By Mr. JOHNSON of South Dakota: A bill (H. R. 8869) to amend an act entitled "An act to establish a Veterans' Bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act," approved August 9, 1921, and to amend and modify the war risk insurance act, and to amend the vocational rehabilitation act; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASWELL: A bill (H. R. 8870) granting a pension to Amelia C. Roberts; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 8871) granting a pension to Elizabeth Thomas; to the Committee on Invalid Pensions.

By Mr. GILLETT: A bill (H. R. 8872) granting an increase of pension to Kate A. Fowler; to the Committee on Invalid Pensions.

By Mr. GREENWOOD: A bill (H. R. 8873) granting a pension to George Taylor; to the Committee on Invalid Pensions.

By Mr. HOLADAY: A bill (H. R. 8874) granting a pension to John Charleston; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 8875) granting a pension to Maria Crowl; to the Committee on Invalid Pensions.

By Mr. PHILLIPS: A bill (H. R. 8876) granting a pension to Margaret A. Robinson; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 8877) granting a pension to Sarah J. Burns; to the Committee on Invalid Pensions.

By Mr. SANDERS of New York: A bill (H. R. 8878) granting an increase of pension to Ella Littlefield; to the Committee on Invalid Pensions.

By Mr. YOUNG: A bill (H. R. 8879) for the refund of customs duties paid by the Canadian Car & Foundry Co. (Ltd.) on materials imported into the United States to be further manufactured for shipment abroad and which materials were destroyed by fire after such manufacture and before such shipment; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2516. By Mr. BOYLAN: Petitions for release of Eamonn De Valera; to the Committee on Foreign Affairs.

2517. By Mr. FENN: Petition of sundry citizens of Rocky Hill, Conn., protesting against the passage of Senate Joint Resolution 107, revising the freight rates on farm products; to the Committee on Interstate and Foreign Commerce.

2518. By Mr. GARBER: Petition of sundry citizens of Capron, Okla., protesting against any amendment legalizing the manufacture of wine and beer, also urging passage of amendment to Constitution empowering Congress to pass effective child-labor laws; to the Committee on the Judiciary.

2519. By Mr. NEWTON of Minnesota: Petition of the city council of the city of Minneapolis, calling upon Congress to immediately pass the adjusted compensation bill; to the Committee on Ways and Means.

2520. By Mr. TAGUE: Petitions of committee of 16 national women's organizations (National Federation of Business and Professional Clubs, American Association of University Women, American Federation of Teachers, General Federation of Women's Clubs, Girls' Friendly Society of America, National Consumers' League, National Council of Jewish Women, National Education Association, National League of Women Voters, National Women's Trade Union League, Service Star Legion, Women's Christian Temperance Union, Young Women's Christian Association, American Home Economics Association, and National Council of Women), favoring enactment of child-labor amendment to the Constitution; to the Committee on the Judiciary.

2521. By Mr. TEMPLE: Petition of a number of residents of Brave, Greene County, Pa., protesting against the modification of the prohibition law; to the Committee on the Judiciary.

2522. By Mr. WILSON of Indiana: Petition of 68 voters and taxpayers of Spencer County, Ind., asking that the eighteenth amendment be protected, and any other legislation that will help its enforcement; to the Committee on the Judiciary.

2523. By Mr. YOUNG: Petition of Mrs. W. A. Samski and 22 other citizens of Dunseith, N. Dak., protesting against legislation to reduce the tariff on eggs; to the Committee on Ways and Means.

SENATE

FRIDAY, *April 25, 1924*

(Legislative day of Thursday, April 24, 1924)

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

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

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal clerk called the roll, and the following Senators answered to their names:

Adams	Ernst	King	Smith
Ball	Fernald	Ladd	Smoot
Bayard	Ferris	Lodge	Stanley
Borah	Fess	McKellar	Stephens
Brandegee	Fletcher	McKinley	Sterling
Broussard	Frazier	McLean	Trammell
Bursum	George	Oddie	Underwood
Cameron	Gerry	Overman	Wadsworth
Capper	Gooding	Pepper	Walsh, Mass.
Caraway	Hale	Phipps	Walsh, Mont.
Copeland	Harris	Pittman	Warren
Cummins	Heflin	Reed, Pa.	Watson
Curtis	Howell	Sheppard	Willis
Dial	Johnson, Minn.	Shields	
Dill	Jones, N. Mex.	Shipstead	
Edge	Keyes	Shortridge	

Mr. CURTIS. I wish to announce that the Senator from Wisconsin [Mr. LENROOT] is absent on account of illness. I ask that the announcement may stand for the day.

I was requested to announce that the Senator from Nebraska [Mr. NORRIS], the Senator from Oregon [Mr. MCNARY], the Senator from South Dakota [Mr. NORBECK], the Senator from Oklahoma [Mr. HARRELD], the Senator from Louisiana [Mr. RANSDELL], the Senator from Wyoming [Mr. KENDRICK], the Senator from Mississippi [Mr. HARRISON], and the Senator from Indiana [Mr. RALSTON] are engaged at a meeting of the Committee on Agriculture and Forestry.

