaganda agencies, they have no political influence in shaping legislation. There has been no propaganda whatever in favor of the reduction of the taxes of the average citizen of America, the great middle class. Those taxpayers are busy earning an honest and comfortable livelihood; they have no time to lobby. I repeat, who are they? The very backbone of America. They are the men of limited incomes; the men who have incomes of from \$1,000 to \$15,000, whom somebody has described as the "bone and sinew" of America.

A great deal has been said here about the excess-profits tax and the high surtaxes taking money of the capitalistic class away from production enterprises. It is claimed the productive forces and the financial investment class have limited and restricted their business ventures because of these high surtaxes and the excess-profits tax. Let us see. Who are the citizens who do not invest their money in tax-exempt securities, but who build homes and who buy stocks in the industrial enterprises of this country? Who are the group that do more for production than any other class in this country? Who are those who take chances by investing in uncertain and new business undertakings? It is the man who, with a capital of \$50,000 or \$100,000, has an income of \$5,000 to \$15,000 per year. It is the man who has a salary of \$5,000 or \$10,000 a year. That is the great investing class. That is the class that buy the industrial bonds. That is the class that buy the industrial stocks. That is the class that invest in real estate. The other class put their money into the most conservative investments. More than half the Members of this body are lawyers, and we have all had to deal with estates; and what have been the securities that you have found in the estates of the very wealthy class? Tax-exempt securities almost invariably; but you will find that the men who have a capital of \$100,000, yielding an income of \$5,000 a year, invariably invest in those investment securities that pertain to the industrial life of the country and are included in what we call the productive class of investments. Not one word has been spoken for this class. There is not one sentence in this bill to give after-war relief to this great class of American citizens. They are still to bear the same tax burdens as during this war. Scarcely one penny will come off their tax bills; but the great profit-making corporations and the wealthy surtax payers are to receive the first relief that this Government gives at the end of a war which was won by the sacrifices of all, the poor as well as the rich.

How can you face the voters of America? You can go before a public audience in America and ask those who pay the excess-profits tax to stand up and tell them that the Republican Party is entitled to their support because you have eliminated their taxes. You can ask the taxpayers who have incomes of over \$100,000 to stand up in any public audience and ask them to be grateful to you. But what of those who have incomes of \$5,000 or \$10,000? What shall you say to them? You must say to them: "The Republican Party has forgotten you, has refused in any substantial manner to lessen your tax burden, notwith-

standing the fact that the war is over, and notwithstanding the fact that there has been a general revision of our war taxation laws."

Of course if during the war you had let the individual off free, or with very little taxes, and you had unitedly—for I understand it was a practically unanimous vote, Democrats and Republicans—agreed that the war should be paid for by the rich alone, then you would be justified at this stage in relieving only the rich; but, my friends, the utmost care, the utmost study and thought was given to the principle of making those best able to pay carry their proportion of the tax burden imposed upon the American people during the war, and the figures were worked out so admirably well, increasing the burdens step by step as incomes and profits accumulated.

Mr. WATSON of Georgia. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. WATSON of Georgia. Just at that point, to illustrate what the Senator is saying, I call his attention to the fact that the administration published their program in August, and put the whole country on notice that their intention was to take \$450,000,000 off the excess-profits taxpayers, \$262,000,000 from the railroad companies or those who bought the tickets of the railroad companies, \$90,000,000 from the surtaxes of the extremely rich, and \$15,000,000 from those who can buy expensive furs and sporting goods. They said so in August, and the Democratic Party had a fine opportunity to go before the country on that issue, and did not do so.

Mr. WALSH of Massachusetts. The Democratic Party has always lost the confidence of the American people when it has abandoned domestic issues, and made the international issues paramount.

Mr. WATSON of Georgia. I agree with the Senator.

Mr. WALSH of Massachusetts. The Democratic Party's strength in this country is its program upon domestic issues, its position on economic questions, with instilling the masses of the American people with confidence in its ability to champion their cause, and to hold back and to check the selfishness and the greed of that class of extremely rich who look to the Government to relieve them of burdens of taxation and to extend special privileges to them.

Do you want to make this measure nonpartisan? Do you want to stifle Democratic opposition? Do you want to remove this issue from the next campaign? There is one way of doing it. Say to the country that all, every class, rich and poor, those of limited income and those of excess-profit incomes, shall be equally relieved in part of the burdens of war taxation.

I can not understand why the Senators upon the other side of the Chamber have allowed this bill to be reported and are about to enact it into law, leaving this weapon in the hands of the minority, and, as the Senator from Ohio [Mr. POMERENE] says, without even discussing its merits.

Mr. PENROSE. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Pennsylvania?

Mr. WALSH of Massachusetts. Certainly.

Mr. PENROSE. Will the Senator permit me to call his attention to a matter which he seems to have overlooked, or not to have reached?

Mr. WALSH of Massachusetts. Yes.

Mr. PENROSE. The Senator does not mention the additional exemption of \$500 to married persons in the case of incomes not in excess of \$5,000, and the additional exemption of \$200 each for dependent children, causing a loss in revenue, I am informed—and I only speak approximately; I do not think it is seriously disputed—of \$70,000,000 to relieve the particular class that the Senator now maintains is being oppressed, not to mention the relief to the extent of what I am informed is roughly \$55,000,000 from the taxation under the present law on incomes not over \$68,000. The Senator has that in mind, has he?

Mr. WALSH of Massachusetts. Yes, Mr. President; I have in mind the relief to which the Senator refers which is given to the heads of families, which, in the most extreme cases, amounts to only about \$20 to each individual, and the relief to which the Senator refers extends only to that class of taxpayers whose income is between \$2,000, or \$2,500 under the new amendment, and \$5,000. It is a mere trifle. It does not begin to give any substantial relief to the class under \$5,000 income and no benefit to the class with over \$5,000 incomes.

There is nothing whatever in this bill, I know the chairman of the committee will agree, which lessens the normal tax upon individuals. Is not that a fact?

Mr. PENROSE. It is a relief to the extent of \$70,000,000.

Mr. WALSH of Massachusetts. A relief through exemptions, not through a rate reduction. Heads of families numbering millions are relieved \$70,000,000 under this bill. Corporations, only a few thousand of them, are relieved \$450,000,000, by the elimination of the excess-profits tax. It is very easy to give figures. I have seen figures given one day and denied the next. It is all a guess. I do not mean to say these men do not mean and intend to give us their very best judgment, but the conditions in this country to-day are such that no man can tell what the yield in taxes will be from any class or any tax in the coming year, and I think the chairman of the committee will agree with me about that.

Mr. PENROSE. The Senator from Massachusetts has been very courteous in permitting interruptions. I want to make only one more statement, and then I shall cease to interfere with the trend of his very able argument. He talks lightly of an income of \$400,000,000 from corporations. He loses sight entirely of the additional 5 per cent tax imposed in the bill as it stands on corporations, which will reduce the loss to the Treasury to some \$310,000,000.

Mr. WALSH of Massachusetts. What does the Senator say will be the increase in the net income corporation tax if we increase the tax from 10 to 15 per cent?

Mr. PENROSE. Two hundred and sixty-seven million dollars. It is hardly fair to proclaim to the Senate and to the country that \$400,000,000 is being given up and entirely overlook the little item of \$267,000,000.

Mr. WALSH of Massachusetts. I say to the Senator from Pennsylvania that that is an outrageous tax. To compel the nonprofit-making corporations to pay \$267,000,000 in order to relieve the profit-making corporations of paying \$450,000,000 is worse than the failure to reduce the normal tax.

Mr. PENROSE. Mr. President, that statement is hardly worthy of the Senator. The tax is on net income and can not be collected from a nonprofit-making corporation.

Mr. WALSH of Massachusetts. Does the Senator from Pennsylvania say that the change of net-income tax from 10 to 15 per cent does not mean an increase in the tax on corporations that have not been making excess profits?

Mr. PENROSE. On the net income.

Mr. WALSH of Massachusetts. Exactly. I say it does.

Mr. WATSON of Georgia. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Georgia?

Mr. WALSH of Massachusetts. I yield.

Mr. WATSON of Georgia. I can say, in answer to my good friend the Senator from Pennsylvania, that the official reports of the Internal Revenue Bureau show that there are 10,000 corporations out of thirty thousand-odd which have made net profits of \$38,000,000,000 in the last five years, and most of those are in the Senator's own State, I may say.

Mr. WATSON of Indiana. For what year was that?

Mr. WATSON of Georgia. I said for the last five years.

Mr. WATSON of Indiana. During the war period. Does the Senator know what the profits are now?

Mr. WATSON of Georgia. We were not in the war five years.

Mr. WATSON of Indiana. No; but the last five years include the war period. Does the Senator know what were the incomes of those corporations for the last year or two years?

Mr. WATSON of Georgia. I could tell the Senator by a reference to the reports, but it would take me some few minutes to look up that information.

Mr. WATSON of Indiana. That is quite true, but I thought perhaps the Senator had it in mind.

Mr. WATSON of Georgia. Not just at this moment; but I can easily refer to it, and will do so if the Senator from Indiana wants the information.

Mr. WATSON of Indiana. Of course, the increase of 5 per cent in the corporation-income tax, as my friend from Massachusetts well knows, is an increase of 50 per cent in the tax on the net incomes of corporations, and, of course, net income means profits of the corporations.

Mr. WALSH of Massachusetts. Exactly; but the dividing line, I think the Senator from Indiana will agree with me, is said to be 14 per cent; in other words, the taking off of the excess-profits tax and the increasing of the net corporation income tax from 10 to 15 per cent results in increasing the taxes of all corporations that have made heretofore from 1 to 14 per cent, while it relieves and lessens the tax of those who have made in excess of 14 per cent.

Mr. WATSON of Georgia. Mr. President, with the permission of the Senator from Massachusetts, I will say to my friend the Senator from Indiana that the reports of the United States Steel Corporation show that, after all deductions made for taxes and the enormous salaries drawn by such men as Elbert Gary, that

one corporation has made more net profits every year during its existence than all the millions of men, women, and children, white and black, engaged in agriculture.

Mr. WATSON of Indiana. In the first place, I dispute the Senator's figures.

Mr. WATSON of Georgia. The Senator is disputing those of the Steel Corporation, if he does.

Mr. WATSON of Indiana. In the next place, the Senator forgets the great number of people who are engaged in working for that institution; and, again, the Senator does not state what rate of interest that represents on the money originally invested or at present invested in the Steel Corporation. However, we are wandering away from the argument.

Mr. WATSON of Georgia. Yes; and the Senator will wander away a little further if the Senator from Massachusetts will allow me to make him wander.

Mr. WATSON of Indiana. I am not a bit alarmed about that proposition, I will say to my namesake from Georgia. When we come to discuss the question of aggregate wealth, the returns upon investment, and all that sort of thing, I shall be very glad to go into that with the Senator.

Mr. WATSON of Georgia. I will say to the Senator from Indiana that I have studied that question very closely, and that the Steel Trust, as we commonly call it, takes out, as a part of its expenses, all the wages it pays its men, whom it works day and night, Sunday and Monday, whereas the agricultural class do not allow anything at all for the labor of the man, the wife, and the children.

Mr. WATSON of Indiana. I shall be very glad to go into all that at the proper time. I would be delighted to do it, but this is not the proper time. I want now to ask the Senator from Massachusetts a question.

Mr. WATSON of Georgia. Why should we not discuss it right now?

Mr. WATSON of Indiana. Because it is wide apart from the purpose of the discussion we now have before us. We might as well talk about the doctrine of the transmigration of the soul.

Mr. WATSON of Georgia. If the Senator from Indiana wishes to lower his flag and salute it as he does so, that is his privilege.

Mr. WATSON of Indiana. I want to ask the Senator from Massachusetts a question. Of course, it is the primary business of the Committee on Finance to in some way obtain revenue to run the Government. If the amendment proposed by the Senator from Rhode Island were adopted it would mean a loss in revenue of a hundred and thirty-five million dollars. Will the Senator kindly tell us where the Government would get that much revenue to make up that loss?

Mr. WALSH of Massachusetts. There are many ways in which we could get the revenue; but I will say right off, without very much reflection, that I would get the revenue, first of all, by not eliminating all excess-profits taxes—eliminating only a part of the excess-profits taxes. Let me repeat—Senators on the other side of the Chamber know that I have not been very much of a partisan in my attitude on this bill—what I said before: You have two serious weaknesses or defects in this bill which make an issue between the Democratic Party and the Republican Party. One is your treatment in this bill of over 150,000 corporations whose taxes are increased, the poorer corporations, so called, by increasing the tax from 10 per cent to 15 per cent of their incomes; secondly, while reducing the taxes of the profit-making corporations and of the extremely wealthy, you have failed to give any relief to the millions who are not wealthy and do not belong to the corporation-profit class or surtax class.

Mr. McLEAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Connecticut?

Mr. WALSH of Massachusetts. I yield.

Mr. McLEAN. Does the Senator from Massachusetts know whether the United States Steel Corporation pays an excess-profits tax or not?

Mr. WALSH of Massachusetts. I understand it will not this year, and has not the past year.

Mr. McLEAN. Then, as far as that corporation, which has been mentioned with so much vigor by the Senator from Georgia, is concerned, it would not be affected by the provision relating to excess-profits taxes.

Mr. WALSH of Massachusetts. I think, if the Senator will permit me a moment, one of the fatal defects of this bill also is that we are abandoning forever the principle of taxing profits.

Mr. McLEAN. If the Steel Corporation does not pay an excess-profits tax this year, we are increasing their taxes by

this bill, according to the view of the Senator from Massachusetts.

Mr. WALSH of Massachusetts. Yes; that is true.

Mr. McLEAN. Adding 50 per cent to it.

Mr. WALSH of Massachusetts. We are increasing the tax on their net income; that is very true.

Mr. McLEAN. So that the favoritism for corporations complained of by the Senator from Georgia is not carried out by the Senator from Massachusetts.

Mr. WALSH of Massachusetts. That is true; but, while a corporation like the United States Steel Corporation, which does not pay excess profits because of its watered stock, has to pay an increase upon its net income, the United States Steel Corporation is only one of the 99 other corporations which have been making less than 14 per cent, and will have to pay a higher tax than they have in the past.

What are we going to do about it? What can be done about it? A tax bill which relieves the excess-profits tax class, which relieves the surtax class—and there are arguments for relief to both those classes—and a tax bill which relieves the normal tax of the individual is almost immune from any political attack or any attack from an economic tax standpoint.

Mr. WATSON of Georgia. I would like to ask the Senator from Massachusetts and my good friend the Senator from Connecticut, why a Government pretending to administer equal and exact justice to all men should allow any corporation to make excessive profits?

Mr. WALSH of Massachusetts. I will answer the Senator by stating that, in my opinion, the only way to stop profiteering in this country, and the only way it will ever be stopped, is through a tax upon excess profits beyond a certain amount.

Mr. WATSON of Georgia. That necessarily follows, Mr. President.

Mr. WALSH of Massachusetts. That is the only way to stop it. Confiscate excess profits and profiteering will stop.

Mr. WATSON of Georgia. If any body, corporate or otherwise, makes excessive profits, there must be those who make no profits at all.

Mr. PENROSE. Mr. President, will the Senator from Georgia permit an inquiry on that point?

Mr. WATSON of Georgia. Certainly.

Mr. PENROSE. I am curious to know, Mr. President, what would be the idea of the Senator from Georgia about this case: Suppose a corporation—the United States Steel Corporation or any other—went through a period of five years, for instance, without making a penny, when there were hard times or a period of depression from any cause. Does he contemplate making up the losses? Do not the good years have to be added to the lean years to make a general average over 20 years?

Mr. WATSON of Georgia. I would like to ask the Senator what corporations there were which made losses during the war? We had the dollar-a-year men. Did they lose any money, the men who worked for us at a dollar a year?

Mr. PENROSE. I think they all came here prompted solely by patriotism, and at great sacrifice.

Mr. WATSON of Georgia. And they made a lot of money out of it, too. They bought and sold to and from themselves.

Mr. PENROSE. I do not know about that. They were here regardless of party, and I never suspected the motives of any of them. Mr. Baruch, one of the leading Democrats of the country, Mr. Ryan, and others, were here performing gallant service, together with men like Mr. Vaudain, Mr. Schwab, and others. Whether they made or lost, I do not know. I do not think the incentive of profit ever entered into the thought of any of them. But that was an extraordinary time. I refer to times of peace. Suppose there are extraordinary profits during one year, and five years of lean profits, or no profits showing during a period of 10 years, an even standoff, is it the theory of the Senator from Georgia that the bad years ought to be made good by taking away from the good years?

Mr. WATSON of Georgia. Mr. President, I will answer the Senator with all the candor of my nature and with what knowledge I have of economic questions. I think that every corporation and every individual has a perfect right to make a fair profit on his investment, replacement in the way of repairs, and then a reasonable amount for his personal services in managing his business. I called attention to the fact that the high courts of New York passed on that very question two or three years ago and fixed the limit of net profit, absolutely net profit, of one of these trusts at 8 per cent. I will say that there is not a corporation or an individual in all the world who is subject to competition and the law of supply and demand who can make excessive profits unless he steals from somebody.

Mr. WALSH of Massachusetts. Mr. President, let me put in another way what I have been saying.

Mr. REED. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Missouri.

Mr. REED. By courtesy of the Senator from Massachusetts, I wish to say this: The Senator from Pennsylvania makes the point that there should be no excess-profits taxes, because a corporation making a profit this year and being subject to a tax upon it might not make any profit next year, and that because the corporation might make no profit next year it should not be taxed upon its profits this year.

If that principle applies to the question of excess profits it ought to apply everywhere. If a man enjoys an income this year of \$10,000 he must pay upon that income, although next year he may not make a single penny. If we are to let the gentleman off who makes excess profits this year because he may have a loss next year, we ought to let the individual off this year who has made a profit because next year he may make nothing. That principle applied would wipe out all taxes, for all of us are liable to make losses in a year or at any time.

The fallacy has been advanced in behalf of the profiteer, but not in behalf of the common people of the land. If it is true, I repeat, with reference to the excess profits a man may make this year that he is entitled to employ them to recoup his possible losses next year, then out of my income, if I had one, of \$20,000 this year I ought to be allowed to recoup, or not to pay taxes, because next year I may make no money at all. So the argument advanced hardly rises to the dignity of a fallacy. It is not logic; it is mere slobber.

Mr. WALSH of Massachusetts. Mr. President, what I have been trying to say amounts to this: In undertaking to revise a war-tax measure we, the Senate of the United States, have undertaken to relieve the burdens of the war from only two classes. How much do those classes deserve consideration? I have on my desk, but shall not take the time to read it, a statement of the Secretary of the Treasury, Mr. Mellon, in which he said that every conceivable device that the most ingenious lawyers in America could invent has been resorted to by the rich class to avoid taxation, and yet that is the class that is given first consideration at our hands.

Mr. WATSON of Georgia. I would remind the Senator from Massachusetts that the Supreme Court of the United States recently said the same thing in a decision.

Mr. WALSH of Massachusetts. You have listened only to the loud voices of protest of the excess-profits taxpayers and the excess-surtax payers. The murmurs and whisperings of discontent of the millions who are unorganized, who belong to your own political party and my political party, who control and own no press propagandists, who can hire no able lawyers, evidently have not reached you. Practically no relief whatever has been extended to them under the provisions of the pending bill. Change the corporation tax from 15 per cent to 10 per cent, and reduce the normal tax, and the opposition to this measure will melt like snow in the spring sun. Your forgetfulness of this class spells defeat for this measure with the American people when it is submitted to them. You can not afford to do it. The normal tax class needs relief to-day. They are among the unemployed class. Their incomes, too, have been reduced. Not only the great manufacturing interests of the country, but the farmer and the cotton planter and the professional man, with an income of a few thousand dollars, have had to curtail living expenses and have had to bear a great many hardships as the result of the business depression throughout the country.

So I ask you Republican Senators before the bill is finally put in shape for enactment to be able to say to your enemies, "Yes; we have reduced the war-tax burdens from every class, from the unorganized and the organized, from the rich, from the middle class, from the poor, from the man with a family, and from the man with an income of substantially from \$5,000 to \$10,000."

If the amendment proposed by the Senator from Rhode Island [Mr. GERRY] fails, I am going to move an amendment which I have, which will give the Senate an opportunity to decide whether it is willing to go halfway. The amendment of the Senator from Rhode Island seeks to reduce the normal tax on incomes of less than \$5,000 from 4 per cent to 2 per cent, on incomes from \$5,000 to \$10,000 from 8 per cent to 4 per cent, and on incomes between \$10,000 and \$15,000 from 8 per cent to 6 per cent.

The amendment which I shall offer seeks only to reduce the normal tax on incomes of less than \$5,000 from 4 per cent to 3 per cent and on incomes between \$5,000 and \$10,000 from 8 per cent, which the law provides now, to 6 per cent. So we will

have an opportunity to see if even that small reduction is going to be given to the normal taxpayer.

Mr. President, while I am on my feet I wish to refer to two other amendments which I think should be made. The chairman of the committee I know is very anxious to have a vote on the amendment and anxious to have the bill disposed of. However, I wish to refer to two other parts of the bill which I think can be improved.

Mr. PENROSE. Mr. President, on that point permit me to say that I have listened with very great interest to the Senator's able remarks, and I do not wish to have him feel that I am in a bit of a hurry about his concluding. I am waiting anxiously to know whether he has any thought in his mind as to how the loss of revenue which would be brought about by the adoption of the amendment he is discussing is to be made up.

Mr. WALSH of Massachusetts. I am very glad the Senator from Pennsylvania has renewed his suggestion as to how this loss of revenue can be made up. First of all, if it is unfair not to treat all these classes alike we ought not to consider how we can make up the revenue until after we have removed any unfairness in the measure. But let us assume that this is a fair normal tax upon the individual and that we are in a desperate plight for revenue.

There are innumerable ways in which this can be made up. One is suggested in an amendment by me, a tax upon gasoline. That tax was suggested by the best expert in America as probably a proper tax, a tax upon luxury, so that every gallon of gasoline used in pleasure riding by those who use automobiles would pay a tax of 1 cent or 2 cents. Let me say that the refiners of gasoline are only about six or eight in number and the whole tax would be paid by six or eight people in the country. The estimated revenues, depending on whether the tax is 1 cent or 2 cents, would vary from \$50,000,000 to \$200,000,000.

Mr. TOWNSEND. Mr. President, does the Senator believe that a tax of 1 cent or 2 cents a gallon would be paid out of the profits of the refiners, or would it be paid by the users of the gasoline?

Mr. WALSH of Massachusetts. I think it would be paid largely by the users of gasoline, and I think they are one class that could afford to pay a tax. The class that have traveled upon the steam railways for the last few years have had to pay a tax, and I do not see any objection to the class which can afford to ride in motor cars paying a tax upon the gasoline that propels them.

Further, the corporation capital-stock tax could be doubled and practically a sufficient revenue obtained from that source to meet this obligation.

Thirdly, the surtax reduction and the excess-profits tax reduction could be so scheduled as to permit this reduction in the normal tax of the individual.

You may ask the question, How are you going to get the necessary revenue? But the individual normal taxpayer will not ask that question when he reads this bill. He will say, "Who have had their taxes reduced? What has been done for me? How much consideration have I been given? Where is my relief? Am I still to go on with practically the same burdens that I paid in the midst of this terrible war?" That is the situation that exists in the bill as at present framed. It is easy to find sources of revenue. I heard it suggested that a meter ought to be put in every automobile, and that the Government ought to fix a mileage charge, a rate per mile, which would yield a very large revenue. The opportunities for getting revenue are innumerable. We could increase the estate tax, if necessary.

I repeat that I recognize the force of your argument for a reduction in the excess-profits tax. I recognize the force of your argument for a reduction in the surtaxes. I am not taking issue with you on that, but these arguments amount to nil unless you also recognize the right of the great middle class, the bone and sinew of American life, to be relieved a little of the burdens of war taxation.

While I am on my feet I wish to refer to two other amendments which I have to offer to the bill. A terrible leakage that has come to the revenue of this country has been from the making of gifts and the creation of trusts.

The able Secretary of the Treasury especially refers to this means which is resorted to by the payers of heavy surtaxes in order to escape taxation. I repeat, I have sympathy with the argument that the surtaxes have been excessive, and that the class upon which those taxes are imposed are entitled to some reduction; but gifts have been made by the possessors of large incomes in order to reduce their taxes and to avoid the payment of the high surtax brackets and to bring their incomes

within the lower brackets. Are we powerless to prevent such evasion of our tax laws? Certainly not. That evil can be very easily eliminated by an excise tax upon every gift; and I have an amendment which at the proper time I shall offer to provide for a tax upon every gift which is made. Every gift which is made at death is now taxed. Why should not a gift which is made by a man who is living be taxed? Why may I make a gift to another to-day and have it pass untaxed, and if I die and in my will make a gift to another such a gift have to bear a tax? There is, of course, no answer to that question.

Mr. McKELLAR. Has the Senator from Massachusetts any figures as to how much such a tax would produce?

Mr. WALSH of Massachusetts. I have not; and I do not wish to discuss that matter now, but merely to refer to it while I am on my feet. When I move my amendment I shall go into the matter in detail.

Mr. President, a great deal has been said about tax-exempt securities. Are we powerless to prevent the possessors of great incomes escaping the taxes which we impose upon them in good faith? Shall we make no effort to prevent their escaping taxation? Can we do nothing but fold our arms and say, "Go on, go on; there is no law against it, and we do not propose to devise any means of checking and restraining you"? I have now on my desk a letter which I clipped last week from the New York Times, which was written by a citizen of New York, in which he made this bold assertion:

I have just completed the transfer of my entire fortune of \$500,000 into tax-exempt securities, and the politicians at Washington can do what they damn please.

That is the attitude of some of these men. I do not propose to let them escape, and I am going to ask the Senate to support an amendment which I shall offer which provides that on the death of a man whose estate is made up in any degree of tax-exempt securities those securities shall be segregated and a special tax be imposed upon them in addition to the estate tax; in other words, I propose that we shall say to such a man, "If through the limitations of our constitutional power you can escape during your life, when you die, and propose to bequeath and devise tax-exempt securities to relatives and friends, we propose to impose a tax upon them which will, in part at least, bring back to the Government some of the revenue the payment of which you have escaped." I merely refer to these proposed amendments now, but I believe we should give a great deal of consideration to them, for, if adopted, I think they will be helpful.

I wish now to say a closing word. Senators on the other side of the Chamber have it in their power to remove this question from all political discussion; they may take away from this side of the Chamber every argument which we may urge against the pending bill. Originally we drafted the law; its present form is ours, for it was drafted as a war measure; but if the majority shall do as well by the poor, struggling corporations as they have done by the large corporations, and if they shall do as well and act as favorably and as kindly toward the individuals with small incomes as they have toward the individuals with surtax incomes, then, I repeat, opposition from this side of the Chamber must disappear; it must pass away; because no man can object to the rich having their taxes reduced if the poor have their taxes reduced; no one can object to a corporation having its taxes reduced if the individual business man has his taxes reduced; but if Senators on the other side pick out only certain classes to be relieved and leave the others resting under their present burdens, they will find the American people very resentful of a measure which purports to be a tax-relief bill but which gives substantially no relief to the great army of American taxpayers.

Mr. McLEAN. Mr. President, I desire to ask the Senator from Massachusetts whether or not his proposal to impose an additional succession tax on tax-exempt securities embraced in large estates would be constitutional?

Mr. WALSH of Massachusetts. I think so, if we segregate the securities which are proposed to be taxed. We already tax tax-exempt securities when they pass into an estate. I merely propose to increase those taxes.

Mr. McLEAN. Are such securities now taxed?

Mr. WALSH of Massachusetts. Absolutely. Tax-exempt securities do not go untaxed in an estate. I merely propose to place a higher tax upon them; in other words, such securities will be segregated in the estate, and a higher tax will be placed upon that class of securities on the theory that they have escaped taxation during the lifetime of the holder. I do not think there is any doubt about the constitutionality of such a tax, because it is practically a tax upon a gift.

Mr. McLEAN. The Senator knows that taxation must be equal.

Mr. WALSH of Massachusetts. Absolutely.

Mr. McLEAN. That is the point. It is not an equal tax on a certain class of securities; it is an additional tax on such securities.

Mr. WALSH of Massachusetts. Yes; but I am quite certain that there is not any constitutional objection to gifts of a certain kind of securities being taxed differently from other securities.

Mr. McLEAN. The Senator may be right, but the constitutional question occurred to me.

Mr. SIMMONS. Mr. President, the classification of property does not constitute inequality under the law, provided property of the same class is all treated alike.

Mr. WALSH of Massachusetts. Of course, tax-exempt securities are a classification of securities distinct from other kinds of securities, just as gasoline is different from tobacco; and in the tax law there could be one rate upon gasoline and another rate upon tobacco. So there would be one rate upon tax-exempt securities and a different rate upon other kinds of intangible securities.

Mr. McLEAN. There might be no distinction whatever in the securities. A community might issue a million dollars of taxable securities and another million dollars of nontaxable securities. In both instances the nature of the security would be the same. That is a point which I think would have to be considered.

Mr. SIMMONS. The Senator does not mean to say that the Constitution would be violated if the Government issues tax-free securities and at the same time issues securities that are not tax free?

Mr. McLEAN. Oh, no.

Mr. SIMMONS. We do not violate the Constitution in that case. Neither would we violate the Constitution if after a man dies we segregate his estate in two classes and impose one rate upon one class of property and a different rate upon another class of property.

Mr. McLEAN. My point is that the tax-exempt security might not be considered as another class, because it is secured by precisely the same property; it is precisely the same nature of security and belongs to the same class, except that in one instance it is not taxed by the community and in the other instance it is. I do not know, however, but that the Senator may be right about it.

Mr. WALSH of Massachusetts. After considerable study and thought, I will say to the Senator from Connecticut, as to how we could reach these securities, I have arrived at the opinion that the method proposed by me is a perfectly legal method of doing it.

Mr. McLEAN. I am frank to say that if it can be done, I think it is worthy of consideration.

Mr. WALSH of Massachusetts. I know the Senator from Connecticut feels that some effort should be made in some way to reach tax-exempt securities.

I yield the floor, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Rhode Island to the amendment of the committee.

Mr. PITTMAN. I ask for the yeas and nays.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gerry	McKinley	Sheppard
Borah	Glass	McLean	Simmons
Brandegge	Gooding	McNary	Smoot
Broussard	Hale	Moses	Spencer
Bursam	Harris	Nelson	Stanfield
Cameron	Harrison	New	Sterling
Capper	Heflin	Newberry	Sutherland
Caraway	Johnson	Nicholson	Swanson
Culbertson	Jones, N. Mex.	Norbeck	Townsend
Cummins	Kellogg	Oddie	Trammell
Curtis	Kendrick	Overman	Wadsworth
Dial	Kenyon	Owen	Walsh, Mass.
Dillingham	Keyes	Page	Warren
du Pont	King	Petrose	Watson, Ga.
Edge	La Follette	Pittman	Watson, Ind.
Ernst	Lenroot	Poindexter	Williams
Fletcher	Lodge	Pomerene	Willis
France	McCormick	Randell	
Frelinghuysen	McKellar	Reed	

The VICE PRESIDENT. Seventy-four Senators have answered to their names. There is a quorum present.

Mr. REED. Mr. President, as a number of Senators have come into the Chamber since the argument of the Senator from Massachusetts [Mr. WALSH] was concluded, I desire to take sufficient time merely to state the import of the pending amendment in order that those Senators who did not have the

benefit of the argument referred to may have full grasp of the import of the amendment upon which we are about to vote.

Under existing law a surtax upon incomes begins at \$5,000, and by gradual raises is increased until the tax remains at 65 per cent upon all incomes in excess of \$1,000,000. This graduated scale imposes a tax of 32 per cent on incomes of \$68,000. The proposed bill at that point continues to levy a 32 per cent rate without any increases, no matter how large the income may be.

The result is that some 12,000 millionaires, enjoying incomes in excess of \$68,000, are relieved of \$90,000,000, as estimated.

The bill also proposes to wipe out entirely the excess-profits tax, which amounts to \$450,000,000. In a word, the standpatter organization proposes to reduce the taxes upon the very rich and upon the profiteers in the aggregate sum of \$540,000,000.

At this point a bloc was formed to prevent the passage of the iniquitous measure. The bloc threatened to join with the Democrats and thus produce enough votes to overthrow the measure. Thereupon a secret conference was held and a compromise worked out. The result of that compromise is that surtaxes are to be levied as high as 50 per cent.

This would produce about \$20,000,000 more of surtaxes than would be paid under the standpatters' bill, but will still reduce the revenues from surtaxes by the amount of \$70,000,000. At the same time the bloc has agreed to stand with the standpatters to remove the excess-profits tax. The result of the trade, therefore, is that the bloc agrees with the standpatters to help them take from the public revenues \$520,000,000 in consideration of the concession to them of \$20,000,000; that is to say, where the standpatters wanted to deprive the Government of \$540,000,000 from the profiteers and the very rich, the bloc has agreed to aid them in their scheme, provided they will reduce the amount they propose to save the profiteer and the very rich from \$540,000,000 to \$520,000,000.

Let me say to my friends of the bloc that I venture to predict that even this small concession will be taken away from them; that when the bill gets into conference the leader of the standpatters will see to it that the highest surtaxes are again reduced to 32 per cent. When the bill gets back from conference it will be rammed down the throats of the members of the bloc and they will have to take it, no matter how much they may gag.

The bloc having agreed to help the standpatters reduce the taxes upon very large incomes, we are now asking them to assist us in a very moderate reduction upon moderate incomes. That is the effect of the pending amendment. In a word, we are asking the bloc which is assisting the standpatters to reduce the tax upon very large incomes to help the Democrats reduce the tax upon small incomes. We appeal to them to broaden the mantle of their sympathy, which now covers the very rich, so that it may spread its protecting folds over folk of moderate means.

Mr. WATSON of Georgia. Mr. President, with the permission of my friend from Missouri, who has the floor, I will say to him for the information of the other members of the agricultural bloc that my colleague and myself represent an agricultural State, producing under normal conditions the second largest crop of cotton in the Union, and we are no party to any agreement of that sort. We are members of the agricultural bloc, but we are not going to vote in any such way as the Senator has stated.

Mr. REED. I thank the Senator. My understanding is that there was an agricultural bloc which may be said to have represented in a certain sense the farming communities; that this bloc appeared to be powerful enough by uniting its votes with the Democrats to write this bill; that when this situation developed, some shrewd gentlemen closely allied with the standpatters got hold of a part of the bloc and persuaded it that the right thing to do was to compromise with the majority leaders. Accordingly the majority leaders conceded to the bloc, as I have said, an increase of surtaxes on incomes of \$68,000 and more, from a flat rate of 32 per cent to a graduated rate running as high as 50 per cent; but that the bloc paid the fearful price of agreeing to support the standpatters in reducing the taxes upon excess profits and upon very high incomes.

I exonerate the agricultural bloc as a bloc, but some of its members were reached. The standpatters "plowed with some of the agricultural heifers." I repeat that these gentlemen of the bloc, by whatever name they are known, have voted to reduce the surtaxes upon very high incomes and they have agreed to vote to wipe out the excess-profits tax.

It is said, in excuse for taking the tax off of excess profits, that a corporation may make a very large profit this year and it ought to be allowed to go tax free because next year it may make no profit at all. Will you not please apply that to the

man with the income? The man with an income of \$5,000 this year may not have a job next year. He may not make a cent. The man who makes \$2,000 this year may be walking the streets hunting a job next year. The man who makes \$10,000 this year may be impoverished next year; yet you propose to tax him on his income this year, and to make no allowance for his loss next year. When, however, you come to the profiteer, to the man against whose action criminal statutes were sought to be framed in this Chamber, you propose to take the tax off of him when he has made his profit; off of his earnings, which sometimes amounts to nothing but robbery, scoundrelism, and to do it on the pretext that next year he may not make any profit at all.

Let us feed all the people of the United States with the same spoon. If you are going to adopt that doctrine with reference to the profiteer, why not adopt it with reference to everybody?

But, coming back to the immediate question I am discussing, the tax burden rests most heavily upon the man who has to spend all that he makes, and we are asking some relief for that man. You have helped to take the tax off the man who does not spend all he makes, who makes so much that he can not spend it. Will you not help give a little relief to the man of moderate income and moderate means who has to spend all that he makes buying goods from profiteers whom you propose to relieve from the excess-profits tax?

Mr. HEFLIN. Mr. President, I am in hearty sympathy with what the Senator from Massachusetts and the Senator from Missouri have said upon this question. I know that there is a desire upon the part of the chairman of the Finance Committee, who has this bill in charge, to obtain a vote on it, probably the latter part of this week. I suppose that arrangements have been made to pass this bill, which was characterized the other day by my colleague, the minority leader [Mr. UNDERWOOD], as the worst tax bill ever presented to Congress, and the able leader of the minority has had service in the two Houses of more than 20 years.

I do not want to delay unnecessarily action by the Senate upon this measure. The responsibility is upon the majority, and the majority will be held accountable for whatever measure passes this body; but the country will suffer, as the Senator from Missouri says, and I feel, as one of the Members of this body charged with the responsibility of doing what I can to perfect legislation and to obtain the very best legislation possible, that we ought to take the time to condemn before it is everlastingly too late some of the obnoxious, oppressive, and tyrannical provisions contained in this bill.

Certain Senators on the other side talk to us about "soaking the rich." Mr. President, there are more loopholes and avenues of escape in this bill for the mighty rich than any bill ever presented to Congress.

Enough votes will be obtained on the other side, it seems, to arrange for bringing down the taxes of those most able to bear this burden and to unload the taxes upon the men and women least able to pay them.

Mr. President, it was never intended by those of us who favored an income tax—and I am one of the men who supported it originally in the House—to reach out and get the small man struggling to get upon his feet. We never intended that the income tax should reach that class of people. We intended that the income tax should reach a class of people who had been escaping all taxation, and they did escape Federal taxation.

The common man has a tax burden on him in the locality in which he lives. He has a county tax, he has a State tax, and on top of that a tariff tax when the Republican Party is in power. So that is enough for him to have to pay; but in order to make the income tax law unpopular, you have reached out and spread it over a larger class of people, men and women with little capital struggling to get a start in the world.

If I had my way about it, I would not put an income tax on any man or woman whose income was less than \$6,000 a year. If I had my way about it, I would arrange to collect all the taxes under the head of income tax without calling any of it a surtax. I would put it in the income tax straight, so that the taxpayer would know when he had finished paying his taxes. You have so drawn this bill that it will take a Philadelphia lawyer to tell the common taxpayer when he is through paying his taxes. There will be thousands of instances under this patchwork bill that you have drawn where the taxpayer will be called upon to send in more taxes, although he holds a receipt and thinks he has paid his taxes. That is going to happen under the hidden provisions referred to by the minority leader in his speech the other day.

Why should you not simplify this bill so that the ordinary man or woman will know, when you send him a notice about his taxes, just how much his taxes are? They will not know that under the bill that you are writing. What is your purpose, Senators? The minority leader suggested that you were trying to deceive both yourselves and the public. It is unfair for you to do that. We ought to be very frank and open and above-board in this legislation. This legislation affects very vitally the people of this country. You are pulling at the purse strings of every man and woman in the country, and certainly they have a right to be heard.

I know that you want to speed up and get quick action on this bill, but I intend to enter my solemn protest before such legislation gets through this body. Mr. President, has the time come when we will have no debate at all in this Chamber?

An editorial in the Washington Post this morning threatens those who stand here demanding light upon these tax provisions which you are jamming into this bill. That editorial suggests that you are going to meet earlier, and that you are going to sit at night also, which is all right with me, and that the time has come to do away with speeches and have a vote. That is always the way with a man who has a bad case. He does not want it talked about. He wants to close the issue; he wants to get it out of the sight of the people as soon as possible. He wants to get it into that conference committee; and, Mr. President, when it is delivered over to that conference committee you may say farewell to it, for you will not know it when you see it again. What they will do to that bill in conference will be a plenty. Then they are going to expect western Republicans to vote for it. I think I know some of you who will not vote for it, but I am afraid that the tactics of the old guard are having a very dangerous effect upon some.

Mr. President, what sense is there in a man paying a certain per cent on a certain amount of income up to \$10,000, then a different per cent on an income up to \$20,000, then 1 per cent of surtax up to \$10,000 and 2 per cent up to \$20,000, and so on? Why not simplify it and put it all under one head? I suppose that it is done to confuse the people, and you are not going to get away with it.

We had a remarkable situation here the other day. The brilliant and genial Senator from Indiana [Mr. WATSON] called upon the Senator from Nebraska [Mr. HITCHCOCK] to write a certain provision. The Senator from Nebraska called upon the Senator from Indiana to explain the provision.

The Senator from Indiana said, "I understand it, but I am not going to explain it." What was the purpose of keeping secret a tax provision which affects the purse of the American people? Why should a Senator be permitted to carry a secret like that around in his mind and not tell it to a Senator who is seeking light, so that he may know how to vote intelligently? The Washington Post, the mouthpiece of the administration, has an editorial demanding that Senators sit with sealed lips while this tax-gouging business goes on, and they unload this big tax burden upon the small man, the man with but little capital, the man with moderate means, and upon the common necessities of life.

That is what you are going to do. You are going finally to settle upon a sales tax. You are going to decide upon that and unload this burden upon the consuming mass of the American people. You are going to call it a manufacturers' tax. That is what the Senator from Utah [Mr. SMOOR] wants.

Here is the retailer, here is the wholesaler, and there is the manufacturer. They say, "Let us put it on the manufacturer. He is three times removed from the consumer." Let me show you how quickly it will get to the consumer. You lay that tax on the manufacturer. The wholesaler walks up and says, "I want \$100,000 worth of goods." The manufacturer says, "All right," and makes him a price. The wholesaler says, "Your price has advanced. What's the trouble?" The manufacturer says, "That advance is to cover the tax imposed by Congress." The wholesaler says, "Have I got to pay that?" The manufacturer answers, "Oh, yes." And he pays it.

The retailer comes up to the wholesaler. He says, "I want \$10,000 worth of goods to carry out yonder with which to supply the people where I live. He says "All right." The retailer says, "Give me your figures." The wholesaler gives them to him, and he says, "The price has gone up." The wholesaler says, "Yes; that is to take care of the tax imposed by Congress." The retailer says, "Have I got to pay that?" The answer is, "Oh, yes."

Then the retailer goes to his store at home, and the consumer comes in, a farmer out in the West, maybe, selling his corn and hogs below the cost of production; he leads his bare-footed children up to the counter, and he says, "Winter is here and I want some shoes for my children. What is the price of shoes?"

The merchant gives him the price, and he says, "The price has gone up, hasn't it?" The merchant says, "Yes; that is because of the tax imposed by Congress." So they unload upon the bare-foot children, upon the little boys and girls, upon the farmer who is now selling his produce below the cost of production. You are going to unload upon him.

Then what will happen? He has to mortgage his little farm, and he has to sell it a little later on, and you turn him loose in the road, without a dollar in the world, without a roof under which to place himself and his family, and you have done it by your burdensome taxation, while the Wall Street brigade, escaping taxes, rides in pompous fashion to the music of a brass band, while they exclaim, "Hurrah for the Republican Party!" That is what you are doing.

I do not blame you for wanting to cut off debate. Senators, you have a serious situation confronting you. This day you are holding in power the Federal Reserve Board, your board, which is using the money made out of the people at high rates of interest to build marble banking establishments with bronze doors costing \$25,000 apiece. What do you think of that? No wonder you want to shut off debate. Why do you not take this money away from them and compel that board to put it out here in the West to help the poor farmer who is selling his corn to-day at about 20 cents a bushel? Why not put some of it in the South to aid the farmer in obtaining at least the cost of production for his cotton.

I told you the other day, Senators, that you could buy one of these little saucers full of cornflakes for 15 cents. That does not represent 50 grains of corn. Yet it costs within 5 cents of what the farmer can get for a whole bushel of corn. That is what is going on under your Republican administration.

We passed a resolution here the other day, offered by the able and distinguished Senator from North Carolina [Mr. OVERMAN], calling on the Federal Reserve Board to give us the facts about the salaries in the New York Federal Reserve Bank, where they increased the salary of the governor of that bank from thirty to fifty thousand dollars, and increased clerks' salaries from twelve hundred to twelve thousand, from sixteen hundred to sixteen thousand, from twenty-two hundred to twenty-two thousand, and the like of that. We called on them to give us the amounts paid at other reserve banks and how the salaries had been increased in all of them. That board is located within a mile of where we are sitting to-day, and we have been sitting every day since that resolution was passed, except Sunday, but we have not received the information sought. You Republicans are just smiling. They are doing exactly what you want done. You have the authority to turn that board out. I repeat what I said to you before, that board has lost the confidence of the honest business men of the South and West, and why will you persist in holding that board in power?

I would not permit the farmer of the West to sell his corn and hogs below the cost of production. I would not permit the cotton producer to sell his cotton below the cost of production.

I have had a considerable number of letters from the West, just as I have from the South, where by that deadly deflation policy you denied the South and West money to hold their crops off the market until the price would yield a profit. Those letters told of distressing conditions that that policy produced.

I repeat that the corn man, the cattleman, and the cotton man were all sacrificed under that ruthless policy.

Do you know what that board did? They commenced talking about the Bank of England raising interest rates to 7 per cent. Watch the trail. The next thing it said the Bank of New York raised the rate to 7 per cent, of course—Wall Street. The next thing they put it into effect in the country. So it started in England, leaped over to Wall Street, and then the Federal Reserve Board took it up and passed it around through the South and the West—7 per cent—and made it impossible for a man to obtain money.

Your board created a condition that made the people bring their Liberty bonds up and sacrifice them for \$85 on the \$100. Your board created a condition that caused them to come to the bank counter and stand there with these Government securities in their hands—4 per cent bonds, gilt edged, as good as gold, you told them when you sold them. That board turned them away from the bank and said you could not loan money on them. What do you think of that?

The poor fellow who did everything in his power to lay by a little money went to the bank and said, "I want to help the boys over yonder." I have seen them; I have spoken to them, urging them to buy Liberty bonds. I have seen them take out their handkerchiefs and wipe their eyes and say, "I will subscribe for so much; I have a boy over there." They went down to the bank and the bank said, "That is all right; if you can not pay for it now, you can pay for it month by month." He

said, "Good; give me \$200 more or \$250 more." That was a good deal for him. Then the time came when his cotton price fell down 18 cents a pound under the cost of production, and his obligation at the bank was due on the bonds. The bonds fell in price, too.

The bonds were depreciating in value. His cotton went down below the cost of production, and he appeared at the bank and said, "What am I going to do about it?" The banker said, "I do not know. I will tell you what I will do. If you will put your cotton in the warehouse, I will take your bonds and take your cotton and O. K. your paper and send it up to the Federal reserve bank, and I will help you to hold your cotton. I will carry that bond obligation if the Federal reserve bank will permit me to do it."

They sent the papers up to the Federal reserve bank, and your Federal Reserve Board would not let them discount those papers, so they went back, and the banker said to him, "The Federal reserve bank would not discount your paper, so you will have to dispose of your cotton and pay for your bonds." He said, "There is no market for my cotton. That cotton cost me 18 cents a pound more than the present price to produce it. I ought not to have to sell it." The banker said, "I agree with you, but the Federal reserve bank will not let us have the money needed."

That is what you are doing. That is what you did in the West. That is what you did in the South. What happened to those bonds? They went trooping over to New York and the bond sharks bought them up, bought them for \$80 and \$85 on the \$100, and they are in the hands of the money kings over there and now you are going to let them escape taxation. What happened after they got them? The bonds went up 6 points after they got them out of the hands of the poor fellow, who put his very heart's blood in the money that he bought them with to help win the war.

Still you have this thing going on down here by a discredited Federal Reserve Board. Many bankers in the country have discredited it and condemned it. Some newspapers have condemned and discredited it. Senators and Congressmen have condemned and discredited it, and I am one of them, and still the board sits, accounting to nobody for its conduct in charging high interest rates and making out of the distress of the people from \$70,000,000 to \$100,000,000 a year.

One of the Senators on the other side said the other day, "You are going to 'soak the rich' so much that capital will get mad and retire." Mr. President, there is no place for the farmer to go, no place for the laboring man, no place for the small merchant, no place for the doctor, the lawyer, the preacher, and the teacher to go but to work. They have to keep on in this ceaseless warfare in the struggle for existence, but as to the big capitalist you tell us if you tax him he will withdraw his capital, retire in scorn, and defy the Government and escape his fair share of the burden of government.

Will you permit that? What did you do to the American boy who sought to keep out of the war in Europe? You put the uniform on him and sent him to the front. Is the capital of the money lords more precious than the blood and life of one of these boys? Yet that is your position. You said capital would retire. I would not permit it to retire and escape taxation. If I were at the head of the Government and these men undertook to shirk their duty at a time like this I would not permit it. I would make that capital help to pay the war debt.

Withdraw and retire. You did not let the soldier withdraw with his blood and life. Thousands and millions of them went willingly. Some did not go willingly, but they went. So with the taxpayers. Thousands of them had to help bear the burdens of government, especially to pay the war debt following a war like this, where we were fighting for humanity, civilization, and all that is dear to the race. Are you now going to permit capital to withdraw? Do you think you are going to frighten the people's representatives away by saying that they are trying to soak the rich? What you will soak them in will be a gold solution. That will be very pleasing to the big bugs of Wall Street. They will like it. Like one of your Republican Presidents when he dissolved a trust, they got up a little hymn that they used to sing:

Hallelujah, Thine the glory,
Hallelujah, Amen.
Hallelujah, Thine the glory,
Dissolve us again.

So history is about to repeat itself.

Talk about soaking the rich! The soaking that you are going to give to the mighty rich will cause them to ask you to repeat it very frequently.

Mr. President, there are 6,000,000 men out of employment. That is a sad and solemn scene. If we had extended credit to the South and West and credit to certain foreign countries, that

would not have happened. You sat here and would not revive the War Finance Corporation until December, 1920, when we formed a combination between southern Democrats and western Republicans and with the aid of a few northern Democrats passed that measure. You had had control of the House and the Senate for two years, lacking about three months. You permitted them to tear down that War Finance Corporation and put it out of commission, and you would not revive it until this bloc that you hear so much about got in action and had a few meetings, and then we revived the War Finance Corporation.

But what did you do then? We had section number 2 in that resolution which required the Federal reserve banks to go to the aid of the farmers of the country, and we put it through here, but you put it to sleep over yonder in your Republican House, and it is dead at the feet of the Republican Party now in power. That shows where you stand. The Federal Reserve Board did not want that resolution to pass and it died. The Federal Reserve Board sits there to-day discredited, as I have said, by honest business men in the South and West, and yet you are not saying anything against them because they are doing what you want done. Mr. President, whither are we drifting? An enormously wealthy favored few seem to be in control. Senators, when Rome fell 2 per cent of her population owned 98 per cent of her wealth. Countries can not live under conditions like that. If your tax bill prevails, if your leaders are permitted to write in this bill what you want to put in it, it will not be long until a very small per cent of our population will own 90 per cent of the wealth of the United States.

Six millions of men out of employment because industries are not running, and yet they threaten us over there that if we make these mighty rich pay their share of the taxes they will retire and withdraw their capital and put more people out of employment and make the burden heavier and still heavier for the common masses of the people.

Mr. President, who is it that is going to be benefited under this bill? There is not a small taxpayer in the country that will be benefited one cent; there is not a small taxpaying woman in the United States who will be benefited one cent; but those who contributed to the campaign fund of the Republican Party last fall are the favored few; they are going to be helped; they are going to have their taxes cut down.

Something was said here the other day about Mr. Wrigley, the Chewing Gum Trust man. He was a shining light in the last campaign, directing people down to Marion to hear the candidate for the Presidency speak from the front porch. Mr. Wrigley said, "Come this way, ladies and gentlemen; go right over and take your stand in the yard; the candidate for President will appear in a few moments and will make a speech; I am Mr. Wrigley." Then Mr. Wrigley comes here and we hear from him again when the tax bill comes up and it is proposed by Senators on the other side to take the tax off the Chewing Gum Trust. Does the majority intend to make of this measure a vehicle to carry out their preelection pledges to those who contributed to their campaign fund? It looks like it, because we are told ever and anon, "You are about to soak the rich."

Mr. President, I am reminded of a story which was told by Representative HUMPHREYS, of Mississippi, about a Negro down in that State, which illustrates just the result to the masses of the taxes which are to be imposed by this bill. A northern man went down to Mississippi and bought a farm. He went over to talk to a Negro who lived on a part of the plantation about the soil and its productivity. He said, "Uncle, I understand you make fine crops here." The Negro said, "Yes, sir; I do, but de ducks get it." The northern man said, "The what?" The Negro repeated, "De ducks get it all." "Why," the northern man said, "the gentleman from whom I bought this land never told me anything about any ducks eating up the crop." But the Negro repeated, "De ducks get it." The northern man said, "I will go back to see the man of whom I purchased the farm." He went back, and he asked, "What about that place you sold me? The Negro says that the ducks eat the crops." "Why," the man said, "I never heard of any ducks being there. I will go with you over and see about it." The former owner of the place asked the Negro, "What about the ducks eating the crops? I never saw a duck here." The Negro said, "Well, yes, sah; you know when I go up there to settle my accounts you say, 'the cotton has come to so much, but you bought \$125 worth of sugar,' and you say, 'I de duck that'; you say, 'You bought \$500 worth of meat and I de duck that; you bought coffee; you bought flour; you bought clothes, shoes, hats, and all,' and each time you says 'I de duck that.' So when we get through with it it just about evens up, and I just tell them 'de ducks' got it." [Laughter.]