I was also requested to announce that the Senator from Iowa [Mr. BROOKHART], the Senator from Washington [Mr. JONES], the Senator from New Hampshire [Mr. MOSES], and the Senator from Montana [Mr. WHEELER] are attending a hearing before a special investigating committee of the Senate.

The PRESIDENT pro tempore. Sixty-one Senators have answered to their names. There is a quorum present.

REPORT OF ARLINGTON MEMORIAL BRIDGE COMMISSION (S. DOC. NO. 95)

Mr. FERNALD. Mr. President, on day before yesterday the President addressed a communication to the Senate transmitting a report in regard to the Arlington memorial bridge project, which was referred to the Committee on Commerce. I assume that the reference was an error. I think they should have been referred to the Committee on Public Buildings and Grounds. I therefore ask that the Committee on Commerce be discharged from the further consideration of the document, and that it be referred to the Committee on Public Buildings and Grounds and printed with the illustrations.

The PRESIDENT pro tempore. Without objection, the Committee on Commerce will be discharged from the further consideration of the message and accompanying report, and the document will be referred to the Committee on Public Buildings and Grounds and printed with the illustrations.

DEATH OF CHARLES F. MURPHY

Mr. COPELAND. Mr. President, it may be an unusual procedure to announce to this body the death of a private citizen, but there died this morning a man who is a national character. Mr. Charles F. Murphy, of New York, passed away two hours ago.

Many of us in this Chamber knew and loved Mr. Murphy. Personally I never knew a man more honorable, more thoughtful, more considerate, or more charming. He was a great citizen, and his untimely death brings a great loss to his city, to his State, and, in my judgment, to the Nation. He was a natural leader, never arbitrary or selfish. He was held, and ever will be held, Mr. President, in affectionate regard by an army of friends.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 7220) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1925, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 7959) to provide adjusted compensation for veterans of the World War, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. GREEN of Iowa, Mr. HAWLEY, Mr. TREADWAY, Mr. GARNER of Texas, and Mr. COLLIER were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker of the House had signed the following enrolled bills and joint resolutions, and they were thereupon signed by the President pro tempore:

S. 5. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil and Mexican Wars and to certain widows, former widows, minor children, and helpless children of said soldiers and sailors, and to widows of the War of 1812, and to certain Indian war veterans and widows, and to certain Spanish War soldiers, and certain maimed soldiers, and for other purposes;

S. 431. An act to extend the time for the construction of a bridge across the Cumberland River in Montgomery County, Tenn.;

S. 1704. An act for the relief of dispossessed allotted Indians of the Nisqually Reservation, Wash.;

S. 2108. An act to grant the consent of Congress to the Southern Railway Co. to maintain a bridge across the Tennessee River, at Knoxville, in the county of Knox, State of Tennessee;

S. 2112. An act authorizing the Department of Agriculture to issue semimonthly cotton-crop reports and providing for their publication simultaneously with the ginning reports of the Department of Commerce;

S. 2736. An act authorizing use of Government buildings at Fort Crockett, Tex., for occupancy during State convention of Texas Shriners;

S. 2798. An act to authorize the leasing for mining purposes of unallotted lands in the Kaw Reservation in the State of Oklahoma;

S. 2821. An act to amend section 3 of an act entitled "An act to incorporate the National McKinley Birthplace Memorial Association," approved March 4, 1911;

S. J. Res. 52. Joint resolution for the relief of the drought-stricken farm areas of New Mexico;

S. J. Res. 76. Joint resolution authorizing appropriations for the maintenance by the United States of membership in the International Statistical Bureau at The Hague;

S. J. Res. 77. Joint resolution authorizing an appropriation to provide for the representation of the United States at the seventh Pan American Sanitary Conference to be held at Habana, Cuba; and

S. J. Res. 79. Joint resolution to provide for the representation of the United States at the meeting of the Inter-American Committee on Electrical Communications to be held in Mexico City in 1924.

PETITIONS AND MEMORIALS

Mr. WARREN presented a telegram in the nature of a memorial from the Chamber of Commerce of Riverton, Wyo., remonstrating against any immediate amendment to the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

Mr. ERNST presented a memorial, numerously signed, of sundry citizens in the State of Kentucky, remonstrating against the passage of legislation imposing a tax of 10 per cent on radio receiving sets and parts and accessories, etc., which was referred to the Committee on Finance.

He also presented a petition, numerously signed, of sundry citizens in the State of Kentucky, praying that the United States participate in the Permanent Court of International Justice, which was referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

A bill (H. R. 2647) for the relief of Lena Garagnon Owens (Rept. No. 464);

A bill (H. R. 4012) to reimburse William H. Flagg and others for property destroyed by mail airplane *No. 73*, operated by the Post Office Department (Rept. No. 465); and

A bill (H. R. 5136) for the relief of Eva B. Sharon (Rept. No. 466).

Mr. BRUCE, from the Committee on Claims, to which was referred the bill (S. 2518) for the relief of Austin G. Tainter, reported it with an amendment and submitted a report (No. 467) thereon.

Mr. LADD, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (H. R. 2713) to transfer certain lands of the United States from the Rocky Mountain National Park to the Colorado National Forest, Colo. (Rept. No. 468); and

A bill (H. R. 4437) to quiet titles to land in the municipality of Flomaton, State of Alabama (Rept. No. 469).

Mr. CAPPER, from the Committee on Military Affairs, to which was referred the bill (H. R. 6207) authorizing and directing the Secretary of War to transfer to the jurisdiction of the Department of Justice all that portion of the Fort Leavenworth Military Reservation which lies in the State of Missouri, and for other purposes, reported it without amendment and submitted a report (No. 470) thereon.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 3170) for the relief of Edgar William Miller, reported it without amendment and submitted a report (No. 471) thereon.

BILLS INTRODUCED

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

By Mr. ELKINS:

A bill (S. 3172) granting a pension to Elza Wright; to the Committee on Pensions.

By Mr. FERNALD:

A bill (S. 3173) to provide for the construction of a memorial bridge across the Potomac River from a point near the Lincoln Memorial in the city of Washington to an appropriate point in the State of Virginia, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. McNARY:

A bill (S. 3174) granting a pension to Eva S. Coe; to the Committee on Pensions.

By Mr. JONES of Washington:

A bill (S. 3175) granting a pension to Emma Benston (with accompanying papers); to the Committee on Pensions.

By Mr. ERNST:

A bill (S. 3176) to amend section 227 of the Judicial Code relative to the distribution of Supreme Court reports; to the Committee on the Judiciary.

By Mr. McNARY (by request):

A bill (S. 3177) providing for uniform contract for the carriage of goods by sea, and for other purposes; to the Committee on Commerce.

By Mr. COLT:

A bill (S. 3178) authorizing the Secretary of War to cause a preliminary examination and survey to be made of the harbor of Bristol, R. I.; to the Committee on Commerce.

HOUSE BILL REFERRED

The bill (H. R. 7220) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1925, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

RETIREMENT OF CIVIL SERVICE EMPLOYEES

Mr. LODGE submitted an amendment intended to be proposed by him to the bill (S. 3011) to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof, which was ordered to lie on the table and to be printed.

AMENDMENT OF STATE, ETC., DEPARTMENTS APPROPRIATION BILL

Mr. WADSWORTH submitted an amendment proposing to pay $5,500 to Teresa B. Handley, widow of William W. Handley, late consul general at Callao-Lima, Peru, being one year's salary of her deceased husband, etc., intended to be proposed by him to House bill 8350, the State and Justice, etc., Departments appropriation bill, which was referred to the Committee on Foreign Relations and ordered to be printed.

AMENDMENTS TO TAX REDUCTION BILL

Mr. FLETCHER, Mr. COPELAND, Mr. DILL, and Mr. BROUSSARD each submitted an amendment intended to be proposed by them to House bill 6715, the tax reduction bill, which were severally ordered to lie on the table and to be printed.

Mr. WADSWORTH submitted two amendments intended to be proposed by him to House bill 6715, the tax reduction bill, which were ordered to lie on the table and to be printed.

MANUFACTURE OF NITROGEN—MUSCLE SHOALS

Mr. JONES of Washington. Mr. President, I have an amendment which I have been asked to offer to what is known as the Muscle Shoals bill, House bill 518, in order that the proposition involved in it may be considered by the Committee on Agriculture and Forestry in connection with the consideration of that measure. I therefore desire to submit the amendment, and I ask to have it printed and referred to the Committee on Agriculture and Forestry.

The PRESIDENT pro tempore. Without objection, the amendment will be printed and referred to that committee.

APPEARANCE OF CONGRESSMEN BEFORE EXECUTIVE DEPARTMENTS

Mr. GEORGE. Mr. President, in response to a resolution introduced by the Senator from Nebraska [Mr. NORRIS], the various departments of the Government before which Members of Congress, both in the Senate and the House of Representatives, have appeared within two years after going out of the Congress have furnished to the Senate the names of those Members. It has been stated in some of the newspapers that a criminal statute forbids the appearance of any Member of Congress, either of the Senate or of the House of Representatives, before any department of the Government, for a fee, of course, within two years after the termination of his service.

In other newspapers I have noticed the statement that, while there was a provision against such appearance, there was no penalty affixed in the statute. At some considerable pains, I have examined the several statutes that relate to that question, and I ask to have inserted in the RECORD the only statutes that are related to the question.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The statutes will be printed in the RECORD.

The statutes are as follows:

Whoever, being elected or appointed a Senator, Member of or Delegate to Congress, or a Resident Commissioner, shall, after his election or appointment, and either before or after he has qualified and during his continuance in office, or being the head of a department or other officer or clerk in the employ of the United States, shall, directly or indirectly, receive, or agree to receive, any compensation whatever for any services rendered or to be rendered to any person, either by himself or another, in relation to any proceeding, contract, claim, controversy, charge, accusation, arrest, or other matter or thing in which the United States is a party or directly or indirectly interested, before any department, court-martial, bureau, officer, or any civil, military, or naval commission whatever, shall be fined not more than $10,000 and imprisoned not more than two years; and shall, moreover, thereafter be incapable of holding any office of honor, trust, or profit under the Government of the United States. (35 Stat. L. 1109; 7 Fed. Stat. Ann. 659.)