That is exactly what Republican Senators are doing in the pending bill—"de ducks" are going to get what the little fellow has got. The man with but little working capital, the

man of moderate means, the common man, who requires necessities upon which to live, is going to pay the tax; and when he gets through with it under the Republican administration "de ducks will have got it all." [Laughter.]

Mr. President, I can not refrain from reading a little poem at this point. It fits the situation precisely:

The people regret and
Rue the hour
When the Republican
Party went into power.
Everything is out of joint,
That party does nothing but disappoint.
The money lords are in control,
They own that party, body and soul.
The people can only wait and say,
"God speed the next election day."
Listen to this mournful tale:
The common masses have no kale—
There's the empty pocket and the empty pail—
And unemployed are put up for sale.
The farmers' business is on the bum,
The wheels of industry do not hum,
And the people are sore because of the hour
The Republican Party went into power!

Mr. WATSON of Georgia. Mr. President, it is very edifying to hear one of the pots get after some of the kettles and call them black. I beg to remind the Senator from Alabama [Mr. HEFLIN] that President Woodrow Wilson threatened to fix the price of cotton, and the price went down 15 cents in 48 hours. I beg to remind him, also, that delegations representing all the farmers' organizations came to Washington and sent representatives to the White House who saw President Wilson, but President Wilson told them in so many words that the farmers of this country need not expect any relief from his administration. I believe in being perfectly fair. I myself am a fighter from the ground up, but I believe in fighting fair, and if we can not get anything better than to swap off the devil for the witch, I am willing to just rock along for a while and see if we can not split up the Republicans and thereby obtain a bill which will produce revenue and yet not ruin the country.

Something has been said here about the general condition of the people. Let us look the facts in the face. Who is responsible for that situation? The great common people loaned the Government \$25,000,000,000. Where is that money? The New York Herald of June 24 last contains a list of the loans that were made to foreign countries by the former administration. It will not do any harm, and it may do some good, to have the figures go into the CONGRESSIONAL RECORD and become official. We loaned to Great Britain more than \$4,000,000,000—I am going to use round numbers for convenience sake—we loaned to France more than three and a quarter billion dollars; we loaned to Italy more than a billion and a half dollars; we loaned to Belgium \$375,000,000; we loaned to Russia \$192,000,000—and Russia is the only country that has offered to pay us, and to pay us in gold. That payment was rejected by the Wilson administration, and, up to this present moment, is being rejected by the Harding administration. We loaned to Poland \$135,000,000; to Czechoslovakia, \$91,000,000; to Serbia, \$51,000,000; to Rumania, \$36,000,000; to Austria, \$24,000,000; to Greece, \$15,000,000; to Estonia, nearly \$14,000,000; to Armenia, nearly \$12,000,000; to Cuba, \$9,000,000; to Lithuania, \$5,000,000; to Finland, \$8,000,000; to Latvia, \$5,000,000; to Hungary, nearly \$5,000,000; to Siberia, \$26,000,000.

With our money Poland waged aggressive war upon Russia. With our money the King of Greece was brought back to his throne and is making war upon Turkey, against which nation we never declared war. Our money has thus been taken out of the pockets of the common people and sent to the other side of the ocean, where it remains; and it was presumably J. P. Morgan, in the New York World on May 28 last, who is reported as saying that it would be a great blow to the United States if we collected this past due debt. Why did he say that? Because he wanted to collect his own first. According to the New York World he had, before we entered the war, floated one loan for Great Britain in connection with which his commission was \$12,000,000. Of course, he floated many others; and he now wants to be treated as preferred creditor.

Mr. President, \$25,000,000,000 has been taken out of the pockets of our common people by all sorts of propaganda, speeches, pamphlets, circulars, patriotic parades and appeals, and that money has not been returned. Is it any wonder that business lags and that people are unemployed? If, in addition to that, we have a governmental agency representing the money power which is robbing our people of incredible sums of money, how can our people resist their own Government and its powerful agencies?

I am not going to rely entirely upon the statements of Mr. John Skelton Williams. He was a trusted officer of the last administration. He holds the rank of a gentleman. His busi-

ness associations are respectable. He once had a railroad stolen from him by the elder J. P. Morgan, who also stole the Central Railroad of Georgia, and watered its stock up from seven and a half million dollars to fifty-four millions. Mr. John Skelton Williams came here and was put under oath, and the rule is that the testimony of a witness under oath is to be taken, unless he is impeached in one of the ways known to the law.

My friend from Indiana [Mr. WATSON] asked me if I could tell him what were the profits of the manufacturers in any one year. I did not at that time have the Treasury report before me, nor a memorandum carefully made from it. I have it now, and I will give him that information.

In the year 1916 the net incomes of the corporations were \$8,765,000,000.

In the year 1918 they were slightly less.

In 1917 the corporations of three States—Illinois, New York, and Pennsylvania—earned incomes amounting to four and a half billions; and this increase, as shown by the Government report, is equal to 25 per cent of the total increase in farm values throughout the United States for a period of 10 years. That is a staggering statement, based upon an official report very courteously furnished me last week.

Mr. WATSON of Indiana. Mr. President, I could not quite catch what the Senator said. He was not speaking very loud. The last year for which he gave the statistics was 1918?

Mr. WATSON of Georgia. Yes.

Mr. WATSON of Indiana. Has the Senator given them for 1919 and 1920 and up to June of this year, the close of the fiscal year?

Mr. WATSON of Georgia. I have not. They are probably here in the abstract, but they were not taken out by my clerk.

Mr. WATSON of Indiana. Now, I want to ask the Senator whether he has the amount that was invested in all of those manufacturing plants, so as to show what per cent of returns they made on the investment?

Mr. WATSON of Georgia. Mr. President, it is a very peculiar fact, that this official report of the estimated valuation of national wealth does not disclose corporation wealth at all. It discloses the income only, but I will remind the Senator of a fact which must be familiar to him, that the capital invested in railroads is, in round numbers, \$20,000,000,000, half of which has been shown to be water. They are earning an income upon that half which represented money, as well as upon the other half which represented no investment whatever.

Mr. President, the other day there was some question as to a Supreme Court decision which exempted profits declared in stock dividends. A Senator on the other side said the Supreme Court reasoned that the shares of stock had not been apportioned, and a Senator on this side corroborated that statement. It did not conform to my recollection of the case. I therefore sent for the volume of the report (252 U. S., Oct. term, 1919), and the decision shows that the stock had been apportioned and was to the credit of the stockholders of the bank at the time this decision was made. In rendering his opinion on the case—which differed, I should say, from that of the majority of the court—Mr. Justice Brandeis pointed out the various ways in which these wealthy corporations dodge their taxes. Therefore, I said this morning that they were under condemnation by the Supreme Court of the United States.

In my judgment, it is entirely germane to this question to go into the operations of the money power as operated by our Government. If it can be shown that this money power is directly robbing the people, and that the present administration is condoning it, just as the former one did, then I think the country is entitled to have the facts in connection with this bill, which proposes to raise three or four billion dollars of revenue to pay current expenses.

There was a controversy in the newspapers between Mr. John Skelton Williams and Gov. W. P. G. Harding, of the Federal Reserve Board. Mr. Williams said that the salaries were too high, and he named their increases, which the Senator from Alabama [Mr. HEFLIN] briefly recounted, as to the New York bank. Mr. W. P. G. Harding in replying to Mr. Williams took refuge in the countercharge that Mr. Williams, while Comptroller of the Currency under President Wilson, had voted for some of these increases. That kind of an answer does not strike me as being very strong. The question, after all, is, Are the salaries reasonable? Gov. Harding went further and said that he thought he was worth \$50,000 a year, and that is the reason why he took it and is still taking it. He thought these various employees, who were worth so much less last year and are getting so much more now than last year, were also worth it.

Let us see about that. If the governor of the Federal Reserve Board is worth \$50,000 a year, what is the value of the country of the President of the United States? What is the

value of the Vice President? Gov. Harding enjoys the luxurious and luxuriant privilege of fixing his own salary. That is a privilege which the President does not enjoy. It is a privilege which the Vice President does not enjoy. It is a privilege that no Senator enjoys, no Congressman enjoys, no admiral in the Navy, no general in the Army, no member of the Supreme Court. W. P. G. Harding is the only man that I know of who has been given the power to fix his own salary and to fix the salaries of his subordinates.

Was the Federal Reserve System created for the purpose of making enormous profits out of the people? We have been told here often that the system is a good one, but that the administration is bad. I take issue with that statement. Any system which gives to any set of men, taking it away from the Government, the right to create and control the volume of currency is necessarily a bad system. It puts too much power in the hands of a few men, and they would be more than human if they did not abuse it.

We limit the power of the President. We are constantly criticizing him in his public capacity. That is our right. He may criticize us in our official conduct. That is his right. The press enjoys the privilege of criticizing all public men as to their public work. That is their privilege; but this Federal Reserve Board and its branches resent criticism. The governor of it made the attempt to commit at least assault and battery upon a witness who was testifying about his doing in a committee room in this building; and a defense by the method of assault and battery is not generally considered a good defense, unless you yourself are physically assaulted.

As I say, Mr. President, it is the money power of the Government that is being exerted by this Federal Reserve System. Much has been said about its origin. There was a disagreeable colloquy between two Senators here one day as to that origin. My memory of it is this:

That bill was framed in Europe by the banking firm of Warburg and it was brought to this country by Paul Warburg. Samuel Untermyer, of New York, published an interview, in which he said that it would be injurious to the financial credit of this country unless that system were adopted. It was advocated by the late Senator Aldrich, of Rhode Island. It was advocated by all those who were called standpatters in those days. The Democrats opposed it and defeated it.

The elder J. P. Morgan came here in person and stayed so long that there was criticism leveled at him and he left. The Democrats killed his bill when the Republicans presented it, but immediately after the Republicans were defeated and the Democrats went in there were immaterial changes made in the bill, it passed, and became the basis of the present system, and Paul Warburg was put on the board by President Wilson as one of the original members. Those are the facts.

I think a statement of these things is entirely pertinent to this discussion, and I shall be brief about it. We will take the Boston bank. The capital paid in was less than \$8,000,000. The gross earnings were \$12,000,000. The expenses were \$2,000,000. The total net earnings were \$10,000,000. In other words, \$7,000,000 in one year earned \$10,000,000. What right did the Government have to do that to the people of Massachusetts who were patrons of that bank?

Take the bank at Philadelphia. The capital paid in was \$8,000,000, in round figures; the gross earnings were more than \$11,000,000, expenses \$2,000,000, total net earnings, \$9,672,000, or more than the entire capital stock. It was the Government that was doing that. What right did the Government have to exact such a profit from the people of Pennsylvania who wished to avail themselves of the resources of that bank?

Take the bank at Cleveland, Ohio. The capital paid in was \$10,000,000. The total net earnings were more than \$11,000,000. Is not that more than 100 per cent? Has the Government a right to make more than 100 per cent out of the people who patronize the Government's own bank? If the Government sets that example, what will the private banker do?

We will take the bank at Richmond, Va. The total capital was \$3,500,000. The total net earnings were \$5,000,000, very nearly double the capital stock.

Mr. DILLINGHAM. Mr. President, will the Senator tell us what period is covered by those earnings?

Mr. WATSON of Georgia. I take this from the seventh annual report of the Federal Reserve Board for the year 1920. There has been no report since then, so far as I can learn.

Now we come to the Atlanta bank, in my own State. The capital paid in was \$4,000,000. The gross earnings were \$7,500,000. The expenses were \$1,355,000. The total net earnings were \$6,000,000, or \$2,000,000 more than the capital stock. What per cent is that? Nevertheless, my stately friend from Utah [Mr. Smoot] seemed to be indignant that anybody was

charging corporations with making excessive profits. But this report relates to last year, and it is the Government making these huge profits. If the Government profiteers, then private corporations will profiteer.

Take the Chicago bank. The capital stock was less than \$14,000,000. The net earnings were \$25,000,000. What per cent was that?

Let us go on to St. Louis. The capital stock was slightly less than \$3,500,000. The total net earnings were \$5,250,000.

Take Kansas City, Mo. The capital paid in was \$4,500,000 in round numbers. The total net earnings were \$5,500,000.

Take the Dallas (Tex.) bank. The capital was slightly less than \$3,500,000. The total net earnings were \$1,678,000.

Take the San Francisco bank. The capital paid in was less than \$7,500,000. The total net earnings were \$10,000,000. What percentage is that? What is that but an excessive profit, and why should the Government be maintaining a lot of bankers on the board here at the head of the regional banks robbing the people in this way? It is not legitimate business. It is robbery under the forms of law.

Consider the salary list of the reserve bank in New York as given by the Washington Times of October 21, 1921:

"The list of salaries paid officers of Federal Reserve Bank of New York, indicating increases paid in salaries from time of their employment to 1920-21, follow: Benjamin Strong, \$30,000 to \$50,000; Pierre Jay, \$16,000 to \$30,000; J. H. Case, \$20,000 to \$30,000; E. R. Kenzel, \$4,000 to \$25,000; L. P. Saller, \$7,000 to \$25,000; G. L. Harrison, \$4,000 to \$22,000; L. H. Hendricks, \$6,000 to \$18,000; Shephard Morgan, \$5,000 to \$15,000; A. W. Gilbert, \$1,800 to \$12,000; J. D. Higgins, \$2,500 to \$12,000; J. W. Jones, \$2,500 to \$12,000; L. R. Rounds, \$2,000 to \$12,000; J. L. Morris, \$9,000 to \$12,000; W. D. Matteson, \$1,500 to \$10,000; A. J. Lins, \$1,500 to \$10,000; G. E. Chapin, \$1,500 to \$9,000; W. H. Jefferson, \$3,000 to \$8,000; J. E. Crane, \$1,500 to \$7,500; W. H. Hamilton, \$1,500 to \$7,500; R. M. O'Hara, \$1,500 to \$7,500.

"I have been told," continued Mr. Williams, "that 60 per cent of those officers never received over \$1,500 to \$2,500 before they came to the reserve bank, but they are now drawing salaries as high as those paid to Cabinet officers.

"The salaries paid to about 30 officers by the New York Federal Reserve Bank, exclusive of the salaries of other employees, amount to about as much as the combined salaries of one-half of the Members of the United States Senate plus the salaries of the President and Vice President of the United States."

You would be astounded if I should give you a list of the salaries these men pay themselves. I will read only a few. This one relates to the Boston bank. The officer paid themselves for the year \$116,000. They paid the clerical force \$784,000. They paid special officers and watchmen \$20,000, and for printing and stationery \$65,000. There is a final item for "all other expenses," and no items were given. We have to itemize our mileage accounts, and are limited as to our stationery; but these bank officers took \$65,000 for stationery, and then grouped under "all other expenses," without a single item being given, \$60,000 for one year.

There is a list of the examiners on page 280, one at \$16,000 per annum, another at \$12,000, two at \$10,000, and so on for the 19 different examiners, whose aggregate salaries are \$149,000 a year. Every one of those banks, including the bank of Atlanta, is managed in that same extravagant way.

I noticed that the legal services paid in New York, as I now remember, the sum of \$9,000, while Boston paid \$3,000, and that in Atlanta they paid their lawyers \$8,000. The Atlanta bank paid \$80,000 for printing and stationery. They were squandering the people's money.

At the same time that the currency is being contracted and enormous injury inflicted upon the valuation of property, Gov. W. P. G. Harding says that the circulation has not been reduced. Mr. President, I examined and have here now in my desk his own report for August of this year, which shows that since August of last year he has contracted the currency \$500,000,000; or, to put it more understandingly, perhaps, to the ordinary person who may hereafter read what I have said on this subject, it means less money by \$5 apiece for the use of every man, woman, and child in the United States; and that was done in one year.

Those who would look carelessly or casually at the Treasury reports would think we have in circulation something like \$50 per capita. The Bank of Venice, which was founded in 1171 and lasted until 1797—when Napoleon Bonaparte crushed it with the military heel at the dictation of Parisian bankers—circulated \$80 per capita. Venice was the richest country on earth under that circulation, and she had no gold standard, either. It was a circulation of governmental credit, paper, if you please, and for more than 500 years Venice led the commercial world in the rich commerce of the Near East and of the Mediterranean.

As shown in the official reports, nearly half of the money which we suppose to be in circulation is held in the bank vaults

as reserves and is not in circulation at all. We have not more than \$20 per capita in actual use. We have taken the blood out of the arteries of trade, and the operation has been sudden and heroic, and the results have been sudden and disastrous. The figures may be found on page 20 of the official report of the Comptroller of the Currency for 1920.

I also made the statement that the manufacturers had made, every year, more net earnings than all of the millions and millions and millions of people, young and old, black and white, had ever made in agriculture during any year.

I repeat that the United States Steel Corporation, according to its own published report, make more clear profits per year than all the farmers make any year. That is an astounding statement, but I am prepared to prove it by governmental reports and by the reports of the United States Steel Corporation itself. We have a great mountain of gold rapidly approaching \$3,500,000,000 piled up, useless, dangerous, an Ararat upon whose summit no ark of safety rests for the human race, while the floods are pouring over the earth. It is a fearful situation.

Mr. President, why can not some of this money be put in circulation? Why not relieve the people of this enormous taxation? Why not do it now? As I said, the published program of the Republican Party was to relieve the people who make excessive profits. If there is a class of people in the country who can make excessive profits, it must be that the law gives them an advantage over their fellow citizens. There is no other explanation to be given.

This money power which is now enthroned is exactly the same that was combated in Washington's Cabinet by Edmund Randolph and Thomas Jefferson. It was put upon the country by Alexander Hamilton. The old bank died, as we all know, by the expiration of its charter. Then the money power came back, and during the time of President Andrew Jackson a bitter fight was made on the floor of the Senate against the renewal of the charter which was advocated by Henry Clay and Daniel Webster, large debtors of the bank. Thomas H. Benton succeeded in carrying the Senate with him, backed by the tremendous influence of Andrew Jackson, and the recharter measure was killed. But Mr. Benton said then, "The snake is not dead. It is only scotched. It will come back." It has come back.

There live in literature, and always will live there, some classical specimens of oratory of the highest sort, and the majority of those masterpieces of human speech are denunciations of the money power. Students in college and elsewhere read and recite, thrilling themselves and their audiences as they do so, the immortal indignation expressed in the words of Cicero when he denounced the depredations committed in Sicily by a Roman proconsul by the use of the money power. I said here once before that Julius Caesar had grappled with the money power and was trying to destroy it, at the time the usurers conspired against him and killed him in the senate chamber. Froude's Caesar relates the facts.

As Adam Smith says, in his *Wealth of Nations*, page 73, Brutus was lending money at 48 per cent; but here the Government's report shows that the Government itself is robbing our people of from 100 to 1,000 per cent every year in these Federal reserve banks.

Mr. McAdoo said the Coal Trust was robbing the people of a thousand per cent a year. I wish he had said it when he was in office. He said it after he got out of office, and that discounts his statement somewhat. Still their published reports show dropsical profits not good for them, harmful to the country.

In national wealth there is an increase of about 9 per cent a year. When any one corporation, or group of corporations, gets more than 9 per cent, there are millions of men just as deserving, just as patriotic, who are getting less than 9 per cent. The division is inevitable, and it should be equitable. As I said this morning, while the Senator from Massachusetts [Mr. WALSH] was addressing the Senate, no one should be allowed to make excessive profits. There is a crime in excessive profits, just as Sam Jones, our immortal evangelist, used to say that God only knew how much damnation there was in a good bargain. It is a thought that goes deep. When one man gets advantage of another in a trade and swindles him, he does it on purpose, and it is a crime that involves moral turpitude.

I will remind Senators that the finest oration, perhaps, in the English language is Edmund Burke's arraignment of the East India Co., which had been robbing the Hindus. The subject of that speech, if Senators wish to look it up, is *The Nabob of Arcot's Debts*; and all Senators will remember the splendid peroration with which the great Irishman wound up his ar-

raignment of Warren Hastings, at the bar of the House of Lords in England.

The same kind of speeches were made in France when the privileged few of church and state were robbing the producers of four-fifths of all that they could bring forth by their industry. The king had, as a last resort, to call the people together in congress, the states general. There came up the representatives of the third estate, and their complaints were the same that we are making here now of the outrageous taxation of the poor in behalf of the rich and privileged. The speeches that were made in behalf of those suffering people were so moving, appealing then as they did to the whole world, that on one night in August—August 4, 1789—a sort of epidemic of patriotism and self-sacrifice broke loose in the great constituent assembly of France, and one after another the nobles, who had been enjoying these privileges, renounced them, until not one was left. France adopted her declaration of the Rights of Man, as fine a state paper as the Virginia Bill of Rights, which in my judgment is finer than our Declaration of Independence.

Once upon a time, Jesus Christ lost his temper and committed assault and battery upon the money changers in the temple of his race, in the holy place which the bankers, the men of the money power, had invaded and desecrated by plying their trade in the house of worship. The lowly Nazarene lashed them with a scourge, as we are lashing them here with our tongues.

I will say that I am a conservative business man myself and have been so all my life, but the manner in which I and my people have been robbed by this money power makes me see red. If these men high in position who are contracting our currency and taking away the sinews of business do not take heed in time, some sort of scourge is going to fall on them, and it will fall heavily. Our people are not always going to be robbed of what they make and of what their wives and daughters help them to make. They are not always going to eat bread, while others live in luxury on the surplus products of the country. They are not always going to be insufficiently clothed, while the pampered few have more than their share and more than any human being can properly use. The time limit will come sooner or later, and I look for it to come just as it came in England, just as it came in France, just as it came in Germany, just as it came in Russia, when no clouds were on the horizon and when the sun shone clearest. It will come.

Mr. KING. Mr. President, will the Senator yield?

Mr. WATSON of Georgia. Certainly.

Mr. KING. I have not heard all of the Senator's speech, but he just alluded to the contraction of the currency. I am not sure just what the Senator had reference to. I call the attention of the Senator to the fact that our gold supply was never greater than at present, and the issue of paper money—and I use the term paper money as representing all types except metallic money—was never greater per capita than at present, except for a few months at the peak of the war. The circulating medium of the United States to-day being considerably more than \$50 per capita, as the Senator knows, is greatly in excess of what it was during our days of prosperity before we went into the war. For information, I should like to know what the Senator particularly had in mind when he alluded to the contraction of the currency.

Mr. WATSON of Georgia. Mr. President, I am sorry that my friend the Senator from Utah was out of the Chamber when I explained that very thing.

Mr. KING. Then, I shall not ask the Senator to repeat it.

Mr. WATSON of Georgia. The Senator is suffering under what is a very general misunderstanding as to the volume of currency. He is not allowing for the fact that the required bank reserves in the vaults of the national banks amount to \$450,000,000; in the vaults of other banks and trust companies, under State supervision, \$626,000,000; and in the Federal reserve banks, \$960,000,000. If the Senator will rapidly add up those sums in his head, he will see that those reserves take out of circulation about one-half of the volume of our money. I alluded to the very figure which the Senator used, namely, that most people seem to think we have \$50 per capita in circulation, whereas the Bank of Venice, as I have said already, had \$80 per capita in circulation. We do not have in actual circulation more than \$25 per capita at the outside; I think it is nearer \$20.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from Georgia yield to the Senator from New Mexico?

Mr. WATSON of Georgia. I yield, with pleasure.

Mr. JONES of New Mexico. I think I may state from recollection that only a day or two ago the last report of the Treasury Department which I saw stated the maximum circulation had been \$58 and some cents per capita, while now it was \$52 and some cents, showing a reduction of about \$6 per capita, or in the neighborhood of 10 per cent.

Mr. OWEN. What the Senator from Georgia says is true, however, that the moneys which are supposed to be in circulation, and which are stated by the reports to be in circulation, are not in circulation as a matter of fact. The very figures show that they are tied up as reserves and not available as circulation. The figures also show that during the last year the currency which we had based upon commodity bills has contracted over a thousand million dollars.

Mr. WATSON of Georgia. Mr. President, the Senator from Oklahoma [Mr. OWEN] is perfectly correct, and the Senator from New Mexico [Mr. JONES] has taken the face of the figures, without taking into consideration the reserves which are required by law.

Mr. JONES of New Mexico. I may add that I merely stated what I did as the showing of the Treasury Department itself, and I did not intend to make the statement as indicating any opposition to the views of the Senator from Georgia. I think the Senator from Georgia is quite right in presenting the argument which he is presenting.

Mr. OWEN. Mr. President, if the Senator from Georgia will pardon me, the point of his argument is the more emphasized, because that which has the same effect as a contraction of the currency—that is, the contraction of credit—has taken place on a perfectly gigantic scale in this country under the policy of the Federal Reserve Board, against which policy on three separate occasions I have entered my solemn protest in this Chamber, beginning in January two years ago. The Federal Reserve Board then began to raise the discount rates; they began to use their influence over the country and to exercise that influence upon member banks and upon the directors of member banks and upon the business men of this country until their false policies have paralyzed the credit of the country.

Mr. WATSON of Georgia. The Senator from Oklahoma is correct. He can prove every word that he has said, just as I can prove every word I say.

The Senator from Alabama [Mr. HEFLIN] alluded to the fact that 98 per cent of the wealth of the country was owned by 2 per cent of the population. He may not have recalled the coincidence that that was the exact proportion of concentrated wealth at the time of the downfall of the Babylonian Empire.

Mr. HEFLIN. If the Senator from Georgia will permit me, I do not think he caught all that I said just at the point to which he refers. I said that at the time when Rome fell 2 per cent of the population owned 98 per cent of the wealth, and that if present conditions continued it would not be long before 3 or 4 per cent of the people would own 90 per cent of the wealth of the United States.

Mr. WATSON of Georgia. To that extent I did misunderstand the Senator; but it is a well-known fact, Mr. President, to every student of economics that civilization can not be maintained, a State can not be maintained, where the greater number of the people are destitute; it simply can not be done. Here [exhibiting] in the finest work on civilization that I have ever read, by the Frenchman Du Coudray, a standard work, he distinctly corroborates what the Senator from Alabama said, to wit, that the Roman Empire fell, not so much on account of the barbarians as because of the concentration of wealth in the hands of the few that enervated the Roman rich and deprived the country precincts of population.

It is a well-known fact that the great miasmatic plains which are now inhabited by cattle and a few herdsmen who do not dare to sleep on the plains at night—the Roman Campagna—was once as flourishing as the garden which the church of the Senators from Utah has made out of a sandy waste. Those plains of Italy became depopulated because the present proprietor was wiped out by the land grabber, the land monopolist, by the usurer. It is literally a fact that the Roman Empire was eaten out from within by the usurer. I am citing these facts to Senators now with no hope of their having any effect here, but with some hope that they will have an effect upon the country. I say that the 30,000 corporations which admittedly make excess profits do so at the expense of the unprivileged. Those excessive profits ought to be taxed out of their pockets and put into the pockets of Uncle Sam, and the enormous profits and expenses of the Federal reserve system should be made illegal; indeed, if I had my way, I would stamp the life out of the whole system right now.

It has always been a characteristic of chaos when the power to coin money was vested anywhere except in the Government. During the Dark Ages every feudal lord claimed the right to

administer justice, "the low, the middle, and the high," and to coin money. The crowning work of the great Cardinal Richelieu was to break the power of those feudal lords and bring them into subjection to the Crown; he took away from them the right to coin money.

Mr. President, it is a fact that the privilege of private citizens to coin money never passed from the hands of the Crown in England until the time of Charles II, when the goldsmiths of London—who were then her bankers—bribed one of the courtiers of that dissolute king to persuade him into granting them the privilege to coin money for use in Hindustan. She did what she was paid to do, and the act carrying that privilege, taking that much sovereign power away, stipulates the bribe that was paid to that woman by the goldsmiths. Since then, bankers everywhere consider crazy, in a sense, the man who says that they should confine their business to making loans, receiving deposits, making discounts, effecting exchange, and so forth. That is what banks are for. It was never intended that banks should rule the country through the agency of a money monopoly. Did not the National Government tax our State banks out of existence by a 10 per cent tax? That tax still exists, and no State bank can issue or control money.

The power to coin money and control it is an attribute of sovereignty; as much so as the power of the President and the Congress to declare a war and make peace; as much so as the right to establish post offices and post roads; as much so as to say how many soldiers shall serve under the flag, how many sailors and marines shall man our battleships. We have abdicated to private greed, which never becomes satisfied, whose appetite is insatiable—as cruel as the grave and as inevitable as death—a sovereign power.

This country will never be free and prosperous in any commercial or industrial sense, even if in a political sense, while this system remains. Those in charge of the Federal reserve system spend millions of dollars every year on a publicity agency, but I doubt very much whether the Senator from Alabama could get half a column in any daily paper in his State or if I could get half a column in any daily paper in my State for just such an attack as he has made and as I have made on them to-day, which attack I mean to repeat unless the Finance Committee brings out the resolution which I introduced requesting the President to remove these robbers from office.

Mr. HEFLIN. Mr. President, will my friend from Georgia yield to me for a moment?

Mr. WATSON of Georgia. Certainly.

Mr. HEFLIN. I made a speech here some weeks ago—the Senator was present when I made it—in which I accused the governor of the Federal Reserve Board of misrepresenting the Democratic nominee for President, Gov. Cox, as to what Gov. Cox had said to him about indorsing the deflation policy. I also read an editorial from the Washington Times charging the governor of the Federal Reserve Board with going over to the Republicans last fall during the Democratic campaign and voting the Republican ticket, and not a line about either one of them ever got into the daily press—not a line.

Mr. WATSON of Georgia. Which bears out my statement that their money controls the press—at least to a certain extent. They will not publish anything that you say against them if they can possibly prevent it, and if they do publish it it is apt to be a misrepresentation or a distortion or a garbled extract.

Mr. HEFLIN. If my friend will permit another interruption—

Mr. WATSON of Georgia. Certainly.

Mr. HEFLIN. I know a Senator in this body who received a letter the other day from a very responsible man in the country who charges the Federal Reserve Board with having a publicity bureau in Washington, the chief of which is paid \$15,000 a year, and others who assist this man on down—I do not know what their salaries are, but it is charged in that letter that that situation exists now in the Capital of the country. Perhaps that accounts for the fact that we can not get this information to the country.

Mr. WATSON of Georgia. I think it quite likely. Just such an agency could not serve these criminals any better; and when I use the word "criminals" I mean it. They are criminals. Any set of men who would take the Government's power to issue and control money and then use it to give themselves incredible salaries, wasting it with profligacy, almost larceny after trust—any set of men who would make for themselves with a governmental agency profits running from 100 per cent to 1,000 per cent are not honest men. They do not know the first instincts of honesty.

They are at least as bad as the men whom Christ drove out of the temple in Jerusalem. They are at least as bad as the robber that Sheridan and Fox denounced in the English Parliament. They are at least as bad as the men that were denounced

in the French Assembly. They are at least as bad as the men that Andrew Jackson denounced in his veto message. They are at least as bad as the men that Thomas H. Benton denounced on the floor of the United States Senate.

I have asked the President to remove them. The resolution is before the committee. I mean to bring up this subject from time to time until we get some sort of action, or I will endeavor to get unanimous consent here some day to consider that resolution. We will have a record vote on it and we will see who are for the people and who are for these robbers.

The VICE PRESIDENT. The question is on the amendment of the Senator from Rhode Island [Mr. GERRY] to the amendment of the committee.

Mr. GERRY. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALE]. I am unable to obtain a transfer and therefore will have to withhold my vote. If at liberty to vote, I should vote "yea."

Mr. HALE (when his name was called). I have a pair with the senior Senator from Tennessee [Mr. SHIELDS], which I transfer to the senior Senator from Iowa [Mr. CUMMINS], and will vote. I vote "nay."

Mr. HARRIS (when his name was called). I have a pair with the junior Senator from New York [Mr. CALDER], who is absent, and therefore am not at liberty to vote. If at liberty to vote, I should vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I understand that he is absent on official business. I am unable to get a transfer, but if at liberty to vote, I should vote "yea."

Mr. KING (when his name was called). I have a general pair with the Senator from North Dakota [Mr. McCUMBER]. He is not present, so I am not able to vote. If at liberty to vote, I should vote "yea."

Mr. STERLING (when his name was called). I have a pair with the Senator from South Carolina [Mr. SMITH]. I transfer that pair to the Senator from North Dakota [Mr. LADD] and will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON], who is absent. I transfer that pair to the junior Senator from Delaware [Mr. DU PONT] and will vote. I vote "nay."

Mr. SWANSON (when his name was called). I am paired with the senior Senator from Washington [Mr. JONES]. I do not know how he would vote if he were present, consequently I can not vote. If I were at liberty to vote, I should vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT], who is absent. Being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. DIAL. I have a pair with the Senator from Colorado [Mr. PHIPPS] and therefore withhold my vote. If I were at liberty to vote, I should vote "yea."

The result was announced—yeas 28 nays 46, as follows:

YEAS—28.

Ashurst	Hitchcock	Overman	Simmons
Broussard	Johnson	Owen	Stanley
Caraway	Jones, N. Mex.	Pittman	Underwood
Culberson	Kendrick	Pomerene	Walsh, Mass.
Gerry	La Follette	Ransdell	Walsh, Mont.
Glass	McKellar	Reed	Watson, Ga.
Hedlin	Myers	Sheppard	Williams

NAYS—46.

Borah	Frelinghuysen	Moses	Spencer
Brandegge	Gooding	Nelson	Stanfield
Bursum	Hale	New	Sterling
Cameron	Kellogg	Newberry	Sutherland
Capper	Kenyon	Nicholson	Townsend
Crow	Keyes	Norbeck	Wadsworth
Curtis	Lenroot	Oddie	Warren
Dillingham	Lodge	Page	Watson, Ind.
Edge	McCormick	Penrose	Weller
Ernst	McKinley	Poindexter	Willis
Fernald	McLean	Shortridge	
France	McNary	Smoot	

NOT VOTING—22.

Ball	Elkins	King	Shields
Calder	Fletcher	Ladd	Smith
Colt	Harrel	McCumber	Swanson
Cummins	Harris	Norris	Trammell
Dial	Harrison	Phipps	
du Pont	Jones, Wash.	Robinson	

So Mr. GERRY's amendment to the amendment of the committee was rejected.

Mr. LENROOT. Mr. President, in reference to the amendment of the Senator from Rhode Island [Mr. GERRY], which was disagreed to a moment ago, I would like to read a statement concerning the effect of the bill as it now stands upon incomes of less than \$5,000. It is as follows:

Under the bill as it now stands, a married man without dependents having an income of \$3,000 per year now pays \$40. Under the pending bill he will pay \$20, a reduction of 50 per cent.

If his income is \$4,000 per year now he pays \$80. Under the pending bill he will pay \$60, a reduction of 25 per cent.

This assumes a married man without dependents. If he has dependents, the reduction would be proportionately greater.

If his income is \$5,000 per year he pays \$120. Under the pending bill he will pay \$100, a reduction of 16 2/3 per cent.

If his income is \$6,000 per year he pays \$170 per year. Under the pending bill he will pay \$160, a reduction of about 6 per cent.

If his income is \$30,000 per year he pays \$9,190 per year. Under the pending bill he will pay \$8,640, a reduction of 6 per cent.

If his income is \$100,000 per year he now pays \$31,190. Under the pending bill he will pay \$30,140, a reduction of about 3 1/2 per cent.

If his income is \$1,000,000 he now pays \$663,190. Under the pending bill he will pay \$550,640, a reduction of about 17 per cent.

The greatest reduction in percentage therefore is the married man with an income under \$3,000 per year.

I may say that if a man has an income of \$2,500 per year under the pending bill he is relieved of all taxes, a reduction of 100 per cent.

The next greatest reduction is under \$4,000 per year, and the reduction given the man with an income of \$5,000 per year and the man with a million dollars a year is about the same.

The smallest reductions in the bill apply to the man between \$6,000 per year and \$100,000 per year.

Mr. President, it is the man with an income between \$5,000 and \$8,000 who really receives the smallest proportionate reduction under the bill, but the amendment of the Senator from Rhode Island, which has been disagreed to, proposed to apply a lower normal rate up to incomes of \$15,000, at different rates.

Under the bill as it now stands the man with an income of \$10,000 gets a reduction of 12 per cent, as under the existing law; with a \$12,000 income he gets a reduction of 13 per cent; and with a \$14,000 income he gets a reduction of 15 per cent. So if the amendment of the Senator from Rhode Island had been adopted it would have given the man with an income between \$10,000 and \$14,000 a much greater reduction proportionately than it would have given the man with an income under that sum.

Mr. HARRIS. Mr. President, I offer the amendment to the amendment of the committee which I send to the desk, and ask that it be read.

The VICE PRESIDENT. The Secretary will read the amendment to the amendment.

The READING CLERK. On page 23, line 2, after the word "centum," strike out the period and insert a colon and the following:

Provided further, That upon that amount of the net income which is received from the labor or personal service of the taxpayer the rate upon the first \$4,000 or fraction thereof of such excess amount shall be 2 per cent and upon the second \$4,000 or fraction thereof of such excess amount 4 per cent. In ascertaining the income subject to the tax imposed by this proviso the credits provided in section 216 shall be first allowed against such income received from the labor or personal service of the taxpayer, and in computing net income the deductions provided in section 214 shall be properly apportioned under rules and regulations prescribed by the commissioner, with the approval of the Secretary, between such income from the labor or personal service of the taxpayer and other income.

Mr. HARRIS. Mr. President, this amendment to the amendment makes a difference between earned and unearned incomes in the first and second \$4,000 and fraction thereof of income. It is not just to tax a man receiving his income from bonds, rents, interest, or like sources, the same as we tax the man who labors or performs personal services for his income. The income of a man who labors depends upon his health and many other things, while the income of the man who has bonds, or gets his income from rents, is not. When the income tax law was passed, Mr. President, it was not intended that the man who worked and received a small income should be taxed; it was intended to tax the man with a large income. This amendment would make the tax just half upon the first \$4,000 and the second \$4,000 of his income from labor or personal service. Under the provisions of this bill the large incomes from wealth have been lowered, and I am trying to lower the tax on those who work for their incomes, most of which is taken up in the expenses of living.

Mr. TOWNSEND. I would like to ask the Senator from Georgia, in explanation of his amendment, if the services of a Representative or a Senator are regarded as personal labor or activity?

Mr. HARRIS. Mr. President, personal services would include the services of professional men, and the reference to labor would include all those who labor.

Mr. TOWNSEND. Where would a Congressman come in?

Mr. HARRIS. I should think it would include a Congressman. He has to labor for his salary.

Mr. ASHURST. Mr. President, I see justice and merit in this amendment. All labor, whether of hand or brain, is honorable and useful, but no one will contend that the blacksmith and the lawyer should be held strictly to the same rule, because a blacksmith uses his muscle and his thews and his sinews. His labor is debilitating. No one will say that, while we labor diligently here in the Senate, our labor is as debilitating and is as wearing as that of the man who works 12 or 14 hours in a mill or in a steel factory. So, while there is merit in this amendment, I think it would be better if it had one additional feature added to it, and I hope the Senator will accept this amendment and perfect his amendment accordingly, so that it will read:

That upon that amount of the net income which is received from the labor or personal service of the taxpayer, other than salaries paid by the United States, etc.

I hope the Senator will accept that.

Mr. HARRIS. I shall be very glad to accept that amendment, Mr. President.

Mr. ASHURST. Then, Mr. President, after the word "service," in line 2, add the words "other than salaries paid by the United States."

Mr. PENROSE. Mr. President—

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. I yield.

Mr. PENROSE. I only wanted to make a statement about the proposition.

Mr. ASHURST. Of course, I will sit down at once if the Senator wants to talk.

Mr. PENROSE. I only wanted to say, Mr. President, if the Senator will permit, that not only in the course of the consideration of the pending bill, but in the course of the preparation of the bill which is now the law, the question of earned and unearned incomes was most exhaustively considered by the committee, by the Senate, and by the Treasury Department, and the opinion was nearly unanimous on the part of all who have examined it that any such provision is impossible of administration. Undoubtedly it is plausible, and on its face conclusive as to certain phases, but as a general proposition it is absolutely impossible of practical administration, in my opinion, and in the opinion of every one conversant with the subject with whom I have talked. I therefore hope, in the interest of effective legislation, that the amendment will not be agreed to.

Mr. SIMMONS. Mr. President, this question of the differential in favor of earned incomes compared with investment incomes is one which has received consideration from the Finance Committee in the past and about which there has been discussion in this Chamber in the past.

When we were preparing the bill of 1918 and the question was raised in the committee, it presented many complications, and because of the hurry under which that bill necessarily was framed and passed no serious effort was made to work out a practical system of taxation for unearned incomes as distinguished from investment incomes; but I recall distinctly that the committee at that time was sympathetic with the suggestion that in fairness and justice there should be a difference, and when the idea was raised upon the floor of the Senate and pressed with considerable vigor I recall that I, as chairman of the committee at that time, made the statement that the committee had considered it, but on account of the difficulties of framing a good system in the midst of the pressure of haste under which we were then acting, while the committee sympathized with the suggestion, no action had been taken.

No action of a general character was taken, but the act of 1918 recognized the principle for which the Senator from Georgia now contends. When we went to work to frame the provision of the bill with reference to personal-service corporations, I think, as the Senator from Wisconsin probably will remember, there was discussion to the effect that personal-service earnings ought not to be put upon the same basis as investment earnings, and while we were not able to formulate a general system at that time, we did recognize that the earnings of personal-service corporations ought not to be taxed as highly as the earnings of investment corporations, and in order to adjust that question so far as we could as it respected personal-service corporations, we deliberately provided that personal-service corporations should be treated as partnerships to the

end that they might be exempt from excess-profits taxes. That was done for the express purpose of differentiating the earnings of individuals brought about through the exercise of their mental or their physical powers from the earnings of a corporation which invested nothing but money.

Mr. WALSH of Montana. Mr. President—

Mr. SIMMONS. I yield to the Senator from Montana.

Mr. WALSH of Montana. In view of the statement made by the Senator from Pennsylvania a few moments ago as to the impracticability of carrying out such a system as is proposed by the amendment printed by the Senator from Georgia, I inquire of the Senator whether the provision of the law to which he now adverts has been found impracticable of operation.

Mr. SIMMONS. It has not been found impracticable of operation. It has operated very justly and very fairly. The idea I mean to convey to the Senate is that while we at that time did not undertake to work out a comprehensive system of differentiation between those two classes of earnings, we found that such could be easily accomplished as far as it applied to personal-service corporations, and having thus found, we so applied the principle in that particular. We exempted them from excess profits for no reason in the world except that we recognized the principle that the earnings of a man's hand and the earnings of his brain ought not to be taxed upon the same principle and to the same extent as the earnings of mere dollars. So that it can not be said, as the chairman of the committee has suggested, that it has been found impracticable. It was not found impracticable, to that extent, nor is it impracticable when applied to the extent that the Senator from Georgia proposes.

Mr. LA FOLLETTE. Mr. President—

Mr. SIMMONS. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. The Senator from North Carolina, of course, knows well that Great Britain has maintained exactly this system of taxation for scores of years.

Mr. SIMMONS. Exactly, and I was going to refer to that. I thank the Senator for reminding me of it.

It would require considerable time to work out a complete system to make this differentiation all along the line, but the instance to which I have referred was one where it could be easily done, and this is another instance where it can be easily done. All the Senator from Georgia proposes is that the earnings of a man's hand and the earnings of a man's brain shall, up to \$4,000, pay but 2 per cent as a normal tax, as compared with the 4 per cent normal tax up to that amount if earned upon investment, and that between \$4,000 and \$8,000 shall pay a tax of only 4 per cent by way of normal tax so earned, as compared with 8 per cent if earned upon investment, just one-half as much. It is only to apply to those small earnings of not more than \$8,000.

As to earnings of that character, we must recognize the fact that the majority, probably, of taxpayers, if not the majority then a very large per cent of taxpayers, are those whose taxable incomes are only \$4,000 to \$8,000 and who earn that \$4,000 to \$8,000 by personal service.

When we reach the higher brackets the earnings from personal service are small compared with earnings from investment, but in the low brackets to which the Senator's amendment applies earnings are largely those of labor, physical labor, trained physical labor, and intellectual labor. I hope the day has not come in the United States when we are to refuse to treat the earnings that come as the result of human effort, earnings that represent the heart throbs of a man, earnings that represent so much taken out of every man's life in many instances, on a different basis from investment earnings, or when we shall say that they shall be estimated no higher than the earnings made out of dollars and cents.

Mr. ASHURST. Mr. President, will the Senator yield to me at that point?

Mr. SIMMONS. With pleasure.

Mr. ASHURST. This same humanitarian impulse makes itself manifest in the State statutes of many States in that all personal earnings in many, if not most, of the States are exempt from attachment except for certain kinds of debts. To the carpenter's tools the same rule applies. It is a humanitarian statute, which attempts to get away from the harsh old rule where the workman debtor's last penny could be taken, the old English rule where the very furniture upon which the family served their simple meals could be taken, the bed upon which the woman who was ill could be taken. This is along the same humanitarian line. It is the personal earnings, as the Senator has well said, which represents the sweat and life and strength of the individual. We should have a care to it. It is not special legislation to have a regard for such earnings.

Mr. SIMMONS. The differentiation is small. It applies only to small earnings and small incomes.

Mr. WATSON of Indiana. Mr. President, will the Senator permit an interruption?

Mr. SIMMONS. I yield to the Senator from Indiana.

Mr. WATSON of Indiana. On the other hand, take an estate where bonds, for instance, have been left to a widow and orphans. Under the provisions of the amendment proposed they would be taxed a higher rate up to the \$8,000 than the salary of the Congressman.

Mr. SIMMONS. If their income was made from money.

Mr. WATSON of Indiana. Or the salary of the President about whom we have heard to-day. On the other hand, whatever may be said of the general merits of the proposition as a theoretical scheme, suppose a grocery where there are two partners and they have certain earnings taxed at a certain rate. Suppose those two partners form a corporation and are then taxed on their income. The Senator sees, does he not, that in the case of a corporation they would be taxed at a lesser rate than in the case of the individual partnership? What justice can there be in a proposition of that kind?

Mr. SIMMONS. I do not know that I follow the Senator. The Senator said as a corporation they would be taxed less.

Mr. WATSON of Indiana. Certainly at a higher rate because taxed on the dividends.

Mr. SIMMONS. The Senator means the income tax imposed upon a corporation. I do not follow the Senator clearly.

Mr. WATSON of Indiana. I mean the dividends declared to the individual from corporate income taxed to the individual.

Mr. SIMMONS. That is, dividends derived from investment?

Mr. WATSON of Indiana. Certainly.

Mr. SIMMONS. And the Senator from Georgia proposes to tax them higher than the income derived from personal service. That is what the Senator from Georgia proposes and exactly what I say is fair. If the taxpayer made his income from his corporate investments, then he is taxed 8 per cent; but if he made it from his personal service he is taxed a lesser rate.

Mr. WATSON of Indiana. But in a close corporation like the one I spoke of, the earnings are made quite as much by personal service in the corporation as in the partnership.

Mr. SIMMONS. But in the corporation they pay him a salary, and that salary represents personal earnings.

Mr. WATSON of Indiana. They might or might not pay him a salary.

Mr. SIMMONS. If he does not charge a salary, then he has no personal earnings in that corporation except as they might be absorbed in the total earnings of the corporation. But in the other case, if a salary is paid to the members of a partnership, that salary would be subject to the smaller tax rate which the Senator from Georgia proposes. If a salary is paid him for his work in the corporation that salary would be taxed at a lesser rate, which the Senator from Georgia proposes.

Mr. WATSON of Indiana. And in the case of all these estates?

Mr. SIMMONS. In every case, if the Senator will pardon me, where income is compensation for personal services, whether it be by way of salary or day wages, it will be taxed according to the lesser rate which the Senator from Georgia provides, but in every case where the income has no connection with the personal services of the man who draws it, but represents merely the dollars that he has put into that business, then it is taxed at the higher rate.

Mr. WATSON of Indiana. Of course, the Senator has already admitted that in the case of an estate where money is left to widows and orphans under this arrangement they would be taxed a higher rate than applies to the salaries of the Members of Congress.

Mr. SIMMONS. Why, of course, if the income was derived from property which they owned.

Mr. WATSON of Indiana. Certainly; or bonds.

Mr. SIMMONS. We can not make a law to impose a different rate upon the earnings of a widow's property than upon the earnings of a man's property. That is begging the question. That gets us nowhere. Of course, the case of the widow appeals to us, but we can not make a law to differentiate between the tax upon the earnings from her property and the tax upon the earnings from a man's property, and the Senator knows that. That is too plain to be argued.

Mr. REED. Mr. President—

Mr. SIMMONS. I yield to the Senator from Missouri.

Mr. REED. How does that argument lie in the mouth of the Senator who just made it when he is advocating a bill now—the present bill—which does not make the distinction which he urges?

Mr. SIMMONS. Of course, no law ever has.

Mr. REED. His argument against this proposition is that it does not make a distinction which his own bill does not make.

Mr. WATSON of Indiana. What I am asking for is uniformity. The Senator from Missouri is mistaken about that. I am asking for uniformity of taxation. The Senator is seeking here to discriminate. Not only that, but I believe his proposition is unworkable.

Mr. SIMMONS. We have not yet worked out an entire comprehensive system, but we found the principle not unworkable when we applied it to incomes of personal-service corporations. For the same reason it will not be unworkable when applied to the limited extent proposed in the amendment offered by the Senator from Georgia.

Mr. SWANSON. Mr. President, as I understand, it has been worked out in Great Britain.

Mr. SIMMONS. Yes; but it will take time to work it out here.

Mr. SWANSON. Great Britain has worked it out, and her success would seem to justify us in trying it.

Mr. SIMMONS. The only reason why the committee in 1918 did not attempt to work it out—because I say now, as I said upon the floor of the Senate when that bill was up, that the committee had sympathy for the suggestion—was because we were hurried and we recognized it would require considerable time to work out a comprehensive system, and hence we did not undertake to do it at that time. I said upon the floor of the Senate that thereafter that question would confront us and we would have to solve it; and, indeed, we shall have to solve it.

Not only have we given the question consideration in the Senate in recent years and partially worked it out, but there are many States in the country that adopted the system and where it is in operation to-day. In my own State in the last campaign it was an issue. I discussed it upon the stump in that State just in the way I am discussing it here now. I said then as I say now that it is an outrage and an injustice of the grossest kind to impose the same taxes upon the earnings of a man's heart and brain and soul that are imposed upon a dollar.

There ought to be a differentiation, and in my State we decided so. Many other States in the Union have so decided. I think the great State of New York to-day has a system of that kind. There are many countries in the world to-day that have systems of that kind. My own information is that Great Britain has a system of this sort radically differentiating between incomes derived from personal service and human effort and incomes derived from the investment of money.

Mr. President, the Senator's amendment does not go very far, and it is entirely practicable. It will be easily applied; it will give relief as to earnings up to \$8,000 that are made by human effort. I think the Senator has put his finger upon a point where, more than in any other instance of which I can now think, the relief proposed will be of wide application. It will be small, it is true, but in that \$8,000 of first earnings is embraced, Mr. President, a large part of the money which is made in this country year after year by the personal efforts of human beings. The Senator, in my judgment, has done a distinct service in suggesting a way by which we may recognize the right of the men making small earnings to different treatment from that accorded those who make other millions out of the investment of their millions.

Mr. HARRIS. Mr. President, I wish to ask the Senator from Indiana [Mr. WATSON] if he would be willing to support the amendment if there should be added a provision including the income of widows—the matter to which he has referred—so as to allow to widows and orphans the same reduction that is allowed to income from personal service? I should be very glad to have such a provision added to the amendment; and I wondered if the Senator from Indiana would be kind enough to support the amendment in the event that such a modification were made.

Mr. WATSON of Indiana. Mr. President, it would greatly aid the amendment, in my estimation, if such a provision should be added, but I have no authority on the part of the committee to accept the amendment.

Mr. REED. Mr. President, let me make a suggestion to the Senator from Georgia.

Mr. HARRIS. I shall be glad to have a suggestion.

Mr. REED. Suppose we adopt the amendment as it is, and then let the Senator from Indiana consult the committee and see if the committee will not let the Senator from Georgia add the provision which he suggests relative to widows by way of an amendment? We will all support such a proposition when it comes to a vote.

Mr. WATSON of Indiana. I am trying to ascertain, as soon as the experts can give me an estimate, about how much difference it would make in the revenue if the amendment were adopted, because always at this stage of the proceedings that is an essential point of inquiry.

Mr. REED. And, Mr. President, always I reply that Senators on the other side are proposing to take off \$450,000,000 in the way of excess-profits taxes; and all we have got to do is to put a part of that back on, and we shall have money enough to make up for the reductions.

Mr. WATSON of Indiana. Which, to my mind, is no reply whatever, as I shall attempt to show when we come to discuss the question of the excess-profits tax.

Mr. REED. I shall be glad to meet my friend at Philippi on that question.

Mr. WATSON of Indiana. I shall be very happy if we may. I am not, however, issuing any challenge on the floor of the Senate, to which I am very averse. I may say to the Senator from Georgia, now that the experts have just informed me, that we would lose by the proposed reduction \$135,000,000 of revenue. In view of the fact that many complications would be involved in the administration of such a plan, which the gentlemen from the Treasury Department say is not workable, and in view of the fact that at this particular time we are not able to see where we could get back the \$135,000,000 of revenue, I am unwilling to vote for the proposed amendment.