It shall not be lawful for any person appointed after the 1st day of June, 1872, as an officer, clerk, or employee in any of the departments to act as counsel, attorney, or agent for prosecuting any claim against the United States which was pending in either of said departments while he was such officer, clerk, or employee, nor in any manner nor by any means to aid in the prosecution of any such claim, within two years next after he shall have ceased to be such officer, clerk, or employee. (2 Fed. Stat. Ann., sec. 190.)

Mr. GEORGE. Mr. President, in connection with those statutes, I should like to say that there is no two-year provision forbidding Senators or Members of the House of Representatives from receiving fees in connection with representing clients before the departments after their retirement from office. I think this statement should be made in justice to the names of former Members of the Senate and of the House of Representatives who have been reported by the various departments as appearing before the several departments within two years after the expiration of their terms of office.

I feel especially warranted in asking that these statutes be inserted in the RECORD, and in making this statement, because it has appeared from communications from several of the departments that a former Member of this body, a former governor of my State and a member of Mr. Cleveland's Cabinet, had himself within two years after the expiration of his term of office as a Senator appeared before the several departments.

ADJUSTED COMPENSATION FOR WORLD WAR VETERANS

Mr. CURTIS. I ask the Chair to lay before the Senate the action of the House of Representatives on House bill 7959.

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 7959) to provide adjusted compensation for veterans of the World War, and for other purposes, requesting a conference with the Senate on the disagreeing votes of the two Houses, and appointing conferees on the part of the House.

Mr. CURTIS. I move that the Senate insist upon its amendments, accede to the request of the House for a conference on the disagreeing votes of the two Houses, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. CURTIS, Mr. MCLEAN, Mr. WATSON, Mr. SIMMONS, and Mr. WALSH of Massachusetts conferees on the part of the Senate.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. SMOOT. Let the reading of the bill proceed for action on the amendments of the committee.

The PRESIDENT pro tempore. The Senate having dispensed with the formal reading of the bill, it will be read for action on the amendments of the committee.

The reading clerk proceeded to read the bill.

The first amendment of the Committee on Finance was, under the heading "Title II—Income tax—Distributions by corporations," in section 201 (c), on page 5, line 17, after the numerals "203," to strike out "There shall be taxed as a dividend to the distributee such an amount of the gain recognized under section 203 as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under section 203 shall be taxed as a gain from the exchange of property," and in line 24, after the words "case of," to strike out "a distribution" and to insert "amounts distributed," so as to read:

(c) Amounts distributed in complete liquidation of a corporation shall be treated as in full payment in exchange for the stock, and amounts distributed in partial liquidation of a corporation shall be treated as in part or full payment in exchange for the stock. The gain or loss to the distributee resulting from such exchange shall be determined under section 202, but shall be recognized only to the extent provided in section 203. In the case of amounts distributed in partial liquidation (other than a distribution within the provisions of subdivision (g) of section 203 of stock or securities in connection with a reorganization) the part of such distribution which is properly chargeable to capital account shall not be considered a distribution of earnings or profits within the meaning of subdivision (b) of this section for the purpose of determining the taxability of subsequent distributions by the corporation.

Mr. FLETCHER. Mr. President, may I inquire of the Senator from Utah [Mr. SMOOT] whether there is anything in the bill to take the place of the language proposed to be stricken out in lines 17 to 23?

Mr. SMOOT. The language following takes care of it. It is virtually making the law even clearer than it is to-day.

The amendment was agreed to.

The next amendment was, in section 201 (d), on page 6, line 14, after the word "property," to insert: "The provisions of this paragraph shall also apply to distributions from depletion reserves based on the discovery value of mines," so as to read:

(d) If any distribution (not in partial or complete liquidation) made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not out of earnings or profits, then the amount of such distribution shall be applied against and reduce the basis of the stock provided in section 204, and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property. The provisions of this paragraph shall also apply to distributions from depletion reserves based on the discovery value of mines.

The amendment was agreed to.

The next amendment was, in section 201 (g), on page 7, after line 8, to strike out: "(g) As used in this section the term 'partial liquidation' includes the partial or complete cancellation or redemption by a corporation of a portion of its stock," and to insert:

(g) As used in this section the term "amounts distributed in partial liquidation" means a distribution by a corporation in complete cancellation or redemption of a part of its stock, or one of a series of distributions in complete cancellation or redemption of all or a portion of its stock.

The amendment was agreed to.

The next amendment was, under the subhead "Determination of amount of gain or loss," in section 202 (b), on page 8, line 3, after the word "depletion," to strike out "properly chargeable" and to insert "previously allowed," so as to read:

(b) In computing the amount of gain or loss under subdivision (a) proper adjustment shall be made for (1) any expenditure properly

chargeable to capital account, and (2) any item of loss, exhaustion, wear and tear, obsolescence, amortization, or depletion, previously allowed with respect to such property.

The amendment was agreed to.