Mr. BORAH. Mr. President, I wish to ask the Senator from Indiana a question.

Mr. HARRIS. Will the Senator from Idaho permit me a moment?

Mr. BORAH. Certainly.

Mr. HARRIS. I should like to add to my amendment the words "the labor and personal service and income of widows and orphans."

Mr. WALSH of Montana. I suggest to the Senator not to add that, as it will introduce a doubtful question.

Mr. HARRIS. I will withdraw the suggestion and will offer it separately.

Mr. BORAH. Mr. President, I do not wish to discuss this matter at length. I do not think that the question of the incomes of widows and orphans ought to enter into this particular question at all. The proposed amendment is based upon what has long been considered as a fundamental principle in income tax legislation, and that is, where it is practical and possible, to distinguish between earned and unearned income. The amendment is designed to make that distinction. I read in the newspaper only a few days ago of a child two years of age who had inherited \$60,000,000. In other words, there is an entirely different principle involved. I do not know as to the present situation, not having looked into it lately, but prior to the World War for years England in her income tax laws distinguished between unearned and earned incomes—incomes coming from personal service and incomes coming from investments. The design of this amendment is to put that principle into the pending bill. It seems to me a perfectly sound principle.

As to the actual workings of the principle, of course, I am unable to say, and I do not know what the view of the Treasury Department is in regard to it. I do know, however, that it has been worked out in Great Britain as a practical proposition and that they adhere to it now, or have done so for years. I do not see why it could not be worked out as a practical proposition here; and certainly, Mr. President, there is a fundamental reason why the man who earns \$4,000 by his hands should be taxed upon a different basis than the person who has an income of \$4,000 by reason of bonds or some property which has been left to him or by reason of investments of other kinds. It is that distinction which makes the amendment attractive to me.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Michigan [Mr. TOWNSEND] asked the Senator from Georgia [Mr. HARRIS] whether the salaries of Senators would be considered earned income under this bill. I am sure Senators will be pleased to have called to their attention something that has not been called to their attention heretofore, that there is under this bill practically an exemption to all Representatives and Senators. We know what trouble there was in 1913 when a direct exemption was provided for public servants; but under this bill, in a disguised form, there is provided the means for every Representative and Senator to eliminate entirely the income tax on his salary. I will call attention to that provision. I read from page 38, under the title "Deductions allowed individuals":

SEC. 214. (a) That computing net income there shall be allowed as deductions—

And for the first time there has been inserted these words—
traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business.

The department has already ruled that public servants away from home are in pursuit of a trade or business. So that provision of this bill will permit every Representative and Senator to deduct from his income all that he may pay for board and lodging while he is in attendance upon his duties in Washington.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question with regard to another paragraph in the bill?

Mr. WALSH of Massachusetts. Certainly.

Mr. TRAMMELL. There has been some criticism directed against the amendment proposed by the Senator from Georgia [Mr. HARRIS] because of the possibility of Senators and Representatives being allowed the same deductions from their salaries as would under his amendment be made on the income of all other citizens. If the amendment of the Senator from Georgia is subject to that criticism, is not the bill as reported by the committee subject to a similar criticism, for on page 23 we find a reduction to 4 per cent upon incomes of \$4,000 in excess of the deductions allowed? Will not Representatives and Senators secure the benefit of that provision if the bill passes in its present form just the same as every other taxpayer? If the amendment which has been proposed here for the benefit of those having small incomes is objectionable because Representatives and Senators might enjoy alike that benefit, will not Senators and Representatives secure the benefit of the reduction to 4 per cent on the first \$4,000 in excess of the net amount over the deductions allowed by the bill?

Mr. ASHURST. Mr. President, the observations of the Senator from Florida do not apply to the amendment offered by the Senator from Georgia, because the Senator from Georgia has perfected his amendment by accepting the language which I proposed, to wit, on line 2, after the word "service," to insert "other than salaries paid by the United States." So whatever evils might be lurking in the bill at another point, surely it can not be said, after the Senator has accepted that language, that anything in his amendment would ipso facto or even inferentially exclude the salaries of Members of Congress from taxation. The amendment seems to me, whatever may be in the bill elsewhere, to be free from that vice.

Mr. SIMMONS. Mr. President, I do not think there is anything in the bill to that effect.

Mr. ASHURST. Mr. President, I did not say there was. I do not believe salaries of Senators and Representatives should be exempt from income tax. I think such earnings should be taxed.

Mr. SIMMONS. The committee bill applies to all earnings alike, whether from personal service or otherwise.

Mr. ASHURST. But an observation was made to the effect that if we should adopt the amendment of the Senator from Georgia, we would relieve the salaries of Senators and Representatives from taxation. The Senator from Georgia has accepted language which would preclude the possibility of such a construction.

Mr. SIMMONS. The point I was making was that there was no necessity of language precluding that conclusion until there is submitted an amendment which makes a differentiation.

Mr. ASHURST. Exactly.

Mr. SIMMONS. And the bill now does not differentiate in that way.

Mr. TRAMMELL. The point I was making was that the amendment offered by the Senator from Georgia could not be criticized in that respect if consistency were observed in dealing with the amendment proposed by the committee, because the committee in its amendment proposed that upon the first \$4,000 the rate shall only be 4 per cent instead of being 8 per cent. That would certainly reach Representatives and Senators, so that they would participate in the reduction from 8 per cent to 4 per cent the same as would everybody else in the country.

So far as I am concerned, I do not take seriously the criticism that is offered by some who are opposed to legislation of this kind on the ground that Senators or Representatives might secure some benefit that every other person in the country similarly situated would obtain under such measure. I think the contention is more of a subterfuge than it is a real, substantial argument. It might just as well be said that there should not be any exemption of \$2,000 or \$3,000 because, forsooth, Representatives and Senators, as all other taxpayers, are entitled to it. I do not think there is very much in that argument. We have got to deal with the American people as a whole, and if a Member of Congress happens to come in a class that some of the others come in, he should be entitled to

the same recognition. I am not arguing for Representatives and Senators, but I am taking the position that the argument which has been made is rather inconsistent. I am very glad, so far as I am concerned, to support the amendment offered by the Senator from Georgia with the provision in it that it shall not apply to officials' salaries. That unquestionably relieves his amendment from the objection raised on that particular point. I do not think he intended to give Senators or Congressmen the benefits of his amendment. They should not be allowed the deduction he proposes.

Mr. WALSH of Massachusetts. Mr. President, I wish to say that when the language to which I have referred was considered by the committee it was discussed from the standpoint of allowing the exemption to traveling salesmen. It was thought that their traveling expenses were a matter for proper deduction and that their meals and lodging should also be included in such deduction; but I have no doubt whatever that the department will so interpret the provision, for already in similar cases they have so interpreted it as to permit a Senator or a Representative while here in Washington attending his duties to an exemption for board and lodging. I am not discussing the merits of the question, whether it is wise or unwise; but the fact still remains that that language will permit a Representative or a Senator to charge off as an exemption the amount expended for board and lodging.

Mr. SIMMONS. Mr. President, I do not think any member of the committee had that matter called to his attention. Probably if it had been called to the attention of members of the committee they might have agreed with the Senator from Massachusetts; but if there is any danger of such a result, I suggest to the Senator from Massachusetts that I do not believe that any Senator would oppose an amendment providing that it shall not apply.

Mr. WALSH of Massachusetts. I recall the fact that in the committee no reference was made to its effect upon Senators or Representatives. The matter was called to my attention since the bill came from the committee, and the question was propounded to me as to what effect it would have upon deductions that Representatives and Senators could make. I made inquiries and found out what the rulings of the department were, and I came to the conclusion that these deductions could be made by Representatives and Senators as well as by anybody else.

Mr. BORAH and Mr. WATSON of Indiana addressed the Chair.

The VICE PRESIDENT. Does the Senator from Massachusetts yield; and if so, to whom?

Mr. WALSH of Massachusetts. I yield first to the Senator from Idaho.

Mr. BORAH. I did not understand what the deduction is that may be made, and how it may be made, as the Senator claims, by Members of Congress.

Mr. WALSH of Massachusetts. Traveling expenses, including the entire amount expended for meals and lodging while away from home in the pursuit of a trade or business.

Mr. BORAH. Does that mean that we could exclude all our meals and lodging while we are away from home and here in Washington, year after year?

Mr. WALSH of Massachusetts. I so understand it.

Mr. WATSON of Indiana. Mr. President, I am informed, of course, by those who are here representing the Treasury Department that being a Member of Congress is not carrying on any trade or business. The language is:

All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered—

That is, in carrying on any trade or business—

Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business.

In other words, you would have to construe that being a Member of Congress was either a trade or a business, and these gentlemen tell me that there is no possibility of any such construction, and, furthermore, that so far as the transaction of the business in which we are engaged is concerned, this is our home in the pursuit of this business.

Mr. WILLIAMS. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WALSH of Massachusetts. I yield to the Senator from Mississippi.

Mr. WILLIAMS. The Senator from Massachusetts has just informed us that there has been a decision by some department of the Government to the effect that being a Senator or a Representative is a trade or a business. I do not know whether

there has been any such decision or not. I take it for granted that the Senator has looked into it and that he has correctly quoted what he has heard. If that be true, it merely proves what assesses the bureaucracy and the so-called experts are. To pronounce that a man who is a Senator of the United States or a Representative of a district in Congress is thereby engaged in a trade is belittling all democracy and belittling all government.

Mr. WATSON of Indiana. Mr. President, will the Senator yield?

Mr. WILLIAMS. Wait a minute. To say that a man who is a Senator or a Representative and is attempting to carry on the public business is thereby and for that reason engaged in a private business is belittling all democracy and all government.

Mr. JONES of New Mexico. Mr. President—

Mr. WILLIAMS. I deny that when I am doing my duty here as I understand it I am carrying on a trade or that this is my business. My business is planting—farming. Another man's business is practicing law. Another's is carrying on something else; and if this idiotic bureaucracy—and all bureaucracies are idiotic; they become so by routine following—has decided that public service is a trade and that public business is a private business it is about time we were getting rid of some of them. It never would have struck me, speaking for myself, to have attempted to deduct as an exemption due me as a Senator my living expenses in Washington because they were a part of the expenses of my trade or my business.

I pity the man whose only business is politics. I pity the man whose trade is politics, and I pity a government that has found even experts assess enough to declare that a public service is a trade, or is a private job, or is a business. It may be true that there are Senators and Representatives who could not live without their salaries as long as they are neglecting their other business; but, still, doing your work here in the Senate is not private business. It is public business, and you are not entitled to deduct expenses as if it were a private business; and although it has been urged by others—amongst others, by James Bryce in his "Modern Democracy"—that too much of American politics consists in making a trade of public business, still the servants of the Government, the so-called experts, the bureaucracy who are becoming more and more representative of the Government every day, and more and more the invisible empire that governs us outside of the two Houses of the National Legislature, ought to have been ashamed of themselves to have made any such public declaration.

I should like to ask the Senator from Massachusetts if he can put his finger upon the decision of the department upon which he relied in connection with this matter, so that, if possible, we can trace it back to the man who had so false an idea of public duty as to be guilty of that decision?

Mr. WALSH of Massachusetts. Mr. President, I can not cite the decision, but I can state to the Senator that an expert in the department stated to me that the rulings of the department would permit a Senator or a Representative to make the deductions that I have mentioned.

Mr. WILLIAMS. Oh, well, Mr. President, then perhaps the expert is mistaken. I have known a greater number of mistaken men among experts than among any other class of people. The expert is by necessity narrow-minded. He runs in a groove. He can not conceive of a general idea. He is incapable of abstract reasoning. He is merely led by one little departmental precedent after another, and maybe he saw somewhere something that led him to infer that that would be the decision of the department. I will undertake now to say that no full-blooded American in any department, even though he calls himself an expert, will ever issue a departmental decision that my duties as a Senator constitute a trade, and that the public business to which I pay my attention in my inefficient way is my private business.

Mr. WATSON of Indiana. Mr. President, will the Senator permit me to interrupt him?

Mr. WILLIAMS. Yes.

Mr. WATSON of Indiana. The only experts on the floor representing the Treasury Department, three of them, have distinctly stated to me since this matter came up, and I so stated a while ago when the Senator was not present—

Mr. WILLIAMS. I have been present. I did not hear the Senator.

Mr. WATSON of Indiana. They stated that by no possible construction could the proposition announced by the Senator from Massachusetts be included within the provisions of the bill.

Mr. WILLIAMS. I am glad to hear that.

Mr. WATSON of Indiana. I knew the Senator would be.

Mr. WILLIAMS. I am glad to hear that, because then we have at least three narrow-groove men against one narrow-

groove man, and even three narrow-groove men are better than one narrow-groove man, although one broad-gauge man would be better than all four of them.

Mr. President, I want to say just a few words about the danger of the American people sinking into Prussianism through a stereotyped civil service.

I remember, with an affection that I can hardly describe, a deceased friend, formerly a Senator from the State of Indiana, Mr. Shively, one of God's noblemen, one of the choicest products of American private and public life. He and I were once placed upon a subcommittee of which I was chairman and he was a member. I said, "Ben, do you want to hear any experts about this?" He said, "John, I do not." I said, "Well, I do not." We consulted the other member of the subcommittee, who was at that time the blind statesman from Oklahoma, Mr. Gore, and he said he did not; and Shively and Gore and I had a great deal less trouble explaining our department—for everything then was divided among several subcommittees—to the Senate and to the Congress and to the country than the men who had permitted themselves to be limited and hamstrung by so-called experts.

I have an immense admiration for a real expert, but a little departmental clerk in Washington is not a sure-enough expert. He does not know anything except what another little departmental clerk a little bit higher than he is told him a little while before that, and then the lower and subordinate expert clerk undertakes to instruct the Senator from Massachusetts; and then, finding that they are in a fix, three experts double on one expert, and they undertake to instruct the Senator from Indiana.

We are either fit to represent the country here and to legislate for it or we are not. Of course, it is true, as James Bryce says, that too many men in public life in America were never trained for public life, were never educated for it, never read for it, never thought for it; but, still, there are plenty to carry on the public business. There is a use for an accountant now and then. There is a use for a man to make an estimate as to how much revenue may come from a certain tax. We can not make of ourselves public or private accountants or bookkeepers in the Treasury Department; but when it comes to taking advice upon the nature or character or tendency of a tax, for God's sake do not take it from a bureaucracy.

They can not get out of their rut. They differ in the color of their eyes and their hair and their stature and their weight, but they do not differ from one another at all in the bureaucratic tinge which marks them all as one. After a while, if you continue that sort of thing, you will sink to Prussianism, where really the only thing stronger than the divine right of the Kaiser was a bureaucracy that told him what to say and what to do—a military bureaucracy, a naval bureaucracy, and a civil bureaucracy of some description or other.

Mr. President, if, contrary to the opinion of the three Watson experts and in accordance with the opinion of the one Walsh expert any employee of this Government shall ever determine that a Senator's public business is a private job or that it is a trade, then the departmental chief who does not discharge that fool ought himself to be impeached.

Mr. WALSH of Montana. Mr. President, the President of the United States is required to do a considerable amount of traveling in the ordinary discharge of his duties, and much more in the discharge of incidental duties. I was wondering whether he would be denied the right to get credit for his expenses in traveling upon the ground that he did not pursue a trade or business. A minister of the gospel, traveling around on a circuit, undoubtedly incurs considerable expense for traveling and for meals during his absence from home, and I was wondering whether he would be denied the right to take credit upon the ground that he did not pursue a trade or business.

Mr. CARAWAY. Mr. President, no minister ever got pay enough to warrant him in making this deduction.

Mr. WALSH of Montana. Perhaps that is true. But, Mr. President, I did not rise to discuss that matter. I rose to call attention to information given by the Senator from Indiana, in charge of the bill—

Mr. WATSON of Indiana. I beg the Senator's pardon; I was consulting with the expert.

Mr. WALSH of Montana. I was saying that I rose to call attention to information given by the Senator from Indiana, in charge of the bill, to the effect that the amendment offered by the Senator from Georgia would result in a loss of revenue amounting to \$135,000,000. I suppose this was merely a rough guess upon first impression by the experts, but I refer to it for the purpose of indicating how much reliance ought to be placed upon information of that character which comes to us.

Mr. WATSON of Indiana. Will the Senator permit an interruption?

Mr. WALSH of Montana. I am glad to yield.

Mr. WATSON of Indiana. I consulted Mr. McCoy, the Treasury expert as to estimates, whom we all on both sides of the Chamber consult, and, so far as I know, he is a most reliable and trustworthy man, at least I have always found him so, and I think the Senator has if he has ever had occasion to consult him. I handed him this amendment, while several Senators around were asking him questions, and asked him what in his judgment would be the loss of revenue occasioned by the adoption of the amendment, and offhand he said \$135,000,000. Afterwards he got the amendment and went back and studied it, and then came up to me and said, "I gave you too hasty an opinion. It will mean a loss of from about \$80,000,000 to \$85,000,000." He added, "I had not even had a chance to glance at the amendment when I answered you offhand."

Mr. WALSH of Montana. My purpose in rising was simply to call attention to the fact that no opportunity had been given to the experts to study the problem, and I take it that this modified and reduced estimate also is merely in the nature of a guess.

I deemed that it must be, because we were apprised only the other day, and again this morning, in connection with the amendment tendered by the Senator from Rhode Island [Mr. GERRY], that his amendment would result in a reduction of \$135,000,000, and it contemplated that all incomes—not those alone derived from personal service of the taxpayer but all incomes—should pay a normal tax of only 2 per cent up to \$5,000, of 4 per cent from \$5,000 to \$10,000, and of 6 per cent on incomes from \$10,000 to \$15,000, while the amendment before us contemplates a reduction only of from 4 to 2 on incomes up to \$4,000, and from 8 to 4 on the second \$4,000. One making a rough estimate would say that the loss occasioned by the amendment tendered by the Senator from Georgia should not be to exceed one-third of the amount that would be lost had the amendment tendered by the Senator from Rhode Island been adopted. Accordingly, the loss of revenue, if that is the appropriate expression, does not seem to be very great in connection with the amendment tendered by the Senator from Georgia. It will be observed that it is only in the case of incomes derived from personal services that the deduction is to be made, and, in the second place, that the deduction does not go beyond incomes of \$8,000.

Mr. CARAWAY. Mr. President, if I understood correctly, the Senator from Indiana advanced two reasons why he would not be willing to accept the amendment offered by the Senator from Georgia, the first being that the Treasury could not bear the loss of revenue and the second that it was not workable.

What I am curious to know is, if the Treasury expert can tell you in 10 minutes how much revenue you will lose, why can not that same expert finally evolve some rule for administration? If he can so differentiate the incomes which will be affected by the amendment so that in 10 minutes he can tell you how much money the Treasury will be deprived of if the amendment is agreed to, how can he say in the next breath it is not a workable plan at all? It seems absolutely absurd to me that both reasons should be advanced, one that you can not tell what it is going to do and that they can not administer it, and in 10 minutes have the expert tell you how much will be lost by the Treasury Department. Certainly the Senator from Indiana does not want both of those to stand as reasons.

Mr. REED. Mr. President, we have gone a little aside from the question before the Senate. I do not know whether it was the introduction of the question of widows into this discussion that scattered everybody and started Senators going in different directions, but we have done so. Before I say what I want to in regard to the bill, let me say a word as to these experts.

I have sat on the committee with these gentlemen from the Treasury Department, and they have been called upon many times to answer questions very quickly as to the amount of revenue which would be derived under a certain plan of taxation, the amount of money that might be lost by a suggested change, and so forth. They have necessarily been obliged to make estimates, because no man can tell the amount of business which will be carried on in this country, therefore he can not tell absolutely the amount of a tax; but I have been struck with the fact, first, that they have apparently always answered according to their best judgment regardless of whether it was a Democratic Senator who asked the question or a Republican, and regardless of whether it was the proponent of a proposition or a critic of a proposition who asked the question.

They were called in for the purpose of dealing with technique of this matter. I think they are very competent men for the performance of that kind of work. I have only one criticism to make. I think in a few instances they have been too much inclined to say that some plan suggested was not workable, or was difficult of administration, and perhaps being engaged in the business of administration they very naturally incline somewhat toward the removal of difficulties and the escaping of difficulties. That, however, is but human.

The proposition which is now made, namely, to distinguish, in levying a tax upon incomes, between the income which is the result of personal labor and service and the income which is the result of invested capital, seems to me to be one which is not surrounded with nearly as many difficulties as the administration of other provisions already in the law. In all of these laws the Treasury Department is authorized to make rules and regulations, and that rules and regulations could be adopted which would carry the purpose of this bill into effect I do not entertain the slightest doubt.

To begin with, if a man earns a salary, if that is the sole source of his income, that question settles itself; it can be nothing but personal earnings. If he earns a salary, and then collects dividends upon certain stocks which he holds, it is very easy to distinguish in that case. So in the great majority of cases the line of demarcation between an income personally earned and an income which results from capital is very simple.

I grant you that there is a difficult field. A man may be engaged in conducting a business. He may take no salary from the business, but may receive his income in the nature of profits from that business. In that event there is a combination of two things, his personal labor and his invested capital, and the earnings from both sources flow into one common stream. But is it impossible, therefore, to ascertain how much ought to be charged to capital and how much ought to be charged to personal earnings? You know the amount of his invested capital. You know what a fair return upon it would be, and you can ascertain the fair salary which ought to be paid to a man engaged in the kind of business he is engaged in. Rules and regulations can be adopted, and I am unwilling that this proposition should be defeated upon any such puerile ground as that it can not be administered, because, Mr. President, if we can administer the other intricate features of this bill, the difficulties of the one I am now discussing can be readily solved.

Now, we are met by another argument to which I wish to give just a moment's attention. It is stated by my very good friend, whom I so very much admire, the Senator from Indiana [Mr. WATSON], that the principle involved in the pending amendment, namely, that a distinction should be made in the levying of taxes between the income which is the result of personal service and the income which is the result of invested capital, is a sound principle, and that it ought to be written into the bill; but the Senator objects that, although sound in so far as it goes, this sound principle, which would improve the bill, ought not to be put into the bill because we do not go a step further and distinguish as to the incomes of widows and orphans in the same way.

Let us see where we come out with that sort of logic. The present law does not distinguish between the income from invested capital and the income from labor, neither does it distinguish between the income from labor or from capital and the income of the widow. That is the present law and that is in the proposed bill. How can it be said that we should not distinguish between the income from personal labor and the income from invested capital merely because we do not go a step still further than the present law and make a distinguishing feature as to the income of the widow?

In other words, the present bill combines both defects. It does not distinguish between the personal earnings and capitalistic earnings, neither does it distinguish between the income of the widow and the capitalistic earnings. That being the case, it is argued that we should not wipe out one of those inequalities because we can not and do not at the same time wipe out both. That is very much like saying to a man, "There are two things that I ought to do—I ought to protect your house against robbers and I ought to pay you my debts."

Mr. PENROSE. Mr. President, will the Senator permit me to ask him a question?

Mr. REED. In a moment. "Under the existing conditions I am going to do neither; but if you propose to protect my house against robbers I will refuse to join you in that unless you also propose at the same time to pay me the debt that you owe me."

I now yield to the Senator from Pennsylvania.

Mr. PENROSE. I at one time thought just as the Senator from Missouri does on this subject, until I had a little more

experience with the question. I should like to ask him how he would treat the case of a man who was running a garage and had a certain amount of capital invested in the building and the parts of the machines and automobiles and at the same time did the work principally himself? How would he segregate the income coming to that individual?

Mr. REED. That is the very proposition that I stated a while ago as one of the most difficult.

Mr. PENROSE. Would not that occur in a vast number of cases?

Mr. REED. It will occur in many cases. It will not occur in the majority of cases, but will occur in many cases.

Mr. PENROSE. When it occurs how can it be handled?

Mr. REED. The answer which I sought to make a little while ago was that the Government can ascertain the amount of capital invested, and knowing the capital invested, can ascertain the gross income and can apportion to the capital that part of the income which will be a fair return upon the capital, and then can charge the rest of it to the personal services of the individual. Rules and regulations can be laid down by the department which will work no injustice in that behalf. In any event it will work for the benefit of the individual in saving him payment upon that which he has wrought with his hands. To that extent he will be benefited even though he should get less than he was entitled to. The present bill lumps it all together and compels him to pay on his total income, while the proposed amendment would grant him an exemption upon that part which was adjudged or ruled as the result of the work of his hand. I think there is no difficulty about that.

We have other problems in the bill, as the Senator in charge of it, I think, will agree, that are very difficult and very hard to work out; yet they have nearly all been solved. It was said that we could not work out the problem of separating the income upon stock which was partly from the earnings before 1913 and partly from the earnings since 1913, a very difficult and intricate thing, and yet the Treasury Department made its rules and regulations and has solved that very difficult problem; and so I might proceed. But it is soluble. It can be done.

While I am talking about that perhaps we will get a little light, not on this direct question but on the whole question of taxes levied upon incomes and levied upon profits, if we will look to our sister—I had almost said republic—on the north. It is the nearest approach to a republic that there is in the world outside of a real and absolute republic—Canada. They are a very intelligent and very wonderful people, and having paid them that compliment I pay them the further compliment of saying they most nearly approach American civilization of any people in the world.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER (Mr. FERNALD in the chair). Does the Senator from Missouri yield to the Senator from New Mexico?

Mr. REED. I yield.

Mr. JONES of New Mexico. I should like to call attention to a provision of the bill which it seems to me would present a problem very much akin to that which the Senator from Missouri has just been discussing, and that is the administration section of the law which defines a personal service corporation. It strikes me the problem presented by the Senator from Pennsylvania would not be any more difficult than that which has been administered under this very bill and proposed to be continued for a year as follows:

The term "personal service corporation" means a corporation whose income is to be ascribed primarily to the activities of the principal owners or stockholders who are themselves regularly engaged in the active conduct of the affairs of the corporation and in which capital (whether invested or borrowed) is not a material income producing factor.

It occurs to me that if that sort of law is workable then the amendment suggested by the Senator from Georgia and now being discussed by the Senator from Missouri would not be any more difficult than that, and it would certainly be as easy to work out the problem suggested by the Senator from Pennsylvania as the one which they now have relating to personal service corporations.

Mr. REED. I thank the Senator. With his usual clarity of statement he has put the matter so that I can not improve it. However, I affirm that any man who will take paragraph 7 of section 200, which the Senator from New Mexico has just read, and give it a moment's study will be compelled to say that the problem there presented is more intricate than the problem presented by the proposed amendment of the Senator from Georgia.

What I am going to say for a moment has only an indirect bearing upon the particular question now before the Senate, but it is matter which I think is of interest to those who are really

studying the bill and that it will be of use to us not only now but a little later on.

Turning to Canada, here are the taxes laid in Canada. I am referring now to income taxes:

Four per cent upon all incomes exceeding \$1,000 but not exceeding \$6,000 in the case of unmarried persons and widows or widowers without dependent children, and persons who are not supporting dependent brothers or sisters under the age of 18 years, or a dependent parent or parents, grandparent or grandparents, and exceeding \$2,000 but not exceeding \$6,000, in the case of all other persons, and 8 per cent upon all income exceeding \$6,000.

That is where they strike the 8 per cent level.

In addition thereto the following surtax:

(b) One per cent of the amount by which the income exceeds \$5,000 and does not exceed \$6,000;

Two per cent of the amount by which the income exceeds \$6,000 and does not exceed \$8,000.

Mr. President, the Canadian law proceeds by that sort of step and I ask to print it entire as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to reads as follows:

(b) One per cent upon the amount by which the income exceeds \$5,000 and does not exceed \$6,000;

Two per cent upon the amount by which the income exceeds \$6,000 and does not exceed \$8,000;

Three per cent upon the amount by which the income exceeds \$8,000 and does not exceed \$10,000;

Four per cent upon the amount by which the income exceeds \$10,000 and does not exceed \$12,000;

Five per cent upon the amount by which the income exceeds \$12,000 and does not exceed \$14,000;

Six per cent upon the amount by which the income exceeds \$14,000 and does not exceed \$16,000;

Seven per cent upon the amount by which the income exceeds \$16,000 and does not exceed \$18,000;

Eight per cent upon the amount by which the income exceeds \$18,000 and does not exceed \$20,000;

Nine per cent upon the amount by which the income exceeds \$20,000 and does not exceed \$22,000;

Ten per cent upon the amount by which the income exceeds \$22,000 and does not exceed \$24,000;

Eleven per cent upon the amount by which the income exceeds \$24,000 and does not exceed \$26,000;

Twelve per cent upon the amount by which the income exceeds \$26,000 and does not exceed \$28,000;

Thirteen per cent upon the amount by which the income exceeds \$28,000 and does not exceed \$30,000;

Fourteen per cent upon the amount by which the income exceeds \$30,000 and does not exceed \$32,000;

Fifteen per cent upon the amount by which the income exceeds \$32,000 and does not exceed \$34,000;

Sixteen per cent upon the amount by which the income exceeds \$34,000 and does not exceed \$36,000;

Seventeen per cent upon the amount by which the income exceeds \$36,000 and does not exceed \$38,000;

Eighteen per cent upon the amount by which the income exceeds \$38,000 and does not exceed \$40,000;

Nineteen per cent upon the amount by which the income exceeds \$40,000 and does not exceed \$42,000;

Twenty per cent upon the amount by which the income exceeds \$42,000 and does not exceed \$44,000;

Twenty-one per cent upon the amount by which the income exceeds \$44,000 and does not exceed \$46,000;

Twenty-two per cent upon the amount by which the income exceeds \$46,000 and does not exceed \$48,000;

Twenty-three per cent upon the amount by which the income exceeds \$48,000 and does not exceed \$50,000;

Twenty-four per cent upon the amount by which the income exceeds \$50,000 and does not exceed \$52,000;

Twenty-five per cent upon the amount by which the income exceeds \$52,000 and does not exceed \$54,000;

Twenty-six per cent upon the amount by which the income exceeds \$54,000 and does not exceed \$56,000;

Twenty-seven per cent upon the amount by which the income exceeds \$56,000 and does not exceed \$58,000;

Twenty-eight per cent upon the amount by which the income exceeds \$58,000 and does not exceed \$60,000;

Twenty-nine per cent upon the amount by which the income exceeds \$60,000 and does not exceed \$62,000;

Thirty per cent upon the amount by which the income exceeds \$62,000 and does not exceed \$64,000;

Thirty-one per cent upon the amount by which the income exceeds \$64,000 and does not exceed \$66,000;

Thirty-two per cent upon the amount by which the income exceeds \$66,000 and does not exceed \$68,000;

Thirty-three per cent upon the amount by which the income exceeds \$68,000 and does not exceed \$70,000;

Thirty-four per cent upon the amount by which the income exceeds \$70,000 and does not exceed \$72,000;

Thirty-five per cent upon the amount by which the income exceeds \$72,000 and does not exceed \$74,000;

Thirty-six per cent upon the amount by which the income exceeds \$74,000 and does not exceed \$76,000;

Thirty-seven per cent upon the amount by which the income exceeds \$76,000 and does not exceed \$78,000;

Thirty-eight per cent upon the amount by which the income exceeds \$78,000 and does not exceed \$80,000;

Thirty-nine per cent upon the amount by which the income exceeds \$80,000 and does not exceed \$82,000;

Forty per cent upon the amount by which the income exceeds \$82,000 and does not exceed \$84,000;

Forty-one per cent upon the amount by which the income exceeds \$84,000 and does not exceed \$86,000;

Forty-two per cent upon the amount by which the income exceeds \$86,000 and does not exceed \$88,000;

Forty-three per cent upon the amount by which the income exceeds \$88,000 and does not exceed \$90,000;

Forty-four per cent upon the amount by which the income exceeds \$90,000 and does not exceed \$92,000;

Forty-five per cent upon the amount by which the income exceeds \$92,000 and does not exceed \$94,000;

Forty-six per cent upon the amount by which the income exceeds \$94,000 and does not exceed \$96,000;

Forty-seven per cent upon the amount by which the income exceeds \$96,000 and does not exceed \$98,000;

Forty-eight per cent upon the amount by which the income exceeds \$98,000 and does not exceed \$100,000;

Fifty-two per cent upon the amount by which the income exceeds \$100,000 and does not exceed \$150,000;

Fifty-six per cent upon the amount by which the income exceeds \$150,000 and does not exceed \$200,000;

Sixty per cent upon the amount by which the income exceeds \$200,000 and does not exceed \$300,000;

Sixty-three per cent upon the amount by which the income exceeds \$300,000 and does not exceed \$500,000;

Sixty-four per cent upon the amount by which the income exceeds \$500,000 and does not exceed \$1,000,000;

Sixty-five per cent upon the amount by which the income exceeds \$1,000,000.

Mr. REED. So it proceeds in that way until it reaches the \$66,000 income. Let us see what Canada did after that. When it reaches \$66,000 this is the language:

Thirty-one per cent upon the amount by which the income exceeds \$64,000 and does not exceed \$66,000;

Thirty-two per cent upon the amount by which the income exceeds \$66,000 and does not exceed \$68,000;

Thirty-three per cent upon the amount by which the income exceeds \$68,000 and does not exceed \$70,000.

So, proceeding in that way and raising 1 per cent for each \$2,000 of income, the law continues until we reach incomes of \$500,000. At that point the law reads:

Sixty-four per cent upon the amount by which the income exceeds \$500,000 and does not exceed \$1,000,000, and 65 per cent upon the amount by which the income exceeds \$1,000,000.

So, Mr. President, Canada leaves her surtaxes on incomes of \$1,000,000 plus at 65 per cent. The attempt was made here for a flat reduction to 32 per cent as soon as the income reached \$66,000, and from there on, no matter how great the income, the tax was to be 32 per cent. The agricultural "bloc," or a part of the agricultural "bloc," agreed to a maximum of 50 per cent, which applies to incomes of \$200,000, with no increase after that.

Mr. JONES of New Mexico. May I state that the increase from \$100,000 to \$200,000 is only in the last one of the brackets, so that really the gradations are only up to \$100,000 substantially. It practically includes the \$200,000 with it, making a difference only of about 1 or 2 per cent between \$100,000 and \$200,000.

Mr. REED. I am obliged to the Senator.

Mr. President, if Canada can levy and collect these very large income taxes, while I do not say that the action of Canada or of any other country is binding on us, it is highly persuasive of the fact that the income taxes can be collected and that they do not destroy business. Canada is not out for the destruction of business any more than are we.

Mr. SMOOT. Will the Senator yield?

Mr. REED. I will.

Mr. SMOOT. I might say to the Senator that the Canadian surtaxes are exactly the same as is the present law in the United States; that they took their law from our law. There is not a penny difference between the Canadian law and the present law of this country.

Mr. REED. Very well, but we are proposing to change our present law. If the Canadians took their law from our present law—and I have not compared the two statutes word for word—then, Mr. President, they are keeping theirs while we are proposing to change ours.

There is another thing I wish to say about that matter at this time.

Mr. POMERENE. Have the Canadians made any effort to change the law?

Mr. REED. I have only got the statutes. What efforts have been made to change it I do not know.

Let us look at the excess-profits tax, which is the burden which it seems our friends are so determined they will take off at all hazards. I do not know why they are so tender about the excess-profits tax; I do not know how much campaign contributions have had to do with party pledges; but I am doing some thinking about that, and I believe that the people of the country will ultimately do some thinking about it.

Let us see what Canada is doing. It is said that these high surtaxes destroy business; that is, if a man can not make a thousand per cent profit he will get mad and quit, or if he can not make a hundred per cent he will just shut up shop. I showed the other day that with the highest rate which we propose to levy—40 per cent on excess profits—the man making a thousand per cent still had over \$60 left out of every \$100 of excess profits he has made. We only propose to take 40 per

cent in any event, and to leave him \$60 out of \$100. Then he will have the lesser taxes upon his lesser profits. So I can see this crowd of cormorants—and that is what a man is who wants to make a thousand per cent; if you trace his ancestry back far enough to get into the bird creation you would find that his blood springs ended in a condor—quitting business. Do Senators think a man of that kind is going to forego the \$60 profits which he is going to have left because he is made to pay \$40 out of the \$100 that he has made?

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Ohio?

Mr. REED. I do.

Mr. POMERENE. The Senator from Missouri has been on the Committee on Finance during all of the session, and this very subject has been discussed in that committee repeatedly. Has the Senator yet heard the name of one of the men who would surrender these securities for a nontaxable security?

Mr. REED. Oh, no; I have heard no names. Look at the absurdity of it! Here is a man making 500 per cent. All right. The Government comes along and says, "Out of the 500 per cent you have made we are going to take something less than 40 per cent"—I will merely call it 40 per cent to make easy figures—"you are going to make \$50,000, and that is 500 per cent, and when you have made it, we are going to take \$20,000 of it away from you and still leave you \$30,000—300 per cent of your profit." That gentleman, it is stated, is going to say, "I will not take that 300 per cent; I will just quit business; I will go and invest my money in a 4 per cent security!" There may be Senators in the Senate who believe that, but they will never make the people of the United States believe it.

I have traveled that road until there is no use in going over it again; but let me call the Senators' attention to the Canadian law on excess profits. Here is their act of 1916, which was "assented to on the 1st of July, 1920," which I take means that it is the present, living law of the Dominion of Canada:

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Section 3 of the business profits war tax act, 1916, chapter 11 of the Statutes of 1916, is amended by adding thereto the following subsections:

"(2) The profits earned in any business during any accounting period ending in the year 1920 which do not exceed 10 per cent per annum upon the capital employed in such business shall be exempt from the tax prescribed by this act.

We ourselves exempt 10 per cent from the excess profits. While the law says 8 on the face of the statute, the exemptions which are allowed raise it to 10 per cent.

Upon any such profits exceeding 10 per cent per annum and not exceeding 15 per cent per annum upon the capital employed, there shall be paid a tax equal to 20 per cent of such profits.

Upon any such profits exceeding 15 per cent per annum and not exceeding 20 per cent per annum upon the capital employed, there shall be paid a tax equal to 30 per cent of such profits.

Upon any such profits exceeding 20 per cent per annum and not exceeding 30 per cent per annum upon the capital employed, there shall be paid a tax equal to 50 per cent of such profits.

Upon any such profits exceeding 30 per cent per annum upon the capital employed, there shall be paid a tax equal to 60 per cent of such profits.

(3) In any business with a capital of not less than \$25,000 and under \$50,000, a tax shall be paid of 20 per cent of the amount by which the profits earned during any accounting period ending in the year 1920 in such business exceeds 10 per cent per annum.

(4) The rates of taxation set forth in section 3 of this act, as amended by chapter 6 of the statutes of 1917, shall apply in respect of the profits earned in any accounting period ending in the years 1917, 1918, and 1919 by any business liable to taxation under this act having a capital of less than \$50,000, if 20 per cent or more of such profits have been derived from the manufacture or dealing in munitions of war or materials or supplies of any kind for war purposes.

2. Section 26 of the said act, as enacted by chapter 39 of the statutes of 1919, is amended by substituting the word "twenty" for the word "nineteen," in the third line thereof, and by substituting the word "seventy-two" for the word "sixty," in the fourth line of the first proviso in the said section.

3. Section 7 of the said act is amended by adding the following subsection thereto:

"(6) In the case of two or more incorporated companies merged or consolidated at any time after the 1st day of January, 1916, for the purposes of this act the capital employed in the business of the company into which such other company or companies are merged or consolidated, or of the company created on such merger or consolidation, shall not exceed the capital of the companies so merged or consolidated as the same existed before such merger or consolidation, together with any additional capital that may have been invested in such business in cash at the time of such merger or consolidation or thereafter."

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Utah?

Mr. REED. I yield.

Mr. SMOOT. If the Senator will allow me to do so, I desire to call his attention to the fact that the excess profits law in Canada from which he has read was repealed on December 31, 1920.

Mr. REED. The statute which I have read was enacted July 1, 1920.

Mr. SMOOT. The act of December 31, 1920, repeals the act of July 1, 1920.

Mr. LA FOLLETTE. How much does Canada levy as a flat tax on the income of corporations?

Mr. SMOOT. Does the Senator mean as a corporation tax?

Mr. LA FOLLETTE. Great Britain levies 30 per cent, while this bill proposes to levy but 15 per cent.

Mr. SMOOT. Great Britain levies 30 per cent as a normal tax on incomes.

Mr. LA FOLLETTE. Great Britain levies a flat tax of 30 per cent on business or corporations.

Mr. SMOOT. That may be the rate.

Mr. LA FOLLETTE. It is.

The PRESIDING OFFICER. The Senator from Missouri [Mr. REED] has the floor.

Mr. SMOOT. I was merely calling the Senator's attention to the fact—

Mr. REED. I want to get this matter exactly as it is. I was quoting from the statutes as late as July, 1920. If that tax has been repealed since then, I want to know what has been enacted in lieu of it. The income tax has not been repealed since then, has it? So that the income tax stands, although something has been done with the excess-profits tax.

Mr. SIMMONS and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield; and if so, to whom?

Mr. REED. I yield first to the Senator from North Carolina.

Mr. SIMMONS. We simply reduce it from 60 and 40 to 40 and 20.

Mr. REED. But we are speaking about the Canadian law.

Mr. SMOOT. I will say to the Senator the income tax in Canada has not been repealed, but is still exactly as our present tax is. Corporations and joint-stock companies, however, pay 10 per cent. I will read each bracket so that the Senator may understand it.

Mr. REED. From what is the Senator about to read?

Mr. SMOOT. The last Canadian law.

Mr. REED. Very well.

Mr. SMOOT. It reads:

CORPORATION TAX.

(2) Corporations and joint-stock companies, no matter how created or organized, shall pay 10 per cent upon income exceeding \$2,000. Any corporation or joint-stock company the fiscal year of which is not computed upon its income for its fiscal year ending within the calendar year for which the return is being made.

In other words, our tax to-day is 10 per cent upon the corporate income and so is the Canadian tax.

Mr. REED. Is that all the corporations pay?

Mr. SMOOT. That is all the corporations pay on their net income.

Mr. REED. What else do they pay?

Mr. SIMMONS. Do they not pay an excess-profits tax?

Mr. SMOOT. The excess-profits tax in Canada was repealed on December 31, 1920.

Mr. REED. What else do they pay?

Mr. SMOOT. When a corporation's earnings are distributed, of course they fall under the income tax, just as in the case of this country dividends when distributed fall under our income tax.

The Senator said that there had been no change contemplated in the income tax law of Canada.

Mr. REED. I did not say that no change had been contemplated; I said I knew nothing about what was contemplated, but I said there had not been a change, as I understood.

Mr. SMOOT. I will say to the Senator that he is correct; but I understood him to refer to a contemplated change. I dislike to take the time of the Senator at this particular moment.

Mr. REED. It is perfectly agreeable to me to have the Senator interrupt.

Mr. SMOOT. Then while I do not wish to make it as a positive statement I saw in one of the New York papers about a month ago, when the pending bill was being considered, that Canada intended to repeal the higher brackets of her income tax law, just as the committee reported in the case of the bill now before us, and that they were going to repeal many of the irritating and nagging taxes and increase their sales-tax rates. I do not know whether that is so or not. I only saw it in the papers as reported by an Associated Press dispatch.

Mr. REED. Very well. That leads me to remark, just in passing, that the present so-called "nuisance taxes" are nuisance taxes because they are levied on some of the things we buy. We propose to wipe that out and do away with the nul-

sance business by spreading the nuisance tax over everything we buy. That is another one of the astonishing theories—that it is a nuisance tax if you go to a soda fountain and pay a tax on your drink, but if you have to pay on everything you buy in the world that is not a nuisance at all.

I do not want to discuss that, however.

Mr. SMOOT. Of course, I do not want to discuss it with the Senator; but that is not the theory on which they were designated "nuisance taxes." There is a good reason why they are called nuisance taxes, and I think I have already stated it before the Senate.

Mr. REED. Yes; I heard the Senator's argument, and it was a very able argument.

Mr. SMOOT. It is not because of the fact that they are simply imposed at a higher rate, because that is hardly a fair designation. Another thing I will say to the Senator is that I do not think we have collected 40 per cent of the special taxes that ought to have been collected under the existing law. It is left entirely with the retailer as to whether he shall pay the tax or not, and we know that in certain industries there has not been 25 per cent of the tax collected. A general turnover tax does not affect the Treasury of the United States in that way, however, nor does it require the seller of goods to keep special accounts for special goods at a special price, but the tax is imposed at a low rate upon all the goods that are sold.

Mr. REED. I understand the Senator's argument. It is only a question of degree, and I do not care to go into it at this time, because I am not going to discuss the sales tax at this time; but it appears from the Senator's statement in regard to the Canadian law that the law as to excess profits has been repealed.

Mr. SMOOT. Yes.

Mr. REED. I shall take the trouble, if I can possibly get the time, to find what other taxes they have in lieu of that repeal, for it is certain that the Canadian Government is compelled to increase its revenues. At least, we know that it has kept the high taxes upon the incomes, and that it is now, according to the Senator's idea—and I know he is giving us the best of his judgment—contemplating the adoption of a sales tax.

Mr. SMOOT. They have a sales tax to-day. They are contemplating increasing the rate.

Mr. REED. They are contemplating an enlargement of it.

Mr. President, I have been on the floor much longer than I had expected to be. I did want to say a word on behalf of these experts who are not permitted to defend themselves, and I did want to say that in my judgment it is utterly ridiculous to say that the amendment proposed by the Senator from Georgia [Mr. HARRIS] can not be administered.

In the great majority of cases—I apprehend in 90 per cent of the incomes that fall below \$5,000—it is purely a question of salary, so that it will largely solve itself. There is not much use in talking about it. I think the other side have made up their minds, regardless of the merits of any question that is presented, that they are going to carry through this compromise. They prevented a loss of about sixty or sixty-five million dollars on surtaxes on large incomes, and in order to get that they swapped off their birthright for an excess-profits tax that would bring us \$450,000,000, and I think from their attitude in the Chamber that they agreed to stand by this bill as it is, with the one exception.

Since Jacob and Esau met and traded, there never has been a lot of honest gentlemen more effectually buccooed. It will be remembered that Jacob was a very smart individual, and as far as I could ever make out Esau was a very good-hearted, good-natured chap. He had some excuse for making his trade. He was very hungry, and the greens that were cooking smelled good, and he allowed his appetite to overcome his judgment. I have always sympathized with him, for I have been hungry myself. But why a lot of patriots organizing themselves into a solid bloc, and knowing that they had the votes, if they would but add them to some votes they already had on their side—and they were Democratic votes—to have accomplished any reforms in this bill they desired, should sit down and say: "If you will concede to us a restitution of the surtax up to 50 per cent on high incomes, we will agree with you that we will stand by the profiteers along with you, and relieve them of \$450,000,000 of taxes that they ought to pay"—why a lot of patriots, and I know they are all patriots, would have made that sort of a bargain is beyond my comprehension.

I do not know who negotiated on behalf of the majority in that trade, but I apprehend it was a down-east Yankee, or at least a down-east Yankee engineered the deal. I do not say that in an uncomplimentary way, but rather in a complimentary way. I have always had a profound admiration for the ingenuity, the skill, and the brain power of the down-east Yankee.

I once heard a story which I think I may tell without offense—that an old Hebrew doing business out in Chicago had accumulated a fortune, and when his son became of age he gave him a quarter of a million dollars and said to him, "Now, my boy, don't try to stay here in Chicago and trade with these sharpers. They will get this away from you. Find a simple people, a pastoral people, and go down and trade with them." So the young man went down and looked around in New England, and he thought they looked like a pastoral people, and he located. In about a month's time he called up on the long-distance telephone and said, "Father, I want \$50 to get home on." The father said, "What has become of your money?" He said, "Father, they got it all away from me." The old man said, "What! That pastoral people?" The son replied, "Pastoral people, thunder, father! These are the 10 lost tribes of Israel down here." [Laughter.]

I am wondering who it was that set up this job and put it over on the bloc. You saved a reduction to 32 per cent flat on incomes above \$68,000 in part—that tax had run to 65 per cent—and you got it up as far as 50, and then you traded off the tax on the profiteer, the man who makes 50 per cent, 100 per cent, 500 per cent; the man, as I have said before, that you gentlemen on the other side of this aisle were talking about passing statutes to declare a criminal only a few months ago; the man whose profits are fixed only by the amount he can extort. No man ever asks more than 25 or at the outside 50 per cent profit who is regulated in his business by simply what is a fair and just and reasonable profit. Certainly when he goes above those figures the only limit there is to his cupidity is the ability to exact profits. He is not doing business; he is robbing. He is not trading; he is stealing. He is not trafficking; he is picking pockets. He is not entering the marts of commerce for the purpose of exchanging goods at a fair and reasonable advance; he has set up a shop in which to pick the pockets of the unwary, and take advantage of necessity or of ignorance.

You propose to say to the gentleman who runs a shop of that kind: "You go tax free, except that we will tax you the normal tax on your income." Then you undertake to justify it, and when we ask to have this little reduction made here for the benefit of the man of moderate income, you say: "How much is it going to take out of the revenue?" Well, somebody guesses it at \$85,000,000, and you throw up your hands and say, "We would like to do it, but we can not do it. We can not spare that \$85,000,000." But why can you not spare it? Because you are taking \$450,000,000 off of the gentlemen who are making more than 10 per cent profit, and some of them are making a thousand per cent profit.

I ask the question again and again, and I get again and again in answer the pretense that if you do not let a man make a thousand per cent profit, if you take away from the man who is making a thousand per cent profit 400 per cent of the thousand per cent and leave him 600 per cent, because he can not have the whole thousand per cent he will not take the 600 per cent, but will rush off and invest his money in 4 per cent securities!

The intellectual gorge rises at that. There is not any use in arguing with a man who will advance that sort of a theory. You might as well have an argument with a white swelling, or hold a discussion with a steam whistle, or expound your logic against a stone wall.

A good many people talk about this 40 per cent excess-profits tax as though you take 40 per cent of all man's income. You do nothing of the kind. You take 40 per cent of the profit he has made, provided that profit exceeds 20 per cent, and if he makes a 20 per cent profit plus, then you take 40 per cent of that. If he has made 20 per cent, you leave him with a profit of 16 per cent, and if he has made 40 per cent, you leave him with a profit of 24 per cent, as I figure it.

But the bloc, as they moved forward gallantly in defense of the taxpayers, as they swarmed out of the bastions and unfurled their gallant banners and cried:

Come one, come all, this rock shall fly
From its firm base as soon as I.

Us & Co. surrendered everything, simply claiming for themselves, and securing, the honors of war. They were allowed to march out with their side arms and their colors flying, but with their pockets rifled and their fortress surrendered.

What a glorious thing it will be, along in the dog days of next year, when the assembled masses gather in the quiet shade of the groves to listen to the words of wisdom that will fall from the lips of their appointed tribunes, when they stand and picture to these masses of people the service they have rendered. They will say, "There are a lot of old standpatters in the Republican Party, and you know they have always been

controlled by the corporations, and I am going to explain to you, my countrymen, why we found it necessary to differ from them. We were progressives. They proposed to take the taxes off profiteers to the amount of \$450,000,000. They proposed to take the tax off of incomes above \$68,000, reducing them to a flat level of 32 per cent, and that meant a loss of \$90,000,000; and, my countrymen, we rallied to your support, and we got into a room and we compromised and agreed that if they would put the surtaxes on incomes up to 50 per cent, which are at present 65 per cent, we would yield to them on the \$450,000,000 of excess profits. What a glorious service we rendered to you. How thoroughly we defeated the old standpatters. What a wicked lot they are. It is true we saved the horns and tail, but they carried off the carcass and the tallow."

Then there will be great applause from the listening multitude.

No; you will not tell them that. When it comes to the contest, you will go out and talk generally about having been progressives and how you saved them money, but you will not tell what you lost to them; and I propose, as far as my weak voice or my influence will go, to let the country know this afternoon and to know hereafter that you traded off the excess-profits tax, and you did not need to trade off one penny of it. There sat on this side of the Chamber a solid vote, and all we needed on your side was 11 votes to keep the excess-profits tax in the law; and if you thought it was too high, that it ought to be modified, although we think it is just about where it ought to be, we would have yielded some to you in order to have saved the excess-profits tax in a more moderate degree.

We make you that proposition now. We say to you now, before the house is burned, before the battle is entirely lost, that we will join with you gentlemen over there in putting an excess-profits tax on, and while we want to write it high, rather than see it all go, if you write a lower one we will join with you in that, provided you still make it a substantial tax. I am speaking, I know, the sentiment of my associates on this side, and I know it so well that I do not hesitate to venture to make that statement.

If you should not accept this, you of the bloc, pull down your flag which fluttered so gaily over you, and run up the crêpe, the black crêpe of surrender, for you are not entitled to a white flag to march out under; it ought to be a black one.

Mr. President, that is all I want to say at this particular time, and unless we are going into executive session I will suggest the absence of a quorum.

Mr. ASHURST. Mr. President, we are making deplorably slow progress. When are we going to begin to hold night sessions?

The majority of 24 on the Republican side are charged with this responsibility, and ought to move with celerity. I do not like this bill. I think it is a bad bill, but it seems to me a shame that the American people should be denied action of some kind by this Congress. Why do you not manfully hold night sessions, and hold the Senate in session from 10 o'clock in the morning until 10 o'clock in the evening? Do you fail to perceive that Christmas will be here before you pass this bill if the situation is going to drag on as it has for the past 10 days? Have you not the mental processes to see that you will not pass this bill for 90 days? It seems to me it is an insult to the intelligence of the American people to continue to permit, day after day and day after day, such deplorably slow progress as you are making on this bill.