The next amendment was, under the subhead "Recognition of gain or loss from sales and exchanges," in section 203 (b) (1), on page 9, line 6, after the word "for," to strike out "investment" and to insert "investment, or if common stock in a corporation is exchanged solely for common stock in the same corporation, or if preferred stock in a corporation is exchanged solely for preferred stock in the same corporation," so as to read:

(b) (1) No gain or loss shall be recognized if property held for productive use in trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a like kind to be held either for productive use in trade or business or for investment, or if common stock in a corporation is exchanged solely for common stock in the same corporation, or if preferred stock in a corporation is exchanged solely for preferred stock in the same corporation.

The amendment was agreed to.

The next amendment was, in section 203 (b) (4), on page 9, line 25, after the word "persons," to insert "this paragraph shall apply," so as to read:

(4) No gain or loss shall be recognized if property is transferred to a corporation by one or more persons solely in exchange for stock or securities in such corporation, and immediately after the exchange such person or persons are in control of the corporation; but in the case of an exchange by two or more persons this paragraph shall apply only if the amount of the stock and securities received by each is substantially in proportion to his interest in the property prior to the exchange.

The amendment was agreed to.

The next amendment was, under the subhead "Basis for determining gain or loss, depletion, and depreciation," in section 204 (6), on page 15, line 23, after the word "basis," to strike out the comma and "except as provided in paragraph (7) or (8) of this subdivision," so as to read:

(6) If the property was acquired upon an exchange described in subdivision (b), (d), (e), or (f) of section 203, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made.

The amendment was agreed to.

The next amendment was, in section 204 (6), on page 16, line 13, after the words "date of the," to strike out "exchange" and to insert "exchange. This paragraph shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration in whole or in part for the transfer of the property to it," so as to read:

If the property so acquired consisted in part of the type of property permitted by paragraph (1), (2), (3), or (4) of subdivision (b) of section 203 to be received without the recognition of gain or loss, and in part of other property, the basis provided in this paragraph shall be allocated between the properties (other than money) received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This paragraph shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration in whole or in part for the transfer of the property to it.

The amendment was agreed to.

The next amendment was, in section 204 (7), on page 16, line 23, after the word "shall," to strike out the comma and "notwithstanding the provisions of paragraph (6) of this subdivision," so as to read:

(7) If the property (other than stock or securities in a corporation a party to the reorganization) was acquired after December 31, 1917, by a corporation in connection with a reorganization, and immediately after the transfer an interest or control in such property of 80 per cent or more remained in the same persons or any of them, then the basis shall be the same as it would be in the hands of the transferer, increased in the amount of gain or decreased in the amount of loss recognized to the transferer upon such transfer under the law applicable to the year in which the transfer was made.

The amendment was agreed to.

The next amendment was, in section 204 (8), on page 17, line 12, after the word "shall," to strike out the comma and "notwithstanding the provisions of paragraph (6) of this subdivision," so as to read:

(8) If the property (other than stock or securities in a corporation a party to a reorganization) was acquired after December 31, 1920, by a corporation by the issuance of its stock or securities in connection with a transaction described in paragraph (4) of subdivision (b) of section 203 (including, also, cases where part of the consideration for the transfer of such property to the corporation was property or money in addition to such stock or securities), then the basis shall be the same as it would be in the hands of the transferer, increased in the amount of gain or decreased in the amount of loss recognized to the transferer upon such transfer under the law applicable to the year in which the transfer was made.

The amendment was agreed to.

The next amendment was, in section 204 (b), on page 19, line 7, after the word "greater," to insert "In determining the fair market value of stock in a corporation as of March 1, 1913, due regard shall be given to the fair market value of the assets of the corporation as of that date," so as to read:

(b) The basis for determining the gain or loss from the sale or other disposition of property acquired before March 1, 1913, shall be (A) the cost of such property (or, in the case of such property as is described in paragraph (1), (4), or (5), of subdivision (a), the basis as therein provided), or (B) the fair market value of such property as of March 1, 1913, whichever is greater. In determining the fair market value of stock in a corporation as of March 1, 1913, due regard shall be given to the fair market value of the assets of the corporation as of that date.

Mr. JONES of New Mexico. Mr. President, that provision is of considerable interest to some Senators who are not here, and I am sure that they would desire to discuss it. I ask that the amendment be passed over.

Mr. SMOOT. If the Senator from New Mexico had not asked that the amendment be passed over, I myself intended to do so, because I know that the Senator from North Carolina [Mr. SIMMONS] is interested in the amendment.

Mr. JONES of New Mexico. Both the Senator from Mississippi [Mr. HARRISON] and the Senator from North Carolina [Mr. SIMMONS] are interested in the amendment.

The PRESIDENT pro tempore. The amendment will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 204 (c), on page 20, line 2, after the words "reference to," to strike out "this paragraph," and to insert "discovery value," so as to read:

(c) The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the same as is provided in subdivision (a) or (b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except that in the case of mines, oil and gas wells, discovered by the taxpayer after February 28, 1913, and not acquired as the result of purchase of a proven tract or lease, where the fair market value of the property is materially disproportionate to the cost, the basis for depletion shall be the fair market value of the property at the date of discovery or within 30 days thereafter; but such depletion allowance based on discovery value shall not exceed 50 per cent of the net income (computed without allowance for depletion) from the property upon which the discovery was made, except that in no case shall the depletion allowance be less than it would be if computed without reference to discovery value.