Here are 20 or 30 Democrats urging you to move more rapidly and hold night sessions on this bill and get through with it.

Mr. STANLEY and Mr. McCORMICK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arizona yield, and if so, to whom?

Mr. ASHURST. I yield to the Senator from Kentucky.

Mr. STANLEY. I simply wanted to suggest to the Senator that if we postpone the passage of this bill, not for 90 days but for 90 years, this country would be inestimably benefited. I would hesitate to urge them to any celerity in the imposition of this thing upon the American people at this time.

Mr. ASHURST. I urge that the majority attend to the business of the day.

Mr. REED. No matter how bad it is?

Mr. ASHURST. If it be bad, the sooner we find it out the better. The Democrats during the recent campaign were accused of a lack of efficiency. I have heard of the Penrose machine, and have heard of the Aldrich machine, and during the campaign you said, "Give us the reins of power and we will show you efficiency; we will show you how to proceed." We proceeded—

Mr. McCORMICK. And look what you did to the country.

Mr. STANLEY. That is not half what the Republican Party is prepared to do to it.

Mr. ASHURST. I ignore the sarcasm of the Senator from Illinois.

Mr. WATSON of Indiana. Will the Senator yield to me?

Mr. ASHURST. I yield for a moment.

Mr. WATSON of Indiana. I wanted to ask the Senator what right he had to charge us on this side with delay, when Senators on the other side have done more talking—

Mr. ASHURST. You are responsible for adjournments. Every motion for recess or adjournment, with but one or two exceptions, came from your side. You are responsible for the lack of progress.

Mr. WATSON of Indiana. But four-fifths of the talking on this bill has been done on the other side of the Chamber.

Mr. ASHURST. That does not deter me from asking that you do more work.

Mr. WATSON of Indiana. We are quite willing to do it.

Mr. ASHURST. I will venture to say that you will adjourn in a few minutes.

Mr. REED. I hope we will.

Mr. WATSON of Indiana. If Senators on this side will stand back of the proposition that beginning to-morrow night we hold night sessions—

Mr. ASHURST. To-morrow night! It is the same old story.

Mr. WATSON of Indiana (continuing). There will be night sessions.

Mr. ASHURST. Why not to-night?

Mr. McCORMICK. Make it to-night.

Mr. WATSON of Indiana. The only reason why we do not make it to-night is because several Senators went to the Senator from Pennsylvania to-day and asked him not to have a night session to-night—

Mr. ASHURST. Why not?

Mr. WATSON of Indiana. And he acceded to their request, because they were not prepared for night sessions, and had all sorts of arrangements made for this, that, and the other thing; but beginning to-morrow night night sessions will be held, and if necessary the sessions will begin at 10 o'clock in the morning, not for the purpose of choking off debate, but for the purpose of preventing talk that does not bear upon the subject in hand, and has no relevancy to the matter under immediate consideration by the Senate. I mean no reflection upon any man who has been occupying the floor.

Mr. ASHURST. Neither do I.

Mr. WATSON of Indiana. But we all know that when miscellaneous and promiscuous debate is started upon these topics, Senators wander far afield from a discussion of the particular matter under debate at the moment, and that, of course, means a consumption of time. I am not charging anybody with conducting a filibuster purposely. That I would not charge. But I do know that there is a very great indifference as to whether or not time is lost, and so far as this side of the Chamber is concerned, responsible as we are to the country for legislation we intend to have legislation, and if necessary we intend to stay here until we get it, be it by night or by day, or by night and by day.

Mr. ASHURST. Mr. President, that is a very bold statement and it will probably fail, like many other bold statements, especially the statement to the effect that the country was to have immediate relief. I wonder if Senators fail to perceive the serious situation of this country. I wonder if Senators fail to perceive the enormously important problems before this country. I dislike to take time saying these things, but with your twenty-odd majority, I fail to perceive why you do not keep your promises.

Mr. REED. To do what?

Mr. ASHURST. To pass the bills and give the relief the country has been promised.

Mr. REED. Does the Senator know of any bills that are contemplated by the other side which are going to benefit the country? I would like to know what they are.

Mr. ASHURST. Mr. President, that is no answer to my question.

Mr. REED. Certainly it is an answer. Unless there is something good to come, there is no reason for rushing forward.

Mr. McCORMICK. Mr. President, I now understand the interruptions which have been made on the other side.

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Illinois?

Mr. ASHURST. I yield to the Senator for a moment.

Mr. McCORMICK. I am waiting for the Senator from Arizona to conclude.

Mr. ASHURST. I wish to make it manifest that I think that a Senator on the Democratic side and a Senator on the Republican side can serve his country now by proceeding with the business of the country.

Mr. SIMMONS. Mr. President—

Mr. ASHURST. I yield to the Senator from North Carolina.

Mr. SIMMONS. I have listened to the debate to-day and every bit of the discussion that has taken place upon this floor to-day has been upon the bill. It was not always upon the amendment that was before the Senate, but it was upon the bill. A Senator has the right, when an amendment is under discussion, to discuss that amendment, or to discuss any general provision in the bill to which the amendment applies.

Mr. ASHURST. Certainly. My friend tells me nothing new.

Mr. SIMMONS. There has been no irrelevant discussion to-day. There has been nothing but legitimate discussion to-day, and a large part of the discussion, the most of the discussion to-day, has been exceedingly illuminating and exceedingly able.

Mr. PENROSE. Mr. President—

Mr. ASHURST. I yield to the Senator from Pennsylvania.

Mr. PENROSE. Why, they were so extremely interesting that at least three Senators whom I might mention, and who took up over one-half the day, were not listened to by two Members of this body during a period of several hours, including the Senator from North Carolina.

Mr. SIMMONS. Mr. President, I have been in my seat all this day, except when I was eating my luncheon—

Mr. PENROSE. It must have been an exceedingly good luncheon.

Mr. SIMMONS. The Senator from Pennsylvania constantly rises upon the floor and states things that he knows are not true.

Mr. HEFLIN. Mr. President—

Mr. ASHURST. I yield to the Senator from Alabama.

Mr. HEFLIN. If the Senator from Arizona will permit me, it is a rare thing during the day that there are half a dozen Republicans in the Chamber while we are considering the bill. We have to make points of no quorum constantly to bring them to the Chamber where they can transact business for the people. I insist that they stay in the Chamber hereafter and let us get along.

Mr. ASHURST. Mr. President, in conclusion, I ask unanimous consent that the Senate remain in session until 11 o'clock to-night.

Mr. REED. Mr. President, the Chair need not bother with that. I will object now.

Mr. McCORMICK. Mr. President, that is an appropriate conclusion for the remarks of the Senator from Arizona, who has upbraided the majority. The Senator from Arizona knows very well that four-fifths of the futile discussion of the bill has taken place on the other side of the Chamber—discussion which has consisted of complaints without constructive proposals.

I am not one of those who think the bill is perfect, that it was perfect when it came from the committee, or that it will be perfect when it goes from the Senate to conference; but it reaches approximate perfection, and it is improved only through discussion.

This sort of complaint has been common on the other side of the Chamber from the very moment also that the special session was convoked. Before the recess it was general that the Republican administration and the Republican majority were accomplishing nothing.

Mr. JONES of New Mexico. Mr. President—

Mr. McCORMICK. That was said again and again in this Chamber. I yield to the Senator for a question.

Mr. JONES of New Mexico. I should like to ask the Senator, who has just stated that there was no constructive suggestion from this side of the Chamber, if he has not overlooked the fact that Senators on this side have proposed a number of amendments to the bill.

Mr. McCORMICK. Oh, Mr. President, I said four-fifths of the discussion on that side consisted of futile criticisms. It was like the criticism which preceded the recess, which utterly ignored the record of legislation which Congress had made before the recess, the legislation—

Mr. JONES of New Mexico. Mr. President—

Mr. McCORMICK. I will not yield to the Senator now. I refer to legislation which had been written on the statute books before the recess, the legislation which was summed up in the letter of the President addressed to my humble self, and which was a matter of such derision and ridicule by the Senator from Mississippi, which, after all, summed up the facts upon which

turned the elections in New Mexico and in Massachusetts. The country is not going to be deceived because Senators say that nothing has been accomplished. The country has a measure of the situation with which we were confronted when we came into office.

I hope the Senator from Pennsylvania will not yield to the importunities of those Senators who have complained and who do not want to sit here at nights. I hope we will hold a session to-night and to-morrow night and every night until the bill comes to a final vote. Then we shall see how many absentees there are on this side of the Chamber and on the other side of the Chamber.

Mr. JONES of New Mexico. Mr. President, I do not know by what authority the Senator from Illinois characterizes the discussion as futile. If we are to understand by that that there is a majority made up here pledged to put through the bill as it is, then perhaps discussion is futile. If it is not in that sense that the Senator uses the term, I should like to know in what sense it is used.

So far as the discussions themselves are concerned, I submit that I have never listened to more able, more logical discussion of any question than I have listened to when Senators have been discussing the pending bill.

Mr. McCORMICK. Mr. President, will the Senator yield for a question?

Mr. JONES of New Mexico. I gladly yield.

Mr. McCORMICK. The Senator alludes to the discussion of the delinquencies of the Federal Reserve Board and the decay of classic societies to which the Senate has been treated during debate to-day, I take it?

Mr. JONES of New Mexico. Then I understand the word "futile" was not used with respect to the discussion of the bill. It may be that at times there has been discussion upon subjects other than the bill.

Mr. REED. Less than usual.

Mr. JONES of New Mexico. Yes; I was just going to make the statement which the Senator from Missouri has made. I do not recall having listened to discussion upon any bill of importance since I have been in the Senate where Senators confined themselves so closely to the bill as they have while we have been discussing the pending bill, and, as suggested to me by the Senator from Ohio [Mr. POMERENE], of all the bills which have come before this body for discussion this bill needs discussion more than any other.

This bill is framed up with an idea of putting upon the country a principle which I believe the country does not want. I am not in sympathy with those who say that the bill was not thoroughly considered by the Finance Committee. According to my judgment it was considered, but the bill has been framed up based upon a fundamental principle which the majority of the Republicans in this Chamber want to frame up. I think it is the Republican policy which underlies the bill, and that policy is to relieve the few who ought to pay the expenses of the Government from a vast burden and put it upon the many. I think the principle of the bill is worked out in a deliberate way. The votes, I believe, which have been taken upon the amendments proposed to the bill will show that.

If Senators will look at the bill from the beginning to the end, they will find a primary purpose apparent upon its very face. Republicans desire to remove the high surtaxes and they desire to repeal the excess-profits taxes, and those are the two chief things which are sought by the bill. I submit that it is not only the deliberate plan for accomplishing that purpose but it has been gone about in a very adroit way.

Mr. WATSON of Indiana. Mr. President—

Mr. JONES of New Mexico. I yield to the Senator from Indiana.

Mr. WATSON of Indiana. Suppose all that be true and the Republican Party desires to commit political suicide, why does not the Senator from New Mexico stand aside and let us do it? We are willing to pass the bill with such amendments as sane discussion may suggest from time to time. Why does the Senator stand in the way of our doing this appalling thing that is going to oppress everybody in the United States?

Mr. JONES of New Mexico. Mr. President, I am not willing that the people of this Nation shall be made to suffer in order that the shortcomings of the Republican Party may be made apparent. I am not willing that this thing shall be placed upon the American people if I can prevent it. I do not intend to do it by any filibuster, but I do believe we ought to have thorough consideration and full discussion, so that the people of the country may understand just what is being put upon them.

Mr. WATSON of Indiana. Does the Senator mean by that that he intends to prevent the passage of the bill by a filibuster?

Mr. JONES of New Mexico. I just said that I did not.

Mr. PENROSE. It is a pity the Senator did not give the benefit of his sagacious advice while the bill was in the committee.

Mr. JONES of New Mexico. I rather apprehended the Senator from Pennsylvania might make just that sort of a remark.

Mr. PENROSE. I only make it in a casual way and do not intend to press it.

Mr. JONES of New Mexico. Yes; the Senator's remarks are usually casual. But I wish to say that the Senator from Pennsylvania understands why I was necessarily absent from the city during the time or a portion of the time the committee was considering the bill.

Mr. PENROSE. I suppose it was in the enjoyment of scenery and fresh air. I hope it was.

Mr. JONES of New Mexico. No; the real purpose of it was to get out and tell my people about some of the vicious things the Republican Party was attempting to put upon the people of the country.

Mr. PENROSE. Apparently the Senator failed to make them believe it.

Mr. JONES of New Mexico. I do not care to enter into a discussion of what occurred in New Mexico during the late campaign, but I think I can safely predict that if the bill passes the result of the next election will be quite different.

I wish to say this in regard to the framing of the bill: I have been back in Washington for some time. There has not been a meeting of the committee called, or at any rate I have had no notice of a meeting, and my understanding is that for some time the chairman of the committee has taken the position that he did not want cooperation of the minority members of the committee; that the various amendments, 75 in number, I believe, have been framed up by the majority of the committee without any consultation with the minority at all.

It has been generally given out that the majority of the committee does not propose to have any meetings of the full committee, that instead of having the meetings of the full committee to discuss the merits and provisions of the bill they have been holding secret or private conferences with the so-called "bloc" or some few members of the "bloc," because it has been stated on the floor here that those things have been agreed upon. Agreed upon by whom? There was no consideration in the full committee of these things.

I submit that this is the time for free and honest discussion of the bill, and it ought to be discussed, and its very deleterious character displayed. I was about to use a stronger term which I think it deserved. I do not believe it lies in the mouth of anybody to complain that the discussion which has been going on here regarding the measure has not been helpful.

Mr. McCORMICK. Mr. President, I hope the Senator from Arizona will feel duly chastened and rebuked by his neighbor and colleague from New Mexico.

Mr. ASHURST. I do not know what the Senator refers to about being chastened.

Mr. McCORMICK. No; the Senator has been engaged with his correspondence and probably did not hear the remarks of the Senator from New Mexico.

Mr. ASHURST. Mr. President, I did not chasten or rebuke anybody, and I pass the Senator's sarcasm by because I do not understand it. Nothing was further from my intention than to rebuke individual Senators. "Seest thou a man diligent in his business? He shall stand before Kings."

What irritates me more than the vicious nature of the bill is the fact that Senators on the other side proceed with such deplorably slow progress. By nature I want to do the business of the hour. It is one of the principles by which I live. Senators will find out that there is no rule in life that pays better anywhere than to do the business of the hour.

I have no criticism to make of any Democrat who sees fit to speak, howsoever long he may, about this or any other bill. That is his privilege. One of the rules of the Senate gives Senators the right to speak as long as they wish to on any subject at any time when a bill is before the Senate which is debatable.

If the Senator from Illinois [Mr. McCORMICK] thinks I attempted to rebuke anyone, he is mistaken; and I feel no rebuke from anyone, because I feel there is no occasion for me to be rebuked. There is no man in the Senate who could rebuke me; there is no man in the Senate who would do it; because I have tried to conduct myself so that I do not need a rebuke.

Mr. REED. Mr. President, I wish to speak for just a moment on the proposition which has been made by my very good friend from Arizona [Mr. ASHURST]. I want, however, to preface my remarks by replying to my almost equally good

friend from Indiana [Mr. WATSON], who asks, If the Republican Party is going to commit suicide, why do we not let the execution proceed? Mr. President, I am not willing to have the country murdered even though the Republican Party shall commit suicide to escape the whip of justice. It frequently happens that suicides are preceded by murder. I have no objection to the Republican Party going out by itself and committing suicide, but I do not want it to slaughter the country before it does that very proper act.

Mr. WATSON of Indiana. Mr. President—

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Indiana?

Mr. REED. I do.

Mr. WATSON of Indiana. Has not the Senator from Missouri for many years made the same gloomy predictions and uttered the same dismal forebodings about what was going to happen to the country if the Republican Party succeeded in its nefarious schemes? Has he not said the same thing over and over about the protective tariff and all the principles and policies which the Republican Party has advocated for so many years, and has he not in most eloquent words—for the Senator from Missouri is always eloquent— inveighed against the principles and policies of the Republican Party because of the dire things that were about to befall the country when it should succeed in carrying the next election? And yet none of those things have come to pass.

Mr. REED. Mr. President, the United States of America and its 110,000,000 people are so powerful and so great that even the mistakes of my friend from Indiana can not destroy the country.

Mr. McLEAN. Nor could eight years of the administration of the Democratic Party.

Mr. REED. No; nor could eight years of Democratic rule destroy the country.

Mr. McLEAN. But it came pretty near doing so.

Mr. PENROSE. It could humiliate the country also.

Mr. REED. The Senator from Connecticut [Mr. McLEAN] says that Democratic control came pretty near ruining the country. Well, Mr. President, I am not standing here now to pronounce any eulogies upon the Democratic Party; I will take care of that at the proper time. I have criticized very liberally where I thought criticism belonged; but this much I wish to say: Notwithstanding all the mistakes that the Democratic Party has made, we went through the greatest war of history under a Democratic administration; and, whatever its mistakes, the flag of the United States to-day is floating at the highest point that the banner of any country has ever floated.

Mr. SMOOT. Thanks to the Republican Party.

Mr. REED. I do not pretend to say that the Republicans did not help, but the Democratic Party did not destroy this country.

Mr. McLEAN. But the Treasury is pretty empty.

Mr. REED. Well, Mr. President, the Treasury is pretty empty. Why? If the Senator from Connecticut wishes to enter that field, I will go into it with him. The Treasury is "pretty empty" because we put into the field nearly 5,000,000 troops; because we sent food to supply England and France and Italy; because we prepared an armament within an almost miraculously short space of time that saved this country.

Many people think it saved the world. All those things cost money; they empty treasuries. We are considering now how, after the war is over, to raise revenue, and there is a difference of opinion as to how that revenue ought to be raised. The Secretary of the Treasury has practically put himself on record in favor of forgiving to our allies the interest upon their debt to the United States, which amounts to over \$10,000,000,000. There is a difference of opinion about that.

Mr. PENROSE. Mr. President—

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Pennsylvania?

Mr. REED. I do.

Mr. PENROSE. I deny that statement. If there has been any forgiveness of interest, the Wilson administration forgave the interest. The Senator from Missouri knows that perfectly well. We are endeavoring to redeem the errors and mistakes of the incompetent statesmanship of the Wilson régime.

Mr. REED. O Mr. President, that is easily said, but if they are never redeemed until they are redeemed by those who are now undertaking to take control of this Government, then they will never be redeemed.

I say that the testimony given by the Secretary of the Treasury before the Finance Committee in the hearings on this bill and on the refunding bill will show that we were absolutely unable to get him to say that he proposed to try to collect the deferred interest on our foreign loans.

Mr. SMOOT. Mr. President, I know the Senator wants to be perfectly fair.

Mr. REED. I certainly do.

Mr. SMOOT. The Secretary of the Treasury never said that he was going to forgive any interest to any country whatever, but he did say that he was not in a position to say that he could compel payment of interest at this time.

Mr. REED. My statement was that we were unable to get him to say that he proposed to collect that interest or to try to collect it.

Mr. SMOOT. Oh, no.

Mr. REED. I can produce the record to-morrow.

Mr. WATSON of Indiana. Will the Senator yield to me?

Mr. REED. Yes.

Mr. WATSON of Indiana. The Senator will remember that when the Secretary of the Treasury was before our committee he produced the statement of former Secretary Houston as to a promise he had made to the British Government, and, I think, perhaps to the French Government, that on account of the condition of Europe the collection of the interest would not be pressed until two years after that time. The Senator well remembers that. The present Secretary of the Treasury said that he was of the opinion that that constituted an agreement as between this country and those foreign nations, and that he did not see fit to put pressure on them contrary to an agreement that was made by Secretary Houston.

I wish to say further that while every Senator who sat as a Republican around that table believed in the collection of the interest, no Senator who sat there as a Republican ever was in favor of breaking that solemn agreement which had been made with these other nations and upon which they were acting as a people.

Mr. REED. Now, Mr. President—

Mr. WATSON of Indiana. Is not that right?

Mr. REED. No; it is not right. I do not like to disagree in that sharp way with my very good friend, but it is absolutely not right, and I shall be glad to-morrow to bring the record here, if we do not have night sessions every night so that we will have no time to do anything. I claim this, and I propose—

Mr. SMOOT. Does the Senator claim—

Mr. REED. Wait a moment, and I will tell the Senator what I claim. Nobody can twist a word that comes out of my mouth except in the way I want it to come out. The Secretary of the Treasury came in and asked for authority under his bill practically to do whatsoever he pleased in the matter of the settlement of our foreign debts. We then sought to elicit from him what he did propose to do if he were given this *carte blanche* authority. We asked him, among other things, what was proposed to be done with reference to forgiving the accrued interest upon these debts. After some evasion he stated that correspondence had passed between the former Secretaries of the Treasury and foreign Governments which, in his opinion, might embarrass us in the collection of this money. The answer, of course, was made that if there was any such correspondence it was without authority of law and could not bind us, and that it was not thought to amount to a promise in any event, but if a promise, it was clearly unauthorized. We then asked him what his policy would be, and the substance of his reply was that he did not think we were in a position to insist upon the payment of that money.

Mr. SMOOT. Mr. President—

Mr. REED. I stated—and that is what raised this controversy—that we could not get him to say that he intended to collect the interest. The Senator can not find in the record his statement that he intended to collect it.

Mr. SMOOT. Will the Senator yield?

Mr. McCORMICK. May I ask the Senator a question?

Mr. REED. I yield to the Senator from Utah.

Mr. SMOOT. Was the Senator present when I asked the Secretary the direct question whether he, as Secretary of the Treasury, had any intention whatever of forgiving the foreign countries the interest that was due from them, and the Secretary answered "None whatever"?

Mr. REED. And was the Senator there when I then asked the Secretary if he meant that he proposed to insist upon the payment, and he answered that he thought we were not in a position to insist upon it?

Mr. SMOOT. That is, not immediately; not until the end of two years.

Mr. REED. No; at any time.

Mr. SMOOT. There is, however, no question in the world, Mr. President, that the Secretary of the Treasury stated to the committee that he did not feel that he was justified under the agreement that had been made to force the payment of the interest at the time the committee was in session.

Mr. REED. Mr. President, we will put the record in here, and will let the Senate have the benefit of it.

Mr. SMOOT. I am perfectly willing to stand on the record.

Mr. REED. I say now that no Secretary of the Treasury who ever occupied that position, whether he was a Democrat or a Republican, had any authority of law or any moral authority to waive one penny of the debt that is due this country from foreign nations.

Mr. McCORMICK. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. McCORMICK. Mr. President, will the Senator tell the Senate in what sense or in what measure the discussion of the foreign debt of the United States will advance the consideration of the bill before the Senate, the delay of which has been objected to on the other side of the Chamber?

Mr. REED. Oh, well, Mr. President, this discussion grew out of the statement that came from the other side of the Chamber that the Democrats had left an empty Treasury, and I am telling them one reason why it is empty. It came from the other side.

Now, if the Senator will compose himself just a minute and recover his Illinois equanimity, I will proceed to discuss the question that I want to discuss.

We all know that this country, just like any other country, has to have some revenue, and we have been trying to settle how it is to be raised. There has been criticism here of the length of this discussion. I have not been in the Senate long enough to call myself an old Member, but during the last 10 long years I have never observed in this body a closer attention to any bill than has been evidenced in the discussion of this bill. It is true that we have not always discussed the particular amendment that was pending, but there is not one of these important amendments that does not affect the aggregate of the revenue, and you can not consider one amendment which cuts down the revenue without the suggestion coming, "Where are you going to obtain revenue to take its place?" That necessarily leads to the discussion of other items.

Has this debate been fruitful?

This bill was brought in here, and I do not criticize the chairman of the committee or the committee for bringing it in at the time they did. They seemed to think that it must come in here in a hurry. We brought it in here when it had not been completely written. It had to be withdrawn the next day or the second day afterwards for a more complete copy.

Mr. PENROSE. The bill had been completely written, and was never altered in one line.

Mr. REED. It was not in form; that is what I mean.

Mr. PENROSE. The printer printed it in different type; and the Senator knows when he makes that statement that it is calculated to mislead.

Mr. REED. I do not mean to mislead anybody. Anyway, I would not mislead the Senator from Pennsylvania. I could not do that.

Mr. PENROSE. No; the Senator could not.

Mr. REED. Certainly not. Nobody could mislead the Senator from Pennsylvania.

The bill was put in so hastily that it was not printed in the form that was desired. It had to be withdrawn and printed in a different form.

Mr. PENROSE. Mr. President, will the Senator permit me to correct his recollection?

Mr. REED. Yes.

Mr. PENROSE. In order to gratify the Senator's peculiar taste as to the kind of italics, type, and punctuation in which the bill should be printed, and the taste of other members of the committee, the printing was changed; but when the Senator says that it was not written or not fully written or not complete or has been changed since that report, his statement is absolutely and deliberately misleading.

Mr. REED. Oh, Mr. President, I can not discuss questions with men who indulge in that sort of language, particularly under the existing circumstances.

Mr. PENROSE. Well, look at the Senator's language.

Mr. REED. What I said was that the bill was not in form.

Mr. PENROSE. It was in form.

Mr. REED. It was introduced in substance the same as it is now, but it was not printed in the form in which we wanted it for consideration, and by the action of the majority of the committee on a vote it was ordered to be otherwise printed. We have spent about 15 minutes in discussing an absolutely inconsequential matter.

The bill came on for discussion. What happened to the bill as the result of debate? Let us see if that debate was worth while.

Here is a bill that was written so blindly in its very form that the average man can not tell anything at all about what it means unless he spends about a week studying it. We know

that the Members of the Senate not on the committee will not give it that kind of study, and very naturally. Indeed, if they undertook it, they would need an expert beside them to explain it. But what happened? It was proposed to take off \$75,000,000 of the tax on the capital stock of corporations. The result of this debate has been to put back that \$75,000,000. Was it worth the discussion?

Mr. ASHURST. Mr. President, that is the reason why I want the discussion to go on this evening.

Mr. REED. The Senator wants it to go on night and day. We who have to work would like to have a little time to sleep and a little time to reflect and study.

Mr. ASHURST. They sleep while the Senator is speaking.

Mr. REED. It was proposed to take \$90,000,000 off of surtaxes. About \$65,000,000 of that amount has been saved. Was the discussion worth it? It was worth the time of the Senate, I think, to discuss a question of that kind.

It was proposed here to make some exceptions in regard to American corporations that were doing business outside of the United States.

Mr. STANLEY. Mr. President—

THE VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I do.

Mr. STANLEY. If it had not been that somebody sold the agricultural bloc a tallow candle for a banana, we would have saved two or three hundred million dollars by this discussion.

Mr. REED. Why, certainly.

Mr. SIMMONS. Mr. President, I want to remind the Senator that if it had not been for this discussion, probably one-half of the railroad transportation tax would have still been in the bill.

Mr. REED. Yes; I was coming to that, but I thank the Senator for putting it in. You proposed to retain one-half of the railroad transportation tax, amounting to about \$130,000,000 a year, if I remember rightly, and we have removed it as the result of this discussion. Was it worth taking a little time to discuss?

I mentioned a moment ago the tax upon corporations doing business abroad. That was an important item. It has been changed. Was it worth while? I think it was.

We next approach the question of the excess-profits tax, \$450,000,000, and that has been discussed to some extent. Some votes have been changed by this discussion. If the bill had merely come in here and been read, it would have passed just as it was introduced.

The result of the discussion has been light. I have taken a great deal of time. I do not pretend that I am able to talk on any question so that I will illuminate the intelligence of any man in the world, any member of the committee, or even my good friend from Arizona, but I have deemed it my duty to talk about some of these propositions. Singularly enough, the things I have been talking for, the things that the Senator who is the leading Democratic member of the committee [Mr. SIMMONS] has been talking for, the things that the Senator from New Mexico [Mr. JONES], the Senator from Massachusetts [Mr. WALSH], and the Senator from Rhode Island [Mr. GERRY] have been talking for, as well as other Senators, notably the Senator from Ohio [Mr. POMERENE], who are not members of the committee, are in most instances the very items which have been remodeled in this bill. There remain to be considered a multitude of other important things.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. ASHURST. Of course, the Senator knows that the RECORD discloses that I have been constant in my support of the various amendments to which the Senator refers.

Mr. REED. Certainly the Senator has.

Mr. ASHURST. The Senator lost his temper because—

Mr. REED. On the contrary, I have seldom been so good-humored.

Mr. ASHURST. I was judging by the Senator's expressions.

Mr. REED. As to that, I can not say. But the Senator has urged that we work under impossible conditions. I say that kindly. I would not have a controversy with my friend.

Mr. ASHURST. I am not seeking any.

Mr. REED. I will illustrate what an additional burden these night sessions will impose. I attempted to-day to draw an amendment to this bill. I thought I could draw an amendment to anything ever created by man. When I came to fit my amendment to this bill I was by no means sure that it meant what I wanted it to mean, because of the technical language of the bill. I went to one of the experts and asked him what

the effect would be, and asked him to give me some figures as to the revenue. That was before dinner to-day. An hour or two ago he told me that he had been called to other work and could not get to it. So we are asked to come in here and work all night to carry on this matter, regardless of everything else, to do what? The Senator says the bill is a bad one. "Why hasten the evil day? Why stand upon the mountain top and cry, "For God's sake, bring us to destruction quickly?"

Mr. ASHURST. Mr. President, the Senator says that other people can not put into his mouth words that he does not use. There are other Senators here who occupy that same attitude. The Senator must not put into my mouth words that I do not use.

Mr. REED. I do not want to.

Mr. ASHURST. The Senator will not. I will not let him do it. It is not simply that he does not want to, but I will not permit him to do it; and I do not say that unkindly.

The Senator must know that nine-tenths of the discussion in the Senate—and if he does not know it he is too unpretending a simpleton to stay in the Senate—goes out on an unreturning parabola and never comes back to touch the subject. Nine-tenths of the talk in this body does not relate to the subject under discussion; and there is not a Senator here who will say that it relates to the subject, except that he says his own speeches relate to the subject. My learned friend from Georgia [Mr. HARRIS] introduced an amendment that should have been disposed of in 20 minutes, and it is now nearly 6 o'clock, and that amendment is undisposed of, although five councilmen in the smallest town in Arizona would have disposed of it correctly in 10 minutes; and yet the Senate of the United States takes 6 hours!

I complain against inefficiency. I do not refer now to the Senator from Missouri alone—

Mr. REED. No; I hope not.

Mr. ASHURST. But to others as well.

Mr. REED. The Senator from Arizona, of course, has a perfect right to have whatever opinion he pleases regarding my utterances or those of other Senators. He has assumed the right lately to lecture the whole Senate in regard to its method of doing business. I do not agree with him that the talk in this body is idle. I have heard speeches made here that might as well not have been made, but in the main the discussion in this body is illuminating. The men who complain most are, mayhap, the chief offenders.

Mr. President, I was reciting what has already been accomplished by the discussion of this bill. A board of five aldermen might have done it better and more quickly. The remarkable thing is that these remarkable gentlemen from Arizona do not come down here and take possession of the Congress.

In addition to what I have already mentioned we have had discussions of matters that are yet to be settled, and if we could simply get the Members of the Senate to listen to these discussions it would not be necessary to repeat them four or five times.

In regard to night sessions, if this bill is bad we need not be in a hurry on this side. If the rest of the Republican program is equally bad, then the longer we discuss it and the slower we are in adopting it the better. I do not know of any proposition now being made whose adoption would relieve this country.

The Republican majority has laid aside its tariff bill, because those Members did not know what to do with it. I do not blame them. I am glad they laid it aside. Every day it is laid aside so much the better for the country.

They laid aside the soldiers' bonus bill, and that is not on the program. They do not intend to bring that out and pass it. If we hold night sessions until they get to the bonus bill, we will all die in our seats for want of sleep before they bring it out. I know of nothing that lies in the future that is so alluring that we need sit here all night in wait. Such a vigil will not hasten the dawn.

In the meantime the bloc, the celebrated bloc, which started in to save the country, has surrendered to the profiteers. I congratulate them.

THE VICE PRESIDENT. The question is on the amendment proposed by the Senator from Georgia [Mr. HARRIS] to the amendment of the committee.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I make the same announcement as to my pair and its transfer as before. If permitted to vote, I would vote "yea," but I can not secure a transfer of my pair.

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Pennsylvania [Mr. Crow], and vote "nay."

Mr. HARRIS (when his name was called). I have a general pair with the junior Senator from New York [Mr. CALDER], which I transfer to my colleague, the junior Senator from Georgia [Mr. WATSON], and vote "yea."

Mr. JONES of New Mexico (when his name was called). I have a pair with the Senator from Maine [Mr. FERNALD]. In his absence I am not permitted to vote. If I were at liberty to vote, I would vote "yea."

Mr. KING (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SUTHERLAND (when his name was called). I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from Delaware [Mr. DU PONT], and vote "nay."

Mr. SWANSON (when his name was called). I have a general pair with the senior Senator from Washington [Mr. JONES]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence, being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. HARRIS (when the name of Mr. WATSON of Georgia was called). I desire to announce that my colleague [Mr. WATSON of Georgia] has been compelled to go home on account of illness. If he were present, he would vote "yea."

The roll call was concluded.

Mr. CURTIS. Mr. President, I desire to announce the absence on official business of the Senator from Massachusetts [Mr. LODGE] and the Senator from Alabama [Mr. UNDERWOOD], who are paired. I desire to announce also the following pairs:

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS]; and

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH].

Mr. McLEAN (after having voted in the negative). I transfer my general pair with the Senator from Montana [Mr. MYERS] to the junior Senator from Maryland [Mr. WELLES] and allow my vote to stand.

Mr. EDGE (after having voted in the negative). Has the senior Senator from Oklahoma [Mr. OWEN] voted?

The VICE PRESIDENT. He has not voted.

Mr. EDGE. I have a general pair with that Senator, which I transfer to the junior Senator from Oregon [Mr. STANFIELD], and allow my vote to stand.

Mr. DIAL. I have a general pair with the senior Senator from Colorado [Mr. PHIPPS], and in his absence I withhold my vote.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. In his absence, not being able to secure a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. McCORMICK (after having voted in the negative). Has the junior Senator from Wyoming [Mr. KENDRICK] voted?

The VICE PRESIDENT. He has not.

Mr. McCORMICK. I have a standing pair with that Senator, which I transfer to the junior Senator from California [Mr. SHORTRIDGE], and allow my vote to stand.

The result was announced—yeas 21, nays 36, as follows:

YEAS—21.

Ashurst	Heflin	Pomeroy	Swanson
Borah	Hitchcock	Ransdell	Walsh, Mass.
Broussard	La Follette	Reed	Walsh, Mont.
Caraway	McKellar	Sheppard	
Gerry	Overman	Simmons	
Harris	Pittman	Stanley	

NAYS—36.

Brandegee	Frelinghuysen	McLean	Penrose
Bursum	Gooding	McNary	Poindexter
Cameron	Hale	Moses	Smoot
Capper	Harrell	Nelson	Spencer
Cummins	Kellogg	New	Sutherland
Curtis	Keyes	Newberry	Warren
Edge	Lenroot	Nicholson	Watson, Ind.
Ernst	McCormick	Norbeck	Williams
France	McKinley	Oddie	Willis

NOT VOTING—39.

Ball	Dial	Fletcher	Jones, Wash.
Calder	Dillingham	Glass	Kendrick
Colt	du Pont	Harrison	Kenyon
Crow	Elkins	Johnson	King
Culberson	Fernald	Jones, N. Mex.	Ladd

Lodge	Page	Smith	Underwood
McCumber	Phipps	Stanfield	Wadsworth
Myers	Robinson	Sterling	Watson, Ga.
Norris	Shields	Townsend	Weller.
Owen	Shortridge	Trammell	

So Mr. HARRIS's amendment to the amendment of the committee was rejected.

Mr. PENROSE obtained the floor.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Massachusetts?

Mr. PENROSE. I yield for a question.

Mr. WALSH of Massachusetts. There is still one amendment dealing with the normal tax that has not been disposed of, and that is an amendment which I now offer. I understand after a record vote is had on this amendment the chairman of the Committee on Finance will move to take a recess, and if this amendment is acted on now all matters in connection with the normal tax provision will be disposed of.

Mr. TRAMMELL. I think the Senator is mistaken in saying that all amendments regarding the normal tax provision will then be disposed of, because there will be some other amendments proposed to this particular section.

Mr. WALSH of Massachusetts. I must be absent from the Chamber to-morrow on official business, and I would like to have this amendment acted upon to-night if possible.

Mr. PENROSE. Let it be read and acted on.

Mr. WALSH of Massachusetts. The amendment is very similar to the one offered by the Senator from Rhode Island [Mr. GERRY]. It is not as drastic as the amendment offered by the Senator from Rhode Island. His amendment sought to reduce the normal tax on net incomes of less than \$5,000 to 2 per cent, on net incomes between five and ten thousand dollars to 4 per cent, and on net incomes between ten and fifteen thousand dollars to 6 per cent. The amendment which I offer seeks to reduce the normal tax on net incomes of less than \$5,000 to only 3 per cent, and on net incomes between five and ten thousand dollars to 6 per cent, making all incomes over \$10,000 pay the present rate, namely, 8 per cent.

The loss of revenue, I am informed, if this amendment is adopted, will be about one-half what the loss would have been if the amendment of the Senator from Rhode Island had been agreed on, namely, about \$75,000,000.

As there has been a full discussion upon the subject, and all aspects of the question have been fully debated, I do not think it is necessary to have any further discussion. I ask for a yeas-and-nays vote, and will be content with the result.

The VICE PRESIDENT. The Secretary will state the amendment to the amendment.

The ASSISTANT SECRETARY. On page 23, at the end of line 2, insert the following additional proviso:

Provided further, That for the calendar year 1922 and each calendar year thereafter, in the case of a citizen or resident of the United States, the rate upon the first \$5,000 of such excess amount shall be 3 per cent; the rate upon the second additional \$5,000 of such excess amount shall be 6 per cent.

The VICE PRESIDENT. On this amendment to the amendment of the committee the Senator from Massachusetts asks for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. DIAL (when his name was called). I have a general pair with the Senator from Colorado [Mr. PHIPPS]. In his absence I withhold my vote.

While on my feet I desire to announce that my colleague [Mr. SMITH] is detained at home on account of illness. He has a general pair with the Senator from South Dakota [Mr. STERLING].

Mr. EDGE (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. HALE (when his name was called). Making the same announcement that I made on the previous vote with reference to my pair and its transfer, I vote "nay."

Mr. HARRIS (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

Mr. JONES of New Mexico (when his name was called). Making the same announcement in regard to my pair that I made a while ago, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. KING (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER]. I transfer that pair to the senior Senator from Missouri [Mr. REED] and vote "yea."

Mr. SUTHERLAND (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "nay."

Mr. SWANSON (when his name was called). Making the same announcement with reference to my pair and transfer that I made on the previous vote, I vote "yea."

Mr. TRAMMELL (when his name was called). Making the same announcement as before in regard to my pair, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. HARRISON (after having voted in the affirmative). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. In his absence, being unable to obtain a transfer, I withdraw my vote. If permitted to vote, I would vote "yea."

Mr. McCORMICK. Making the same announcement as before as to my pair and transfer, I vote "nay."

Mr. CURTIS. Mr. President, I wish to announce the following pairs:

The Senator from Massachusetts [Mr. LODGE] with the Senator from Alabama [Mr. UNDERWOOD];

The Senator from South Dakota [Mr. STERLING] with the Senator from South Carolina [Mr. SMITH];

The Senator from Vermont [Mr. DILLINGHAM] with the Senator from Virginia [Mr. GLASS];

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Connecticut [Mr. McLEAN] with the Senator from Montana [Mr. MYERS]; and

The Senator from Delaware [Mr. BALL] with the Senator from Florida [Mr. FLETCHER].

The result was announced—yeas 21, nays 32, as follows:

YEAS—21.

Ashurst	Hitchcock	Pomerene	Walsh, Mass.
Broussard	King	Ransdell	Walsh, Mont.
Caraway	La Follette	Sheppard	Williams
Gerry	McKellar	Simmons	
Harris	Overman	Stanley	
Heflin	Pittman	Swanson	

NAYS—32.

Brandegee	Frelinghuysen	McKinley	Penrose
Bursum	Gooding	McNary	Polndexter
Cameron	Hale	Moses	Smoot
Capper	Harrell	Nelson	Spencer
Curtis	Kellogg	Newberry	Sutherland
Edge	Keyes	Nicholson	Warren
Ernst	Lenroot	Norbeck	Watson, Ind.
France	McCormick	Oddie	Willis

NOT VOTING—43.

Ball	Fernald	McCumber	Shortridge
Borah	Fletcher	McLean	Smith
Glass	Myers	Stanfield	Stanfield
Colt	Harrison	New	Sterling
Crow	Johnson	Norris	Townsend
Culberson	Jones, N. Mex.	Owen	Trammell
Cummins	Jones, Wash.	Page	Underwood
Dial	Kendrick	Phipps	Wadsworth
Dillingham	Kenyon	Reed	Watson, Ga.
du Pont	Ladd	Robinson	Weller
Elkins	Lodge	Shields	

So the amendment of Mr. WALSH of Massachusetts to the amendment of the committee was rejected.

Mr. PENROSE. Mr. President, I desire to announce to the Senate that I intend to move that the Senate take a recess until 11 o'clock to-morrow morning. Prior to making that motion I desire to state to the Senate, and I hope the country will take note of it, that I propose to move to hold an evening session to-morrow; and on Wednesday I shall submit to the Senate, or there will be submitted to the Senate, a resolution which I hope by that time will be indorsed by a majority of the Senate in writing, and which has already been indorsed by all Senators available this afternoon, pledging themselves to remain in the Capitol and maintain a quorum night and day until the pending bill is disposed of. That will be submitted to the Senate on Wednesday.

Now, I am informed that it is desired and desirable to hold a short executive session, and therefore I move that the Senate proceed to the consideration of executive business.

Mr. WILLIAMS. Mr. President—

Mr. PENROSE. Then later I shall move, as in legislative session, that the Senate take a recess until 11 o'clock to-morrow.

Mr. WILLIAMS. Before the motion is put I should like to ask the Senator why he does not resort to the rule of the Senate under which a two-thirds majority may bring about a cloture of debate?

Mr. PENROSE. I seek my own method in bringing the result. I think a continuous session of the Senate night and

day will enable all to be heard, and those who desire to discuss the evils of Wall Street, the iniquities of the Federal Reserve Board, and many ancient and medieval topics can be heard anywhere during the morning hours from 4 or 5 until daylight. I desire to accommodate those Senators. I now move that the Senate proceed to the consideration of executive business.

Mr. WILLIAMS. Mr. President, before the Senator—

The VICE PRESIDENT. The question is not debatable except by unanimous consent. Is there objection to hearing the Senator from Mississippi?

Mr. PENROSE. I object.

The VICE PRESIDENT. There is objection. The question is on the motion of the Senator from Pennsylvania.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The question is, Shall the Senate—

Mr. WILLIAMS. Mr. President, you can not cut me off in that way. That may be the Massachusetts method, but—

Mr. PENROSE. Mr. President, I had the floor and I yielded for a question to the Senator from Mississippi and then made a motion. I ask that the question be put on my motion.

The VICE PRESIDENT. The question is, Shall the Senate proceed to the consideration of executive business?

Mr. WILLIAMS. Mr. President, I asked the Senator to withhold his motion for a moment while I made a few remarks, and now I ask him again to do so.

Mr. PENROSE. The Senator from Mississippi has not the floor, and I press my motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

Mr. WILLIAMS. Mr. President, what is the parliamentary situation? Am I recognized or not?

The VICE PRESIDENT. The motion for an executive session is not debatable.

Mr. WILLIAMS. I understand that.

The VICE PRESIDENT. The Chair asked if there was unanimous consent to hear the Senator from Mississippi, which was objected to, and the roll call is now proceeding.

Mr. WILLIAMS. If unanimous consent is asked for anything, of course, I shall decline—

The VICE PRESIDENT. The Secretary will proceed with the roll call.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hale	McKellar	Sheppard
Brandegee	Harrell	McKinley	Simmons
Broussard	Harris	McNary	Spencer
Bursum	Harrison	Moses	Stanley
Cameron	Heflin	Nelson	Sutherland
Capper	Hitchcock	Newberry	Swanson
Caraway	Jones, N. Mex.	Nicholson	Trammell
Curtis	Kellogg	Norbeck	Walsh, Mass.
Edge	Kenyon	Oddie	Warren
Ernst	Keyes	Overman	Watson, Ind.
France	King	Penrose	Willis
Frelinghuysen	La Follette	Pittman	
Gerry	Lenroot	Polndexter	
Gooding	McCormick	Ransdell	

The VICE PRESIDENT. Fifty-three Senators having answered to their names, a quorum is present.

Mr. HARRIS. I wish to announce that my colleague [Mr. WATSON] is temporarily detained from the Senate on account of illness.

EXECUTIVE SESSION.

The VICE PRESIDENT. The question is on the motion of the Senator from Pennsylvania that the Senate proceed to the consideration of executive business.

Mr. WILLIAMS. Mr. President, if I understand the rules of the Senate, that question is not debatable.

The VICE PRESIDENT. It is not debatable.

Mr. WILLIAMS. Very well.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 1 hour and 25 minutes spent in executive session the doors were reopened.

RECESS.

Mr. CURTIS. I move that the Senate take a recess until to-morrow morning at 11 o'clock.

The motion was agreed to; and (at 7 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, October 25, 1921, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 24 (legislative day of October 20), 1921.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

Franklin E. Morales to be envoy extraordinary and minister plenipotentiary to Honduras.

POSTMASTERS.

COLORADO.

John H. McDevitt, jr., Durango.
William D. Woodward, Grover.

CONNECTICUT.

John M. Donaldson, Fairfield.

INDIANA.

John P. Switzer, Bryant.
Carl McKinley, Borden.
Clarence H. Magenheimer, Haubstadt.
Jacob F. Ruxer, St. Meinrad.

IOWA.

Albert H. Dohrmann, Charlotte.
Omar H. Brooks, Cleghorn.
William Foerstner, High.

HOUSE OF REPRESENTATIVES.

MONDAY, October 24, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Father in Heaven, Thou hast not been far from us at any time; Thy promise is not broken, but enlarged. Truly Thou art our everlasting portion, and we bow and bless Thy sacred name in life and in death. O be present in our lives and carry forth our little knowledge into wisdom. Bless the flower and the fruit of our service which is for the common good. May we always get strength and vision from the life of Him who is altogether holy. If any clouds hang over our heads, may they break in blessings and open the gates of difficulty which may be before us. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Friday, October 21, 1921, was read and approved.

AGRICULTURAL ENTRIES ON ALASKAN COAL LANDS.

Mr. SUTHERLAND. Mr. Speaker, under instructions from the Public Lands Committee I desire to submit a privileged report on the bill H. R. 7948, a bill to provide for agricultural entries on coal lands in Alaska.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 7948) to provide for agricultural entries on coal lands in Alaska.

Mr. GARRETT of Tennessee. Mr. Speaker, is that a privileged report?

The SPEAKER. The gentleman from Oregon [Mr. SINNOTT] has called the attention of the Chair to the question as to whether or not it is privileged, and the Chair is uncertain. As the Chair understands, the gentleman from Oregon [Mr. SINNOTT] intends to argue the question before the House as to whether it is a privileged report or not.

Mr. SINNOTT. Mr. Speaker, I think there is no question about the privilege of the bill. If the Speaker desires to hear me now—

The SPEAKER. The Chair will be glad to hear the gentleman at some other time.

Mr. SINNOTT. Mr. Speaker, then I ask unanimous consent to extend my remarks in the Record on the jurisdiction of the Committee on Public Lands relating to the bill. The subject is an important one, and I have given some time to the collation of the authorities, which may help the Speaker.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

JURISDICTION OF THE COMMITTEE ON THE PUBLIC LANDS TO REPORT PRIVILEGED BILLS.

Mr. SINNOTT. Mr. Speaker, in presenting the question of the privileged character of H. R. 7948, under Rule XI, clause 56, we are first met with the question, assuming the bill to be privileged, can it now be reported from the floor as a privileged bill, since it was originally reported on August 3, 1921, through the basket? Fortunately this question has been decided by Speaker Reed, volume 4, Hinds' Precedents, section 3146:

3146. Bills from a committee having leave to report at any time must be reported from the floor of the House and not by filing them with the clerk.

Although a privileged matter may lose its privilege by an informal manner of making the report, the injury may be repaired by a new report.

Rule XI as it relates to the Committee on the Public Lands is as follows:

The following-named committees shall have leave to report at any time on the matters herein stated, viz, * * * the Committee on the Public Lands, bills for the forfeiture of land grants to railroad and other corporations, bills preventing speculation in the public lands, and bills for the reservation of the public lands for the benefit of actual and bona fide settlers.

CONSTRUCTION BY DIFFERENT SPEAKERS ON RULE XI, CLAUSE 56, AS IT RELATES TO THE COMMITTEE ON THE PUBLIC LANDS.

The leading decisions on the rule giving privilege to the Committee on the Public Lands are cited in volume 4, Hinds' Precedents, sections 4633 to 4639, inclusive.

DECISIONS BY SPEAKER CARLISLE.

The bill H. R. 7901, the subject of Speaker Carlisle's decision on March 17, 1888, Fiftieth Congress, first session, page 2195, cited and copiously quoted in section 4633 of Hinds' Precedents, may be found in the House library, volume 34, House bills, Fiftieth Congress, first session.

Speaker Carlisle held this bill privileged, although its title was as follows:

To secure to actual settlers the public lands adapted to agriculture, to protect the forest on the public domain, and for other purposes—

And the bill, which is too long to read now, in addition to provisions relating to actual and bona fide settlers, covered the following subjects:

Section 2 provides for classification and sale of mineral lands under existing law.

Section 3 provides for entry by a citizen or association of citizens on 160 acres of vacant iron or coal lands.

Sections 4, 5, 6, and 7 provide for sale of timber.

Section 8 provides for reserving timberlands as public reservations.

Section 10 provides for the disposition of lands chiefly valuable for stone, unfit for cultivation, and destitute of timber.

Section 11 provides for public or private sale of isolated tracts.

Section 27 makes it unlawful to cut or destroy timber on the lands of the United States, or to set fire to any tree on such lands, or to knowingly manufacture any lumber from such timber.

Section 28 dedicates 2 rods of each side of the section line on said lands for public highways.

When section 2 of the bill was read, which is as follows:

Sec. 2. That all public lands chiefly valuable for mineral deposits—namely, iron, coal, gold, silver, cinnabar, lead, copper, nickel, and tin—and every contiguous 160 acres or less quantity thereof, in legal subdivisions, the greater part of which is unfit for cultivation, shall be classified as mineral lands, and shall be disposed of under existing laws, except as herein provided. All iron lands shall be disposed of in like manner as is provided by law for entry of coal lands.

Mr. Adams contended that enough had been read to show that the bill was not privileged, on the ground that it had been decided that a matter can not be privileged which contains other matter not privileged in its character. Speaker Carlisle in overruling the point of order among other things said:

In other words, it is impossible to enlarge the area of the public lands subject to entry under the homestead law without in some way legislating in respect to lands that are not now subject to homestead entry.

This quotation is from Hinds' Precedents, Volume IV, section 4633, where excerpts from the decision are given.

Another decision by Speaker Carlisle may be found in CONGRESSIONAL RECORD, Fiftieth Congress, second session, volume 20, part 1, on page 47. This decision is copiously quoted in Volume IV, section 4637, Hinds' Precedents, from which I take the following quotation:

The Chair has invariably placed a very liberal construction upon that rule—

Referring to said Rule XI. On this same page 47 of the Record of the Fiftieth Congress, second session, Mr. Holman, who reported House bill 7901, in the first session, in his argument as to the privileged character of House bill 1368, the subject of Speaker Carlisle's decision, referred to House bill 7901, held by the Speaker privileged in the first session as follows, showing the character of the bill which Speaker Carlisle held privileged:

I refer especially, Mr. Speaker, to the decision made by the Chair on the question of order raised on the general land bill at the last session. The general purpose of that bill, the general scope of it, was to secure the public lands to actual settlers, but it necessarily involved a vast amount of other matters; protection of coal fields from monopoly, protection of water courses from monopoly, protection of forests from destruction, and a multitude of other incidental matter. That bill bristled with legislative provisions which are prominent and yet only incidental, and, in some cases, only remotely incidental, to the general purpose of protecting to the actual settlers the public lands, yet the point of order was overruled; whereas this bill contains but a single subject matter and the provisions directly necessary to secure the purpose sought to be attained, namely, that certain lands heretofore granted by Congress to a corporation shall be restored to the public domain and secured for the benefit of actual settlers.

Another decision of Speaker Carlisle is cited in the second footnote under section 4638 of volume 4, Hinds' Precedents, on page 963. In addition to the subjects mentioned in the footnote the bill related to the desert-land law where no settlement is required. The bill also required a map of the irrigation plan showing its sufficiency, and also related to abandoned military reservations, land warrants, and land scrip.

DECISION BY SPEAKER CRISP.