The amendment was agreed to.

The next amendment was, under the subhead "Net losses," in section 206 (a) (5), on page 21, at the beginning of line 10, to strike out "and losses sustained," and at the beginning of line 11 to strike out "subdivision (c)" and to insert "paragraph (2) of subdivision (a)," so as to read:

(5) There shall be included in computing gross income the amount of interest received free from tax under this title, decreased by the amount of interest paid or accrued which is not allowed as a deduction by paragraph (2) of subdivision (a) of section 214 or by paragraph (2) of subdivision (a) of section 234.

The amendment was agreed to.

The next amendment was, in section 206, on page 22, after line 2, to strike out:

(c) (1) If in the second year the taxpayer (other than a corporation) sustains a capital net loss, the deduction allowed by subdivision (b) of this section shall first be applied as a deduction in computing the ordinary net income for such year. If the deduction is in excess of the ordinary net income (computed without such deduction), then

the amount of such excess shall be allowed as a deduction in computing net income for the third year.

The amendment was agreed to.

The next amendment was, on page 22, at the beginning of line 11, to change the designation of the paragraph from "(2)" to "(c)."

The PRESIDENT pro tempore. The Chair suggests to the Senator from Utah that in effecting changes in the designations of paragraphs and sections the Secretary be given authority to make such changes.

Mr. SMOOT. Very well, Mr. President. I ask unanimous consent that wherever an amendment necessitates a change in the numbering of a paragraph or section during the consideration of the bill that the Secretary may be authorized to make such necessary changes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none; and the Secretary, when necessary, will change the numbering accordingly.

The next amendment was, in section 206 (d), on page 22, at the beginning of line 25, to strike out "or a capital net loss," so as to read:

(d) If any portion of a net loss is allowed as a deduction in computing net income for the third year, under the provisions of either subdivision (b) or (c), and the taxpayer (other than a corporation) has in such year a capital net gain, then the method of allowing such deduction in such third year shall be the same as provided in subdivision (c).

The amendment was agreed to.

The next amendment was, under subhead "Fiscal years," in section 207 (b), on page 25, line 12, before the word "year," to insert "calendar," so as to read:

(b) If a fiscal year of a partnership begins in one calendar year and ends in another calendar year, and the law applicable to the second calendar year is different from the law applicable to the first calendar year, then (1) the rates for the calendar year during which such fiscal year begins shall apply to an amount of each partner's share of such partnership net income (determined under the law applicable to such calendar year) equal to the proportion which the part of such fiscal year falling within such calendar year bears to the full fiscal year, etc.

The amendment was agreed to.

The next amendment was, on page 26, line 11, in the subhead, after the word "gains," to strike out "and losses," so as to make the subhead read "Capital gains."

The amendment was agreed to.

The next amendment was, in section 208 (a) (5), on page 27, after line 5, to strike out:

(6) The term "capital net loss" means the excess of the sum of the capital losses plus the capital deductions over the total amount of capital gain.

The amendment was agreed to.

The next amendment was, in section 208 (a) (7), on page 27, line 20, after the word "business," to strike out the comma and "or stock received as a stock dividend by the taxpayer, or by the donor if the taxpayer acquired stock by gift," so as to read:

(7) The term "capital assets" means property held by the taxpayer for more than two years (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale in the course of his trade or business.

The amendment was agreed to.

The next amendment was, in section 208, on page 28, after line 6, to strike out:

(c) In the case of any taxpayer (other than a corporation) who for any taxable year sustains a capital net loss, there shall be levied, collected, and paid, in lieu of the taxes imposed by sections 210 and 211 of this title, a tax determined as follows:

A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and the total tax shall be this amount minus 12½ per cent of the capital net loss; but in no case shall the tax under this subdivision be less than the taxes imposed by sections 210 and 211 computed without regard to the provisions of this section.

The amendment was agreed to.

The next amendment was, in section 208, on page 28, in line 20, before the word "shall," to strike out "or (c)," so as to read:

(c) The total tax determined under subdivision (b) shall be collected and paid in the same manner, at the same time, and subject to the same provisions of law, including penalties, as other taxes under this title.

The amendment was agreed to.

The next amendment was, in section 208 (d), on page 29, line 1, after the word "net," to strike out "income, capital" and to insert "income and capital"; in line 2, after the word "gain," to strike out "or capital net loss"; and in line 9, before the word "of," to strike out "or (c)," so as to read:

(d) In the case of the members of a partnership, of an estate or trust, or of the beneficiary of an estate or trust, the proper part of each share of the net income which consists, respectively, of ordinary net income and capital net gain, shall be determined under rules and regulations to be prescribed by the commissioner with the approval of the Secretary, and shall be separately shown in the return of the partnership or estate or trust, and shall be taxed to the member or beneficiary or to the estate or trust as provided in sections 218 and 219, but at the rates and in the manner provided in subdivision (b) of this section.

The amendment was agreed to.