The bill, S. 3643, held privileged by Speaker Crisp, cited in volume 4, section 4635 of Hinds' Precedents, is printed in CONGRESSIONAL RECORD, volume 24, Fifty-second Congress, second session, January 26, 1893, on page 864. The following is a copy of the bill held privileged:

Be it enacted, etc., That all public lands now remaining undisposed within the abandoned military reservation in the State of Wyoming known as the Fort Bridger Military Reservation, are hereby made subject to disposal under the homestead law only: *Provided*, That actual occupants thereon upon the 1st day of July, 1892, shall have the preference right to make one entry not exceeding one quarter section under existing laws if qualified, which shall include their respective improvements: *Provided further*, That any of such lands as are occupied for town-site purposes and any of the lands that may be shown to be valuable for coal or minerals shall be disposed of as now provided for lands subject to entry and sale under the town-site coal or mineral land laws, respectively.

It will be noted that while in the first part of the bill the land is to be disposed of under the homestead law only, yet the last proviso provides that any of the land occupied for town-site purposes and any land valuable for coal or minerals shall be disposed of under the town-site, coal, or mineral land laws, respectively. This decision of Speaker Crisp may be found in the RECORD for the Fifty-second Congress, second session, page 2177, February 25, 1893.

DECISION BY SPEAKER REED.

An important decision of Speaker Reed is cited in section 4638, volume 4, Hinds' Precedents, wherein Speaker Reed is quoted:

The Chair thinks that this provision has always had a liberal construction, and will decide that it is a privileged matter.

The provision referred to, of course, is Rule XI, clause 56, as it relates to the Committee on the Public Lands. I shall read the bill, which is printed in the RECORD of the Fifty-fourth Congress, first session, page 1760, February 15, 1896, which Speaker Reed held privileged:

Be it enacted, etc., That suits by the United States to vacate and annul any patent to lands heretofore erroneously issued under a special grant shall only be brought within five years from the passage of this act, and suits to vacate and annul patents hereafter issued shall only be brought within 10 years after the date of the issuance of such patents. But no patent to any lands held by a bona fide purchaser shall be vacated or annulled, but the right and title of such purchaser is hereby confirmed.

SEC. 2. That if any person claiming to be a bona fide purchaser of any lands erroneously patented or certified shall present his claim to the Secretary of the Interior prior to the institution of a suit to cancel a patent or certification, and if it shall appear that he is a bona fide purchaser, the Secretary of the Interior shall request that suit be brought in such case against the patentee, or the corporation, company, person, or association of persons for whose benefit the certification was made, for the value of said land, which in no case shall be less than minimum Government price thereof nor more than the amount paid by the purchaser to the original grantee of the United States, and the title of such claimant shall stand confirmed. An adverse decision by the Secretary of the Interior on the bona fides of such claimant shall not be conclusive of his rights, and if such claimant or one claiming to be a bona fide purchaser, but who has not submitted his claim to the Secretary of the Interior, is made a party to such suit, and if found by the court to be a bona fide purchaser, the court shall decree a confirmation of the title and shall render a decree in behalf of the United States for the value of the land as hereinbefore provided. Any bona fide purchaser of lands patented or certified to a railroad company, and who is not made a party of such suit, and who has not submitted his claim to the Secretary of the Interior, may establish his right as such bona fide purchaser in any United States court having jurisdiction of the subject matter, or, at his option, as prescribed in sections 3 and 4 of chapter 376 of the acts of the second session of the Forty-ninth Congress.

SEC. 3. That if at any time prior to the institution of suit by the Attorney General to cancel any patent or certification of lands erroneously patented or certified, a claim or statement is presented to the Secretary of the Interior by or on behalf of any person or persons, corporation or corporations, claiming that such person or persons, corporation or corporations, is a bona fide purchaser or are bona fide purchasers of any patented or certified land by deed or contract, or otherwise, from or through the original patentee or corporation to which patent or certificate was issued, no suit or action shall be brought to cancel or annul the patent or certification for said land until such claim is investigated in said Department of the Interior; and if it shall appear that such person or corporation is a bona fide purchaser as aforesaid, or that such persons or corporations are such bona fide purchasers, then no such suit shall be instituted and the title of such claimant or claimants shall stand confirmed; but the Secretary of the Interior shall request that suit be brought in such case against the patentee, or the corporation, company, person, or association of persons for whose benefit the patent was issued or certification was made for the value of the land as hereinbefore specified.

It is obvious from these decisions of Speakers Carlisle, Crisp, and Reed that a liberal construction has always been given this Rule XI, clause 56, as it relates to the rights of the Committee on the Public Lands.

Examining H. R. 7948 in the light of these decisions, it is apparent that the bill is entitled to a privileged character. Section 1 of the bill grants actual settlers a surface homestead right on public lands containing coal, oil, or gas, which are not now subject to homestead settlement. Section 1 enlarges the area of the public domain subject to homestead settlement. Section 2 of the bill provides for the issuance of a patent with a reservation to the United States of all the coal, oil, or gas in the land patented. Section 2 further protects and safeguards the rights of the homestead settler by restricting the operations of the coal, oil, or gas permittee or lessee in the interest of the homestead settler; it also requires the permittee or lessee to give a bond for the payment of damages to the crops or improvements on the land. It will be remembered that the coal, oil, or gas deposits in the land covered by H. R. 7948 are now subject to disposition under the Alaska coal leasing act of October 20, 1914 (38 Stat., 741), and the oil leasing act of the Sixty-sixth Congress, Public 146, approved February 25, 1920, United States Statutes at Large, volume 41, page 437. Said acts provide for the removal of said minerals by permit or lease.

Therefore, Mr. Speaker, the main provisions of section 2 are to insure to the settler the fullest use of the homestead with the least possible molestation from the permittee or lessee; the means for accomplishing this object are by requiring a bond or undertaking against damages to crops and improvements, also by restricting the permittee or lessee to so much of the surface only as may be reasonably required for his mining operations. Without such safeguards and restrictions the privilege of the homestead settler would be bootless and nugatory. This proposition is well stated in that part of Speaker Carlisle's decision on H. R. 7901, Fiftieth Congress, first session, not quoted in Hinds' Precedents, section 4633, and which I shall read:

The Chair supposes that a bill reported from this committee might include matters having no relation to the public lands or to the privileged subjects mentioned in the rule, and thus might lose its privilege; but the Chair will state that in such a bill all provisions relating to the preservation of the public lands for actual settlers, and providing the means for accomplishing that object, are certainly privileged; otherwise the privilege would amount to nothing.

EXTENSION OF REMARKS.

Mr. DYER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

EXPUNGING OF REMARKS FROM THE RECORD.

Mr. MONDELL. Mr. Speaker, I move to expunge from the RECORD of Saturday, October 22, the remarks printed as an extension of remarks by Hon. THOMAS L. BLANTON, of Texas, beginning on page 7417. And as explanatory and in justification for the motion I make, I call the attention of gentlemen to a copy of a letter which is found on page 7420 of the RECORD, beginning at the bottom of the page.

The SPEAKER. The gentleman from Wyoming moves to expunge from the RECORD the remarks indicated. Those in favor—

Mr. BLANTON. Mr. Speaker, I would like to be heard on that. These are my remarks. Will the gentleman from Wyoming [Mr. MONDELL] yield me some time? I would like to be heard on it. My remarks will be proper.

Mr. MONDELL. How much time does the gentleman desire?

Mr. BLANTON. I would like 10 minutes. This is an important matter. It is a matter—

Mr. MONDELL. The gentleman ought to apologize to the House instead of asking 10 minutes.

Mr. COCKRAN. Perhaps he will.

Mr. MONDELL. I think anyone who reads the RECORD will agree that it was an unpardonable breach of the privileges of the House to have inserted in the RECORD such a letter.

Mr. Speaker, I move the previous question on the motion.

The SPEAKER. The gentleman from Wyoming moves the previous question.

Mr. BLANTON. Mr. Speaker, certainly some of these remarks are not objectionable.

The SPEAKER. The gentleman from Texas is out of order. Unless the gentleman from Wyoming will yield—

Mr. BLANTON. Will the gentleman grant me some time?

Mr. GREENE of Vermont. Mr. Speaker, I ask for the regular order.

Mr. MONDELL. Mr. Speaker, I move the previous question. The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division. The House divided; and there were—ayes 153, noes 1.

Mr. MALONEY. Mr. Speaker, I ask for information. Does that strike out the entire remarks?

The SPEAKER. The previous question is ordered.
Mr. BLANTON. The motion is to strike out the entire speech.

The SPEAKER. The gentleman from Wyoming will state his motion.

Mr. MONDELL. Mr. Speaker, I move to expunge from the Record the entire extension of remarks indicated.

The SPEAKER. Will the gentleman please indicate it?

Mr. MONDELL. Beginning on top of page 7417 of the Record of Saturday, October 22, and extending down to the bottom of page 7424.

The SPEAKER. The gentleman from Wyoming makes a motion, which the Clerk will report.

The Clerk read as follows:

Mr. MONDELL moves to expunge from the Record the extension of remarks beginning on page 7417 and concluding at the bottom of page 7424.

Mr. MONDELL. Down to the end of the extension of remarks on page 7425.

The Clerk read as follows:

Down to the end of the extension of remarks on page 7425.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Wyoming [Mr. MONDELL].

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The House divided; and there were—ayes 146, noes 1.

Mr. BLANTON. Mr. Speaker, I object to the vote because it shows there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point that there is no quorum present, and it is clear that no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees. Those in favor of the motion to expunge will, as their names are called, vote "yea" and those opposed will vote "nay," and the Clerk will call the roll.

The question was taken; and there were—yeas 314, nays 1, answered "present" 2, not voting 114, as follows:

YEAS—314.

Ackerman	Cooper, Wis.	Hawley	Lyon
Almon	Coughlin	Hayden	McClintic
Anderson	Crago	Hersey	McCormick
Andrew, Mass.	Crisp	Hickey	McDuffie
Andrews, Nebr.	Crowther	Hill	McFadden
Anthony	Cullen	Himes	McLaughlin, Mich.
Appleby	Curry	Hoch	McLaughlin, Nebr.
Arentz	Dallinger	Hogan	McLaughlin, Pa.
Aswell	Darrow	Houghton	McPherson
Atkeson	Davis, Tenn.	Huddleston	McSwain
Bankhead	Deal	Hudspeth	MacGregor
Barbour	Denison	Hukriede	Madden
Barkley	Dickinson	Hull	Maloney
Beck	Dominkick	Ireland	Mapes
Bell	Dowell	Jacoway	Martin
Benham	Drane	James	Merritt
Bird	Driver	Jeffers, Nebr.	Michaelson
Bixler	Dunbar	Jeffers, Ala.	Michener
Black	Dupré	Johnson, Ky.	Miller
Blakeney	Echols	Johnson, Miss.	Millsbaugh
Bland, Ind.	Edmonds	Johnson, S. Dak.	Mondell
Blond, Va.	Elliott	Johnson, Wash.	Montague
Bokes	Ellis	Jones, Tex.	Mentoya
Bowling	Evans	Kearns	Moore, Ill.
Box	Fairchild	Keller	Moore, Ohio
Bronnan	Fairfield	Kelley, Mich.	Morgan
Beiges	Farrot	Kelly, Pa.	Nelson, A. P.
Brinson	Fenn	Kendall	Nelson, J. M.
Brooks, Ill.	Fess	Kennedy	Newton, Minn.
Brown, Tenn.	Fish	Ketcham	Newton, Mo.
Brown, Wis.	Fisher	Kincheloe	Norton
Buchanan	Fitzgerald	Kinkaid	O'Connor
Bulwinkle	Fordney	Kirkpatrick	Oldfield
Burroughs	Frear	Kissel	Oliver
Burton	Free	Kline, N. Y.	Opp
Butler	Frothingham	Kline, Pa.	Osborne
Byrnes, S. C.	Fuller	Knutson	Overstreet
Byrns, Tenn.	Funk	Kopp	Paiget
Cable	Gallivan	Kraus	Parker, N. J.
Campbell, Kans.	Garrett, Tenn.	Kreider	Parker, N. Y.
Campbell, Pa.	Garrett, Tex.	Kunz	Parks, Ark.
Carew	Gensman	Lampert	Parrish
Chalmers	Gerner	Lanham	Patterson, Mo.
Chandler, Okla.	Gilbert	Lankford	Patterson, N. J.
Chindblom	Glynn	Larsen, Ga.	Perkins
Christopherson	Goodykoontz	Larson, Minn.	Peters
Clague	Gorman	Lawrence	Porter
Clark, Fla.	Graham, Ill.	Layton	Pou
Clarke, N. Y.	Graham, Pa.	Lazaro	Pringle
Clouse	Green, Iowa	Lea, Calif.	Purnell
Codd	Greene, Mass.	Leatherwood	Quin
Cole, Iowa	Greene, Vt.	Leibach	Radcliffe
Cole, Ohio	Hadley	Lineberger	Raker
Collier	Hammer	Linthicum	Rankin
Collins	Hardy, Colo.	Logan	Ransley
Colton	Hardy, Tex.	London	Rayburn
Connally, Tex.	Harrison	Longworth	Reavis
Connell	Haugen	Lowrey	Reber
Connolly, Pa.	Hawes	Luce	Reece
Cooper, Ohio		Luhring	Reed, N. Y.

Reed, W. Va.	Sinnott	Swing	Volstead
Ricketts	Sjesson	Tague	Walsh
Roach	Smith, Idaho	Taylor, N. J.	Walters
Robertson	Smith, Mich.	Taylor, Tenn.	Watson
Robison	Smithwick	Temple	Weaver
Rodenberg	Speaks	Thompson	Webster
Rogers	Sproul	Tillman	Wheeler
Rose	Stafford	Timberlake	White, Kans.
Rouse	Stegall	Tincher	Williamson
Ryan	Stedman	Tinkham	Wilson
Sabath	Steenerson	Towner	Winslow
Sanders, Ind.	Stephens	Treadway	Wood, Ind.
Sanders, N. Y.	Stevenson	Tyson	Woodruff
Sanders, Tex.	Stoll	Upshaw	Woodyard
Sandlin	Strong, Kans.	Vaile	Wright
Scott, Mich.	Summers, Wash.	Vare	Wyant
Scott, Tenn.	Summers, Tex.	Vestal	Zihlman
Shaw	Swank	Vinson	
Shelton	Sweet	Voigt	

NAYS—1.

Blanton

ANSWERED "PRESENT"—2.

Cockran Wingo

NOT VOTING—114.

Ansorge	Focht	McArthur	Schall
Bacharach	Foster	McKenzie	Sears
Beedy	Freeman	Magee	Shreve
Begg	French	Mann	Siegel
Bond	Fulmer	Mansfield	Sinclair
Bowers	Gahn	Mead	Slomp
Brand	Garner	Mills	Snell
Britten	Goldsborough	Moore, Va.	Snyder
Brooks, Pa.	Gould	Moore, Ind.	Stiness
Burdick	Griest	Morin	Strong, Pa.
Burke	Griffin	Mott	Sullivan
Burtness	Hays	Mudd	Taylor, Colo.
Cannon	Herrick	Murphy	Ten Eyck
Cantrill	Hicks	Nolan	Thomas
Carter	Humphreys	O'Brien	Tilson
Chandler, N. Y.	Husted	Ogden	Underhill
Classon	Hutchinson	Paige	Volk
Copley	Jones, Pa.	Park, Ga.	Ward, N. Y.
Cramton	Kahn	Perlman	Ward, N. C.
Dale	Kiess	Petersen	Wason
Davis, Minn.	Kindred	Rainey, Ala.	White, Me.
Dempsey	King	Rainey, Ill.	Williams
Doughton	Kitchin	Ramseyer	Wise
Drewry	Klecaska	Rhodes	Woods, Va.
Dunn	Knight	Riddick	Wurbach
Elston	Langley	Riordan	Yates
Faust	Lee, Ga.	Rosenbloom	Young
Fields	Lee, N. Y.	Rossdale	
Flood	Little	Rucker	

So the motion of Mr. MONDELL was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. BACHARACH with Mr. KITCHIN.

Mr. FOSTER with Mr. RIORDAN.

Mr. FAUST with Mr. GARNER.

Mr. GRIEST with Mr. FLOOD.

Mr. WILLIAMS with Mr. WOODS of Virginia.

Mr. HAYS with Mr. SULLIVAN.

Mr. MCARTHUR with Mr. HUMPHREYS.

Mr. SHREVE with Mr. DREWRY.

Mr. KAHN with Mr. GOLDSBOROUGH.

Mr. MAGEE with Mr. TEN EYCK.

Mr. CANNON with Mr. MOORE of Virginia.

Mr. DAVIS of Minnesota with Mr. RAINNEY of Illinois.

Mr. STINESS with Mr. KINDRED.

Mr. ROSENBLUM with Mr. FIELDS.

Mr. BROOKS of Pennsylvania with Mr. WISE.

Mr. PAIGE with Mr. CARTER.

Mr. NOLAN with Mr. GRIFFIN.

Mr. DUNN with Mr. O'BRIEN.

Mr. BEGG with Mr. RUCKER.

Mr. PERLMAN with Mr. WARD of North Carolina.

Mr. RHODES with Mr. DOUGHTON.

Mr. SNYDER with Mr. BRAND.

Mr. VOLK with Mr. PARK of Georgia.

Mr. BURDICK with Mr. SEARS.

Mr. SNELL with Mr. MEAD.

Mr. SIEGEL with Mr. LEE of Georgia.

Mr. MUDD with Mr. CANTRILL.

Mr. SINCLAIR with Mr. THOMAS.

Mr. BOWERS with Mr. MANSFIELD.

Mr. HUTCHINSON with Mr. TAYLOR of Colorado.

Mr. KIESS with Mr. FULMER.

Mr. KNIGHT with Mr. RAINNEY of Alabama.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

Mr. STAFFORD. Mr. Speaker, on the bill reported by the Delegate from Alaska, which he claims to be privileged, I wish to reserve points of order.

The SPEAKER. The Chair stated to the gentleman from Tennessee [Mr. GARRETT] that points of order were reserved.

REFUNDING FOREIGN OBLIGATIONS.

Mr. FORDNEY. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8762.

The SPEAKER. The gentleman from Michigan moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the refunding bill. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Iowa [Mr. TOWNER] will please take the chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8762, with Mr. TOWNER in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8762, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 8762) "to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes.

ANNOUNCEMENT.

Mr. GARRETT of Tennessee. Mr. Chairman, I want to ask unanimous consent that the gentleman from Mississippi [Mr. LOWREY] may address the House out of order for two minutes, to make an announcement that he wants to make to the House.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the gentleman from Mississippi may address the House out of order for two minutes. Is there objection?

There was no objection.

Mr. LOWREY. Mr. Chairman, I just wanted to announce what I think will be a most interesting and most helpful meeting to-night in the general caucus room at the House Office Building. There will be two addresses by two Americans who have been in Japan, one for 20 years and the other for 30 years—Dr. Walne and Dr. Axling. They are both very much interested in the cordial relations between this country and Japan, and they are both men of ability. The two speeches will last together, I suppose, about an hour, and we can depend upon it that they will be wise, that the speeches will be helpful and interesting. I invite every Member to hear those speeches if possible. [Applause.]

REFUNDING FOREIGN OBLIGATIONS.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR] desires to offer an amendment.

Mr. FREAR. Mr. Chairman, at the conclusion of the speeches on Friday I offered an amendment. I ask permission to withdraw that, and to substitute another amendment.

Mr. STAFFORD. No amendment has been offered yet.

Mr. FREAR. Then I offer an amendment, if I may.

Mr. COLLIER. Mr. Chairman, I offer an amendment. I intended to offer the amendment when the motion to rise was made on Friday.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR] was on the floor at the same time, as the Chair recalls. The Chair will recognize the gentleman from Wisconsin. The Clerk will report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. FREAR: Page 2, line 14, after the word "interest," insert "Provided, That the total amount of interest payable on any such obligation received hereunder shall not be less than an amount equal to interest on the principal thereof at the rate of 5 per cent per annum.

The CHAIRMAN. The gentleman from Wisconsin [Mr. FREAR] is recognized for five minutes.

Mr. FREAR. Mr. Chairman, I offered an amendment Friday night. It referred to a limitation on interest rates placed on the refunded foreign obligations and was allowed to lie on the table. I have asked leave to withdraw it.

This amendment which I now offer as a substitute is one presented by the chairman of the committee [Mr. FORDNEY] as preferable, and meets, as I understand, with no objection from the Treasury Department. It provides for a total 5 per cent rate of interest, which I think will quiet much of the apprehension which has been expressed on both sides of the aisle, and at the same time serve as a complete protection to the Treasury Department and an assurance that we will receive back the full amount of the interest that has been called for.

I do not care to discuss it further, except to say that it meets with the approval, as I understand, of the Treasury Department. It certainly is an improvement over the amendment I offered. I have no pride of authorship in the matter. It covers, as I understand, the interest provision placed in the original acts authorizing foreign loans and the delinquent

three years' interest agreed upon, all of which is included in the 5 per cent rate.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Certainly.

Mr. FESS. I understand the gentleman's amendment is that the total shall not fall below 5 per cent, which gives some latitude if the commission finds it advisable in the different terms, long and short, that one might be higher than 5 and one might be lower than 5, but at the same time the total will amount to but 5 per cent?

Mr. FREAR. That is my understanding, and it was explained to the House the other day that of course there had been three years' interest which have been delinquent and outstanding, and the purpose is to carry that along with the other interest; and that is the only manner in which it can be clearly expressed.

Mr. FESS. My concern was whether, in giving the legal authority, we might find it wise on economic matters to repudiate what we give legal authority for. You do not think that would do it?

Mr. FREAR. This was prepared by the Treasury Department, and it seems to me it is as reasonably protected as we can draw it.

Mr. COCKRAN rose.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. STEVENSON. I would like to ask the gentleman if he does not also contemplate fixing some limit on the length of time that the bonds shall run, so that they can not put it at 100 years?

Mr. FREAR. That is another proposition, standing by itself.

Mr. COCKRAN. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Certainly.

Mr. COCKRAN. The question I want to ask the gentleman is, What particular virtue attaches to 5 per cent? Is there any particular reason why 5 per cent is fixed as the rate?

Mr. FREAR. The Treasury Department has inserted that rate because that is the amount they are charging to-day. It covers the amount of delinquent interest and the rate fixed in the original loan authorizations. It reaches the amount of 5 per cent and has been agreed upon between the countries of Europe and our own.

Mr. COCKRAN. Is there any provision made for contingencies—suppose the interest rose to 7 or 8 or 9 per cent, is it the intention that these obligations shall forevermore and for all time bear 5 per cent interest?

Mr. FREAR. I can not say anything beyond what the amendment itself states. It is clear in its terms. But if we refund we can refund at any rate we agree upon.

Mr. MADDEN. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. MADDEN. I was wondering whether it provided for payment of interest in annual or semiannual periods.

Mr. FREAR. There is no provision in relation to that. Let me say that we are dealing with Governments, some able to pay and some unable to pay. It is thought best to let the department have some degree of discretion. Let me say that, as I understand, this meets with the consent of the Treasury Department. It is offered by the chairman of the committee, or, at least, he handed it to me; and it is, in the judgment of the department, preferable to the substitute which I offered. We can not put all restrictive conditions in this bill. We are dealing with 19 Governments and with varying questions of economics, so I think we ought to leave the department some discretion while we are placing restrictions on it.

Mr. TREADWAY. Will the gentleman yield?

Mr. FREAR. I will.

Mr. TREADWAY. The question I wanted to ask has been perhaps answered by the gentleman as to what was the attitude of the Treasury Department. Do I understand that the Treasury Department offered this amendment?

Mr. FREAR. The Treasury Department handed it, as I understand, to the chairman of the committee, who handed it to me, as something that they would accept if it met with the approval of the House.

Mr. LONGWORTH. Will the gentleman yield?

Mr. FREAR. I will.

Mr. LONGWORTH. I think in order to be absolutely accurate it ought to be stated that the Treasury Department does not favor this amendment. It prefers the bill as it was reported by the committee, but if the House desires to adopt any limitation it feels that this would be the most desirable.

Mr. FREAR. I think that statement of the gentleman from Ohio is correct. Let me add that the Treasury Department says it is not objectionable to the bill as introduced by the

Treasury Department. The bill as introduced gave the Secretary of the Treasury sole power. The committee put on five amendments and this will make the sixth amendment, and this saves the commission from pressure that will be brought to bear later urging a reduction in interest rates. All that is desired is to meet the conditions named in the original act of authorization and to include the delinquent interest, all of which I believe is a matter of general agreement between the Governments interested.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent to address the House for 10 minutes and to revise and extend my remarks.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to address the House for 10 minutes and to revise and extend his remarks. Is there objection?

There was no objection.

Mr. FORDNEY. Mr. Chairman and gentlemen, I took up with the Treasury Department the amendment offered by the gentleman from Wisconsin [Mr. FREAK] on Friday evening. The Treasury Department had serious objection to that amendment, but prepared an amendment, which has been offered by the gentleman from Wisconsin this morning, and said that the Treasury Department would much prefer no amendment at all, but if the House insisted upon an amendment the one offered by the gentleman from Wisconsin this morning would be the most preferable, because such amendments throw about the commission a great handicap.

Now, I want in the time I have to address the House to call attention of gentlemen to the contradictions in the existing law, one paragraph with another.

Section 2, page 6, provides—and I will not read it all, but that portion which bears upon the subject of interest:

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign Governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase at par from such foreign Governments then engaged in war with the enemies of the United States their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act.

The act further authorizes the Secretary—

to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign Governments and for the subsequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds of the United States bearing a higher rate of interest than 3½ per cent, then and in that event the obligations of such foreign Governments held by the United States shall be by such foreign Governments converted in a like manner and exchanged into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section 5 of this act.

Now, then, on page 12 this language is found:

The Secretary of the Treasury is hereby authorized to purchase at par from such foreign Governments, respectively, their several obligations hereafter issued, bearing such rate or rates of interest, maturing at such date or dates, not later than the bonds of the United States then last issued under the authority of this act, or of such acts approved April 24, 1917, and containing such terms and conditions as the Secretary of the Treasury may from time to time determine, or to make advances to or for the account of any such foreign Governments, and to receive such obligations at par for the amount of any such advances; but the rate or rates of interest borne by any such obligations shall not be less than the highest rate borne by any bonds of the United States which, at the time of the acquisition thereof, shall have been issued under authority of said act approved April 24, 1917, or of this act, and any such obligation shall contain such provisions as the Secretary of the Treasury may from time to time determine for the conversion of a proportionate part of such obligations into obligations bearing a higher rate of interest if bonds of the United States issued under authority of this act shall be converted into other bonds of the United States bearing a higher rate of interest, but the rate of interest in such foreign obligations issued upon such conversion shall not be less than the highest rate of interest borne by such bonds of the United States.

There is a law stating that in converting those short-time obligations into long-time obligations the rates of interest in the long-time obligations shall not be less than the highest rates that our bonds carry.

Reading, now, further from this compilation of Liberty loan legislation, on page 14, subdivision (b), we find the following:

The Secretary of the Treasury is hereby authorized from time to time to convert any short-time obligations of foreign Governments which may be received under the authority of this section into long-time obligations of such foreign Governments, respectively, maturing not later than October 15, 1938, and in such form and terms as the Secretary of the Treasury may prescribe; but the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations.

The short-time obligations bear a rate of interest at 5 and 6 per cent, most of them, but there are some obligations issued by the foreign Governments that carry a rate of interest at 3½ per cent. However, while we were making loans to these foreign Governments they paid the interest semiannually to

our Government on all obligations issued up to that time, and on the obligations which they have given to our Government which are demand notes that bear 3½ per cent interest they paid 5 per cent, because it was agreed between our Government and the foreign Governments that the rate of interest should be 5 and not 3½ per cent.

Mr. J. M. NELSON. Mr. Chairman, what is the gentleman reading from?

Mr. FORDNEY. I am reading from the law which authorized those loans, under which they were made. In section 3, page 15, of this pamphlet, there is another paragraph that relates to interest, being the acts of April 24, 1917, and later, and in it we find this provision:

But the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted into such long-time obligations.

That is the existing law.

Mr. WALSH. From what law is the gentleman reading?

Mr. LONGWORTH. Section 3 of the second Liberty loan act.

Mr. WALSH. But the gentleman has read from two or three different bond acts.

Mr. FORDNEY. Yes; and those loans were made under two or three different acts. I am reading from the act approved September 24, 1917, referring now to the last paragraph which I read. The other paragraphs were in the act of April 24, 1917.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. FESS. I notice the law to which the chairman refers has this proviso, that the authority granted by the section to the Secretary of the Treasury to establish credits for foreign Governments as aforesaid shall cease upon the termination of the war. My question is whether the law the gentleman is reading will be operative when the exchange of treaties has been made.

Mr. FORDNEY. Yes; the authorization of the loans will cease at the time, and no loans could be made after that time; but we are still officially at war with Germany.

Mr. FESS. But we will not be very much longer.

Mr. LONGWORTH. The distinction, I will say to my colleague, as I understand it, is this, that the authority to make further loans ceases after the date of the termination of the war, but the powers to be exercised under the acts are indefinite.

Mr. FORDNEY. The cessation applies only to the time when the loans can be continued to be made. So far as the amendment offered by the gentleman from Wisconsin [Mr. FREAK] is concerned, on Saturday last I conferred with the Treasury Department, and they concluded that the amendment that was then suggested by the gentleman from Wisconsin would be very objectionable indeed and greatly handicap the commission. They prepared the amendment which the gentleman has this morning offered, and stated that if they were to have any amendment they would prefer this. Personally I would prefer no amendment at all.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FORDNEY. The reason why I would prefer no amendment at all is this: The 3-year extension of time for the payment of this interest expires on the 1st of May next year. The interest due for the first year in round numbers was \$500,000,000. For easy figuring let us say that each year the past due interest is \$500,000,000. Therefore on the 1st of May next year there will be \$1,500,000,000 of interest due. That has been due for three years, and if we are to receive 5 per cent on those deferred payments of interest the interest on the \$500,000,000 for three years would amount to \$75,000,000.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Just a moment. Let me conclude this statement. Then for two years the interest would be \$50,000,000 and for one year \$25,000,000, or a total of \$150,000,000 on accrued interest past due. Some leeway must be given to our representatives to obtain from the foreign Governments the interest due us on those past-due obligations, and I do not believe we should tie the hands of the commission in settling these accounts and getting a right amount from those foreign Governments that belong to our people; and how in the world we can at this time dictate and determine by law just what course shall be pursued by the commission, I am unable to say. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I did not very clearly catch the reading of the amendment offered by the gentleman from Wisconsin. Is that amendment broad enough to provide that there shall be 5 per cent interest charged on deferred interest?

Mr. FORDNEY. It provides that we shall receive not less than an average of 5 per cent. That is the substance of the amendment.

Mr. GARRETT of Tennessee. That is on the principal?

Mr. FORDNEY. It does not say principal, but it means the obligation, because when the interest becomes due it becomes a part of the principal, in my opinion. It will have to cover the entire amount then due when the settlement is made, principal and interest. That is what I should say, although in that I might be in error.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. GARRETT of Tennessee. I think in the ordinary transactions between individuals—I know it is the law in my State, and I think it is the law generally in all the States—unless compound interest is specifically provided for it can not be collected in an action at law.

Mr. FORDNEY. I think you are in error. In the State which I have the honor to represent, any obligation that bears interest annually compounds for one year at least, but not longer unless specifically provided for. Under the laws of the State a provision in a contract providing for compounding interest is unconstitutional, but if you hold a mortgage on a piece of property and the interest is payable annually, and there is a default of interest, that interest for the first year bears interest, but not after one year's time. Whether that might be the same law in the various States I do not know, but that is the law in the State of Michigan.

Mr. GARRETT of Tennessee. Will the gentleman yield further?

Mr. FORDNEY. I will yield.

Mr. GARRETT of Tennessee. I have gained the impression, whether from the hearings or from other sources I can not for the moment recall; I do not know whether there is anything in the hearings about it, but certainly I have obtained the opinion that the representatives of the foreign Governments, in so far as this matter has been discussed, have very earnestly insisted that it would be pretty difficult for them to explain to their Governments under the practices of those Governments how they could agree to compound interest.

Mr. FORDNEY. If the gentleman will permit me right there, I am afraid my time has about expired—

Mr. GARRETT of Tennessee. We will try to get the gentleman more time; this is a very important matter.

Mr. FORDNEY. Mr. Davis, the Assistant Secretary of the Treasury, explained—

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GARRETT of Tennessee. Mr. Chairman, I ask unanimous consent—how much time does the gentleman want?

Mr. FORDNEY. Five minutes.

SEVERAL MEMBERS. Take 10 minutes.

Mr. GARRETT of Tennessee. I ask unanimous consent that the gentleman may have 10 minutes additional.

Mr. FORDNEY. I will try to conclude in five.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the gentleman's time be extended 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. LONGWORTH. If the gentleman will yield I think—

Mr. FORDNEY. I was saying to the gentleman that Mr. Davis, then Assistant Secretary of the Treasury, made this statement to our committee, that in the deferring of these payments of interest the foreign Governments were willing to do this—that is to say, they did not want to go back to their Governments and ask authority to issue more interest-bearing obligations, but they were willing to do this, that if we would defer the payment of interest for three years at the end of three years the foreign Governments would be willing to add one-half of 1 per cent to 5 per cent, making it 5½ per cent for the first two years' interest upon all these obligations, and for the next two years 6 per cent, and for eight years, making a total of 12 years, they would pay interest at the rate of 6½ per cent, and one-half per cent at this would reimburse us for the \$1,425,000,000 of interest deferred. It is 5 per cent on \$9,500,000,000 for three years. That would give to our Government exactly the same amount of money, \$1,425,000,000, that the interest upon interest would amount to in that length of time.

Mr. STAFFORD. Will the gentleman yield?

Mr. FORDNEY. That arrangement was not entered into by the foreign Governments, although the foreign Governments

were ready and willing at that time to agree to that sort of a plan and perhaps this commission can induce the foreign Governments to agree to something of that kind to reimburse us.

Mr. LONGWORTH. Would not then the specific answer to the question of the gentleman from Tennessee be this, that neither the existing law nor the amendment of the gentleman from Wisconsin, which practically reenacts, would permit the collection of compound interest, but only interest enough which at the end of the time would have been the full amount if paid from the beginning?

Mr. FORDNEY. Absolutely. The average interest would be not less than 5 per cent. Now, it is not the purpose of our Government to punish these people over there. It is the purpose of our people to obtain by these settlements the very best interest of the people of the United States and get what justly and equitably belongs to us. But this must be remembered, too, that in borrowing money from our people which we received from the sale of our Government bonds during the war and making these loans to foreign Governments much time elapsed between the time we received the money on our bonds and the time we made the loans, and we lost interest during the time while that money rested in the hands of the Treasury Department; and the expense in taking care of this in one way or the other means considerable and we are entitled to be reimbursed for all those expenditures.

Mr. DUNBAR. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. DUNBAR. The gentleman has been talking a good deal about interest. Have any negotiations been entered into between the United States Government and the Allies regarding the settlement so far as the principal is concerned?

Mr. FORDNEY. Our Government holds short-time notes—demand notes, rather—for all loans made during the war.

Mr. DUNBAR. Do the foreign Governments have any proposition to make as to what they will give for these short-time notes?

Mr. FORDNEY. They have agreed and have paid, so far as they have paid any interest, 5 per cent on all these obligations.

Mr. DUNBAR. This bill is for the purpose of refunding the debt. Have there been any negotiations that would indicate—

Mr. FORDNEY. To refund the debt, providing for long-time obligations and the rate of interest to be paid in the future, whereas the demand obligations we now hold bear various rates of interest, ranging from 3½ to 6 per cent.

Mr. DUNBAR. My question does not concern itself so much about the interest as it does with the assumption of obligations in some tangible form by our allies.

Mr. FORDNEY. In taking the long-time obligations there must be a provision relating to the interest, and as short-time obligations, as I have said, bear various rates of interest, we want to settle upon a final rate, and provided for in the long-time obligation.

Mr. DUNBAR. Has there been any negotiations between the United States and her allies regarding the settlement to be made as to the principal of the debt?

Mr. FORDNEY. The principal is provided for by law. There is no question about that. There is no question about the amount they owe us. They are ready and willing to give us their long-time obligations if we will only send representatives there authorized to take those long-time obligations.

Mr. DUNBAR. What are these long-time obligations they propose to give us?

Mr. FORDNEY. I do not know, but the law provides the year 1938.

Mr. DUNBAR. Does not the gentleman believe that a knowledge of what these long-term obligations are would have considerable influence in our voting for this bill?

Mr. FORDNEY. Very likely. But I am not ready to tie the hands of the commission right now and say something that I do not know anything about. I do not know whether it would be advisable to take a short-time obligation from some of those bankrupt nations over there and know that they would not be paid when due or take long-time obligations. If I were to settle those claims, if I were sent there to represent the people, I would not want you to tie my hands in meeting such conditions as confronted me.

I have confidence in the President of the United States and the Secretary of the Treasury, and I have confidence especially when there is a commission of four men added to the Secretary of the Treasury, making a total of five. When we made the loans without any restrictions whatever upon the Secretary of the Treasury we had confidence in our Secretary of the Treasury, by and with the advice and consent of the President, to make the loans. Have you no more faith in the Republican representatives in the same position that the Democrats were in?

Mr. SANDERS of Indiana. As I understand the gentleman from Michigan, notwithstanding he thinks the proposed amendment is better than the one that was suggested at our last meeting, he thinks this amendment ought to be voted down?

Mr. FORDNEY. I do.

Mr. KNUTSON. Has any understanding ever been had between this Government and foreign countries as to the rate of interest to be paid on the indebtedness?

Mr. FORDNEY. Yes; and they have paid 5 per cent interest, as far as they have paid any interest. They have already paid as far as they had money to pay with, and they paid 5 per cent, although the obligation only called for 3½ per cent.

Mr. TINKHAM. Was there any evidence given by the Secretary of the Treasury that there had been any negotiations, either by word of mouth or in writing, concerning the funding of the debt and the payment of interest?

Mr. FORDNEY. The Secretary of the Treasury takes the position that they have no authority to convert those short-time obligations into long-time obligations.

Mr. TINKHAM. Mr. Chairman, that is not an answer.

Mr. FORDNEY. Perhaps I did not understand the gentleman.

Mr. TINKHAM. My question was, Did the Secretary of the Treasury indicate in any way to the committee that in any way, either by word of mouth or in writing, any negotiations had been entered into with any foreign Governments concerning refunding of that interest?

Mr. FORDNEY. He determined that they have no authority to do anything of that kind, and they are asking for it by the adoption of this bill.

Mr. GRAHAM of Illinois. Would it be possible, if this Frear amendment is adopted, for us to be attempting to procure from the foreign Governments, or any of them, more interest than we are paying on the Liberty loans for the money we are using?

Mr. FORDNEY. We are now. The interest they have paid is greater than what we paid to our people.

Mr. GRAHAM of Illinois. That hardly was the spirit of the original notes, was it? It was intended originally they should pay as much as it cost us, and no more.

Mr. FORDNEY. They agreed to pay 5 per cent, and have been paying it, and are willing to pay it. Mr. Chairman, I now insert at this point a letter handed me by my good friend Congressman MADDEN, written by John G. Shedd, president of Marshall Field & Co.

JOHN G. SHEDD, PRESIDENT OF MARSHALL FIELD & CO., REPLIES TO CONGRESSMAN FORDNEY'S ATTACK ON THE FIRM'S ATTITUDE TOWARD THE FORDNEY TARIFF BILL.

Our attention has been directed to published statements said to have been made in Congress last Tuesday by Representative FORDNEY, of Michigan, to the effect that Marshall Field & Co. is opposed to the American valuation plan in the Fordney tariff bill because of its large purchases in Germany and Japan.

In 1909 newspapers quoted Mr. FORDNEY as stating definitely that we owned hosiery factories in Japan. We wrote Mr. FORDNEY denying this. At the same time there was read into the CONGRESSIONAL RECORD of April 10, 1909, page 1080, an affidavit made by us in which we stated that we had no financial interest in foreign factories.

Again, in 1913, Mr. FORDNEY stated at a hearing before the Ways and Means Committee that we had not answered his inquiry as to whether we were interested in factories in Japan. We wired denial to Congressman RAINEY, of the Ways and Means Committee, on January 22, 1913.

Mr. FORDNEY evidently has a poor, or convenient, memory, as on October 18, 1921, he again declared that Marshall Field & Co. buys the entire production of factories in these countries in order to get the benefit of cheap foreign labor; that it spends millions of dollars in Chemnitz, Germany, and in Japan for goods that it sells to American citizens; that it buys the entire product of not one but many mills in Germany making hosiery and knit goods; that it buys the entire product of knit underwear and hosiery of four factories in Japan.

With due respect to the position of Congressman FORDNEY, chairman of the Ways and Means Committee of the House of Representatives, we can not permit such repeated misrepresentations to go unchallenged.

Marshall Field & Co. has not bought the entire product of German hosiery or knit goods mills and has never bought or made hosiery or knit underwear in Japan.

In the year 1920 we did the largest volume of business in our history. In that year we paid for goods made in Germany less than one-half of 1 per cent of our volume of business and for goods made in Japan less than 1 per cent. In fact, all the money paid for goods made in all foreign countries, including commodities on which there is no duty assessed, constituted considerably less than 10 per cent of our entire business.

We have buying offices in the principal markets of the world and are constantly seeking the novel productions of foreign labor which has not been produced in this country.

Mr. FORDNEY asks, "Why not employ people at home and pay their money here?"

We are manufacturers in America on a large scale, owning and operating domestic manufacturing enterprises in seven States, having in the neighborhood of 17,000 American citizens on our manufacturing and distributing pay roll. The products of our mills include silks, carpets, rugs, sheetings, sheets, pillow cases, comforters, gingham, cuttings, bedspreads, wool and cotton blankets, knit underwear, laces, lace curtains, handkerchiefs, towels, crochet and embroidery cottons, threads, yarns, cotton damask, burlap bags, cotton batts, men's and boy's clothing, perfumes and toilet goods, and many other articles that go into consumption in our country. We are probably the largest buyer

and distributor of textile production of American labor. We import cotton yarns, China cotton, and burlap and manufacture them in this country into laces, curtains, blankets, burlap bags, etc., giving employment to hundreds of American workers in this country. Our entire capital is invested in America.

Our experience in buying and distributing merchandise for more than 50 years convinces us that the practical and successful method of assessing duties in vogue for over 100 years should not be discarded for a theoretical, untried, and impractical plan that will inevitably increase the cost of living to the already overburdened consumer, and, in our judgment, bring disastrous results to the United States. We have therefore felt it our duty and right to express our opinion to Congress, to the press, and to the merchants of the country that they might realize its danger.

Mr. Chairman, if this company imports such small quantities of foreign-made goods, why are they so vigorously opposing the American valuation provision of our new tariff law? I do not wish to do an injustice to anyone. I am happy to insert Mr. Shedd's letter, and if I am incorrect will most humbly apologize, but have been somewhat misquoted.

Mr. MONDELL. Mr. Chairman, let us get clear in our minds this matter of the payment of interest. There have been no interest payments on the foreign debt up to this time of any considerable amount by any nation out of their own funds. Some of our foreign debtors have left in the Treasury a portion of the allotments and loans made to them, with a view of meeting accrued interest on foreign loans. Whatever payment of interest there has been has been out of funds we furnished. Remember that. Now, Mr. Chairman, I rather regret I can not agree with any of these suggestions for fixing or attempting to fix an interest rate. I admit the gentleman from Wisconsin presented some rather forceful arguments in favor of an attempt to do that. Perhaps the best argument in favor of an attempt at fixing interest rates by Congress is that by fixing the minimum rate we shall relieve the commissioners to a certain extent from importuning and embarrassment. But the gentleman from Wisconsin himself will now admit that the amendment he first suggested, if not absolutely unworkable, would be so difficult of administration as to render it clearly unwise to adopt it.

The interest rates fixed or suggested by the statutes under which the various loans were made vary considerably, and under the gentleman's amendment we might charge England 3½ per cent and Czechoslovakia 5 per cent, though I am quite certain the gentleman from Wisconsin would not want to do that.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. FREAR. The gentleman refers to the first amendment now?

Mr. MONDELL. Yes; the first amendment the gentleman offered. The chairman of the committee [Mr. FORDNEY] has discussed the matter of interest with the Secretary of the Treasury, and the Secretary, who prefers that there shall be no interest rate fixed, suggested that if there must be one he preferred an amendment such as has just been offered by the gentleman from Wisconsin [Mr. FREAR] rather than the amendment offered by the gentleman from Wisconsin in the first instance. But the Secretary can not, it occurs to me, be favorable to such an amendment.

I can not believe that he gave the effect of such an amendment careful consideration; and while suggestions from the Treasury Department and the Secretary of the Treasury are persuasive with me, they are not conclusive by any manner of means.

What is the situation? Europe, now in serious financial straits, owes us vast sums. So far as Great Britain is concerned, I think there can be no doubt of her ability to meet her obligations, or of the fact that she will do so. With regard to France, our next largest debtor, her financial situation is not so favorable. France will, I fear, have a very hard time of it in meeting her obligations. As to some of the countries heavily indebted to us, it seems quite clear they can not pay us much of anything now. I do not pretend to know just when they may be able to pay.

I am one of those who have believed and said that we should approach this entire matter without any other thought than that we should eventually receive the total of the principal of the sums the countries of Europe owe us.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that I may proceed for 10 minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. MONDELL. These debts should be paid, and, so far as the sums due us from the major powers of Europe are concerned, I have no doubt they will be paid. And yet, taking that view of it, we must admit that if we did enter the war, as

It has been said we did, to save civilization, we were a little tardy in getting in, and the money that was loaned was for the saving and perhaps did save civilization.

However, notwithstanding the fact that these loans were a contribution to the saving of civilization, we made enormous contributions on our own account in men and money, and I think these obligations should be met, and I think the nations of Europe are prepared to meet them.

When we come to the question of interest, I am of the opinion that the provisions of this bill are quite sufficient as a guide to the commission. The interest rate shall be such—page 2, lines 15 and 16—"as shall be deemed for the best interest of the United States of America."

Who is going to make this settlement? In the last analysis, as Uncle JOE CANNON would say, the President of the United States; for whatever is done by this commission under section 2 is done with the approval of the President. When it is all done by these five men appointed by the President and confirmed by the Senate, representing, I hope, the minority as well as the majority, the President will finally pass upon all the questions involved.

Just how can we now wisely determine the question as to what the interest rates should be? Under the amendment that has been offered, perhaps the Secretary of the Treasury had in mind a reduction of the interest rate in certain cases, possibly at the beginning of the period of the loan, with an increase of rate as time passes. That could be done under the amendment. The loan could begin at 3½ and close at 7. It may be that in the case of some of these obligations the interest rate ought to be as low as 3½ per cent. I do not know. But I do not believe we should put ourselves in the position of holding the obligations of friendly foreign nations with an interest rate that may run as high as 6 or 7 or 8 per cent in the latter years of the loan.

Well, gentlemen say you can come back to Congress and have that all adjusted. That is the trouble now. If former Secretaries of the Treasury had performed their full duty under the law, it would not be necessary for the Congress to be considering this question now at all.

The entire matter would have been settled long since. It is only because former Secretaries under the last administration failed to perform their whole duty under the law that this question is now before us, for the law provided specifically what should be done and how it should be done, and under the law a large portion of these obligations would have had an interest rate of 3½ per cent.

If the world ever gets back to normal, or to what has been considered normal in the past, the obligations of solvent powers will sell at par bearing a rate as low as 3 per cent or 3½ per cent. That was the situation prior to the war, and there is no reason why it may not be the situation 3 or 4 or 5 or 10 or 15 years from now. I doubt the wisdom of a provision that under no circumstances shall the interest charged in the aggregate be less than 5 per cent. I believe we can well leave this whole matter to the discretion of the President and the commissioners, so far as interest rates are concerned, in the expectation and belief that they will make such arrangements touching the interest on these foreign debts, foreign obligations due us, as shall be deemed by them to be for the best interests of the United States of America. I doubt if they will decide that our interests or fairness and justice demand so high a rate as 5 per cent in all cases.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. It may be necessary to be very lenient with some of these debtors, some of the smaller countries of Europe, in the matter of interest charges. I think it is very unwise to lay down a hard-and-fast rule touching this matter.

Now I yield to the gentleman.

Mr. CHINDBLOM. Does not the gentleman believe that if we adopt this amendment, which provides that the total interest received shall not be less than an amount equal to the interest at the rate of 5 per cent that fact shall preclude the charging of interest at a higher rate than 5 per cent on the principal?

Mr. MONDELL. Well, from my reading of the amendment I was under the impression that it would authorize an interest charge beginning at a lower rate than 5 per cent and rising to a rate above 5 per cent, provided the total interest for the period during which the obligation ran would amount to 5 per cent.

Mr. CHINDBLOM. If we limit the interest rate to 5 per cent, of course it will never exceed 5 per cent, will it?

Mr. MONDELL. I think it might be more than 5 per cent under this provision.

Mr. CHINDBLOM. In practical effect?

Mr. MONDELL. It says that it shall not be less than 5 per cent in the aggregate. I think it might begin at a lower rate and run to a much higher rate.

Some gentleman may deem it wise for us to demand the last ounce of the pound of flesh, but I doubt it. I think we should insist on the payment of the principal. I think it is fair and just and reasonable that we should do so; but if we are to have these obligations funded in such a way that it will be possible for some of the lesser powers to meet their obligations, there must be a good deal of leeway left the commission and particularly in the matter of interest charges. The gentlemen operating under this act must have a very considerable amount of discretion. There is little doubt with regard to the interest rates on the major portion of the obligations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. May I have one minute more, Mr. Chairman?

The CHAIRMAN. The gentleman asks an extension of one minute. Is there objection?

There was no objection.

Mr. MONDELL. The very fact that the Secretary of the Treasury suggested the amendment before us as a possible substitute for the amendment heretofore proposed indicates that he has it in his mind to charge at least an interest rate that will meet all the expenditures and obligations of the American people under these loans. I think the very fact of his making the suggestion warrants us in the belief that there will be no disposition to reduce the interest rate below a figure that will return to the United States her outlay on these loans; and if we are compensated in the amount these loans have and shall cost the American people, I think that is quite enough. We certainly do not desire to make a profit on the transaction. [Applause.]

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Mississippi offers a substitute for the amendment, which the Clerk will report.

The Clerk read as follows:

Substitute offered by Mr. COLLIER for the amendment offered by Mr. FREAR: Page 1, line 10, after the word "authorized," insert:

"To enter into agreements with representatives of foreign nations."

On page 2, at the end of section 2, insert:

"Provided, That no agreement or agreements so entered into with respect to any matter herein authorized shall be deemed to have been completed nor to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. LONGWORTH. Mr. Chairman, I reserve a point of order that that is not properly a substitute for the amendment of the gentleman from Wisconsin.

The CHAIRMAN. The gentleman from Ohio reserves the point of order.

Mr. COLLIER. I do not care to discuss the point of order.

Mr. LONGWORTH. Then I will make the point of order.

Mr. COLLIER. I should like to discuss the amendment.

Mr. COCKRAN. I hope the gentleman from Ohio will give the gentleman from Mississippi an opportunity to be heard on the merits of his amendment.

Mr. LONGWORTH. I said I would reserve the point of order, and of course I shall be glad to do so if the gentleman desires it.

The CHAIRMAN. The Chair will recognize the gentleman from Mississippi on the reservation, if he desires to be recognized.

Mr. LONGWORTH. Certainly.

Mr. COLLIER. I understood the gentleman from Ohio had made the point of order.

Mr. LONGWORTH. I understood the gentleman to say that he did not care to debate it. Of course, I shall be very glad to reserve the point of order.

Mr. COLLIER. The gentleman misunderstood me. I do not care to debate the question whether this is in order, but I do want to debate the merits of the proposal.

The CHAIRMAN. The gentleman is recognized to discuss the amendment.

Mr. COLLIER. Mr. Chairman and gentlemen, this amendment seeks to restore in a way the limitations which existing law throws around the refunding of these obligations. The present bill destroys all the limitations, all the safeguards, that the Liberty loan act of 1917 throws around the refunding of these obligations.

The reason I offer this as a substitute is that if this amendment be adopted then there will be no use for the amendment offered by the gentleman from Wisconsin [Mr. FREAR], because if the amendment which I have offered be adopted then we may give this authority either to the Secretary of the Treasury or to a committee. We may give them blanket authority to enter into negotiations with these foreign Governments, or to make such arrangement as they deem best in reference to interest,

in reference to the length of time when these payments are to be made, because the arrangements that they make are not final, but will have to be sent back to Congress for review and revision.

The position taken by the minority from the start is that there is no need for this bill, that the bill now before the House seeks to take the place of an existing law which has thrown every safeguard possible around the refunding of these obligations. This existing law has determined and limited the amount of interest to be paid upon these bonds, for the Liberty loan acts have determined and fixed the duration of those bonds by having them expire at the same time when the Liberty loan bonds issued in the United States expire. All that this amendment seeks to do is to have the Congress finally pass upon the agreements made by our representatives with the agents of the foreign Governments.

Mr. J. M. NELSON. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Wisconsin.

Mr. J. M. NELSON. I wish the gentleman would tell us what proportion of these obligations are payable on demand. I can not reconcile statements made on the floor of the House. Some gentlemen say they are all payable on demand and others say not.