The next amendment was, under the subhead "Earned income," in section 209 (a) (1), on page 29, line 19, after the word "rendered," to strike out: "'Earned income' also means reasonable compensation or allowance for personal service where income is derived from combined personal service and capital in the prosecution by unincorporated persons of agriculture or other business, but not exceeding 20 per cent of the net profits of the taxpayer from the business in connection with which his personal services are rendered," and to insert: "In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, a reasonable allowance as compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per cent of his share of the net profits of such trade or business, shall be considered as earned income," so as to read:

SEC. 209. (a) For the purposes of this section—

(1) The term "earned income" means wages, salaries, professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of the compensation derived by the taxpayer for personal services rendered by him to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered. In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors a reasonable allowance as compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per cent of his share of the net profits of such trade or business, shall be considered as earned income.

Mr. WADSWORTH. Mr. President, I should like a little explanation of that change with respect to the definition of earned income.

Mr. SMOOT. Mr. President, the amendment proposed by the Senate Finance Committee is in the nature of a clerical change, and its object is to express the provision in the House bill, as the committee thought, in very much simpler and better terms.

Mr. WADSWORTH. Is there another provision in this bill relating to taxation on earned incomes as compared with taxation on other classes of incomes?

Mr. SMOOT. No; there is not.

Mr. WADSWORTH. What will be the effect of the House provision, and also the proposed Senate committee amendment, on the general question of the taxation of earned income?

Mr. SMOOT. The bill provides that an income of $10,000 shall be considered as earned income, but on incomes above that figure there is no difference made as between earned income and other income.

Mr. WADSWORTH. What was the principle upon which the committee proceeded when it placed an arbitrary limit of $10,000 on earned income as such?

Mr. SMOOT. The committee decided that an earned income over and above $10,000 ought to pay the same rate of taxation as an income from any other source pays; in other words, the committee decided that an earned income of $200,000 or $300,000 or $500,000 should bear the same rate of taxation, as compared with an income of $10,000 or less, that an income from any other source bears under the provisions of the bill.

Mr. WADSWORTH. The Senator of course cites extreme cases when in his discussion he jumps from an income of $10,000 to an income of $300,000; but it strikes me that a limitation to $10,000 for earned income is in effect a violation of the theory

that incomes earned by hard personal work should be relieved of the maximum taxation.

Mr. SMOOT. Mr. President, I think that this amendment should be passed over, there being so few Senators present. My attention was diverted at the moment or I should have asked when the amendment was read that it go over. This is one of the provisions of the bill that perhaps will lead to some discussion, and I think that the Senator from Pennsylvania as well as other Senators ought to be present when it is considered. Therefore, I ask that the amendment go over; in fact, I ask that the whole section as to earned income go over.

Mr. WADSWORTH. Very well, that is satisfactory.

The PRESIDENT pro tempore. Section 209 will be passed over upon the suggestion of the Senator from Utah.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 209 (a) (3), on page 30, at the end of line 19, to strike out "$20,000" and to insert "$10,000," so as to read:

(3) The term "earned net income" means the excess of the amount of the earned income over the sum of the earned income deductions. If the taxpayer's net income is not more than $5,000, his entire net income shall be considered to be earned net income, and if his net income is more than $5,000, his earned net income shall not be considered to be less than $5,000. In no case shall the earned net income be considered to be more than $10,000.

Mr. SMOOT. I ask that that go over in connection with the other amendment as to earned income.

The PRESIDENT pro tempore. The amendment will be passed over.

Mr. SMOOT. I ask that the next amendment relating to the normal tax may go over.

The PRESIDENT pro tempore. The amendment will be passed over.

Mr. SMOOT. I also ask that the next amendment covering the surtaxes may go over.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment was, under the subhead "Deductions allowed individuals," in section 214 (a) (2), on page 47, line 22, after the word "on," to strike out "indebtedness" and to insert "indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title," so as to read:

(2) All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title.

Mr. SMOOT. That amendment will have to go over.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment was, in section 214, on page 48, line 10, after the word "assessed," to insert "other than annual or periodical taxes assessed against construction or repair of levees or drainage improvements," so as to read:

(3) Taxes paid or accrued within the taxable year except (A) income, war-profits, and excess-profits taxes imposed by the authority of the United States, (B) so much of the income, war-profits, and excess-profits taxes, imposed by the authority of any foreign country or possession of the United States, as is allowed as a credit under section 222, (C) taxes assessed against local benefits of a kind tending to increase the value of the property assessed other than annual or periodical taxes assessed against construction or repair of levees or drainage improvements, and (D) taxes imposed upon the taxpayer upon his interest as shareholder of a corporation, which are paid by the corporation without reimbursement from the taxpayer. For the purpose of this paragraph, estate, inheritance, legacy, and succession taxes accrue on the due date thereof except as otherwise provided by the law of the jurisdiction imposing such taxes.

Mr. SMOOT. Mr. President, the Senator from Colorado [Mr. ADAMS] desires to offer an amendment to the amendment which has just been stated, but if the amendment may be agreed to now I will say to the Senator that I shall have no objection when he desires to offer his amendment, after we have concluded the committee amendments, to reconsidering the vote, if necessary, so that the Senator from Colorado may offer his amendment. I may say, however, there are two places in the bill at which the Senator will have to offer the same amendment in order to make it harmonize with the provisions of the bill.