Mr. COLLIER. What is payable on demand?

Mr. J. M. NELSON. These obligations.

Mr. COLLIER. If the gentleman will read the Liberty loan acts he will find that in those acts the Secretary of the Treasury was instructed to purchase at par the obligations of the foreign Governments and to accept from them obligations in all their essentials bearing a resemblance to the bonds that were issued in the United States in order to get the money for them.

Mr. J. M. NELSON. Do I understand that the periods are all now fixed on these loans and that there are no demand obligations?

Mr. COLLIER. The periods of time for which the obligations are to run, I think, are fixed by existing law. That is the position I take.

Mr. GREEN of Iowa. Mr. Chairman, I would recommend gentlemen on the other side the following amendment, which would have practically the same effect as the one offered by the gentleman from Mississippi [Mr. COLLIER], and apparently answer all their purposes. I would recommend an amendment striking out all after the enacting clause creating a commission composed of five errand boys who would be authorized to go to Europe, receive whatever proposals were made by European Governments, and hand them back to the Congress. That is the practical effect of the amendment of the gentleman from Mississippi. It will reduce the commission to a nonentity without any power.

Mr. LAYTON. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. LAYTON. Does the gentleman think that in a matter of this magnitude, involving \$11,000,000,000, which even the little children of this country are interested in, does he think that this body should abdicate its functions and place them in the hands of five men? I do not.

Mr. GREEN of Iowa. The gentleman from Iowa thinks nothing of the kind. It is the first time in the history of any nation of any importance that settlements of matters in dispute, settlement of debts difficult of collection, settlement of matters belonging to the Treasury, have been undertaken by a legislative body. So we are not abdicating our functions in the least when we undertake anything of that kind. Let me proceed a little further. Some gentlemen think that you are going to get more money in the manner undertaken here, but I will tell you now that you are simply fixing things so that you will never get a nickel on a large portion of these obligations by undertaking to say that you will not concede anything, you will yield nothing, but will insist on the last penny and the extreme rate of interest.

Mr. DUNBAR. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. DUNBAR. Are there any of these obligations in dispute? England owes us \$5,000,000,000; is that in dispute?

Mr. GREEN of Iowa. There is no dispute about that. If the gentleman will look into the matter, he will find that there is a dispute as to the amount due on sales that have been made.

Mr. DUNBAR. That is a small portion of the bill; what we are interested in is the money borrowed by European nations. If that is in dispute, we have not been so informed.

Mr. GREEN of Iowa. Nobody has claimed that that was in dispute, but there conditions have arisen which make an adjustment necessary. As I said on last Friday, some of these nations can pay in the future; not one of them can pay to-day the principal amount or part of the interest. Some can pay later on. There are some of them that are in a condition of

bankruptcy to-day. If I held a debt against a bankrupt, or went out as a lawyer to collect it, would I insist on the last penny? Would I want to go out without authority to yield anything to him? He would throw up his hands in despair and say he never could pay it, and what was the use. That is the position some gentlemen want us to take in collection of the debt.

Mr. DUNBAR. France, Great Britain, and Italy owe in principal and interest over \$10,000,000,000 of the \$11,000,000,000 that are owed us by European countries. Does the gentleman believe that either of these three nations are bankrupt?

Mr. GREEN of Iowa. Does the gentleman know the condition of Italy?

Mr. DUNBAR. I will say that I believe that Italy is bankrupt. I do not believe that England will ever pay her debt, and she never expects to pay the principal. What we should do, and do quickly, not in three years' time, is to provide in the bill—

Mr. GREEN of Iowa. If my friend wants to make a speech I will aid him in getting time, but I do not want to yield too much time now.

Mr. LAYTON. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. LAYTON. Where is the objection to this Congress, assuming it to be an intelligent body of men, sitting in final judgment of the facts ascertained by the commission in each case?

Mr. GREEN of Iowa. Does the gentleman think that a commission will be of any use whatever? Some gentlemen have said that this commission was liable to give away a portion of the debt. If so, I do not want to hear anything from them. Some gentlemen have said that the commission would deliberately act contrary to the interests of the country. If so, I do not want to hear any further from them.

Mr. LAYTON. Whether they propose to give away a part of the debt or remit a portion of the interest, let the Congress of the United States say what it will do.

Mr. GREEN of Iowa. If that is the way to treat a debt of this kind, it is something new to a lawyer who has spent a considerable part of his life in collecting hard debts.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. JOHNSON of Washington. Is it not a fact that the agents of foreign Governments have to report back to their Governments before they can get final action?

Mr. GREEN of Iowa. No.

Mr. JOHNSON of Washington. Why not?

Mr. GREEN of Iowa. Because they proceed in a more sensible way. They have authority to say to the other Governments, if you do this we will do that, and that is the only way you can get an advantageous settlement of the matter. These nations are struggling to-day to get money enough to carry on the administrations. Many of them are not able to raise money enough to pay the current expenses. Proceed in the way you are proposing, and as to a large portion of these debts you will never get anything. Here are nations who fought side by side with us, like Belgium, which held back the Germans at the beginning of the struggle, nations like France, giving the lives of a million men to save the civilization of the world. They have exhausted their resources. In some cases the very existence of their Governments is threatened by reason of their financial condition. Are we going out now and say to them that we have appointed a commission that will exact the last penny from them and then make no concessions whatever? Are we to say to them that we will make no terms, that we will authorize this commission to make no concessions as to the time of payment or as to the rates of interest? We have already put in the bill a provision that no portion of the debt can be canceled, and now what more do you want? Gentleman, if you proceed in this manner we might just as well dispense with this commission entirely, for it will be of no use whatever and it could be of no benefit. The Secretary of the Treasury can receive proposals from these foreign Governments at any time now. The commission would be utterly worthless.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. COCKRAN. Mr. Chairman, I may have to ask the indulgence of the committee for an extension of time, because I hope to present an aspect of this matter which can not be discussed in five minutes and which, though, so far as I know, it has not yet been discussed, is fraught with the utmost importance, not merely to this country but to the whole world. We are dealing now with a situation that has never before faced any civilized society. Like every other question which has arisen in the extraordinary times through which we are passing, this one is obscured and embarrassed by the necessity of employing a terminology which was developed under totally

different conditions. When we apply to the problem of dealing with the enormous debts due to this country by foreign nations, principles which have governed debts due by Governments to private individuals, we are in grave danger of being betrayed into grievously erroneous conclusions.

National debts are of comparatively recent origin. Hitherto they have been due to individuals. Never before has a debt—a stupendous debt—existed where several nations were the debtors and one other nation the creditor. This creates a position of surpassing and overshadowing difficulty. It is one for which no parallel or precedent can be found in all the past experience of mankind, and therefore one which I think ought to be approached in a spirit of the purest patriotism, without the slightest tinge of political partisanship or prejudice.

National debts may be said to have begun at the close of the seventeenth century, when King William III, in the era of momentous military enterprises, found himself at variance with his Parliament. He could not undertake to raise money after the methods invoked by Charles I, because to do that it had been shown would cost the King his head. And so the idea of borrowing money on a systematic or comprehensive plan was evolved out of the necessities of the King, who was contemplating a war on the Continent.

The first attempt was something in the nature of a gamble or lottery. It was what we would call nowadays a kind of tontine life policy. A number of persons were invited to subscribe; I think it was £100 each. As one died a certain proportion of the fund went to the survivors and the rest to the Crown. But these methods were found very inadequate, when—I think it was in 1694—a Scotchman named William Thompson appeared in London and proposed that he would loan to the Crown £1,200,000 in return for a charter authorizing him to do a banking business and to issue paper money against this debt, on which the Government was to pay 8 per cent interest, a very moderate rate at that time.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COCKRAN. Yes.

Mr. COOPER of Wisconsin. Was it William Thompson or William Patterson?

Mr. COCKRAN. Did I say Thompson? It was Patterson. I thank the gentleman for his correction. I meant William Patterson. The amount was raised by public subscription—the whole of it paid into the Treasury before the period fixed for the first installment. The charter was issued to the "governor and the company of the Bank of England," and out of that transaction may be said to have arisen the entire financial system of modern times. That debt never has been paid, but it has been increased at various intervals. The bank has always exercised the right to issue its own notes for an amount equal to the debt owed it by the Government. All its other promises to pay, at least until the last war—I do not know what changes in its system may have occurred under the stress of that emergency—being covered and balanced by actual bullion held in its vaults.

Mr. Chairman, the system of borrowing money by Governments thus established has spread all over the world. But, remember, until now it has always been the Government, that is to say, the sovereign that has asked and accepted advances from his subjects, which he promises to repay. There was no abasement of sovereignty in that transaction. The sovereign had always accepted loans from his subjects, even when he tried to force moneys from them, without the consent of Parliament; he always called these levies "benevolences," thus giving them the name at least of voluntary advances, even when they were anything but voluntary in fact. A Government could always afford to borrow money, because the sovereign could not be sued. He could not be compelled to pay principal or interest. There was no tribunal before which he could be haled, and, therefore, when he borrowed money there was no impairment or abasement of his sovereignty whatever. Nobody could call him to account. His honor might be tarnished, but his sovereignty was in no way compromised. If the loan were floated in foreign countries and money raised in them, those foreign citizens or subjects who advanced it placed themselves in the position of his own subjects. They were equally without power to compel payment of the debt, or even to sue for it, and thus we see that raising of a loan by Government involved no surrender of sovereignty.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GARRETT of Tennessee. Mr. Chairman, I ask unanimous consent that the time of the gentleman may be extended for 15 minutes.

The CHAIRMAN. Is there objection?

Mr. BLACK. Mr. Chairman, reserving the right to object, I shall not object at this time, but I shall to any further extension of time, because I have an amendment which I think is in order, and I presume that a substitute will be offered later on and that debate will follow.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COCKRAN. Mr. Chairman, we are now confronted by a very different condition. For the first time in its history the world now faces the necessity of dealing with an enormous debt due by sovereigns where the creditor is also a sovereign. Here is the momentous feature of our situation and of the situation in which the debtor Governments find themselves that I think this House should very carefully consider.

What is the true, ultimate significance of this condition without precedent in human experience, where a debt of unparalleled magnitude oppresses the energies of men everywhere and the debtors and the creditor are all sovereigns. Is such a relationship possible without the gravest danger of disturbance and disaster?

Conceive its possibilities. We are the creditor of countries which, we are told here, can not possibly pay even a fraction of the interest that is due. Practically all of them are maintaining huge military establishments; some of them are maintaining military establishments and maintaining practically nothing else. If we are their creditors in the ordinary sense of the relationship we have a right—is it not, in fact, our duty—to step in and say to those debtor nations: "You have no right to waste your resources in such unproductive—not to say destructive—enterprises, because in doing so you are impairing the security of our debt." But the moment we did that we would have invaded their sovereignty, and they, to defend that sovereignty, would be bound to repudiate our interference. Thus, we may see our debt jeopardized and perhaps destroyed. Yet if we are to respect the integrity of those very sovereignties whose integrity we entered the war to defend and sustain, we must be content to remain passive spectators while the security of our property is in process of destruction. What remedy can there be for that condition? There is none that I can suggest. There is none that mortal man can suggest. For the situation is absolutely unprecedented.

But this much surely is clear—every step we take must be governed by realization of the fact that at this time a mistaken ill-judged, intemperate act or word might kindle a flame that would envelop the world in a conflagration which must reduce our civilization to hopeless ruin.

Mr. Chairman, it must be remembered that if we should undertake to compel regard for our interests as a creditor against some action or policy of a nation indebted to us that we might consider dangerous to the security of our debt, there is but one way in which we could do it, and that is by force of arms. Surely it is no exaggeration to say that we have here a condition pregnant with disaster to all the world, a condition the like of which never before confronted human beings and which therefore demands the utmost prudence in dealing with it on our part.

On the other hand, we can not and we should not forget the fact that, in addition to the enormous expenditures which we have incurred to make this war a success, we have advanced to these countries the enormous sum of \$11,000,000,000. And it is our sworn duty to protect the interests of this country in that stupendous debt where lies the path of duty leading to peace and good will and effective industrial cooperation between nations with this unexampled difficulty to face and overcome.

Mr. Chairman, our own debt is of staggering proportions. The debts of these other countries are so large that there is grave reason to doubt whether any of them can be paid. Some gentlemen have said that certain countries are insolvent and that others are not. If every debtor country should undertake to pay the obligations now due us they would all be insolvent, and since they can not meet their obligations they are actually insolvent if we are to measure solvency by the usual standards.

But while the difficulty these conditions create is enormous it is by no means insuperable. It may, indeed, open the way to a future of progress and prosperity greater than the world has ever known.

There is one feature about national debts running through all history since they became elements of civilized society which ought to be reassuring in these days of doubt and perplexity. It is this: As they have risen in volume so always has the prosperity of the countries that contracted them. After the peace of Utrecht England's debt was £50,000,000, and then it was believed and stated by some men considered among the wisest of their time that it was a burden that must

permanently cripple the body politic. After the wars of the Austrian succession the debt rose to £80,000,000, and then men of the highest repute, including Tobias Smollet, in his history of England, declared her case to be desperate. And after the vigorous and memorable administration of the elder Pitt when the debt had risen to £140,000,000 the very wisest men of England were declaring it was impossible to bear that obligation and remain solvent. Even David Hume, one of the most profound philosophers and accomplished economists of his generation, declared it would have been better if England had been conquered in war than saddled with such a debt. And Adam Smith, while he did not absolutely despair of the future, yet said, in his *Wealth of Nations*, that the extreme limit had been reached; any increase would be fatal. It was because the English people were universally convinced that it was absolutely necessary to obtain aid from the colonies in order to meet those burdens that the attempt to tax them was undertaken. That attempt resulted not merely in failure, but it piled £100,000,000 more on the debt, and then it was almost universally conceded that the very end had been reached and that hopeless bankruptcy was inevitable. But in a few years the expenses of the French revolutionary wars raised the debt to £800,000,000, and, extraordinary to relate, after each of these tremendous increases of national expenditures and of the debts contracted to meet them the country instead of sinking in the mire rose by leaps and bounds to prosperity greater than had ever been known. In the light of all history I can not feel that these great debts are necessarily causes of despair. As I have already said, it is well within the range, not merely of possibility but of probability, that we may emerge from those conditions of difficulty and doubt to a prosperity greater than the world has ever known. But to do this we must see that some definite advantage is gained by mankind commensurate with the extent of the sacrifices they have made and the greater sacrifices they may be required to make.

The wars of the French Revolution, which left England with a debt of £800,000,000, inflicted still more extensive burdens and debted much greater losses on all other European countries. But it wrought benefits which more than compensated for the sacrifices it entailed. By it men gained access to the soil on which they lived. The survival of old feudal systems made it impossible to purchase land. These were all swept away, and that liberation was followed by the wonderful progress of the nineteenth century, when the productive power of human hands was reinforced by a succession of inventions which wrought such improvement in conditions of human existence as a previous generation could not have conceived. The expenditures and the waste of the last war are vastly greater than any ever waged on this earth. This debt due to us by England as compared with her entire debt at the close of the French Revolutionary war is as eleven billions to four. And this is but a small fraction of her total debt. Our own debts have mounted up till they reached the stupendous figures of twenty to thirty billion dollars. The debts of other countries have piled up to a degree that it is hardly possible even to compute. And yet, if the result of all this terrible experience should be universal disarmament, not limitation of armaments, but actual disarmament—complete, universal, and immediate—the reduction of all military establishments to the point necessary to maintain domestic peace, this expenditure of money, vast though it has been, the loss of life and the injury to private property, which were still more distressing features of the dreadful conflict, would prove to be the wisest investment of money, the grandest enterprise of which the world has ever been the theater. It would make the war itself, not a scourge laid by an angry Providence on a world that had forfeited His favor, but a merciful dispensation of a beneficent God to lift humanity to the highest plane it had ever reached.

Now, this brings me to my conclusion. I believe these enormous debts due us should be treated by this country as the greatest forces to show men that they must disarm, that they can not continue to maintain huge armaments and at the same time meet these obligations. And the moment they show willingness to disband their military forces, then we should by our treatment of these debts and by every other means in our power aid them to restore their industrial prosperity.

There may be some Governments willing to ignore their obligations to us. I doubt it, but even if there should be the fact that they have at one time acknowledged the debts by issuing their obligations could not fail to lend great weight to representations by this country in favor of disarmament. But there is one country that certainly can never dispute an obligation which she has once issued. England's greatness depends entirely upon her reputation for commercial probity. She was not the leading

country of the world when the Bank of England was established about the same time that the system of coinage established on the advice of Locke and Newton assured every man who deposited a thousand pounds in an English bank, that he would get it back in money of precisely the same value. It was this reputation for commercial probity that made her the depository of the money of the whole world. And it was from the profits of banking that she was able to finance the wars against revolutionary France. And when in the middle of the last century by a system of war trade she made the whole world the unobstructed source of raw materials for her factories she established that extraordinary position throughout the world which one of her poets characteristically described when he sang:

Set in these stormy Northern Seas,
Queen of these restless fields of trade,
England, what shall men say of thee
At whose feet the worlds divide?

The world has for many years divided at the feet of England, not because of her fleets or her armies but because her commercial probity has never been questioned, and I believe, no matter what might be her disposition, she can not afford to ignore any demands that may be made on her to meet an obligation. Her debt to us may therefore be a factor of enormous weight in effecting disarmament if our Government uses the position of creditor to induce England to join us in ridding the world of the dreadful curse of military establishment. But this enormous power which may be exercised by this fund I do not want intrusted to any hands but the hands of Congress, where the Constitution places it. By the pending bill you intrust to this commission the power practically to abolish these enormous debts, because the right to fix the rate of interest carries with it the right to determine the character of the debt itself. That is a power with which angels could not be trusted. If you should put it in the hands of angels you would soon find it was being exercised by the hands of devils. Methods of corruption are so subtle and extensive that to bestow such a power on any limited number of human beings would be almost certain to bring scandal on the Government and profound discontent on the country. There is no occasion for giving such power to a small commission when we have here a body which will be as generous as the most generous, just as the most just, patriotic as the most patriotic, humane to the degree required by the utmost requirements of humanity.

I do not want to fix at this time the rate of interest prescribed by the amendment. There is no more sacredness in 5 per cent than in any other rate. And therefore there is no reason for making that rate permanent. But if this resolution proposed by the gentleman from Mississippi [Mr. COLLIER] is not adopted, there will be no limitation at all on the power of the commission. I would not—

Mr. LONGWORTH. I want to call the attention of the gentleman to the fact that none of the acts of this commission are in force and effect unless approved by the President.

Mr. COCKRAN. I am not willing to put this power in the hands of the President, for the reason that the founders of the Constitution put it in the hands of this body after the fullest discussion.

It may be that in time a rate of even 3 per cent would be excessive. It may be, on the other hand, that 8 or 9 per cent would be reasonable. But whatever rate of interest may be finally fixed on we can not refuse to retain in our hands the final determination of what should be done with this enormous fund without being recreant to our oath of office. We are appointed to control the public purse. We can not trust that control to anybody else and remain loyal to our duty. But apart from all technical constitutional provisions, I believe the policy of statesmanship, of humanity, and of patriotism requires us to keep the final power to deal with this debt in our own hands. We surely will not write ourselves down incapable of acting with discretion and prudence and even with generosity in this matter of supreme moment. I appeal to the Republican majority to assert the dignity of the Congress it controls, not merely to make our own position more exalted, but to perform our duty in a manner which will redound to the credit and prosperity of this country and contribute immeasurably to the welfare of the whole human race. [Loud applause.]

Mr. BLACK. Mr. Chairman, I make the point of order that the debate on the point of order is exhausted. I have no objection at all to the discussion proceeding indefinitely, but I would like to get an amendment that is in order before the House.

The CHAIRMAN. The Chair understands the gentleman demands the regular order. Does the gentleman from Ohio [Mr. LONGWORTH] press his point of order?

Mr. LONGWORTH. I am willing to reserve it until especially the gentleman from Tennessee [Mr. GARRETT] may ex-

press his opinion. I am clearly of the opinion that the substitute is not in order, but I also maintain, Mr. Chairman, that debate of the reservation of the point of order is under the five-minute rule, and gentlemen may obtain the floor by making an amendment to strike out the last word, or a similar motion.

The CHAIRMAN. The Chair will state for the information of the committee that if a gentleman demands the regular order, where the reservation of a point of order to an amendment is pending before the committee—

Mr. BLACK. I reserve the demand for the regular order to make this statement.

The CHAIRMAN. Allow the Chair to make this statement. It is necessary then for the person who reserves the point of order to make that reservation of the point of order.

Mr. LONGWORTH. Do I understand the Chair to rule that debate on the reservation of the point of order is by unanimous consent?

The CHAIRMAN. The debate on a reservation of a point of order is by unanimous consent, and it is within the privilege of any member of the committee at any time to demand the regular order, when it is incumbent on the member who has made the point of order to either withdraw the point of order or make it. I understand the gentleman from Texas makes the point of order, and the Chair is inquiring of the gentleman from Ohio whether he desires to withdraw the point of order or make it.

Mr. JOHNSON of Washington. I make the point of order.

The CHAIRMAN. The gentleman from Washington makes the point of order. Does the gentleman from Ohio withdraw the point of order or make it?

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. GARRETT of Tennessee. Does the gentleman make the point of order that it is not germane to the amendment?

Mr. LONGWORTH. For the moment I am simply making the point of order that it is not offered properly as a substitute for the amendment of the gentleman from Wisconsin. I am not now making the point of order that, if offered to the body of the bill, it may not be germane. I will reserve that to a later period. I submit now, Mr. Chairman, that the amendment of the gentleman from Wisconsin relates to specific authority already granted under the bill.

The CHAIRMAN. The Chair is ready to rule. The amendment of the gentleman from Wisconsin [Mr. FREAR] provides that "the total amount of interest payable on any such obligation received hereunder shall not be less than an amount equal to interest on the principal thereof at the rate of 5 per cent per annum." The object of the amendment of the gentleman from Wisconsin is for the sole purpose of restricting the discretion of the commission as to the interest arrangements that may be entered into. The substitute offered by the gentleman from Mississippi [Mr. COLLIER] goes much further. In fact, it makes no reference whatsoever to the purport, directly or indirectly, of the amendment of the gentleman from Wisconsin. It relates to agreements that may be entered into. It has a much broader scope than the pending amendment. In fact, it has no relation to it except in a very distant degree, and therefore it can not be considered a substitute, and the Chair sustains the point of order.

MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2588. An act extending the time for the construction of a bridge by the Chicago, Milwaukee & St. Paul Railway Co. across the Missouri River at Chamberlain, S. Dak.

REFUNDING FOREIGN OBLIGATIONS.

The committee resumed its session.

Mr. BURTON rose.

Mr. BLACK. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. For what purpose does the gentleman from Ohio rise?

Mr. BURTON. I rise to oppose the amendment.

Mr. BLACK. Mr. Chairman, I make the point of order that the debate is exhausted.

Mr. BURTON. Mr. Chairman, I move to strike out the last word.

Mr. BLACK. That is a pro forma amendment, and I offer an amendment to the substance.

The CHAIRMAN. The Chair has not been here the entire time while the amendment was pending, but if no Member heretofore has offered the pro forma amendment to strike out the last word, the Chair will recognize the gentleman from Ohio [Mr. BURTON], who offers a pro forma amendment.

Mr. BURTON. Mr. Chairman, I am unalterably opposed to this 5 per cent amendment. When we survey the history of the wonderful struggle in which the happiness and the civilization of the whole world was at stake, it emphasizes our relations with our associates in that awful contest. Their sufferings were far greater than ours; frightful though ours may have been. The very shadow of death extended over almost all of Europe, and that dark shadow has not yet been removed; and this Congress, speaking for the American people, can not afford to drive a hard bargain with those who were our allies in that struggle in which the future of the whole human race was involved. [Applause.]

This is no time to insist upon what is termed "honest usance." It is a time for generosity. It is a time for recognition of the frightful sufferings of those who stood by us, who fought our fight, who labored for the protection of our own welfare as a nation and our firesides and homes.

I wish to make one or two practical suggestions. Five per cent under normal conditions is a very high rate of interest for any country to pay. Three per cent was the rate prevailing in England and in France down to a comparatively recent period. The rate in Great Britain was shaded to 2½ per cent. Due to a rising rate of interest, beginning about the commencement of this century, Government bonds drawing 2½ to 3 per cent fell in value considerably below par in the two countries. It is a very interesting phenomenon, but one, I think, readily explained. Our own Government commenced in the Civil War to issue bonds at 7.3. That rate was dropped to 6 per cent, and then by successive grades it fell to 4; and then in the case of the bonds which could be used as the security for the issue of national bank-note currency, to 2 per cent. But any nation would feel under ordinary conditions that 5 per cent was an almost prohibitive rate and carried a threat of probable bankruptcy. I trust we have already passed the peak in the high rates of interest, and I judge that is so from present indications.

Mr. FREAR. Mr. Chairman, will the gentleman yield?

Mr. BURTON. Certainly.

Mr. FREAR. This is simply intended to make it equal to the amount placed in the Liberty loan act for three years' indebtedness.

Mr. BURTON. From the language of the amendment I can not make out anything except that 5 per cent shall be the rate of interest charged. I shall ask that the amendment be read again before a vote be taken upon it.

That rate we ought not to impose upon those countries. We are soon to have a conference convening here that promises, I trust, far-reaching and beneficent results. Not Paris, nor Versailles, nor Berlin, nor The Hague, nor London was ever the theater of a meeting of the nations of greater importance or holding out, I trust, greater promise than this meeting at Washington on the 11th day of November next. [Applause.] And let us not arouse suspicions, let us not throw distrust or possible ill will over that gathering by proclaiming to the nations of the earth, who should join with us in the cause of peace and good will, that we insist upon a rate of interest which, until the exceptional conditions of this war, was almost unprecedented among the debts of the nations.

Mr. Chairman, if I can have some further time, there is another phase of the question that I would like to discuss.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. COCKRAN. How much time does the gentleman want?

Mr. BURTON. I should like to have five minutes.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. BURTON. I am altogether opposed to the reference of this question of the loans back to this Congress. There is no one who more than I would be reluctant to relinquish any proper prerogative of this body. But neither the executive nor the legislative branch can gain by intruding into the province of the other. The details of this settlement do not properly belong to a legislative body. Let the Congress lay down general rules such as that no debt shall be released, if you will. There must be a great deal of negotiation and of bargaining of agreements with reference to rates of interest and as to date of payment, and I may say in regard to these rates of interest, suppose some country would say, "If you will give us a low rate of interest we will pay in five years, but if you

charge us a high rate of interest we can not pay until 30 years." Do you wish the commission to be restrained in its action in the face of such questions as that?

The settlement of these questions does not belong to the Congress. A reference back to Congress would mean interminable delay, and the nations with which we deal would claim the same right. When the broad authority was given to lend billions upon billions, resulting in the loaning of \$10,000,000,000 or \$11,000,000,000, why was it not provided that the granting of the loans by the Secretary of the Treasury should be approved by the Congress? That was a power far greater than this.

Mr. STEVENSON. Will the gentleman yield?

Mr. BURTON. I regret that I can not yield, because my time is so limited.

Considering that to be a proper function to rest in the discretion of the Executive, the right was given to the Secretary of the Treasury, with the approval of the President.

If we leave the final settlement of this question with Congress, it is inevitable that there will be numerous amendments, and so no agreement can be final. Any tentative agreement made by the commission will be referred back to that commission again. I have had much experience in legislatures, and I have noticed the penchant for amendments. I served once with a man of whom it was said that if the Ten Commandments were laid down as a platform, he would be prompt to move an amendment; and if any proposal of the commission goes through here without substantial modifications, it will be a miracle.

Let me call your attention to still another practical fact. The parties with whom you are dealing will not go to the length to which they would go, will not make the agreements which they would make, if they know there is behind the agreement which they enter into the condition that it be referred here to the action of Congress, which will inevitably demand concessions and conditions. When I think of the ambitious action of persons in seeking to control the Executive I am reminded of the remark of Jack Cade, who was oftentimes a forerunner of many ideas regarding modern finance. He sent word to King Henry, "I am content that he shall be king, but I will be protector over him." When anyone attains very considerable influence in any position there is the idea of overshadowing the executive department. Can we not rely upon the honesty of those who are chosen by the President? The light of publicity rests upon them. Sooner than indulge in any neglect of the interests of the United States or any shadow of dishonesty they would rather face the pistol of an adversary, for an aroused public opinion will demand that those commissioners observe the requirement of the statute, that they do that which is for the United States. They will be loyal to our country's best interests and will be enabled to safeguard the interests of the people.

Mr. Chairman, I wish to say one thing more. Do not let us count here as if we could reach out our hands and obtain the amount of these debts. There is the threat of bankruptcy over all of our debtors, not excepting even those who are financially the strongest. It is a time for recognizing that situation; and there is yet a stronger appeal. In view of the relations, present and future, of this country to those countries, it is time for friendly consideration, for generosity, for mercy even, rather than for harshness in insisting upon our rights. [Applause.]

Mr. FORDNEY. I move that all debate on this amendment and all amendments thereto close in 20 minutes.

Mr. BLACK. I have a substitute which I wish to offer.

Mr. GARRETT of Tennessee. The amendment pending is merely a pro forma amendment. I should like to be recognized in opposition to that amendment.

The CHAIRMAN. Does the gentleman from Texas wish to discuss his substitute for the amendment?

Mr. BLACK. I do if I can ever get the chance to offer it.

The CHAIRMAN. It is the right of the gentleman who has charge of the bill, after five minutes on an amendment, to move to close debate at any time, instant if he desires. It is within his privilege now if he desires to make the motion. As the Chair understands the motion of the gentleman from Michigan, it is to close debate on the amendment of the gentleman from Wisconsin and all amendments thereto in 20 minutes. Is that the motion?

Mr. FORDNEY. On the amendment offered by the gentleman from Wisconsin [Mr. FREAR] and all amendments thereto.

Mr. BLACK. Does the gentleman mean to include any amendments to the amendment?

Mr. FORDNEY. The amendment of the gentleman from Wisconsin [Mr. FREAR] and all amendments to that amendment, not amendments to the section.

Mr. BLACK. The pro forma amendment had better be withdrawn, then.

The CHAIRMAN. That is not necessary. The gentleman from Michigan moves that all debate on the amendment of the gentleman from Wisconsin [Mr. FREAR] and amendments thereto close in 20 minutes.

Mr. GARRETT of Tennessee. Before the Chair puts that, I want to make some remarks on this.

Mr. FORDNEY. On this amendment?

Mr. GARRETT of Tennessee. Yes; and the nature of the remarks will involve a broader aspect than the amendment itself. I would be glad, before we come to the vote upon this amendment, to have the opportunity of expressing myself not only upon this amendment but upon the other aspects of it.

Mr. FORDNEY. I will add 5 minutes, and make it 25 minutes, and yield the 5 minutes to the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. I want more time than that.

Mr. FORDNEY. How much more time?

Mr. GARRETT of Tennessee. At least 10 minutes.

The CHAIRMAN. The Chair will inquire of the gentleman from Michigan how the time is to be controlled.

Mr. FORDNEY. There were 20 minutes asked for on this side of the House to oppose the amendment. If the gentleman from Tennessee wants 10 minutes, I will add 10 minutes and make it 30 minutes.

Mr. SANDERS of Indiana. The gentleman can not move to close debate can he, in the committee?

The CHAIRMAN. After there has been five minutes' debate on an amendment the gentleman has that right.

Mr. FORDNEY. I will modify my motion and make it 30 minutes.

The CHAIRMAN. While it is not within the province of any Member to designate the persons who shall have control of the time, nevertheless, for the benefit of the Chair, in recognition it is sometimes of value for the gentleman in charge of the bill to suggest the names of the Members who have asked for time. The gentleman from Michigan [Mr. FORDNEY] asks unanimous consent to modify his amendment and to make it 30 minutes. Is there objection?

Mr. FORDNEY. I also ask unanimous consent that I control 15 minutes of that time and that the gentleman from Mississippi [Mr. COLLIER] control the other 15 minutes.

The CHAIRMAN. The gentleman from Michigan modifies his request and asks unanimous consent that all debate on the amendment of the gentleman from Wisconsin [Mr. FREAR] and all amendments thereto close in 30 minutes, one-half of the time to be controlled by himself and one-half by the gentleman from Mississippi [Mr. COLLIER]. Is there objection?

Mr. BLACK. I object.

Mr. FORDNEY. Then, Mr. Chairman, I move that all debate on the amendment of the gentleman from Wisconsin and all amendments thereto close in 30 minutes.

The motion was agreed to.

Mr. HILL. Mr. Chairman, foreign Governments owe the United States \$10,141,267,585.68, in addition to certain accrued interest. Of this huge sum, \$9,435,225,329.24 is due from advances made by our Government from money it raised under the Liberty loan acts. That money came from the pockets of our patriotic people, who bought Liberty bonds until it hurt. It came even from the pay of our soldiers, who also bought Liberty bonds until it hurt. I well remember the Liberty loan campaign we waged among the soldiers of the Twenty-ninth Division and the great sum its members subscribed. Poor and rich, soldier and civilian, all contributed to the sums our Government lent to foreign nations because of the war. Why we lent Cuba \$9,025,000 I do not know. What Estonia did with the \$13,999,146.60 we lent it I do not know, but I do know that beside all of the great loans—\$4,166,318,358.44 to Great Britain, \$3,350,762,938.19 to France, \$1,648,034,050 to Italy—the United States paid out of its own pocket for its huge Army and Navy and financed itself its deciding military part in the war.

To-day all nations of the world need money. The United States itself needs money. We need money to lift the burdens of present taxation, and we need money to pay such obligations as those commonly called the soldier bonus. The people of the United States are to-day watching to see what action this Congress will take in reference to the refunding of the foreign loans.

The United States need not have gone into the war as it did. It could have selfishly raised its armies, built its navies, and used its treasures to fortify its coasts so that no foreign nation could have ever successfully attacked it. It did not do so, and I am glad it did not do so, but there is no reason why we should

remit the loans of money we made on top of our enormous contributions of men and money as represented by our independent participation in the war. The American people will be glad to see in this bill that the World War Foreign Debt Commission will not have power to cancel "any part of such indebtedness except through payment thereof."

This legislation which we shall soon pass is one of the great steps toward returned American normalcy.

I take this occasion to bring to the attention of the Congress a matter which touches deeply upon the historic past of this Nation—a matter which touches deeply a vital source of national inspiration. It has recently been announced that the War Department would sell to the highest bidder that sacred birthplace of the Star Spangled Banner, Fort McHenry. Our Secretary of War, Mr. Weeks, has repudiated this announcement, but at the same time he stated that Congress was responsible for the disposition of forts, arsenals, and camps for which there is not a present prospective military use. I know that this House, and I know that the Military Affairs Committee of this House, with membership on which you have honored me, will never consent to any such disposition of Fort McHenry. Sanctified by the shellfire of an enemy fleet which gave birth to our National Anthem, indissolubly associated by the immortal Francis Scott Key with the patriotic soul of America, Fort McHenry stands as one of the heritages of the whole Nation, and I do not believe that this Congress will ever consent to its disposal as a useless war property. [Applause.]

Mr. GARRETT of Tennessee. Mr. Chairman, I regret exceedingly that the parliamentary situation is such that we can not have a vote upon the proposition contained in the amendment proposed by the gentleman from Mississippi before we vote upon that offered by the gentleman from Wisconsin [Mr. FREAR]. I would be less than frank with the House if I did not state that I am exceedingly dubious about the desirability of adopting the amendment of the gentleman from Wisconsin. And yet, if it is to be determined by this House that this authority over questions of both administration and policy, policy which I said in my remarks the other day ought to be determined by the legislative branch, are to be turned over to a commission, then I do feel that we must vote for some limitations other than the bill itself carries. If the Collier amendment could be the first proposition voted upon and was carried, then, so far as I am concerned, I would not support the Frear amendment. More than that, I would be willing to strike from this bill some, if not all, of the limitations placed upon the commission.

The gentleman from Ohio [Mr. BURTON], for whose ability we all have great respect, has after all in arguing this question and insisting this power should be turned over to a commission, used only the argument of convenience. That is an argument which might be made on unnumbered questions that arise, because 5 men can act more speedily and more promptly than can 435. But that is not the question. As the gentleman from New York [Mr. COCKRAN] so well said just now, and as was said in general debate the other day, the Constitution imposes a duty on the Congress in regard to moneys raised by public taxation. Furthermore, as was so well said by the gentleman from New York, it is a question which in its broadest aspects goes far beyond the mere matter of the money already owed us. Have you thought, my fellow Members, that in these debts now due to the United States there probably lies the germ of more difficulties, dissensions, differences, and irritation for the future than anything that has ever arisen in the history of this country?

This is no debt between individuals; it is a debt between nations. This is a transaction between sovereigns. There is no world court to which we can go to enforce our rights as individuals can go. There is but one way that this indebtedness ultimately can be collected unless the nations voluntarily pay it, and that is by war. Not only should the Congress retain in its hands that power which it will have, even if this commission is created, of determining, in accordance with the bill, what policy it will adopt in a matter of collection in the years to come as fixed by the commission, but it should retain now, at the time of the settlement, those questions of policy that will constitute the possibilities of irritations of two generations yet to come. Congress is the war-declaring body and has all the responsibilities that attend upon that power.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GARRETT of Tennessee. Can I have 10 minutes more?

Mr. BLACK. I ask, Mr. Chairman, that the gentleman from Tennessee be allowed to proceed for 10 minutes, not to be taken out of the 30 minutes, because the majority leader [Mr. MONDELL] used 15 or 20 minutes.

The CHAIRMAN. The time has been limited to 30 minutes, and it is only fair that 15 minutes should be accorded to this side of the House. The Chair would be glad to accede to any arrangement gentlemen may make as to the use of that time.

Mr. GARRETT of Tennessee. I will say that there are 10 minutes remaining that belong to this side, and I will simply ask to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GARRETT of Tennessee. Now, Mr. Chairman, I wish to emphasize in this presence, and I do this particularly because of certain suggestions made by the honorable gentleman from Ohio [Mr. BURTON]—I wish to emphasize in this presence that the attitude I take, and I know the attitude which my fellow Members on the minority side take, is not to be construed as a lack of confidence in the integrity of the Secretary of the Treasury or the President of the United States.

I said the other day that an insistence of that sort was merely pettifoggery. It is a question of the proper division and correct exercise of the powers of government. There are functions concerning the revenues of this country that the Congress is peculiarly charged with under the Constitution and that, in my opinion, can not be delegated. Danger of encroachment on the Executive? Oh, no, indeed. Desire to limit the Executive? Indeed not. I do not desire to limit the Executive in the exercise of any executive power, but I am not willing to confer upon any executive the exercise of legislative power, because the Constitution of my country forbids it.

The Collier amendment will be offered in due time, but the trouble is that we have first to vote upon the amendment offered by the gentleman from Wisconsin [Mr. FREAR]. In apprehension of the fact that the amendment of the gentleman from Mississippi may not prevail, I think I shall, though reluctantly, vote for the amendment offered by the gentleman from Wisconsin in Committee of the Whole, but if subsequently when the gentleman from Mississippi offers his amendment it should prevail and this bill goes back into the House, I myself shall ask, if no one else does, for a separate vote on the Frear amendment, and shall then record my vote against it.

Bear in mind just what is involved here. The authority exists now in the Secretary of the Treasury to deal, according to the acts of April 24, 1917, and September 24, 1917, with all this indebtedness except that which is held by the Grain Corporation, the Armenian Relief Administration, and those products that were purchased by foreign Governments from the War and Navy Departments. Outside of them the Secretary of the Treasury has ample power, and I assert again now that no legal adviser of the Secretary of the Treasury has ever yet officially let it be known that he believed there was any doubt about that power.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. STAFFORD. If the law authorizing the sale of Liberty bonds delegated the power to the Secretary of the Treasury to accept foreign bonds in payment of the loans or credits advanced to foreign Governments, why did not the prior Secretaries of the Treasury, Mr. GLASS and Mr. HOUSTON, exercise that power?

Mr. GARRETT of Tennessee. Mr. Chairman, it was pointed out here, and the hearings are full of the statements, that under Mr. Secretary GLASS in 1919 negotiations began, and upon the authority of Secretary GLASS I can state that under his administration and under the administration of Mr. HOUSTON an agreement had practically been reached, when suddenly for some reason unknown negotiations were broken off by Mr. Lloyd-George, the premier of England—not upon the initiative of the Government of the United States.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. HUSTED. Mr. Chairman, it seems to me there are two compelling reasons why the interest rate should not be fixed in this bill at 5 per cent. The first reason is a purely selfish, business reason, and the second is a moral reason. Of course the business reason is much the less important and I shall discuss that first.

I am opposed to it because I believe it is absolutely contrary to the interests of good bargaining. We are proposing to negotiate with some 19 Governments for the settlement in some form of these loans. Some of these Governments are insolvent and some of them are on the brink of insolvency. From a purely selfish, business standpoint we are in very much the situation of a board of directors of a bank that is trying to settle with an insolvent debtor, or with a debtor who is on

the brink of insolvency. If the board of directors should say to the cashier that he may settle only upon the basis of the recovery of the principal and 5 per cent interest thereon, that board would not get very much of a settlement, and no wise board of directors would adopt a resolution of that kind. They would give the cashier authority to make the best settlement he could under the circumstances, assuming always that there was a cashier equal to his job.

The second reason is of vastly more importance. It is a moral reason. As has been said on this floor, we went into the war with those nations and we were rather slow going in. I have always felt, and I believe I always shall feel, that we should have gone in immediately after the sinking of the *Lusitania* [applause], but that is neither here nor there now. We went in, and, thank God, we accomplished victory, but these nations with whom we went in suffered vastly more than we did in loss of life and in the destruction of property, and if we attempt now to collect from them more interest than we are paying upon the funds that went into these loans, we will be doing a wrong and an immoral act, which will subject our country to just criticism throughout the world. [Applause.]

Mr. BLACK. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLACK to the Frear amendment: After the word "provided" strike out the balance and insert the following: "Any such bond or obligation of any foreign Government accepted under the authority herein granted may contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments sufficient to cover, first, a charge on the loan as interest at the rate of 4 per cent per annum; and, second, such amounts to be applied on the principal as will extinguish the debts within an agreed period of not more than 35 years."

Mr. BLACK. Mr. Chairman, I want to make this statement to the House, even though the time for discussion is so limited that I may not get any opportunity to discuss the amendment which I have offered. I do not often object to the extension of time in debate or call for the regular order in the House as I did when the reservation of a point of order was pending to the amendment proposed by the gentleman from Mississippi [Mr. COLLIER], and the only reason I have done so this afternoon is because I anticipated that sooner or later the gentleman from Michigan [Mr. FORBNEY] would move to close debate and that I would have no adequate time in which to discuss my amendment. I have no objection to the discussion proceeding all of the afternoon, as far as I am concerned, if it is the will of the House to do that. But I do want to take this opportunity to say that I think it is the duty of the Chair to recognize Members who have amendments which they desire to offer and which carry substantive propositions, rather than to recognize Members to propose pro forma amendments, such as to strike out the last word. I regret now that the debate has been limited to a very short range of time by the gentleman from Michigan [Mr. FORBNEY], and I will have no adequate time to discuss what I think is a very important proposition and one which we might well consider and upon which we might well take favorable action.

Throughout the debate much has been said about the collection of the principal and interest due us by our allies in the Great War. Yes, "Hurry up; get busy," say some. "Get the money," say others. It is all very well to talk about the collection of this interest and this principal as if it could be done by the mere waving of a hand; but when we come to figure out how it may be done we are confronted with some very real and practical difficulties. Prior to the war the United States had an annual balance of trade in its favor of about \$500,000,000 which was settled by European nations by their offsetting against it the payment of interest on the securities and obligations which European investors held in American industrial enterprises and municipal improvements and by sums which our merchants and exporters owed for services of their merchant marines. These conditions now, as everyone knows, are greatly changed. Europe has resold us all of our securities, or practically so; we have a merchant marine of our own which is finding it hard to secure sufficient commerce to keep it busy and is losing large sums of money every day. As a matter of fact, one of the reasons for the present stagnation of commerce and industrial depression throughout the country is the difficulty of our customers abroad finding ways to settle the balance of trade in our favor. In fact, the system of exchange with some countries has all but broken down completely. The only time that the world really enjoys prosperity is when there is a free exchange of commodities and services, and certainly all will admit that this essential element is sadly lacking at the present time.

So as I view it this question of collecting our debt from our allies presents a problem of great difficulty and the solution

is not going to be easy, and yet there is one solution which neither our people will accept nor are the Allies asking, and that is a cancellation of the debts. But while the American people are not willing that the debt should be canceled, I do believe that they are willing that we, their representatives, should be generous and forbearing in the rate of interest and the terms of payment. In this attitude they are moved by generous impulse toward our allies and by intelligent appraisal of the difficulties which confront the world.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. BLACK. I regret I have only five minutes. I will state briefly the purpose of my amendment, and then if I have time I will yield. Now, the purpose of my amendment is to authorize the commission in such cases as they may see proper to fix a 4 per cent rate of interest and to provide that a sum in addition to that sufficient to amortize the debt in 35 years shall be paid. An annual payment of 5 per cent on the indebtedness of any particular nation will accomplish the purpose which I propose. It will afford a definite plan of payment as well as provide a moderate rate of interest. Therefore I believe we could well afford to collect from these European debtors this 5 per cent annually, so that within 33½ years the entire indebtedness would be wiped out, and at the same time we would have also collected interest at the rate of 4 per cent per annum. Now, I admit if we look upon this indebtedness from a cold-blooded standpoint of debtor and creditor, why, then, probably my amendment should not be adopted and we should get all the interest that "the traffic will bear." But I can not look at the matter in that light. I do not forget that at the time most of this money was loaned to our allies it was during the darkest days of the war, when it seemed as if the Germans would break through to the channel ports and were then thundering at the gates of Paris. Russia had collapsed on the eastern front and was out of the war and Germany had rushed her well-trained legions to the western front, so as to make one last supreme effort to break through before the Americans could get there.

A supreme moment of history had arrived. Upon the outcome depended in a large measure the future civilization of the world. It was in this fateful hour that Field Marshal Sir Douglas Haig addressed the following stirring appeal to "all ranks of the British Army in France and Flanders." He said: "Every position must be held to the last man. There must be no retirement. With our backs to the wall and believing in the justice of our cause, each of us must fight to the end. The safety of our homes and the freedom of mankind depend alike upon the conduct of each one of us at this critical moment." And at a tremendous cost of human blood these gallant British soldiers did hold the line until our intrepid American boys could get there in sufficient numbers to win the war. Suppose the British or the French had collapsed and had given up the fight as the Russians did? How many more thousands of lives and billions of dollars would it have cost us to win the war? Yet we have the spectacle in this country to-day of certain ones crying out with a loud voice, "Soak the British, make them pay."

Yes; I want Great Britain to pay. Also Belgium, France, Italy, and the other nations which owe us, but I do not want the United States to be harsh and cold-blooded in demanding it. We can well afford to display a spirit of forbearance and generosity in this matter as we displayed a spirit of loyalty and cooperation in helping to win the war. We will lose nothing by it.

Mr. LONGWORTH. Mr. Chairman, the gentleman from Wisconsin [Mr. FREAR] has done very valuable work in the preparation of this bill in endeavoring to surround it with such safeguards as would not give authority which would be perhaps greater than should be conferred upon a commission. But in this case I think he has endeavored to go too far. I think it would be highly unwise to attempt to limit to any specific figure. I care not what it is, the interest that may be agreed upon for the funding of these obligations. A great many gentlemen seem to have gone upon the theory that it is to this commission only that this full power of negotiation is delegated, whereas as a matter of fact every act of the commission before it has full force and effect must receive the approval of the President. Now, the exact effect of the amendment offered by the gentleman from Wisconsin is to reenact as a part of this act the provisions in section 3 of the Liberty loan act which provides:

But the rate or rates of interest borne by any such long-time obligations—

That is, obligations to be hereafter refunded—
at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted into such long-time obligations.

Now, all the obligations we hold, amounting to over \$10,000,000,000, from the foreign countries are now represented by demand notes at 5 per cent, and this proposition of the gentleman from Wisconsin simply reenacts as a part of this bill that section of the second Liberty loan act. I can conceive, gentlemen, though having no pretension to being a financier, that in the days to come when interest rates will be expected to drop that it would be much wiser to have a part of the foreign debt refunded in very long term securities at a lower rate of interest than 5 per cent rather than have them only in short-time securities at 5 per cent, and I fear that such a provision as this would tend in the direction during the negotiations of having these foreign obligations at a short time rather than—

Mr. JOHNSON of Kentucky. Will the gentleman yield?

Mr. LONGWORTH. I regret my time is so limited. If I have the time later, I will yield. But at any rate it must be borne in mind, gentlemen, that this amendment is not made on the suggestion of the Treasury Department. This I concede to be true, that if the Congress desires to place a limit on the interest in these funding operations that this is the way to do it. If you desire to put any limit to the interest, this amendment is the one that should be voted for, but I agree entirely with my distinguished colleague [Mr. BURTON] that this is not the time, even if it might be advisable at some other time—this is not the time for the United States to be in the attitude of a creditor who is attempting to exact the last cent of interest. A great conference of the nations is approaching. We should meet on the most friendly possible terms. They owe us \$11,000,000,000. We expect to get it all, but if we now say we are going to hold you down to the very last cent of interest I do not think this is the time to be in the position of demanding the last pound of flesh. [Applause.]

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on the amendment offered by the gentleman from Texas [Mr. BLACK] to the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

Mr. GARRETT of Tennessee. Mr. Chairman, may we have the Black amendment reported?

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Texas will be again reported.

There was no objection.

The Clerk began to read the amendment.

Mr. BANKHEAD. Mr. Chairman, may we have that amendment read as it will appear in the original Frear amendment.

The CHAIRMAN. The Chair will state to the gentleman from Alabama that this amendment is in fact a substitute, although it is called an amendment. It is intended to supersede, as the Chair understands it, entirely the language of the original amendment.

Mr. BANKHEAD. Very well; I withdraw the suggestion.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas to the amendment of the gentleman from Wisconsin.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question now reverts to the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

The question was taken, and the Chair announced that the noes appeared to have it.

On a division (demanded by Mr. FREAR) there were—ayes 68, noes 128.

So the amendment was rejected.

Mr. COLLIER. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Amendment offered by Mr. COLLIER: Page 1, line 10, after the word "authorized," insert "to enter into agreements with representatives of foreign nations"; and page 2, at the end of section 2, insert "Provided, That no agreement or agreements so entered into with respect to any matter herein authorized shall be deemed to have been completed nor to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. LONGWORTH. Mr. Chairman, I make the point of order that the amendment is violative of paragraph 3, Rule XXI, in that it is not germane to the bill or the particular paragraph to which it is offered.

I yield to the gentleman from Indiana [Mr. SANDERS].

Mr. STAFFORD. Mr. Chairman, I make the further point of order that the proposed amendment is virtually two amendments, embodying two substantive propositions, and therefore violates the rule that one amendment only should be submitted at one time.

The CHAIRMAN. The point of order made by the gentleman from Wisconsin occurs to the Chair as being well taken. The gentleman from Wisconsin makes the point of order that the amendment consists of two parts; that it is an attempt to amend two different portions of the paragraph. The point of order is that we can not consider both amendments at the same time.

Mr. GARRETT of Tennessee. Mr. Chairman, I do not recall the precedents just at the moment. I have a very distinct recollection that it is a frequent practice in the House to offer amendments in this form. I do not recall just now ever hearing a point of order made upon it. Of course, the obvious way to reach the situation would be by the gentleman demanding a division of the question. It does not seem to me that there is very much substance in the point of order. If the precedents are against me, of course I will take it back. It lies within the power of any gentleman to reach the same result by asking a division of the question.

The CHAIRMAN. Permit the Chair to call the gentleman's attention to the fact that it appears on the face to be a little different from the usual method when amendments of this character are offered. This amendment seeks to authorize a change in the language in a part of the bill, and then follows that with an independent proviso. It hardly seems to the Chair that they can be considered together.

Mr. GARRETT of Tennessee. Mr. Chairman, I respectfully submit that the two amendments, or the two propositions, are complementary to each other. I think there can not be any doubt about that. The first proposition in the amendment offered by the gentleman from Mississippi [Mr. COLLIER] is to authorize negotiations. The second proposition is to provide when those negotiations shall become effective. It seems to me that they are perfectly related and in the same section. The proviso offered by the gentleman from Mississippi, Mr. Chairman, is not independent of his first proposition, although there is sufficient difference in them to make it a divisible question upon the demand of any gentleman.

Mr. STAFFORD. If the gentleman will permit, does not the gentleman see that there are two separate propositions?

Mr. GARRETT of Tennessee. I do—

Mr. STAFFORD. And that they are apparently two amendments. The precedents are uniform that the gentleman can not offer in one motion amendments related to more than one specific matter.

Mr. GARRETT of Tennessee. Now, the gentleman's recollection as to the precedents is probably better than mine, but I have this impression. I insist that these two propositions are perfectly related to each other. I admit that they are divisible, and my idea of the way to get at it is for a gentleman to ask a division of the question.

Mr. STAFFORD. The committee has a right first to determine whether they shall accept the first formal proposition as to entering into an agreement. That is a definite amendment itself. And the other proviso is a distinct, separate proposition, and the committee should have the right to exercise its judgment as to that.

Mr. PARKER of New Jersey. Mr. Chairman, while I am not in favor of this amendment in any way, I desire to say that it seems to me that this is one proposition. That is to say, if the gentleman, instead of putting it in two places, had made his first insertion the entering into an agreement subject to approval of Congress, it would mean just what he said. That is all one proposition—an agreement subject to the approval of the Congress.

The CHAIRMAN. The point of order is made at this time that the amendment consists of two propositions, and the point is sustained by the Chair. The gentleman from Mississippi can decide which amendment he wishes to present first.

Mr. COLLIER. Mr. Chairman, I offer the first part.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Amendment by Mr. COLLIER: Page 1, line 10, after the word "authorized," insert the words "to enter into agreements with representatives of foreign nations."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I thought I was entitled to time on that.

The CHAIRMAN. The Chair will recognize the gentleman.

Mr. COLLIER. I do not care to take up the time of the committee for any great length on this amendment. These amendments are simply the gist of what all the general debate was on last Friday and what the greater part of the debate this morning has been on. Therefore I do not care to argue it

further. I simply want to say this, however, that the amendment now before the House simply leads up to the amendment I am going to offer next. The amendment now before the House simply authorizes the commission to enter into agreements with representatives of foreign nations. The amendment I expect to offer after that amendment has been disposed of is:

Provided, That no agreement so entered into with respect to any matter herein authorized shall be deemed to have been completed or to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. GREENE of Vermont. Does not the gentleman feel, on reflection, that his words, after all, are only surplusage? How can any commission created by this law report or extend the time of payment, and so on, without entering into an agreement with foreign nations?

Mr. COLLIER. That is so.

Mr. GREENE of Vermont. Who else are they going to do it with?

Mr. COLLIER. The gist of the amendment is to perfect the latter amendment. I consider the first part of the amendment simply a perfecting part of the amendment.

Mr. GREEN of Iowa. Since the gentleman has stated that the purpose of his amendment is to lay the foundation of this agreement which will require the ratification of Congress to all this proceeding, will the gentleman state what the use of it will be? What authority will it give the Secretary other than that which he has now? He can enter into agreements subject to the approval of Congress now.

Mr. COLLIER. I did not catch what the gentleman from Iowa said.

Mr. GREEN of Iowa. I say he can enter into agreements subject to the approval of Congress now.

Mr. COLLIER. Of course he can go on and fix these bonds up now by law on the statute books. But he wants to change that law. He wants those limitations to be set aside, and he wants to throw away those safeguards, and wants authority to have a new commission to refund these obligations in a new way. Of course it has got to be done by some of the agents of the United States, and I would really prefer, I will say to the gentleman from Iowa, that if you are going to change existing law and throw aside all the limitations that we put into existing law—if you are going to do that, I do not think it matters about a commission or one man, but if you accept the amendment that I have offered I believe it will be better, and I prefer to give blanket authority to the Secretary of the Treasury to enter into negotiations with these foreign Governments and then report back to the Congress all the tentative agreements he may make.

Mr. GREEN of Iowa. That is what he can do now.

Mr. GREENE of Vermont. Exactly. That is what he can do now.

Mr. LONGWORTH. Mr. Chairman, just one word. While I do not think the amendment amounts to anything one way or the other, it leads up to an amendment that may amount to something and to which this committee is opposed, and I hope it will not be agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Mississippi [Mr. COLLIER].

The question was taken, and the Chairman announced that the ayes seemed to have it.

Mr. COLLIER. Mr. Chairman, I ask for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 64, noes 104. So the amendment was rejected.

Mr. COLLIER. Now, Mr. Chairman, on page 2, at the end of section 2, I will ask the Clerk to read the second part of the amendment.

The CHAIRMAN. The Clerk will report the second part of the gentleman's amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLIER:

Page 2, at the end of section 2, insert "*Provided*, That no agreement or agreements so entered into with respect to matters herein authorized shall be deemed to have been completed nor be of force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. LONGWORTH. Mr. Chairman, I make the point of order that the amendment violates paragraph 3 of Rule XXI. It is not germane either to the bill or to the section.

Mr. SANDERS of Indiana. Mr. Chairman, in connection with that point of order I want to call the attention of the Chair to two or three precedents which seem to be very clearly in point.

The purpose of this bill is by one complete act of legislation to dispose of the question of the foreign debt. After this bill has been signed by the President, under its purpose now, the legislative branch of the Government will be through with it, and the executive department will be clothed with authority to completely settle the entire matter; to take bonds, or to take obligations in place of the present obligations that we have.

The proposal embodied by the amendment offered by the gentleman from Mississippi [Mr. COLLIER] makes of the commission that is created by this act a commission of inquiry and investigation, with power to report back to Congress with a view to then having the law passed that disposes of the question. To be sure, his amendment deals with the foreign debt, but the mere fact that it deals with the foreign debt is not necessarily conclusive that it is germane. For instance, in a bill dealing with the sale of public lands an amendment which provides for a gift of public lands is not germane. In a bill providing for the investigation of the cost of armor plate, a proposed amendment fixing the price of armor plate is not germane. An amendment changing a resolution of inquiry, Mr. Chairman, into a resolution of instruction is held not to be germane. That is found in Fifth Hinds', section 5804.

Here was a resolution, Mr. Chairman, to the effect "That the President of the United States, if not incompatible with the public service, be requested to communicate to this House all correspondence with the British Government on file in the State Department with reference to the case of D. H. O'Connor, a citizen of the United States, now imprisoned in Ireland."

That was the resolution. The following amendment was then submitted in the nature of a substitute:

That the President be, and he is hereby, requested to obtain for D. H. O'Connor and other American citizens, now imprisoned under a suspension of the habeas corpus by the British Government in Ireland without trial, conviction, or sentence, a speedy and fair trial or a prompt release.

Now, the main resolution and the amendment both dealt with the same thing; but, Mr. Chairman, the resolution dealt with a question of inquiry, and the proposed amendment changed it to one of instruction, and it was held not in order.

I want to call the attention of the Chair to two precedents which I think are very conclusive on this proposition. One is in Fifth Hinds', section 5850.

To a bill authorizing the Court of Claims to adjudicate a claim an amendment providing for paying the claim outright was held not to be germane.

I want the Chair to notice that the bill itself dealt with this particular claim, but the claim authorized the Court of Claims to deal with it. The amendment provided for the disposition of it then by Congress, another body, so as to conclude and finally determine the matter. That is exactly the reverse of what is true here. This proposed legislation proposes for Congress to deal with a subject now conclusively, and completely authorizes the executive department to carry out the terms of the law. The proposal of the amendment is not for Congress to deal with it now, but it is that Congress shall create this commission and authorize them to make inquiry and investigate and find out and report back, and then the Congress may, or it may not, complete the matter.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. GREEN of Iowa. I think the gentleman is not going to speak of the argument at all, but this resolution as amended would not authorize the commission to do anything but to go over there and get some offers, if they could, just as a messenger might do.

Mr. SANDERS of Indiana. Yes. This amendment authorizes the commission to investigate and then report to Congress.

Now, Mr. Chairman, the reverse of the cases I have just cited has been held to be true, so far as parliamentary law is concerned, and I think this citation which I shall cite to the Chair at this time is exactly on all fours with the proposition before the Chair. This is from Hinds' Precedents, section 5851, following 5850, that I just cited:

To a proposition to pay a claim an amendment proposing to send the claim to the Court of Claims was held not to be germane.

In other words, they had a proposition before the Congress that the Congress should determine whether a claim should be paid. An amendment was offered dealing with precisely the same claim, but it did not propose that Congress should finally adjudicate the matter. The amendment proposed that the Congress should send it to the Court of Claims, and the Chair then held that that amendment was not germane, because it was not the same proposition.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. SANDERS of Indiana. I yield to the gentleman from Vermont.

Mr. GREENE of Vermont. Does not the gentleman believe that the Treasury Department now has authority to enter into formal negotiations and to submit its report to Congress and ask for ratification of a contract based upon such negotiations?

Mr. SANDERS of Indiana. I think so.

Mr. GREENE of Vermont. This bill undertakes not to do such a thing as that, but to have the Congress settle it finally. Therefore the amendment, to my mind, is a complete negative of this bill.

Mr. SANDERS of Indiana. It is.

Mr. GREENE of Vermont. Then is not the parliamentary remedy not to seek to negative the bill by an amendment, but to move to strike out the enacting clause or to vote against the bill?

Mr. SANDERS of Indiana. To be sure.

Mr. GREENE of Vermont. This is not the remedy.

Mr. SANDERS of Indiana. I agree with most of what the gentleman has said. If the gentleman is opposed to the bill, he can move to strike out the enacting clause. But the decisions are very clear, Mr. Chairman, that you can not bring in by way of an amendment a proposition to submit a matter to an entirely different tribunal when you are undertaking to deal with it by the Congress of the United States; and the reason for that is very apparent. If we had the right to bring a new proposition before this House by way of amendment, it would mean that the House, within a few moments, on short debate, could legislate upon matters of grave importance. It is the purpose of parliamentary law to send these matters to committees, to let the committee have hearings, and determine and then report to the Congress, and that is the principal reason for the rule. If this amendment were held to be in order, the reason for the rule would be clearly disregarded.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SANDERS of Indiana. In just a moment. In two or three minutes I want to call the attention of the Chair to some similar rulings that I think are much to the point.

I refer first to page 475 of the Manual. That was the case of a tariff commission. I want the Chair to notice the language used in the ruling by the Speaker when he was determining whether the creation of a tariff commission and the referring of matters to a tariff commission was germane to a revenue bill. It was on a motion to recommit. He said:

The subject matter of the part of the motion to recommit which relates to the Tariff Commission is to gather information; or, to state it in other words, the purpose of the tariff bill is to get money, while the purpose of the Tariff Commission is to get information.

Now, that is exactly this case. The purpose of this legislation is to clothe a commission with authority to get this money, to arrange for it so that it can be gotten in the future. I read again from the decision of Mr. Speaker Clark:

The subject matter of the part of the motion to recommit which relates to the Tariff Commission is to gather information; or, to state it in other words, the purpose of the tariff bill is to get money, while the purpose of the Tariff Commission is to get information; and it seems to me that if the English language has any significance whatever, the two propositions are different, that one is not germane to the other, and the truth is that the only kinship between these two propositions is that both contain the word "tariff."

Then, on page 479 of the Manual, quoting from another decision—

And to raise money or to get money is the whole scope of this bill now pending here to-day.

Then, dropping down to another paragraph—

And the whole scope of this tariff commission proposition is to get information.

Now, Mr. Chairman, I submit that under this long line of precedents the proposition of the gentleman from Mississippi [Mr. COLLIER] is an entirely different subject matter, and that under the rules of this House it should be held out of order, and this House should not be compelled to pass on this entirely new matter in contravention of the rule.

Mr. CRISP. Mr. Chairman, I shall trespass upon the time of the House but a very few moments in discussing this point of order, which to my mind is as clearly without any merit as any point of order I have ever heard lodged against any amendment in the House of Representatives.

One of the grounds for the point of order is that it violates section 3 of Rule XXI, which is the rule adopted for the purpose of considering revenue bills. The Chair and every Member of the House know that that rule was adopted by the House for a specific purpose and that it contravenes all general rules of parliamentary law in every body in all the world. That rule was adopted when the House was considering what were commonly called popgun tariff bills.

Mr. LONGWORTH. If the gentleman will allow me, I made the point of order both under paragraph 3 of Rule XXI and under the general rule of germaneness. I made it under both.

Mr. CRISP. I understand that. When we were considering what were called the popgun tariff bills, each bill dealing with one particular subject of the general tariff bill and amending it, it had been held in some of the decisions that under the rules of the House it opened up the whole tariff bill for amendment. So section 3, of Rule XXI, was put in to narrow amendments and restrict them to that one schedule.

But, Mr. Chairman, that provision of the rule has no bearing whatever upon this case, because the bill we are considering is not a revenue bill. The evidence of that is that the gentleman in charge of this bill, knowing it was not a revenue bill, did not rely on the rules to call it up as a privileged matter on the ground that it was a revenue bill, but he asked unanimous consent for the consideration of this bill, and I am told that the report was dropped through the basket. Reports on privileged bills must be made from the floor of the House, and where a report is made through the basket, if the bill was privileged, that destroys its privilege.

So that paragraph of the rule has no bearing whatever on this case. Now, as to the general proposition as to whether or not it is germane. I have taken the precaution to go to the dictionary and get the meaning of the word "germane." Here it is: "Near akin, in close relationship, appropriate, relevant, pertinent." Now, who can say that the proposed amendment is not near akin, in close relationship, relating to, and pertinent to this bill?

What is this bill? This bill is a bill to create a commission "authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes." What does the amendment propose? It proposes that this commission can enter into negotiations and report to Congress certain plans and methods by which its debts shall be funded; that their action shall not be binding until it is ratified by Congress. What is the legal effect? It is simply a limitation on the power of the commission to do this particular thing. It adds no new matter. It is certainly germane, and I hope the point of order will be overruled.

There is a reason in all rules concerning parliamentary bodies. The reason of germaneness is so that the House could not be swept off its feet and called upon to consider new and extraneous matter. The House is not swept off its feet, the House is not called on to consider new matter, it is not called upon to consider any new subject interjected into the bill by this amendment. It simply places a new limitation on this commission, and provides that its act shall not be binding until ratified by Congress.

Mr. Chairman, the argument of my friend from Indiana [Mr. SANDERS] and the question asked by my good friend from Vermont has but one conclusion, and that is that because the committee of the House brings in a bill here to do a thing in a certain way that the rest of the House is gagged and can not change the plan. That is the logic of their contention.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. CRISP. I will.

Mr. GREENE of Vermont. The gentleman says to do a thing in a certain way. That is exactly the proposition in the bill—to do a thing in a certain way—and the proposition of the amendment is not to do it but to get advice.

Mr. CRISP. The proposition is to do it with a certain restriction. The House of Representatives is greater than any committee of the House, and when any committee brings in a legislative scheme, the House has a right under the rules to change that legislative scheme by providing a different method provided it is germane. This amendment simply places a limitation upon the commission created by the bill. For the life of me, I can not see that this provision is not germane, and I trust that the point of order will be overruled.

Mr. GARRETT of Tennessee. Mr. Chairman, I would like to add a word to what has been so well said by the gentleman from Georgia [Mr. CRISP]. Paragraph 3 of Rule XXI, which is the first proposition invoked here to destroy this amendment, says:

No amendment shall be in order to any bill affecting revenue which is not germane to the subject matter in the bill; nor shall any amendment to any item of such bill be in order which does not directly relate to the item to which the amendment is proposed.

Now, Mr. Chairman, the language of the Constitution of the United States is as follows:

All bills for raising revenue shall originate in the House of Representatives.

This paragraph 3 of Rule XXI has up to this time always been applied to bills coming under that particular provision of the Constitution which I have just read. This is not a bill to raise revenue. Surely no gentleman will contend that. This bill does not raise a dime of revenue. This bill provides a method for settlement of obligations growing out of the loan of revenue that has been already raised by taxation of the people of the United States. I take it that no gentleman will insist that this is in any respect a revenue bill as mentioned in this section of the Constitution.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. LONGWORTH. Paragraph 3 of Rule XXI relates to bills affecting revenue. This certainly affects revenue.

Mr. GARRETT of Tennessee. If that construction can be placed on it, to wit, that this is a revenue bill because it "affects" the revenue, then the rule could be invoked on any appropriation bill, because appropriation bills "affect" the revenue. This has not been treated as a revenue bill. Why, it is a matter of record that the Committee on Finance in the Senate of the United States reported an original bill long before the House had ever acted upon it. If it had been a revenue bill the Senate committee should have been estopped from acting on it, because, under the Constitution, bills raising revenue must originate in the House of Representatives.

Now, a word further. There is quite a distinction, to my mind, between the proposition stated by the gentleman from Indiana when he pointed to the case in which it was held that in a bill to pay a claim an amendment to send it to the Court of Claims was not in order. Why? Because the bill before the House or the committee, whichever it was, was a final settlement of the proposition. An amendment was offered to send it to the Court of Claims, which was a proposition entirely different from the proposal before the House. The proposal before this body now is to create a commission giving them plenary power to negotiate and settle certain indebtedness due the Government of the United States. This proposition contained in the amendment of the gentleman from Mississippi is merely a proposal to limit the power by requiring that before it shall have any force or effect it shall be submitted to the Congress to act upon.

Mr. MADDEN. Will the gentleman yield?

Mr. GARRETT of Tennessee. I yield.

Mr. MADDEN. Does not this bill as it stands now without the amendment of the gentleman from Mississippi propose to give the commission the power, subject to the approval of the President? The gentleman's amendment proposes to transfer that power to the Congress.

Mr. GARRETT of Tennessee. Oh, indeed not. This certainly adds to it—that it shall have the approval of the Congress as well as of the President. The amendment offered by the gentleman from Mississippi does not disturb the provision requiring the approval of the President. The President must approve it twice—in the first instance when the settlement is made, and then the President must approve it when he signs the law that shall be passed by the Congress, approving its terms.

Mr. GREENE of Vermont. Does not the gentleman believe that the first approval, according to the terms of the bill, is a finality and is a confirmation?

Mr. GARRETT of Tennessee. Yes; and it is the desire to limit it.

Mr. GREENE of Vermont. Then, if it comes back to that, the effect of the gentleman's amendment is to restore the existing situation itself—that is, that now there can be negotiations with these foreign representatives and there can now be submitted as the result of those negotiations a plan to Congress which can then be acted on by the Congress and approved by the President and become a law.

Mr. GARRETT of Tennessee. Mr. Chairman, I do not think the gentleman is quite right about that. I have argued that the Secretary of the Treasury has authority now to proceed under existing law to settle this indebtedness, except as to about \$700,000,000 pointed out heretofore; but this is a plan to change the law. Is it possible that a construction can be given here upon a bill which is not designed to raise a dollar of revenue and which will not raise a single dollar of revenue, that this power is to be invoked which has never been applied except to bills defined by the Constitution as bills raising revenue, which will absolutely limit the Congress of the United States upon other than a revenue bill in exercising its power? I can not think so.

The CHAIRMAN. The Chair is ready to rule. This character of question is very often a difficult one to determine. It can not be determined by the definition of germaneness, the Chair

would suggest to the gentleman who first addressed the Chair, because of the fact that the rule itself under which the Chair must act does not use the word "germane" at all. The language under which the Chair must decide this proposition is as follows:

and no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment.

That language, of course, is subject to very wide points of view in interpretation. When is a subject different from that under consideration? The mere fact that a bill relates to loans does not make every amendment relating to loans within the rule. It has been decided many times that the mere fact that an amendment offered which is related to the same subject matter of the bill did not make it germane. What, then, is the point of difference? Where is the line to be drawn? The Chair will say that from his examination of the authorities he has been led to believe that there is none other than the good judgment of the Chair which passes on the question. A great many precedents could be cited on both sides of the case. A great many precedents could be shown that would be very, very close to the proposition that we have before us. Let us take the proposition cited, I think, by the gentleman from Indiana [Mr. SANDERS] in his able presentation of the point of order:

To a proposition to pay a claim an amendment proposing to send the claim to the Court of Claims was held to be not germane.

Could that be considered as a precedent in the matter that we have before us? No; because this bill is what? This bill is to provide a method for the adjustment and funding of certain outstanding claims due the Government of the United States. What does this amendment propose to do? It proposes to do this: It says the establishment of a commission for that purpose shall be modified, changed, and limited by another provision. That merely says that after action by such commission their action shall be submitted to the Congress and shall not be valid until the action of the commission is approved. It has been held time and time again that a limitation of this character is germane—a limitation placed upon a thing itself that was to be done, which is not itself outside of the scope of the subject matter, that is not itself transferring the consideration of the proposition to something else. So, it seems, that this is simply a limitation. The Chair thinks he would be going very far, indeed, to hold that it is not germane.

For that reason the point of order is overruled.

Mr. MADDEN. Mr. Chairman, is the matter open to debate?

Mr. GARRETT of Tennessee. Mr. Chairman, it has not been debated yet.

The CHAIRMAN. The Chair will recognize the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I do not desire to debate this any further, because all of the debate on Friday and this morning on one side has been on this proposition. I understand the gentleman from Arkansas [Mr. OLDFIELD] desires five minutes.

Mr. OLDFIELD. Mr. Chairman, I do not want to take up the time of the committee unless some one on the other side desires to do so. [Cries of "Vote!"]

Mr. FORDNEY. Mr. Chairman, I move that all debate upon this amendment and all amendments thereto be now closed.

The motion was agreed to.

Mr. OSBORNE. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the Collier amendment.

There was no objection, and the Clerk again reported the Collier amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. COLLIER) there were—ayes 71, noes 117.

Mr. COLLIER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. COLLIER and Mr. FORDNEY to act as tellers.

The committee again divided, and the tellers reported—ayes 98, noes 135.

So the amendment was rejected.

Mr. HAWLEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HAWLEY: Page 1, lines 9 and 10, after the word "that," strike out the following: "the commission created by section 1, with the approval of the President," and insert in lieu thereof the following: "with the approval of the President, the commission created by section 1."

Mr. HAWLEY. Mr. Chairman, all this amendment does is to change the position of two clauses. As the language reads at present it says "That the commission created by section 1 with

the approval of the President," apparently limiting the approval of the President to the creation of the commission. The change proposed makes the approval of the President apply to every phrase of the paragraph in the bill.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. Mr. Chairman, in his remarks on the pending bill the distinguished gentleman from Tennessee, my friend of many years, Mr. GARRETT, for whom I entertain a high regard as one of the alert intellects and as minority leader, one of the most useful Members of the House, made a statement to which I wish briefly to reply.

He said:

It is necessary by reason of some things that have been said here—as it would be proper under any circumstances—to briefly recite the history of these loans. I have never heard before to-day the allegation, or, so far as I can remember, even the intimation, that the Secretary of the Treasury who happened to be then in office, in complying with the authority given by Congress to make loans to the foreign nations, had violated the act of Congress. Not until to-day, when it was intimated by the gentleman from Michigan [Mr. FORDNEY] and by the gentleman from Ohio [Mr. LONOWORTH] that they believed Mr. Secretary McAdoo had violated the spirit if not the letter of the law, have I ever heard even a suggestion to that effect.

Now, it must be, Mr. Chairman, that the gentleman from Tennessee was absent from the Chamber when those loans were under discussion in September, in the year 1917. For if he will consult the RECORD of September 5 of that year he will find the report of an interesting debate in which over and over it was strongly intimated that the then Secretary of the Treasury, Mr. McAdoo—a man for whose personal character we all have entire respect—had violated the spirit and the letter of the law in making those loans. I have in my hand and will read from a copy of the RECORD of the 5th of September, 1917. Mr. KITCHIN, the brilliant leader of the Democracy on the floor at that time, was addressing the House:

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. COOPER of Wisconsin. Is the gentleman free to state, or does he feel that he is justified in stating publicly to the House, how many million dollars were loaned to the provisional government under Kerensky through Ambassador Bakhmeteff?

Remember that Kerensky's government was a revolutionary government, a sort of government on horseback, which lasted only a few months.

Mr. KITCHIN. A credit was established with this Government for the Russian Government up to \$275,000,000.

Mr. COOPER of Wisconsin. Established how?

Mr. KITCHIN. They had a tentative agreement that they might allot that much to the Russian Government. The tentative agreement was such that if the circumstances warranted it we would loan the Russian Government up to \$275,000,000; but under the actual circumstances we afterwards issued them only \$87,500,000—

Mr. COOPER of Wisconsin. What did we take, bonds?

Mr. KITCHIN. We took a certificate, practically a demand note, from the representatives of the Russian Government here as we did from the representatives of the British and French Governments when we made loans to them.

Mr. COOPER of Wisconsin. Then the security which was taken for this \$87,500,000 loaned to the Kerensky government consists of what is in legal effect a promissory note?

Mr. KITCHIN. Practically that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. I ask unanimous consent to proceed for five minutes.

Mr. PARKS of Arkansas. Mr. Chairman, I object.

Mr. COOPER of Wisconsin. I hope the gentleman will not object.

Mr. PARKS of Arkansas. Reserving the right to object, I am not going to do so now. I simply want to say that, so far as giving information pertaining to this most important measure is concerned, I should not object, but if gentlemen are going back into the past and dig up politics, I shall object in the future.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. I am not digging up politics. I beg the gentleman from Arkansas not to forget that I prefaced what I am saying by quoting from the statement of your distinguished Democratic leader [Mr. GARRETT of Tennessee]; that he thought it proper and necessary to recite the history of these loans.

Mr. KITCHIN said that we took what was "practically a demand note."

Mr. COOPER of Wisconsin. Signed by whom?

Mr. KITCHIN. Signed by the representative of the Russian Government here.

Mr. COOPER of Wisconsin. The ambassador?

Mr. KITCHIN. The duly accredited representative of that Government, of course.

Mr. COOPER of Wisconsin. Was it signed by anybody except Ambassador Bakhmeteff?

Mr. KITCHIN. No. I think that is about all we ought to go into that matter.

For some reason Mr. KITCHIN thought that we should not further inquire about the loan to the Kerensky government.

A little later in the same debate occurred the following dialogue with Mr. Moore, a member of the Committee on Ways and Means:

Mr. COOPER of Wisconsin. Did not the law require, not the handing over of a demand note by the accredited representative but the transfer of bonds at the time the cash was paid out of the Treasury of the United States?

Mr. MOORE of Pennsylvania. I will repeat what I read a moment ago from the testimony of the Secretary of the Treasury as to these obligations taken at the time the credit is given. I read:

"Mr. MOORE of Pennsylvania. They are preparatory to the delivery of their bonds?"

"Secretary McADOO. They are short-time or demand obligations, which will be converted into bonds."

And yet, although the war ended three years ago, not one of the Kerensky demand notes, nor of any other of the war-loan demand notes of foreign Governments, has been converted into bonds. Our Government has ten billions of demand notes of those Governments—nothing more.

The first two billions of these loans, including the Kerensky-Bakhmeteff loan of \$87,500,000, were made under the authority of section 2 of the act of April 24, 1917.

That section I will read:

SEC. 2. The Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase, at par, from such foreign Governments then engaged in war with the enemies of the United States their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under the authority of this act.

It is perfectly clear that the only power granted by that section was the power to loan money to foreign Governments, and in return to accept obligations containing terms and conditions essentially like those of the obligations of the United States issued under authority of the same act. Now, the obligations of the United States issued under that act were the first Liberty bonds. But who ever saw a Liberty bond in the form of a mere demand note? Does a demand note contain "essentially" the same terms and conditions as a Liberty bond? Did any person ever hear of a bond of the United States with no provision in the bond itself definitely fixing the date or dates on or before which principal and interest would become due and payable?

Now, to show, beyond dispute, just what was the intention of Congress as to the obligations the Secretary must take when he paid out the money, I will read the proviso of section 2 of the act of April 24, 1917.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. Mr. Chairman, I ask for five minutes to complete my statement.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. COOPER of Wisconsin. I invite the careful attention of the House to the proviso of section 2 of the act of April 24, 1917. Here is the plain, unmistakable language of the proviso showing the intent of Congress:

Provided, That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign Governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

Mark that language. This proviso expressly declared that the Secretary of the Treasury was granted power to "purchase bonds"—not demand notes, but "bonds."

But the gentleman from Tennessee [Mr. GARRETT] said that the law of September 24, 1917, changed all this. But, in my judgment, it did not. I voted for all of the Liberty loan bills, and I can not believe that Congress ever intended to provide or did provide by the act of September 24 that money belonging to our Government could be loaned to foreign Governments on demand notes. Be that as it may, however, it is important to remember that \$87,500,000 in money had been advanced to the Kerensky government, and hundreds of millions more to other governments on demand notes before the law of September 24, 1917, was enacted. The total thus advanced before September 24 was about \$2,000,000,000.

And yet, as the gentleman from Michigan and the gentleman from Ohio have suggested, there was no authority to loan the money of the United States Government to foreign Governments on demand notes.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER of Wisconsin. Under the leave granted by the House, I desire again to refer to the transactions with Mr. Boris Bakhmeteff, the so-called ambassador representing Russia. The facts about these transactions are set forth in a voluminous official report now before the Senate-Judiciary Committee, a

report compiled by the committee's counsel, Don M. Hunt, from the official Treasury Department records.

From this report it appears, among many other things, that a total of \$187,729,750 in money was advanced to the provisional government of Russia, all on Bakhmeteff's or his assistant's demand notes.

Moneys from this fund raised from Liberty loan drives and taxation for prosecution of the war, and authorized to be loaned to foreign Governments then at war with the enemies of the United States, went, with the approval of the Treasury Department, to the aid of three separate de facto governments in Russia, namely, the Kerensky government, the Kolchak government, and the Wrangel government.

Some interesting facts about the unbusinesslike manner in which the Russian affairs were administered by this Government are shown by the fact that the War Department of the United States Government purchased from the provisional Russian government, after its fall, war munitions which had been contracted for by that government to the extent of \$11,000,000. Instead of paying that \$11,000,000 into the United States Treasury and crediting that sum as a payment on the Russian loan, the \$11,000,000 was paid into the National City Bank—

New York—

to the credit of Mr. Bakhmeteff.

At the time of the fall of the Kerensky government there was approximately \$56,000,000 in the National City Bank to the credit of that government.

In conclusion, referring again to the statement of the gentleman from Tennessee that never prior to the speeches of the gentleman from Michigan and the gentleman from Ohio had he heard even so much as an intimation that the advancing of money on these loans had been in violation of the act of Congress, I direct attention to the fact that four years ago in the House debate it was not only intimated but also distinctly asserted that there had been such violation of the law. This is shown by the following from the RECORD of September 5, 1917:

Mr. COOPER of Wisconsin. Where the statute says that he can purchase only obligations of these belligerent countries bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act, it strikes me that in taking the promissory note he has not complied with the plain letter of the law.

Mr. FORDNEY. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

Mr. TINKHAM. Mr. Chairman, my amendment is pending.

Mr. GARRETT of Tennessee. I think the gentleman ought to give me a chance to reply to the gentleman from Wisconsin [Mr. COOPER].

Mr. TINKHAM. Mr. Chairman, I have an amendment that is pending. I want to speak for five minutes.

Mr. GARRETT of Tennessee. Mr. Chairman, I would like to have five minutes in which to reply to the vicious attack of the gentleman from Wisconsin. [Laughter.]

Mr. FORDNEY. Mr. Chairman, I move that all debate on this section and amendments thereto close in 20 minutes.

The CHAIRMAN. The gentleman from Michigan moves that all debate on this section and all amendments thereto shall close in 20 minutes.

The motion was agreed to.

Mr. GARRETT of Tennessee. Mr. Chairman—

The CHAIRMAN. The gentleman from Tennessee [Mr. GARRETT] is recognized. [Applause.]

Mr. GARRETT of Tennessee. Mr. Chairman, I was present four years ago when the debate to which the gentleman from Wisconsin [Mr. COOPER] has made reference occurred. I had not thought of it for some time, until he refreshed our memory by reading it in extenso here to-day. I may have been dense at the time, and I may be dense yet; but I certainly never understood from that debate at the time, and do not understand from anything that was in the debate at the time, as was read here to-day, that there was any purpose of charging that the Secretary of the Treasury violated the law, either on the part of the gentleman from Wisconsin [Mr. COOPER] or on the part of the gentleman from North Carolina [Mr. KITCHIN]. But if the gentleman from Wisconsin did intend to charge that at that time the Secretary of the Treasury, Mr. McAdoo, violated the law, of course I am ready to assume that I did not understand him correctly.

But I dispute the fact. Now, gentlemen, I ask you to read for yourselves all of section 2 of the act of April 24, 1917. Five different times, as I now remember it, it provides that the Secretary of the Treasury invest—I do not remember the exact expression—in obligations of these foreign Governments. Not once does it use the word "bonds" except as it refers to bonds of the United States. It must have been the manifest intention of the Congress. I have read it very carefully since we had the debate the other day. You used "bonds" in the proviso. Not once, until you get down to the proviso, does it use the word "bonds." What is the proviso? Why, that after the war is over he should not buy bonds.

The war was not over when we were making these loans. We took obligations. Do you know that at the time the Secretary of the Treasury was taking these obligations the Government of the United States had not itself executed its own bonds that it was to sell to its citizens? You remember the first Liberty loan. It was months after we subscribed before we got our bonds.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. COOPER of Wisconsin. Will the gentleman permit me to direct his attention to the phraseology of the proviso? It was this:

Provided, That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign Governments as aforesaid.

Mr. GARRETT of Tennessee. Oh, certainly. He had the right at that time to purchase bonds. But he was not limited to bonds. He could take obligations. And if a note of hand, or an I O U, or a due bill is not an obligation, according to the gentleman from Wisconsin, then the next time he wants to borrow money from me I want him to bring a bond. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. I have no more time.

Mr. STAFFORD. Oh, yes; the gentleman has. Will the gentleman yield?

Mr. GRAHAM of Illinois rose.

Mr. TINKHAM. Mr. Chairman, a parliamentary inquiry. What is pending before the House?

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oregon [Mr. HAWLEY].

The amendment was agreed to.

The CHAIRMAN. The gentleman from Massachusetts [Mr. TINKHAM] is recognized.

Mr. TINKHAM. Mr. Chairman, may I ask that my amendment be read?

The CHAIRMAN. The gentleman from Massachusetts [Mr. TINKHAM] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. TINKHAM: Page 2, line 1, after the words "or both," insert the words "but in no event to extend the time of payment of interest beyond two years from the date of the passage of this act."

Mr. TINKHAM. Mr. Chairman, my amendment proposes that no current interest or interest upon the debt to be funded shall be postponed further than two years from the passage of this act. This amendment is not offered because there is the slightest distrust of either the Secretary of the Treasury or of the commission proposed to be established by the bill. It is not offered even as a condition or restriction upon powers of the commission. It is offered to give the commission a power, in my opinion, which to-day under the bill as drawn they do not possess.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. TINKHAM. I can not in my five minutes.

The amendment gives the commission power to say to the emissaries of any country seeking refunding of its debt and desiring to postpone interest payments which possibly it would be fair to require paid, "The Congress of the United States has put a limitation upon our power of postponing interest."

There will be great pressure brought to bear upon the commission from the international bankers and the various nations to postpone interest payments—by the bankers, so that their loans and commitments may be given priority and added security; by the various nations, in order that they may expend the money which might be devoted to interest payments to the United States to other purposes, even to financing departments having to do with trade competitive with like departments of ours, not to mention the addition to naval and other equipment. If my amendment is accepted a great power will be given to the commission if they can point to the direction of Congress, which says that they shall not postpone interest payments further than two years. That does not mean that we are going to insist that those nations which can not in fairness pay shall be compelled to pay, but gives the commission a power to be used diplomatically and fairly. At the end of the two-year period if there are nations who can not pay interest upon their debt, then the Secretary of the Treasury can report to the Congress that an amendment concerning further postponement of interest should be made and why that should be done. It would neither be undignified nor improper for him or for the commission to do so.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. TINKHAM. Just one moment. There has been no evidence or testimony before any committee of this House or of the Senate, either by word of mouth or written communication, that any arrangement concerning payment of interest, tentative or otherwise, has been made or suggested. The only really official statement that there has been made by the English chancellor, Mr. Chamberlain, last spring. I have in my hand the parliamentary debates of Monday, April 25, 1921, from which I desire to read the said statement, and what was then suggested England might do in relation to the interest upon the debt owed by her to the United States. On page 75, under the heading "National debt," the English chancellor said:

The total debt is £7,573,000,000, of which treasury bills and ways and means advances account for £1,275,000,000, and external debt, at par of exchange, £1,162,000,000. The first observation I would make is that it is obviously desirable that we should redeem as much debt as we can while prices, though lower than they were, still remain above the level which we expect them to reach in a comparatively short time and to maintain over future years.

And then he made the further statement:

We have to provide next year (that, is 1922 and 1923) for one considerable item not included in this year's estimates, namely, interest on our debt to the United States of America, which at par exchange amounts to over £40,000,000 a year. It is possible that we may not require to provide more than half of the whole year's interest on our debt to the United States Government in 1922-23. Even so, the starting point on the expenditure side on the present basis is not likely to be less than \$950,000,000. Clearly that is too high and it must be reduced.

There has been propaganda, I might call it, both in the Committee on Ways and Means and in this House, that already there is an item in the present budget bill to pay some interest upon our debt. I do not know how this rumor arose or for what purpose it has been circulated, but the fact is that there is no such item, as I understand it. The Committee on Ways and Means objected to the amendment which I have now offered upon two grounds. The committee's first objection was that if the amendment was adopted all the nations would take advantage of it and postpone their interest payment for two years after the passage of the bill, and that they were informed that some of the nations were ready to pay interest now or before the two-year period. England is the most sovereign of all nations, and her proposal, which I have read, is that she does not pay the interest until substantially two years have passed. There are no other proposals, I am officially informed, pending from any other nations concerning the payment of the interest upon the debt.

This would therefore seem to dispose of the first objection. The second objection is that there are countries like Austria, Armenia, Poland, and other countries which can not pay interest within two years. That objection is met, it seems to me, by the suggestion that at the end of the two-year period any countries which can not pay shall be reported by the commission to the Congress and proper treatment given to the situation as it may then appear.

The Secretary of the Treasury before the Ways and Means Committee for diplomatic reasons could not, of course, do anything but oppose mildly the suggestion which is contained in my amendment; but this House is not bound by diplomacy and is here for frank and unrestricted expression. We are merely trustees of this great fund of foreign indebtedness and in a spirit of fairness and equity to our debtors should always hold in mind the superior obligations we owe to those whom we represent whose money is involved. In the public interest and in the exercise of a very high duty I believe that my amendment should be adopted and the hands of our commission strengthened and given adequate power.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TINKHAM. Mr. Chairman, may I ask for five more minutes?

The CHAIRMAN. The committee has ordered otherwise. The Chair does not remember whether that was by unanimous consent or by motion. The Chair understands it was by motion. The gentleman from Massachusetts asks unanimous consent to proceed for five minutes more. Is there objection?

Mr. CHANDLER of Oklahoma. I object.

Mr. GRAHAM of Illinois rose.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. TINKHAM. Mr. Chairman, may I ask unanimous consent to extend my remarks?

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

The CHAIRMAN. Would the gentleman like to have his amendment proposed now?

Mr. TINKHAM. Yes.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from Massachusetts [Mr. TINKHAM].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The gentleman from Illinois [Mr. GRAHAM] is recognized. The amendment offered by the gentleman from Illinois will be read by the Clerk.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: On page 2, lines 18 and 19, after the word "has," in line 18, strike out "or hereafter may have."

Mr. GRAHAM of Illinois. Gentlemen of the committee, I am not sure that I am right about this, and if at the conclusion of my five minutes the members of the committee have convinced me that I am wrong I shall be glad to withdraw my amendment. But this is about the only opportunity I have had to find out about the meaning of this language. As I understand it this proposition is for the purpose of settling certain advances that were made to foreign countries, which are set out in the report. They are on account, first, of proceeds of advances made under the Liberty loan acts. Now, surely no further amount can be advanced under the Liberty loan acts, for by the express language of those acts the power to do so is now terminated. Second, proceeds of sale of surplus war materials by the Secretary of War and the Secretary of the Navy.

That is all over and settled and done with, through the work of the American Liquidation Commission.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. LONGWORTH. Does not the gentleman appreciate that the striking out of those words would prevent our getting any really good security for this debt—all that we now have? Does the gentleman desire to exclude that?

Mr. GRAHAM of Illinois. No; if I am correct about this the words refer back to the antecedent "all claims"—all claims which the United States now has or hereafter may have.

Mr. LONGWORTH. "Not now represented by bonds or obligations, which the United States of America now has or hereafter may have." To strike out those words will defeat the purpose of the bill.

Mr. HAWLEY. Will the gentleman yield to me?

Mr. GRAHAM of Illinois. First let me ask a question, and then I will yield. This language reads:

And to adjust and settle any and all claims, not now represented by bonds or obligations, which the United States of America now has or hereafter may have against any foreign Government and to accept securities therefor.

"All claims which the United States may hereafter have." Does not the gentleman think it ought to be limited to the claims which we now have?

Mr. HAWLEY. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. HAWLEY. In the course of the inquiry it developed that there are some disputed matters between our Government and some of the foreign Governments relative to the transportation of our troops, and no balance has been struck yet, and it has not been determined whether there are certain amounts they ought to pay or whether there are amounts that we should assume the payment of. These are claims that are not presented yet. They may be claims on our part against a foreign Government, and we do not know yet whether they are or not, and so this language is put in there to take care of such a situation as that.

Mr. GRAHAM of Illinois. That is what I am afraid of. I do not believe that is right. I believe this act ought to be limited to the things set out in the report—the advances made under the Liberty loan acts, the sale of surplus war materials, and obligations incurred through the United States Grain Corporation and the American Relief Administration. If there is anything else to settle in the disputed accounts between us and other countries, I believe we had better do that in another way.

Mr. HAWLEY. We understand that the foreign Governments are willing to have all the claims that may be payable by them to us incorporated in this legislation and settled at one time.

Mr. GRAHAM of Illinois. Does the gentleman think that is wise?

Mr. HAWLEY. I can see no objection to it.

Mr. STAFFORD. Why would not the commission have that authority with the clause stricken out as proposed by the gentleman from Illinois? It is a claim we have against that foreign Government.

Mr. GRAHAM of Illinois. We have the claim spoken of by the gentleman from Oregon now. This language refers to

claims arising in the future. If you have a claim at all, you have it now. So why put in language to cover claims that we may have in the future?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. GARRETT of Tennessee. I offer a substitute for the amendment of the gentleman from Illinois.

The CHAIRMAN. The gentleman from Tennessee offers a substitute for the amendment of the gentleman from Illinois [Mr. GRAHAM], which substitute the Clerk will report.

The Clerk read as follows:

On page 2, line 16, after the word "America," strike out the remainder of the section.

Mr. GARRETT of Tennessee. Mr. Chairman—

The CHAIRMAN. The Chair feels that he should recognize the gentleman from New York [Mr. FAIRCHILD] if he desires, and that would preclude debate by the gentleman from Tennessee on his substitute.

Mr. GARRETT of Tennessee. May I call the Chair's attention to the fact that the motion of the gentleman from Michigan, as I understood it, was to close debate on the Tinkham amendment and all amendments thereto.

The CHAIRMAN. No; it was to close debate on the section and all amendments thereto.

Mr. GARRETT of Tennessee. Very well.

The CHAIRMAN. The question is on the amendment by way of substitute offered by the gentleman from Tennessee for the amendment of the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 35, noes 107.

So the substitute was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Illinois.

Mr. STAFFORD. May we have the amendment again reported?

The Clerk read as follows:

Amendment by Mr. GRAHAM of Illinois: Page 2, lines 18 and 19, after the word "has," in line 18, strike out the words "or hereafter may have."

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. GRAHAM of Illinois) there were 56 ayes and 117 noes.

So the amendment was lost.

Mr. FAIRCHILD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. FAIRCHILD: Page 1, line 11, after the word "authorized," strike out the words "from time to time"; page 2, lines 3, 4, and 5, after the word "America," strike out the words "or any obligation of any foreign Government hereafter received by the United States of America"; page 2, line 9, after the word "and," strike out the words "from time to time"; and on line 12, after the word "now," strike out the words "or hereafter."

Mr. FAIRCHILD. Mr. Chairman, the purpose of this amendment is not to change at all the intent of the bill as reported by the committee.

Mr. FORDNEY. Mr. Chairman, has not the 20 minutes been occupied in debate?

The CHAIRMAN. There have been only three speeches of five minutes each.

Mr. FAIRCHILD. Mr. Chairman, the gentleman from Wisconsin [Mr. FREAR] in his address the other day called attention to the fact that in the committee, as an amendment to the original draft of the bill, section 4 had been adopted limiting the time in which the commission could act to three years. When that amendment was adopted in committee they should have gone back to section 2 and changed the phraseology of section 2 in order to conform with the amendment which they adopted and reported to the House. The expressions that my amendment proposes to eliminate are expressions that relate only to a continuing commission, which could act forever. The bill as drafted in the Treasury Department provided for such a perpetual commission, and therefore the expressions "from time to time" were included in the authorization to refund. The commission could refund the existing indebtedness, and 10 years later they could refund again, and 30 years later they could refund again. It was a continuing commission, and therefore, as provided in the Treasury Department draft of the bill, section 2 contained such expressions as "from time to time" in the authorization to the commission to act. From "time to time" the commission was authorized to refund. On page 2, lines 3 and 4, it says, "or any obligation of any foreign Government hereafter received by the United States of America." "Hereafter received." There is one of the expressions appropriate only to a continuing, perpetual commission. My amendment simply eliminates such expressions as "from time to time" and "here-

after" in order to make section 2 conform to the intent of the bill as reported by the committee and to section 4 of the bill.

Mr. TEMPLE. Does not section 4 limit that altogether, that it must be limited to three years? Section 4 says that all powers exercised must be discontinued at the end of three years.

Mr. FAIRCHILD. These expressions should be eliminated.

Mr. TEMPLE. Two years from now would be hereafter.

Mr. FAIRCHILD. It is not the purpose to give authority to the commission to accept any further refunding after the commission has once refunded. The authorization is to refund the existing obligations, and when refunded the authority of the commission as to such obligations should cease.

Mr. FORDNEY. Mr. Chairman, I hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FAIRCHILD].

The question was taken, and the amendment was lost.

The Clerk read as follows:

SEC. 3. That this act shall not be construed to authorize the exchange of bonds or other obligations of any foreign Government for those of any other foreign Government, or cancellation of any part of such indebtedness except through payment thereof.

Mr. FISH and Mr. COLLIER rose.

Mr. FISH. Mr. Chairman, I have an amendment which I desire to offer.

The CHAIRMAN. The Chair will recognize the gentleman from Mississippi, a member of the committee.

Mr. COLLIER. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COLLIER: Page 2, line 25, after the word "thereof," strike out the period and insert a comma and the words "in full."

Mr. COLLIER. Mr. Chairman, I do not care to debate this at length. This amendment is simply for the purpose of making clear that any cancellation or payment or any part thereof must be in full. It makes it clear and precludes any authority to accept a partial payment or a percentage of the payment.

Mr. GARRETT of Tennessee. It would be true, would it not, that if they should agree to take 10 cents on the dollar it might be construed as a payment?

Mr. COLLIER. Exactly, and it would be a payment if they agreed on any sum. I do not care to debate it any more.

Mr. RAKER. Mr. Chairman and gentlemen of the committee, this amendment makes some provision for what the bill does not provide. On line 24 it is clearly the intention of the committee that this commission shall have the power to waive all interest due from the foreign Governments, and I imagine that that is not the intention of the committee, which if it does it is very unfortunate to say the least. The reading of the section so provides as it now stands. In this connection, and that is what I took the floor for more than anything else, I want to read just this statement:

Congressional caution is eminently called for. The fervor and energy with which this refunding legislation is sought to be accelerated, the unique insistence that Congress shall abdicate its powers and functions to one man, the heralding of a compromise by which the one-man power is to be replaced by a commission of five, which, however, is the identical "one-man power" in only slightly different guise—together with all the circumstances of visits of foreign diplomats, the threats coming from across the sea, warning us that if we do not cancel the \$11,000,000,000 debt they will demonetize our heap of gold—all these clouds upon the horizon make it a necessary virtue in Congressmen to be circumspect. If they remain on guard we may proceed calmly, undaunted, and unafraid, treating every nation with our accustomed generous justice.

It is clear, as presented, that this is a yielding of the power of Congress to control its affairs to a commission for the purpose of adjusting that which is certain, as provided by the bill, and as provided in section 3, a compromise to waive all of the interest due the United States, and that question should be determined by the Congress whose duty has been fixed by the Constitution to determine the way in which property shall be disposed of, what property shall be given away and to whom.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. GREENE of Vermont. I wish the gentleman would point out to the House the language in section 3 that he took for the text of his speech.

Mr. RAKER. Anyone who will read it will immediately know that they refer to the indebtedness as the original obligations, and on line 24 of section 3 it relates to the cancellation of any

part of such indebtedness, using the word "indebtedness" to differentiate between the interest now due and to become due on the "indebtedness."

Mr. GREENE of Vermont. If the gentleman were a judge and an action of account were brought before him, would he hold the interest a part of the debt?

Mr. RAKER. That would depend. I would rely upon what the law of the State was and what the contract provided; also the precedents on the questions involved. Even then, in many instances it would be difficult to determine whether or not interest was or was not to be collected; hence was an incidental part of the "original indebtedness." That same question may be involved in these foreign loans and debts, as the bill provides "any obligations," and, further, "to adjust and settle any and all claims" now or hereafter held by the United States of America.

As covering my views on this question presented by this bill, I shall insert the "Appeal to Congress to conserve the property of the United States and \$11,000,000,000 of obligations of foreign Governments," by Albert E. Henschel, which is as follows:

APPEAL TO CONGRESS TO CONSERVE THE PROPERTY OF THE UNITED STATES IN \$11,000,000,000 OF THE OBLIGATIONS OF FOREIGN GOVERNMENTS.

(By Albert E. Henschel.)

ELEVEN BILLION DOLLARS FOREIGN DEBT REFUNDING BILL UNCONSTITUTIONAL AS DELEGATING POWER BELONGING TO CONGRESS—SUGGESTIONS FOR RELIEVING UNEMPLOYMENT AND PROMOTING PROSPERITY.

The rights of the United States to the moneys loaned to foreign Governments, pursuant to acts of Congress, are fixed by the several acts under which the loans were authorized. These acts can not be repealed or amended except by Congress. Congress can not, directly or indirectly, delegate its powers to repeal or amend its statutes to any other department or authority. It can not abandon or shift to other shoulders the trust and responsibility imposed upon it by the Constitution.

MINOR INCIDENTALS MAY BE LEFT TO DISCRETION OF SECRETARY OF THE TREASURY.

The acts under which the foreign loans were authorized did not delegate to the Secretary of the Treasury nor to anyone else the powers of Congress, whether of a legislative nature or those coupled with the trust to guard and control the public property. Every matter of substance—such as rates of interest, limits of dates of maturity, the price at which the foreign obligations were to be purchased, the requirement that the conditions of the foreign obligations shall be essentially the same as those of our own bond issues, from the proceeds of which these foreign loans were made, all things protective of the public interest—was distinctly and definitely expressed in the acts, leaving only minor administrative details to the discretion of the Secretary of the Treasury, subject to the President's approval.

The guarding of the public interests at every point was taken care of by Congress. There was no surrender of constitutional powers vested exclusively in Congress. There was no suggestion that in case of failure to pay interest or principal that anyone may remit the same and make a gift of it to the defaulting debtor. Such a provision would have been an attempt to delegate a trust power belonging exclusively to Congress and therefore unconstitutional.

ONLY CONGRESS CONTROLS UNITED STATES PROPERTY.

If any gifts are to be made, if any national property rights are to be sacrificed Congress itself must do so, expressing its own immediate will. If made at all the gifts must be made by the representatives of the people to whom the property belongs. Nor can any substitution of securities held in trust for the people be made except by a decision of Congress defining with the same protective punctilio what the substituted securities shall be, as were fixed in the acts providing for the purchase of the original securities.

The law on the subject is abundant and clear, as appears more at large in the appendix.

CONGRESS CAN NOT DELEGATE ITS CONSTITUTIONAL POWERS.

The United States Supreme Court in *Van Brocklin v. State of Tennessee* (117 U. S., 151, 168), said:

"Congress under the power conferred upon it by the Constitution 'to dispose of and make all needful rules and regulations respecting the territory or other property of the United States' has exclusive right to control and dispose of (its public and unoccupied lands) as it has with regard to other property of the United States."

The United States Supreme Court in *United States v. Grimaud* (220 U. S., 506, 521) said:

"That Congress can not delegate legislative power to the President is a principle universally recognized as vital to the integrity and maintenance of the system of government ordained by the Constitution." (*Field v. Clark*, 143 U. S., 649, 692.)

Our Government is based upon the principle of the separation of the executive, legislative, and judicial departments, so that neither may encroach upon the province of the other.

Jefferson said: "If these three powers maintain their mutual independence of each other our Government may last long, but not so if either can assume the authorities of the other." He looked for the safety of the Republic "to the broad representation of the people in Congress."

Justice Cooley, in his *Constitutional Law* (2d ed.) page 100, said: "No legislative body can delegate to another department of the Government, or to any other authority, the power, either generally or specially, to enact laws. The reason is found in the very existence of its own powers. This high prerogative has been intrusted to its own wisdom, judgment, and patriotism, and not to those of other persons, and it will act ultra vires if it undertakes to delegate the trust, instead of executing it."

FUNDING BILL UNCONSTITUTIONAL.

From these expositions of the Constitution by our highest court and legal authority, as well as from those appearing in the appendix, it follows that legislation to vest the Secretary of the Treasury, or a commission, however constituted, or any other authority, with power to change the rights of the United States, in their foreign securities, as the same are now fixed by law, would be unconstitutional and void.

MONEY AFFAIRS OUGHT TO BE IN CHARGE OF THE PEOPLE'S REPRESENTATIVES.

Also on the merits, it would seem that Congress is the only body sufficiently representative of the public interests in a matter of such staggering bulk as \$11,000,000,000.

In this view I am supported by Dr. Franklin's expression in the constitutional convention, "That it was always of importance that the people should know who had disposed of their money, and how it had been disposed of. It was a maxim that those who feel can best judge. This end would be best attained if money affairs were to be confined to the immediate representatives of the people."

Lord Bryce, in a recent lecture, expressed himself similarly, saying: "A democracy is not consistently democratic if it leaves its fortunes in the hands of a few persons who pledge it before they have consulted it."

The representatives of the people in Congress assembled are as competent and trustworthy to protect the public interests as any that have been suggested. They will command all the aid and information at the disposal of the executive department.

The property and revenues of the United States should be held and applied, primarily, as prescribed by the Constitution, "to pay the debts and provide for the common defense and general welfare of the United States."

DO NOT FORGET THE RIGHTS OF THE AMERICAN PEOPLE.

So far as our foreign debt legislation is concerned we are naturally moved by kindly considerations for our debtors and shall grant them a reasonable time within which to start their interest payments and facilitate them, as far as may be consistent with justice to our own people.

In accommodating our debtors we must reflect also upon our own needs.

It is a fact that the American people are bowed with an overwhelming national debt—almost entirely imposed for nonproductive purposes of the war. Taxation is onerous. Incomes are on the wane. Lack of employment is a national problem, and in this supreme difficulty we find ourselves strained not only to meet our own obligations but to pay interest upon the interest which our foreign debtors are temporarily unable to meet. If they would only curb their military zeal they would soon return to normal standards. It is entirely proper that they should pay interest on the postponed interest because by their failure we are forced to borrow on Treasury notes to pay this interest for them.

PUBLIC PROPERTY A PUBLIC TRUST.

Their postponed interest already amounts up to a billion dollars, which at 6 per cent means \$60,000,000 a year, which the American people are taxed to pay, to make good the default of our debtors. Common honesty requires that such burden should not fall upon the American people.

If Congress keeps its eye and its grip on the \$11,000,000,000 of foreign obligations in our Treasury there is strong assurance that the property rights of the people will not be menaced or sacrificed, but will be protected and maintained.

EFFORTS FOR CANCELLATION OF ELEVEN BILLION DEBT.

Congressional caution is eminently called for. The fervor and energy with which this refunding legislation is sought to be accelerated, the unique insistence that Congress shall abdicate its powers and functions to one man, the heralding of a compromise by which the one-man power is to be replaced by a commission of five, which, however, is the identical "one-man power" in only slightly different guise—together with all the circumstances of visits of foreign diplomats, the threats coming from across the sea, warning us that if we don't cancel the \$11,000,000,000 debt they will demonetize our heap of gold—all these clouds upon the horizon make it a necessary virtue in Congressmen to be circumspect. If they remain on guard we may proceed calmly, undaunted, and unafraid, treating every nation with our accustomed generous justice.

WE SHALL NOT SURRENDER OUR RIGHTS.

We shall not be panic stricken by mysterious threats, whisperings, or fears, as stirred President Wilson to reverse his party platform, to recede from his campaign pledges, to implore Congress to undo its legislation on the tolls of the Panama Canal.

We know we have an honest title to this 11,000,000,000 of securities. We shall not delegate anybody to give it up.

Every American Representative dealing with European relations is struck with the aptness, sagacity, and love of America displayed in Washington's Farewell Address. The following excerpts may be profitably heeded at this time.

WASHINGTON NOT OBSOLETE IN AMERICAN HEARTS.

Our truest and dearest friend, Washington, warns against the spirit which "opens the door to foreign influence and corruption which finds a facilitated access to the Government itself through the channels of party passion. Thus the policy and will of one country are subjected to the policy and will of another." He also warns against undue attachments to favored nations by concessions and privileges denied to others. "It gives to ambitious, corrupt, or deluded citizens who devote themselves to the favorite nation facility to betray or sacrifice the interests of their own country without odium; sometimes even with popularity." He continues:

"As avenues to foreign influences in innumerable ways, such attachments are particularly alarming to the truly enlightened and independent patriot. How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe public councils! * * * Against the insidious wiles of foreign influence, I conjure you to believe me, fellow citizens, the jealousy of a free people ought to be constantly awake, since history and experience prove that foreign influence is one of the most baneful foes of republican government."

THE GENTLE ART OF MELLIFLOUS LYING.

Our financial and other property interests may be safely committed to the wisdom of Congress, because it is in touch with the people of every part of the country and because it is not in direct contact with the subtle influence of old-line European diplomats, whose usefulness to European interests is frankly measured by their efficiency in the game of bluff, their skill in camouflage, and their mastery in the gentle art of mellifluous lying.

LET US HAVE BILLIONS OF "PROSPERITY LOANS."

While the discountenancing of unconstitutional and ill-advised legislation is the main object of this appeal, I desire to present some ideas of a constructive nature.

There is nothing unusual or unexpected in protracted business depression following a great war. What is the remedy?

Must we stand idly by and wait for time to work its inevitable healing, or may we control events by quick and appropriate action? I believe there is a simple, direct way to restore confidence and prosperity.

A debt incurred for constructive uses largely becomes self-extinguishing by the new wealth it creates and by its many other compensations.

Let us consider with what speed and promptitude billions were raised and spent for purposes of war. Why should we not be as generous to prosper the labors and benefits of peace? We could soon banish unemployment if we borrowed several billions a year for great national undertakings—for doubling the width and multiplying the public roads, utilizing our great water power, constructing bridges and canals, arranging to burn coal near the mine, transferring heat, light, and power on high-tension electrical lines, double-tracking our great railroads, providing necessary rolling stock, depots, and stations.

THE VALUE OF FORESTS.

Forestation is of highest public interest and importance. That alone would keep a large army of men indefinitely at work.

Reliable estimates indicate that the United States needs the cultivation of 400,000,000 acres with 675 trees to the acre. If we put our financial power behind this gigantic work and make it a success, we would be able in the fifty-first year to gather in our results by cutting down 2 per cent—8,000,000 acres of trees. If we make allowance of 400,000,000 trees as dead or unmarketable, we shall still have 5,000,000,000 trees every year as long as the harvested area is immediately replanted. If we assume that a 50-year-old tree will represent a cash value of only \$5—plus harvesting and replanting expenses—the United States would develop from this source alone a permanent income of \$25,000,000,000 a year. And even higher benefit would accrue by the mere growing of the trees, giving shade and comfort, yielding fruit, preventing floods, and saving the soil from destructive erosion.

We are annually losing large areas of fertile soil on the banks of our great rivers because of a lack of proper forestation.

If only a part of the public works here suggested could be undertaken, there would be work enough for everybody.

STAND BY THE CONSTITUTION.

All this work comes within your powers under the Constitution.

I hope and trust that, though our old Constitution has of late received many wounds and bruises, you will still cling to it with love and reverence as the citadel of our institutions and the guardian of our liberties and rights.

I believe you will prove true to its principles and resist the influences seeking to unload upon us, to the extent of their power, the entire monetary burdens of the war.

Respectfully submitted.

ALBERT E. HENSCHEL,

25 Broad Street, New York City.

NEW YORK, October 18, 1921.

APPENDIX.

LEGAL AUTHORITIES.

Distinction between delegating power to make the law and conferring authority or discretion as to its execution.

St. Louis Merchants Bridge Terminal Co. v. United States (188 Fed. Rep., 191, p. 195), Sanborn, circuit judge:

"4. A legislative body may delegate the power to find some fact or situation on which the operation of a law is conditioned, or to make and enforce regulations for the execution of a statute according to its terms. (Cases cited.)

"5. But it can not delegate its legislative power, its power to exercise the indispensable direction to make, to add to, to take from, or to modify the law. 'The true distinction,' said Judge Ranney for the Supreme Court of Ohio, in Cincinnati, Wilmington & Zanesville Railroad Co. v. Commissioners of Ohio State (77, 78) * * * 'is between the delegation of power to make its law, which necessarily involves a distinction as to what it shall be, and conferring authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first can not be done. To the latter no valid objection can be made.' (Cases cited.)

Justice Lamar (U. S. v. Grimaud, 220 U. S., 506), at page 514:

"From the beginning of the Government various acts have been passed conferring upon executive officers power to make rules and regulations—not for the government of their departments, but for administering the laws which did govern. None of these statutes could confer legislative power. But when Congress had legislated and indicated its will, it could give to those who were to act under such general provisions 'power to fill up the details' by the establishment of administrative rules and regulations."

(P. 518.)

"But in making these regulations the officers did not legislate. They did not go outside of the circle of that which the act itself had affirmatively required to be done or treated as unlawful if done. But confining themselves within the field covered by the statute they could adopt regulations of the nature they had thus been generally authorized to make in order to administer the law and carry the statute in effect."

Mr. Chief Justice Waite (Morrill v. Jones, 106 U. S., 466), at page 467:

"The Secretary of the Treasury can not by his regulations alter or amend a revenue law. All he can do is to regulate the mode of proceeding to carry into effect what Congress has enacted. * * * In our opinion the object of the Secretary could only be accomplished by an amendment of the law. That is not the office of a Treasury regulation."

DELEGATION OF LEGISLATIVE POWER.

(Black's Constitutional Law (3d ed.), p. 287.)

It is clear that Congress can not pass any law subjecting the Government to the influence or ascendancy of any foreign power. * * * Nor can it renounce or surrender any of the powers granted to it by the Constitution, whether to the other branches of the Government, the States, or private parties. * * * Nor can it delegate the powers confided to it, or authorize their exercise by any other body or any person.

(P. 377.)

Delegation of legislative power to the people at large, from whom it was derived, is just as much against the spirit of the Constitution as a delegation of it to one citizen. Nor can the legislature be allowed to shirk the responsibility of deciding upon the laws which should be made.

(Cooley's Constitutional Limitations (7th ed.), p. 163.)

DELEGATING LEGISLATIVE POWERS.

One of the settled maxims in constitutional law is that the power conferred upon the legislature to make laws can not be delegated by that department to any other body or authority. Where the sovereign power of the State has located the authority, there it must remain; and by the constitutional agency alone the laws must be made until the Constitution itself is changed. The power to whose judgment, wisdom, and patriotism this high prerogative has been intrusted can not relieve itself of the responsibility by choosing other agencies upon which the power shall be devolved, nor can it substitute the judgment, wisdom, and patriotism of any other body for those to which alone the people have seen fit to confide this sovereign trust.

(Lewis's Sutherland Statutory Construction (2d ed.) sec. 87.)

The legislative power can not be delegated. The power to make laws for a State vested in the legislature is a sovereign power, requiring the exercise of judgment and discretion. It is a delegated power—delegated in a Constitution by the people in whom inherently are all the powers. On common law principles, as well as by settled constitutional law, it is a power which can not be delegated.

(Loeke on Civil Government, sec. 142.)

These are the bounds which the trust that is put in them by the society and the law of God and nature have set to the legislative power of every Commonwealth in all forms of government: * * * Fourthly, The legislature neither must nor can transfer the power of making laws to anybody else or place it anywhere but where the people have.

(Hare's Am. Const. Law, p. 633.)

A legislative body can not so part with or delegate its powers as to preclude the resumption of them or their exercise whenever the public interest requires. It is an agent or trustee for the people and has no right to place the trust irrevocably in other hands than its own.

(Clark v. The Corp. of Washington, 12 Wheat, 54; the Presbyt. Church v. N. Y., 5 Cowen, 542; Phila. v. Fox, 64 Pa., 169, 181; Parker v. the Commonwealth, 6 Barr, 507.)

(P. 634.)

The legislature could not alienate any part of the legislative power which the Constitution vested in a general assembly annually convened. (Parker v. the Commonwealth, Pa., 507.)

CERTAIN TREATIES TO BE OPERATIVE MUST HAVE THE SANCTION OF AN ACT OF CONGRESS.

(4 Hinds' Precedents, sec. 1528.)

Attention is called to report of J. Randolph Tucker, chairman of the House Judiciary Committee, March 3, 1885, culminating in the offer of a resolution, viz:

Resolved, That the President, by and with the advice and consent of the Senate, can not negotiate treaties with foreign Governments by which the duties levied by Congress can be changed or abrogated, and such treaties to be operative as law must have the sanction of an act of Congress.

RUFUS CHOATE ON THE DUTIES OF THE EXECUTIVE.

On June 14, 1844, Mr. Rufus Choate, from the Committee on Foreign Relations, to whom had been referred the convention with Prussia and the other States of the German association of customs and commerce, reported the same adversely. In the report the committee says: "The convention which has been submitted to the Senate changes duties which have been laid by law. It changes the ex directo and by its own vigor, or it engages the faith of the Nation and the faith of the legislature through which the Nation acts to make the change. In either aspect it is the President and the Senate who, by the instrumentality of negotiation, repeal or materially vary regulation of commerce and laws of revenue which Congress had ordained. More than this, the executive department places it beyond the power of Congress to exceed the stipulated maximum of import duties for at least three years, whatever exigency may intervene to require it.

"In the judgment of the committee the legislature is the department of government by which commerce should be regulated and the laws of revenue be passed. The Constitution, in terms, communicates the power to regulate commerce and to impose duties to that department. It communicates it, in terms, to no other. * * * The committee believes that the general rule of our system is indisputable that the control of trade and the function of taxing belong, without abridgment or participation, to Congress. They infer this from the language of the Constitution, from the nature and principles of our Government, from the theory of republican liberty itself, and from the unvaried practice, evidencing the universal belief of all, in all periods, and of all parties and opinions. They think, too, that, as the general rule, the Representatives of the people sitting in their legislative capacity, with open doors, under the eye of the country, communicating freely with their constituents, may exercise this power more intelligently, more discreetly, may acquire more accurate and more minute information concerning the employments and the interests on which this description of measures will press, and may better discern what true policy prescribes and rejects than is within the competency of the executive department of the Government.

"To follow, not to lead; to fulfill, not to ordain the law; to carry into effect, by negotiation and compact with foreign Governments, the legislative will when it has been announced upon the great subjects of trade and revenue; not to interpose with controlling influence, not to go forward with too ambitious enterprise—these seem to the committee to be the appropriate functions of the Executive. If Congress thinks the proposed arrangement a beneficial one, it is quite easy to pass a law which shall impose the rates of duty contemplated by it, to take effect when satisfactory information is conveyed to the President that the stipulated equivalents are properly secured."

Mr. FORDNEY. Mr. Chairman, I move that all debate on all amendments to section 3 now close.

The question was taken; and on a division (demanded by Mr. FISH) there were—ayes 111, noes 22.

Mr. FISH. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from New York demands tellers. Those in favor of ordering tellers will rise and stand until counted. [After counting.] Nine Members have risen, not a sufficient number, and tellers are refused. The question now is on the amendment offered by the gentleman from Mississippi.

Mr. COLLIER. Mr. Chairman, I ask that it again be reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

There was no objection, and the Clerk again reported the amendment offered by Mr. COLLIER.

The question was taken; and on a division (demanded by Mr. COLLIER) there were—ayes 33, noes 114.

So the amendment was rejected.

Mr. FISH. Mr. Chairman, I offer the following amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 2, after line 25, add a new section, to be known as section 4 and to read as follows:

"That the commission is hereby directed to set aside all interest paid on various loans made by the Government of the United States to foreign Governments during the war as a separate fund for the purpose of providing adjusted compensation for the veterans of the World War, and any surplus shall be used for the purpose of redeeming Liberty bonds."

Mr. FORDNEY. Mr. Chairman, I make the point of order against the amendment. It is entirely foreign to the matter contained in the bill. I am very much in favor of a soldier's bonus, but not at this time. I shall do my utmost to have this Congress consider a bonus bill during the regular session next winter.

Mr. FISH. Will the gentleman reserve the point of order?

Mr. FORDNEY. I withhold the point of order.

Mr. JOHNSON of Washington. Regular order. I make the point of order— [Cries of "Vote!"]

Mr. FORDNEY. I reserve the point of order.

SEVERAL MEMBERS. Regular order!

Mr. FISH. Mr. Chairman and gentlemen of the committee, I am somewhat impatient with the attitude of certain Members of this House on the question of the generosity of the American people and the Congress of the United States in regard to the help rendered our allies in the World War. We spared no sacrifice of treasure or of blood to help win the war, and, as you know, we asked for no reparation, we asked for no indemnities, we asked for no territory; and we got just what we asked—nothing at all. Therefore I do not think it is right or fair to question our generosity and to ask that those Governments that are able to pay the interest on their debts should be relieved from that payment, the just payment of interest on the war loans. If Great Britain, which owes us approximately 40 per cent of the \$11,000,000,000, would cease her enormous expenditure for naval construction involving four super-dreadnaughts at \$40,000,000 each, she would be in a sound financial position to pay her just debts at the present time.

The British Government, without making any real effort to pay the interest on the five billions owed the taxpayers of this country, has quietly proceeded to gain control of the commerce and trade of the world and to buy up the oil supply of Rumania, Galicia, Persia, and Mesopotamia.

Furthermore, with the very money we loaned Great Britain she paid adjusted compensation averaging from \$140 to \$7,290 to her ex-service men, whereas the United States plead poverty to escape a like obligation. She also paid standard unemployment wages for 12 weeks to discharged soldiers. Are not our ex-service men entitled to the same consideration for land settlement, home aid, vocational training, and insurance? Could we not well afford to issue interest-bearing debenture certificates, having a prior lien on the British war loan, to fulfill our obligation to our ex-service men, which has been recognized and fulfilled by every one of the allied countries and largely by good American dollars? In other words, England treated her soldiers properly with our money. Why should we consider the cancellation of any part of the British loan while she continues to build a powerful navy by means of money owed to America? She owes our taxpayers half a billion in back interest alone, yet her Government officials recently loaned fifty million to the Argentine Republic, to foster her trade relations with that country to our disadvantage.

I call your attention to this fact that adjusted compensation has been paid by every single allied nation to their soldiers par-

tially with this very money loaned by our Government, and yet all that the Government of the United States has done for its soldiers is to give them the measly sum of \$60. You have not provided for one cent more, and now you have an opportunity to provide that the interest on this debt shall go where it belongs, to those men who served their country in time of war and made the payment of the debt possible. It is practically impossible to raise several billion dollars by increased taxation or the issue of new bonds to fulfill this obligation, whereas the payment through the interest on the allied loans should be acceptable to all classes of business men and also to the veterans of the World War and to the general public. I believe that if you will accept this amendment and withdraw your point of order you will facilitate the payment by the Allies of the interest, because at the present time there is an extensive propaganda in England, in France, and other allied nations for the nonpayment of the interest and cancellation of the debt, and by calling attention of the allied soldiers to the fact that the American soldiers have not received one red cent of adjusted compensation you will facilitate the payment by those Governments of their just interest. It is self-evident, Mr. Chairman and gentlemen of the committee, that if this fact is brought to the attention of the allied soldiers they themselves will squelch the propaganda that is going broadcast throughout Europe to-day, while we are sitting here doing nothing for our own ex-service men.

Mr. FORDNEY. Mr. Chairman, I make the point of order that the gentleman is not discussing the point of order at all. I shall have to insist on making the point of order that the gentleman is not discussing the point of order. The amendment is not germane to the bill and the gentleman is not discussing the point of order.

Mr. FISH. Mr. Chairman, I would like to be heard on the point of order. [Cries of "Rule!"]

Mr. FISH. Can I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman on the point of order. Let the Chair ask the committee to be quiet in order that we may facilitate proceedings.

Mr. JOHNSON of Washington. I made the point of order, and I was informed five minutes ago that the gentleman would be heard on the point of order.

Mr. KELLEY of Michigan. Mr. Chairman, a parliamentary inquiry. How much time has the gentleman from New York consumed?

The CHAIRMAN. There is no time to be disposed of. The Chair recognized the gentleman on the point of order, and if the gentleman proceeded out of order the gentleman or anybody else could have stopped him.

Mr. FISH. Mr. Chairman, I desire to address myself purely to the point of order. This amendment has to do simply with the dispensing of the interest through a separate fund to our ex-service men, the surplus to be set aside to redeem the Liberty bonds. The fundamental purpose of your bill is to provide for the payment of the interest. We all know, every Member of this House knows, that the allied countries are unable now and will be unable to pay the principal for many years. The bill under consideration provides for the funding of the loans, which means the payment of interest at regular maturing dates, and my amendment provides how to dispose of that interest. I submit that it is logical, that it is appropriate, that it is relevant, that it is akin, that it is germane, and, furthermore, I submit that if you incorporate this amendment you facilitate what you are trying to do—secure the payments of the interest in spite of the propaganda which covers a large part of Europe—and therefore my amendment has a very distinct bearing upon the bill. It will serve to notify the soldiers of France, England, and Italy who may be opposing the payment of interest—

Mr. JOHNSON of Washington. Mr. Chairman, I make the point of order that the gentleman is not confining himself to the discussion of the point of order.

Mr. FISH (continuing). That this money will go as adjusted compensation to the soldiers of America, their comrades in arms. [Applause.]

The CHAIRMAN. The Chair is ready to rule.

Mr. MONDELL. Mr. Chairman, if the Chair will allow me, in addition the amendment is clearly an appropriation, and an appropriation can not be made on this bill. The gentleman from New York [Mr. FISH] makes a curious argument, not on the point of order but in support of his amendment, that as the Allies can not pay the interest on what they owe us, that we propose to turn over what they can not pay to the soldier boys. When we come to provide a bonus we will provide a more substantial bonus than something that can not be paid. [Applause.]

The CHAIRMAN. The Chair is ready to rule.

The Chair, from a consideration of similar cases, recognizes the fact that there is only one thing the Chair can do, and that is to sustain the point of order. It has been held several times that to a provision providing funds, or for the organization, or for the securing, or for a settlement of a claim, an amendment providing for its disposition shall not be in order. This, of course, is under the general rule which provides that no motion or proposition that is different from that under consideration shall be permitted under color of an amendment. This bill provides for the funding of an outstanding indebtedness. The amendment provides that the proceeds of the debts thus funded shall be used in a certain way; provides, in effect, for the payment or appropriation of such funds. The question, therefore, is whether or not the provision for the payment of a fund is germane to a provision for its securing or for its funding or for its settlement. Of course, that is another question. It is clear that to provide for the payment of a fund is not germane to provisions for its securing. This has been held in many cases. The Chair will only cite two cases, as indicative of their general character.

It was held by Speaker Clark as late as June, 1914, in the Sixty-third Congress, that—

To a proposition to sell two battleships and build a new battleship with the proceeds, a proposition to devote the proceeds to building wagon roads was held not germane.

In other words, the disposition of the funds other than in the way provided in the bill was not germane to the question under consideration.

Under a decision rendered by Chairman Fitzgerald, not so very long ago, during the same Congress, the decision of Mr. Fitzgerald held out of order as not germane a proposition to amend a bill providing that funds resulting from the sale of coal, phosphate, oil, gas, potassium, or sodium lands should be paid into the reclamation fund and disposed of in a certain way, by providing that the proceeds should be used to constitute a "national good-roads fund." That, of course, is almost directly in point. Certain funds are provided by the terms of the bill, and an amendment was offered to provide for the disposition of the funds in a certain way, which was held not to be germane. In this case outstanding indebtedness of the United States is refunded under certain provisions of the bill. It is proposed by the amendment to say how the proceeds of this funding operation, of these outstanding debts, when they are funded and paid, shall be made. The Chair holds that the objections raised are well founded, and that the amendment is not in order.

The Clerk will read.

The Clerk concluded the reading of the bill.

Mr. FORDNEY. Mr. Chairman, I move that the committee do now rise and report the bill to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to; and the Speaker having resumed the chair, Mr. TOWNER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8762 and had directed him to report the same to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. FORDNEY. Mr. Speaker, on that I move the previous question.

The SPEAKER. The gentleman from Michigan moves the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. COLLIER. Mr. Speaker, I make the motion to recommit.

The SPEAKER. The gentleman from Mississippi moves to recommit. The Clerk will report the gentleman's motion.

The Clerk read as follows:

Mr. COLLIER moves to recommit the bill to the Committee on Ways and Means with instructions to report the same back forthwith, with the following amendment: Page 2, at the end of section 2, insert: "Provided, That no agreements so entered into with respect to any matters herein authorized shall be deemed to have been completed nor to have force and effect until it shall have been submitted to the Congress of the United States and embodied in a law passed by Congress."

Mr. COLLIER. On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion to recommit.

The question was taken, and the Speaker announced that the yeas appeared to have it.

Mr. COLLIER. Mr. Speaker, I call for the yeas and nays.

The SPEAKER. The gentleman from Mississippi calls for the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. As many as are in favor of the motion to recommit will, when their names are called, answer "yea"; those opposed will answer "nay."

The question was taken; and there were—yeas 132, nays 185, answered "present" 2, not voting 112, as follows:

YEAS—132.

Almon	Dunbar	Lanham	Quin
Aswell	Dupré	Lankford	Raker
Bankhead	Fairchild	Larsen, Ga.	Rankin
Barkley	Favrot	Layton	Rayburn
Beck	Fish	Lazaro	Reece
Bell	Fisher	Lea, Calif.	Rouse
Black	Gallivan	Lineberger	Rucker
Bland, Va.	Garrett, Tenn.	Linthicum	Ryan
Blanton	Garrett, Tex.	Little	Sabath
Bowling	Gorman	Logan	Sanders, Tex.
Box	Hammer	London	Sandlin
Brennan	Hardy, Tex.	Lowrey	Scott, Tenn.
Briggs	Harrison	Lyon	Sisson
Brinson	Hawes	McClintic	Smithwick
Buchanan	Hayden	McCormick	Stegall
Bulwinkle	Hogan	McDuffie	Stedman
Burke	Huddleston	McLaughlin, Pa.	Stevenson
Byrnes, S. C.	Hudspeth	McSwain	Stoll
Byrnes, Tenn.	Jacoway	Maloney	Sumners, Tex.
Carew	James	Martin	Swank
Clouse	Jeffers, Ala.	Michaelson	Swing
Collier	Johnson, Ky.	Nelson, J. M.	Tague
Collins	Johnson, Miss.	Newton, Mo.	Tillman
Connolly, Pa.	Jones, Tex.	Norton	Tyson
Cooper, Wis.	Keller	O'Brien	Upshaw
Crisp	Kelly, Pa.	O'Connor	Vinson
Cullen	Kennedy	Oldfield	Voigt
Davis, Tenn.	Kincheloe	Oliver	Weaver
Deal	Kindred	Overstreet	Wilson
Dominick	Kissel	Padgett	Wingo
Dowell	Kopp	Parks, Ark.	Wise
Drane	Kunz	Parrish	Woodruff
Driver	Lampert	Pou	Wright

NAYS—185.

Ackerman	Fairfield	Leatherwood	Rose
Anderson	Fenn	Lehbach	Sanders, Ind.
Andrew, Mass.	Fitzgerald	Longworth	Sanders, N. Y.
Andrews, Nebr.	Fordney	Luce	Scott, Mich.
Anthony	Frear	Luhring	Shaw
Appleby	Free	McFadden	Shelton
Arentz	Frothingham	McLaughlin, Mich.	Sinnot
Atkeson	Fuller	McLaughlin, Nebr.	Smith, Mich.
Barbour	Funk	McPherson	Speaks
Benham	Gensman	MacGregor	Spronl
Bird	Gerner	Madden	Stafford
Bixler	Glynn	Mapes	Steenerson
Bland, Ind.	Goodykoontz	Merritt	Stephens
Boles	Graham, Ill.	Michener	Strong, Kans.
Bowers	Graham, Pa.	Miller	Summers, Wash.
Brooks, Ill.	Green, Iowa	Millsbaugh	Sweet
Browne, Wis.	Greene, Mass.	Mondell	Taylor, N. J.
Burroughs	Greene, Vt.	Montoya	Taylor, Tenn.
Burton	Hadley	Moore, Ill.	Temple
Butler	Hardy, Colo.	Moore, Ohio	Thompson
Cable	Hawley	Morgan	Timberlake
Campbell, Kans.	Hersey	Nelson, A. P.	Tincher
Campbell, Pa.	Hickey	Newton, Minn.	Tinkham
Cannon	Hill	Opp	Towner
Chambers	Himes	Osborne	Treadway
Chandler, N. Y.	Hoch	Parker, N. J.	Underhill
Chandler, Okla.	Houghton	Parker, N. Y.	Vaile
Chindblom	Hukriede	Patterson, Mo.	Vare
Christopherson	Hull	Patterson, N. J.	Vestal
Clague	Husted	Perkins	Volstead
Clarke, N. Y.	Ireland	Porter	Walsh
Codd	Jeffers, Nebr.	Pringle	Walters
Cole, Iowa	Johnson, S. Dak.	Purnell	Watson
Cole, Ohio	Johnson, Wash.	Radcliffe	Webster
Connell	Kearns	Ramsayer	Wheeler
Coughlin	Kelley, Mich.	Reber	White, Kans.
Crago	Kendall	Reed, N. Y.	Williams
Crowther	Ketcham	Reed, W. Va.	Williamson
Curry	Kinkaid	Ricketts	Winslow
Dallinger	Kirkpatrick	Riddick	Wood, Ind.
Darrow	Kleczka	Roach	Woodyard
Denison	Kline, N. Y.	Robertson	Wurzbach
Dickinson	Kline, Pa.	Robison	Wyant
Edmonds	Kraus	Rodenberg	Zihlman
Elliott	Kreider	Rogers	
Ellis	Larson, Minn.		
Evans	Lawrence		

ANSWERED "PRESENT"—2.

Clark, Fla. Reavis

NOT VOTING—112.

Anson	Burdick	Cramton	Faust
Bacharach	Burtness	Dale	Fess
Beedy	Cantrill	Davis, Minn.	Fields
Begg	Carter	Dempsey	Flood
Blakeney	Clason	Doughton	Focht
Bond	Cockran	Drewry	Foster
Brand	Colton	Dunn	Freeman
Britten	Connally, Tex.	Dyer	French
Brooks, Pa.	Cooper, Ohio	Echols	Fulmer
Brown, Tenn.	Copley	Elston	Gahn

Garner	Knutson	Nolan	Smith, Idaho
Gilbert	Langley	Ogden	Snell
Goldsbrough	Lee, Ga.	Paige	Snyder
Gould	Lee, N. Y.	Park, Ga.	Stiness
Griest	McArthur	Perlman	Strong, Pa.
Griffin	McKenzie	Petersen	Sullivan
Haugen	Magee	Rainey, Ala.	Taylor, Colo.
Hays	Mann	Rainey, Ill.	Ten Eyck
Herrick	Mansfield	Rhodes	Thomas
Hicks	Mead	Riordan	Tilson
Humphreys	Mills	Rosenbloom	Volk
Hutchinson	Montague	Rossdale	Ward, N. Y.
Jones, Pa.	Moore, Va.	Schall	Ward, N. C.
Kahn	Moore, Ind.	Sears	Wason
Kiess	Morin	Shreve	White, Me.
King	Mott	Siegel	Woods, Va.
Kitchin	Mudd	Sinclair	Yates
Knight	Murphy	Stemp	Young

Millsbaugh	Radcliffe	Shelton	Treadway
Mondell	Ramseyer	Sinnott	Underhill
Montoya	Ransley	Smith, Mich.	Valle
Moore, Ill.	Reber	Speaks	Vare
Moore, Ohio	Reece	Sproul	Vestal
Morgan	Reed, N. Y.	Stafford	Volstead
Nelson, A. P.	Reed, W. Va.	Steenerson	Waish
Norton	Ricketts	Stephens	Watson
Newton, Minn.	Riddick	Strong, Kans.	Webster
Olpp	Roach	Summers, Wash.	Wheeler
Osborne	Robertson	Sweet	White, Kans.
Parker, N. J.	Robsion	Swing	Williams
Parker, N. Y.	Rodenberg	Taylor, N. J.	Williamson
Patterson, Mo.	Rogers	Taylor, Tenn.	Winslow
Patterson, N. J.	Rose	Temple	Wood, Ind.
Perkins	Sanders, Ind.	Thompson	Woodruff
Peters	Sanders, N. Y.	Timberlake	Woodyard
Porter	Scott, Mich.	Tincher	Wurzback
Pringley	Scott, Tenn.	Tinkham	Wyant
Purnell	Shaw	Towner	Zihlman

NAYS—117.

So the motion to recommit was rejected.
 The Clerk announced the following pairs:
 On this vote:
 Mr. KITCHIN (for) with Mr. BACHARACH (against).
 Mr. RAINEY of Illinois (for) with Mr. SIEGEL (against).
 Mr. SULLIVAN (for) with Mr. MOTT (against).
 Mr. NOLAN (for) with Mr. MILLS (against).
 Mr. GRIFFIN (for) with Mr. DAVIS of Minnesota (against).
 Mr. ROSSDALE (for) with Mr. BURDICK (against).
 Mr. TEN EYCK (for) with Mr. MAGEE (against).
 Mr. MEAD (for) with Mr. SNELL (against).
 Mr. RIORDAN (for) with Mr. FOSTER (against).
 Mr. GOLDSBOROUGH (for) with Mr. KNIGHT (against).
 Mr. CARTER (for) with Mr. BROOKS of Pennsylvania (against).
 Mr. GARNER (for) with Mr. STRONG of Pennsylvania (against).
 Mr. CONNALLY of Texas (for) with Mr. SHREVE (against).
 Mr. HUMPHREYS (for) with Mr. GRIEST (against).
 Mr. BRAND (for) with Mr. LEE of New York (against).
 Mr. LEE of Georgia (for) with Mr. KAHN (against).
 Mr. MANSFIELD (for) with Mr. HUTCHINSON (against).
 Mr. DOUGHTON (for) with Mr. ECHOLS (against).
 Mr. FLOOD (for) with Mr. FRENCH (against).
 Mr. MONTAGUE (for) with Mr. SMITH of Idaho (against).
 Mr. DREWRY (for) with Mr. BOND (against).
 Mr. CLARK of Florida (for) with Mr. LANGLEY (against).
 Mr. WOODS of Virginia (for) with Mr. KNUTSON (against).
 Mr. CANTRILL (for) with Mr. FESS (against).
 Mr. WARD of North Carolina (for) with Mr. FOCHT (against).
 Mr. MOORE of Virginia (for) with Mr. SNYDER (against).
 Mr. FIELDS (for) with Mr. MCARTHUR (against).
 Mr. COCKRAN (for) with Mr. SLEMP (against).
 Mr. FULMER (for) with Mr. BLAKENEY (against).
 Until further notice:
 Mr. BEGG with Mr. TAYLOR of Colorado.
 Mr. VOLK with Mr. PARK of Georgia.
 Mr. DUNN with Mr. SEARS.
 Mr. SINCLAIR with Mr. THOMAS.
 Mr. KIESS with Mr. GILBERT.
 Mr. FAUST with Mr. HARRISON.
 Mr. RHODES with Mr. RAINEY of Alabama.
 The result of the vote was announced as above recorded.
 The SPEAKER. The question is on the passage of the bill.
 Mr. COLLIER. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.
 The question was taken; and there were—yeas 200, nays 117, answered "present" 2, not voting 112, as follows:

YEAS—200.

Ackerman	Clague	Gensman	Kelly, Pa.
Anderson	Clarke, N. Y.	Gerner	Kendall
Andrew, Mass.	Clouse	Glynn	Kinkaid
Andrew, Nebr.	Codd	Goodykoontz	Kirkpatrick
Anthony	Cole, Iowa	Graham, Ill.	Klecza
Appleby	Cole, Ohio	Graham, Pa.	Kline, N. Y.
Arenz	Connell	Green, Iowa	Kline, Pa.
Atkeson	Coughlin	Greene, Mass.	Kopp
Barbour	Crago	Greene, Vt.	Kraus
Benham	Crowther	Hadley	Kreider
Bird	Curry	Hardy, Colo.	Larson, Minn.
Bixler	Dallinger	Harrison	Lawrence
Bland, Ind.	Darrow	Haugen	Lea, Calif.
Boles	Denison	Hawes	Leatherwood
Bowers	Dickinson	Hawley	Leibach
Brennan	Dowell	Hersey	Lineberger
Brooks, Ill.	Edmonds	Hickey	Little
Browne, Wis.	Elliott	Hill	Longworth
Burroughs	Ellis	Himes	Luce
Burton	Evans	Hoch	Luhring
Butler	Fairfield	Houghton	McFadden
Cable	Fenn	Hukriede	McLaughlin, Mich.
Campbell, Kans.	Fish	Hull	McLaughlin, Nebr.
Campbell, Pa.	Fitzgerald	Husted	McPherson
Cannon	Fordney	Ireland	MacGregor
Chalmers	Ercar	Jeffers, Nebr.	Madden
Chandler, N. Y.	Free	Johnson, S. Dak.	Mapes
Chandler, Okla.	Frothingham	Johnson, Wash.	Merritt
Chindblom	Fuller	Kearns	Michener
Christopherson	Funk	Kelley, Mich.	Miller

Almon	Driver	Lanham	Raker
Aswell	Dunbar	Lankford	Rankin
Bankhead	Dupré	Larsen, Ga.	Rayburn
Barkley	Fairchild	Layton	Rouse
Beck	Favrot	Lazaro	Ryan
Bell	Fisher	Linticum	Sabath
Black	Gallivan	Logan	Sanders, Tex.
Bland, Va.	Garrett, Tenn.	London	Sandlin
Blanton	Garrett, Tex.	Lowrey	Sisson
Bowling	Gorman	Lyon	Smithwick
Box	Hammer	McClintic	Steggall
Briggs	Hardy, Tex.	McCormick	Stedman
Brunson	Hayden	McDuffie	Stevenson
Buehnan	Hogan	McLaughlin, Pa.	Stoll
Bulwinkle	Huddleston	McSwain	Summers, Tex.
Burke	Hudspeth	Maloney	Swank
Byrnes, S. C.	Jacoway	Martin	Tague
Byrnes, Tenn.	James	Michaelson	Tillman
Carew	Jeffers, Ala.	Nelson, J. M.	Tyson
Cockran	Johnson, Ky.	Newton, Mo.	Upshaw
Collier	Johnson, Miss.	O'Brien	Vinson
Collins	Jones, Tex.	O'Connor	Volgt
Connolly, Pa.	Keller	Oldfield	Weaver
Cooper, Wis.	Kennedy	Oliver	Wilson
Crisp	Ketcham	Overstreet	Wingo
Cullen	Kincheloe	Padgett	Wise
Davis, Tenn.	Kindred	Parks, Ark.	Wright
Deal	Kissel	Parrish	
Dominick	Kunz	Pou	
Drane	Lampert	Quin	

ANSWERED "PRESENT"—2.

Clark, Fla. Reavis
 NOT VOTING—112.

Ansorge	Elston	Knutson	Rosenbloom
Bacharach	Faust	Langley	Rossdale
Beedy	Fess	Lee, Ga.	Rucker
Begg	Fields	Lee, N. Y.	Schall
Blakeney	Flood	McArthur	Sears
Bond	Focht	McKenzie	Shreve
Brand	Foster	Magee	Siegel
Britten	Freeman	Mann	Sinclair
Brooks, Pa.	French	Mansfield	Slemp
Brown, Tenn.	Fulmer	Mead	Smith, Idaho
Burdick	Gahn	Mills	Snell
Burtness	Garner	Montague	Snyder
Cantrill	Gilbert	Moore, Va.	Stiness
Carter	Goldsbrough	Moore, Ind.	Strong, Pa.
Classon	Gould	Morin	Sullivan
Colton	Griest	Mott	Taylor, Colo.
Connally, Tex.	Griffin	Mudd	Ten Eyck
Cooper, Ohio	Hays	Murphy	Thomas
Copley	Herrick	Nolan	Tilson
Cramton	Hicks	Ogden	Volk
Dale	Humphreys	Paige	Walters
Davis, Minn.	Hutchinson	Park, Ga.	Ward, N. Y.
Dempsey	Jones, Pa.	Perlman	Ward, N. C.
Doughton	Kahn	Petersen	Wason
Drewry	Kiess	Rainey, Ala.	White, Me.
Dunn	King	Rainey, Ill.	Woods, Va.
Dyer	Kitchin	Rhodes	Yates
Echols	Knight	Riordan	Young

So the bill was passed.
 The following additional pairs were announced:
 Mr. BLAKENEY (for) with Mr. FULMER (against).
 Mr. BACHARACH (for) with Mr. KITCHIN (against).
 Mr. DAVIS of Minnesota (for) with Mr. GRIFFIN (against).
 Mr. SNELL (for) with Mr. MEAD (against).
 Mr. BROOKS of Pennsylvania (for) with Mr. CARTER (against).
 Mr. GRIEST (for) with Mr. HUMPHREYS (against).
 Mr. MCARTHUR (for) with Mr. FIELDS (against).
 Mr. HUTCHINSON (for) with Mr. MANSFIELD (against).
 Mr. LANGLEY (for) with Mr. CLARK of Florida (against).
 Mr. FOCHT (for) with Mr. WARD of North Carolina (against).
 Mr. SIEGEL (for) with Mr. RAINEY of Illinois (against).
 Mr. MAGEE (for) with Mr. TEN EYCK (against).
 Mr. BURDICK (for) with Mr. ROSSDALE (against).
 Mr. MOTT (for) with Mr. SULLIVAN (against).
 Mr. FOSTER (for) with Mr. RIORDAN (against).
 Mr. MILLS (for) with Mr. NOLAN (against).
 Mr. KNIGHT (for) with Mr. GOLDSBOROUGH (against).
 Mr. SHREVE (for) with Mr. CONNALLY of Texas (against).
 Mr. KAHN (for) with Mr. LEE of Georgia (against).
 Mr. STRONG of Pennsylvania (for) with Mr. GARNER (against).

Mr. LEE of New York (for) with Mr. BRAND (against).
 Mr. SNYDER (for) with Mr. MOORE of Virginia (against).
 Mr. FESS (for) with Mr. CANTRILL (against).
 Mr. SMITH of Idaho (for) with Mr. MONTAGUE (against).
 Mr. KNUTSON (for) with Mr. WOODS of Virginia (against).
 Mr. BOND (for) with Mr. DREWBY (against).
 Mr. ECHOLS (for) with Mr. DOUGHTON (against).
 Mr. FRENCH (for) with Mr. FLOOD (against).

General pairs:

Mr. FAUST with Mr. RUCKER.
 Mr. RHODES with Mr. RAINY of Alabama.
 Mr. KIESS with Mr. GILBERT.
 Mr. BEGG with Mr. TAYLOR of Colorado.
 Mr. VOLK with Mr. PARK of Georgia.
 Mr. SINCLAIR with Mr. THOMAS.
 Mr. DUNN with Mr. SEARS.

The result of the vote was announced as above recorded.

On motion of Mr. FORDNEY, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS.

Mr. COOPER of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Mississippi. Mr. Speaker, I ask unanimous consent to extend remarks I made on the 21st of this month.

The SPEAKER. Is there objection?

There was no objection.

Mr. GOODYKOONTZ. Mr. Speaker, I ask unanimous consent to extend my remarks by printing a copy of an address made by me before the chamber of commerce in the city of Clarksburg, Va., on Monday, the 17th, on the subject of unemployment.

The SPEAKER. Is there objection to the request as stated?

There was no objection.

By unanimous consent leave to extend remarks on the bill just passed was granted to Mr. BLACK and to Mr. PARKER of New Jersey.

ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 71. An act for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2588. An act extending the time for the construction of a bridge by the Chicago, Milwaukee & St. Paul Railway Co. across the Missouri River at Chamberlain, S. Dak.; to the Committee on Interstate and Foreign Commerce.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. RIORDAN, indefinitely, on account of illness.

To Mr. BRAND, at the request of Mr. CRISP, indefinitely, on account of serious illness.

ADJOURNMENT.

Mr. FORDNEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 58 minutes p. m.) the House adjourned until to-morrow, Tuesday, October 25, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

245. A letter from the Assistant Secretary of Labor, transmitting a statement of typewriters, adding machines, and other labor-saving devices exchanged in part payment for new machines during the fiscal year ended June 30, 1921; to the Committee on Expenditures in the Department of Labor.

246. A letter from the secretary of Hawaii, transmitting copy of the journal of the House of Representatives of the Legislature of the Territory of Hawaii, regular session of 1921; to the Committee on the Territories.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII:

Mr. SUTHERLAND, from the Committee on the Public Lands, to which was referred the bill (H. R. 7948) to provide for agricultural entries on coal lands in Alaska, reported the same without amendment, accompanied by a report (No. 432), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. ROSE, from the Committee on Claims, to which was referred the bill (S. 2153) authorizing the owners of the steamship *Texas* to bring suit against the United States of America, reported the same without amendment, accompanied by a report (No. 433), which said bill and report were referred to the Private Calendar.

Mr. BOX, from the Committee on Claims, to which was referred the bill (H. R. 7923) for the relief of the Canadian Pacific Railway Co., reported the same without amendment, accompanied by a report (No. 434), which said bill and report were referred to the Private Calendar.

Mr. BULWINKLE, from the Committee on Claims, to which was referred the bill (H. R. 8173) for the relief of Mrs. E. H. Jackson, reported the same without amendment, accompanied by a report (No. 435), which said bill and report were referred to the Private Calendar.

Mr. GLYNN, from the Committee on Claims, to which was referred the bill (H. R. 8216) for the relief of the widow of Chang Tsu Tsao, of Hankow, China, reported the same with an amendment, accompanied by a report (No. 436), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. RAKER: A bill (H. R. 8815) to authorize certain homestead settlers or entrymen on United States reclamation projects who entered the military or naval service of the United States during the war with Germany to make final proof of their entries; to the Committee on the Public Lands.

By Mr. LINTHICUM: A bill (H. R. 8816) authorizing and directing the Secretary of War to grant the use of Fort McHenry Military Reservation in the State of Maryland to the mayor and city council of Baltimore, a municipal corporation of the State of Maryland, subject to certain provisions in connection therewith; to the Committee on Military Affairs.

By Mr. UPSHAW: A bill (H. R. 8817) to extend existing pension benefits to Confederate soldiers, sailors, and marines, and to the widows of Confederate soldiers, sailors, and marines during the remainder of their lives, and for other purposes; to the Committee on Invalid Pensions.

By Mr. MORIN: A bill (H. R. 8818) granting the consent of Congress to the city of Pittsburgh, a municipal corporation of the Commonwealth of Pennsylvania, to construct, maintain, and operate a bridge across the Monongahela River at or near its junction with the Allegheny River, in the city of Pittsburgh, in the county of Allegheny, in the Commonwealth of Pennsylvania; to the Committee on Interstate and Foreign Commerce.

By Mr. HILL: A bill (H. R. 8819) to preserve in perpetuity Forts McHenry and Carroll, located in Baltimore, Md.; to the Committee on Military Affairs.

By Mr. PARRISH: A bill (H. R. 8820) to amend the laws relating to the Postal Savings System; to the Committee on the Post Office and Post Roads.

By Mr. ROUSE (by request): A bill (H. R. 8821) to incorporate the National Society of the Colonial Daughters of America; to the Committee on the Judiciary.

By Mr. HULL: A bill (H. R. 8822) to create a board of adjustment, which shall constitute a wage board and board of appeals for employees of navy yards and arsenals, and to define its powers and duties; to the Committee on Labor.

By Mr. RODENBERG: Resolution (H. Res. 211) for the appointment of a special assistant expert compiler for the Committee on Appropriations; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BECK: A bill (H. R. 8823) granting a pension to La Verne Allen Brown; to the Committee on Pensions.

By Mr. BROOKS of Pennsylvania: A bill (H. R. 8824) granting an increase of pension to Matilda Devenney; to the Committee on Invalid Pensions.

By Mr. CROWTHER: A bill (H. R. 8825) granting a pension to Margaret Clune; to the Committee on Pensions.

Also, a bill (H. R. 8826) for the relief of Ada P. Sack; to the Committee on Claims.

By Mr. DUNBAR: A bill (H. R. 8827) granting a pension to Cora Harbaugh; to the Committee on Pensions.

Also, a bill (H. R. 8828) granting an increase of pension to Scott Farmer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8829) granting an increase of pension to Sophia Salyards; to the Committee on Pensions.

By Mr. FAIRCHILD: A bill (H. R. 8830) granting an increase of pension to Sherwood H. Williams; to the Committee on Pensions.

By Mr. PETERS: A bill (H. R. 8831) granting a pension to Thomas C. Jones; to the Committee on Pensions.

By Mr. RAKER: A bill (H. R. 8832) to provide for the exchange of certain lands of the United States in the Tahoe National Forest, Calif., for lands owned by William Kent; to the Committee on the Public Lands.

By Mr. RICKETTS: A bill (H. R. 8833) granting an increase of pension to Julia Cannon; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 8834) for the relief of James J. McAllister; to the Committee on Indian Affairs.

By Mr. SMITHWICK: A bill (H. R. 8835) granting a pension to Jerome B. Butler; to the Committee on Pensions.

By Mr. TINKHAM: A bill (H. R. 8836) for the relief of George Kluger; to the Committee on Military Affairs.

By Mr. VESTAL: A bill (H. R. 8837) granting a pension to Emma Hewitt; to the Committee on Invalid Pensions.

By Mr. WILLIAMS: A bill (H. R. 8838) granting an increase of pension to Sarah E. Colclasure; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8839) granting an increase of pension to Mary Barnwell; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2813. By the SPEAKER (by request): Resolution of the board of directors of the American Society of Civil Engineers, urging that an adequate sum of money be appropriated, to be expended under the direction of the Secretary of Agriculture, for research and experimental work; to the Committee on Agriculture.

2814. By Mr. BARBOUR: Petition of residents of Shafter, Calif., protesting against the passage of House bill 4388, the Sunday observance bill; to the Committee on the District of Columbia.

2815. By Mr. DALLINGER: Resolution of the Boston Association of Retail Druggists, protesting against a further increase in the tax on nonbeverage alcohol; to the Committee on Ways and Means.

2816. By Mr. DRANE: Resolutions from Tampa (Fla.) Board of Trade, relative to barge line operated by the United States Government on the Mississippi River; to the Committee on Rivers and Harbors.

2817. By Mr. FENN: Resolution of the Men's Sunday Club of the South Congregational Church of New Britain, Conn., in favor of real disarmament; to the Committee on Foreign Affairs.

2818. By Mr. GALLIVAN: Telegrams from Paul F. Folsom, president of the Hawley Folsom Co., of Boston, Mass., and 10 others, favoring passage of Senate bill 1318; to the Committee on Interstate and Foreign Commerce.

2819. By Mr. KISSEL: Petition of Thomas & Co., shoe manufacturers, of Brooklyn, N. Y.; to the Committee on Ways and Means.

2820. Also, petition of the Metal Trades Council, navy yard, New York City; to the Committee on Naval Affairs.

2821. By Mr. MONDELL: Petition of the First Methodist Church of Douglas, Wyo., indorsing the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159) and urging its passage; to the Committee on the District of Columbia.

2822. By Mr. RAKER: Petition of Smith, Emery & Co., of San Francisco, Calif., urging the retention of the dye embargo in the tariff bill; to the Committee on Ways and Means.

2823. Also, petition of the Industrial Accident Commission of the State of California, San Francisco, Calif., urging appropriation for the continuance of the publication of the Monthly Labor Review issued by the United States Bureau of Labor Statistics; to the Joint Committee on Printing.

2824. Also, petition of the Philadelphia Bourse, of Philadelphia, Pa., urging amendment to the transportation act of 1920, and for other railway legislation; to the Committee on Interstate and Foreign Commerce.

2825. By Mr. SWING: Petition of sundry citizens of Riverside, Calif., protesting against a compulsory Sunday observance law; to the Committee on the District of Columbia.

2826. By Mr. TAGUE: Petition of the Hamilton Club, of Los Angeles, Calif., and Massachusetts members of the American Association for the Recognition of the Irish Republic, protesting against refunding of obligations of foreign Governments; to the Committee on Ways and Means.

SENATE.

TUESDAY, October 25, 1921.

(Legislative day of Thursday, October 20, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Frelinghuysen	McKellar	Ransdell
Borah	Gerry	McKinley	Reed
Brandegee	Glass	McLean	Sheppard
Broussard	Gooding	McNary	Shortridge
Bursum	Hale	Moses	Simmons
Capper	Harrell	Nelson	Smoot
Caraway	Harris	New	Spencer
Crow	Harrison	Newberry	Stanley
Culberson	Heflin	Nicholson	Sterling
Cummins	Hitchcock	Norbeck	Sutherland
Curtis	Johnson	Norris	Swanson
Dial	Jones, N. Mex.	Oddie	Townsend
Dillingham	Kellogg	Overman	Trammell
du Pont	Kendrick	Page	Wadsworth
Edge	Keyes	Penrose	Watson, Ga.
Ernst	La Follette	Phipps	Watson, Ind.
Fernald	Lenroot	Pittman	Williams
Fletcher	Lodge	Poindexter	Wills
France	McCormick	Pomerene	

Mr. DIAL. I desire to announce that my colleague [Mr. SMITH] is detained on account of illness. I will let this announcement stand for the day.

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes, and it was thereupon signed by the Vice President.

PETITIONS AND MEMORIALS.

Mr. PAGE presented a petition of sundry citizens of East Calais, Plainfield, and Montpelier, all in the State of Vermont, praying for the limitation of armaments, the payment of the foreign debt, and a reduction of governmental expenditures, so as to decrease taxation, which was referred to the Committee on Foreign Relations.

Mr. McLEAN presented a resolution adopted at a regular meeting of the Men's Sunday Club of the South Congregational Church of New Britain, Conn., favoring a real program of disarmament, particularly a drastic reduction of naval and military expenses, so as to decrease taxation, which was referred to the Committee on Foreign Relations.