Mr. ADAMS. Yes; the other amendment comes in on page 87.

Mr. SMOOT. I was going to call the Senator's attention to the fact that the same amendment should be made on page 87. If it is desired to act on the amendments of the committee now, we might just as well do so, and then I will assure the Senator that if he asks that the committee amendment may be reconsidered I will ask unanimous consent that that may be done so that his amendment may be presented. I should like to examine the Senator's amendment before I positively say that I will accept it, but from what the Senator has told me I see no objection to it whatever.

Mr. JONES of New Mexico. Suppose we just pass this over, because we know that the Senator from Colorado will want to offer an amendment to it.

Mr. SMOOT. That is all right. I have no objection at all.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 214 (10), on page 51, line 5, after the word "act," to strike out "or"; and in line 10, after the word "individual," to insert "or (E) a fraternal society, order, or association, operating under the lodge system, but only if such contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals," so as to read:

(10) Contributions or gifts made within the taxable year to or for the use of: (A) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (B) any corporation, or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual; (C) the special fund for vocational rehabilitation authorized by section 7 of the vocational rehabilitation act; (D) posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units, or societies are organized in the United States or any of its possessions, and if no part of their net earnings inures to the benefit of any private shareholder or individual; or (E) a fraternal society, order, or association, operating under the lodge system, but only if such contributions or gifts are to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals,

The amendment was agreed to.

The next amendment was, in section 214, on page 51, line 17, after the word "this," to strike out "paragraph" and to insert: "paragraph, except that if in the taxable year and in each of the 10 preceding taxable years the amount in all the above cases combined exceeds 90 per cent of the taxpayer's net income for each such year, as computed without the benefit of this paragraph, then to the full amount of such contributions and gifts made within the taxable year," so as to read:

to an amount which in all the above cases combined does not exceed 15 per cent of the taxpayer's net income as computed without the benefit of this paragraph, except that if in the taxable year and in each of the 10 preceding taxable years the amount in all the above cases combined exceeds 90 per cent of the taxpayer's net income for each such year, as computed without the benefit of this paragraph, then to the full amount of such contributions and gifts made within the taxable year. In case of a nonresident alien individual this deduction shall be allowed only as to contributions or gifts made to domestic corporations, or to community chests, funds, or foundations, created in the United States, or to such vocational rehabilitation fund. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the commissioner, with the approval of the Secretary.

The amendment was agreed to.

The next amendment was, in section 214, on page 52, after line 18, to strike out:

(c) The amount of the deduction provided for in paragraph (2) of subdivision (a), unless the interest on indebtedness is paid or incurred in carrying on a trade or business, and the amount of the deduction provided for in paragraph (5) of subdivision (a) shall be allowed as deductions only if and to the extent that the sum of such amounts exceeds the amount of interest on obligations or securities the interest upon which is wholly exempt from taxation under this title.

Mr. SMOOT. Let that go over, Mr. President.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment was, under the subhead "Credits allowed individuals," in section 216, at the top of page 56, to strike out:

(f) The credits allowed by subdivisions (c), (d), and (e) of this section shall be determined by the status of the taxpayer on the last day of the period for which the return of income should be made; but in the case of an individual who dies during the taxable year such credits shall be determined by his status at the time of his death, and in such case full credits shall be allowed to the surviving spouse, if any, according to his or her status at the close of the period for which such survivor should make return of income.

The amendment was agreed to.

The next amendment was, in section 216, on page 56, after line 9, to insert:

(f) (1) The credits allowed by subdivisions (d) and (e) of this section shall be determined by the status of the taxpayer on the last day of his taxable year.

(2) The credit allowed by subdivision (c) of this section shall, in case the status of the taxpayer changes during his taxable year, be the sum of (A) an amount which bears the same ratio to $1,000 as the number of months during which the taxpayer was single bears to 12 months, plus (B) an amount which bears the same ratio to the amount of his exemption as a married person living with husband or wife, or as the head of a family, as the number of months during which the taxpayer had such status bears to 12 months. For the purposes of this paragraph a fractional part of a month shall be disregarded unless it amounts to more than half a month, in which case it shall be considered as a month.

(3) In the case of an individual who dies during the taxable year, the credits allowed by subdivisions (c), (d), and (e) shall be determined by his status at the time of his death, and in such case full credits shall be allowed to the surviving spouse, if any, according to his or her status at the close of the taxable year.

The amendment was agreed to.

The next amendment was, under the subhead "Net income of nonresident alien individuals," in section 217 (c) (5), on page 60, at the end of line 5, to strike out the word "States" and the semicolon and to insert the word "States" and a period, so as to read:

(5) Gains, profits, and income from the sale of real property located without the United States.

The amendment was agreed to.

The next amendment was, in section 217 (e), on page 62, line 1, after the word "from," to insert "sources within," so as to read:

(e) Items of gross income, expenses, losses, and deductions, other than those specified in subdivisions (a) and (c), shall be allocated or apportioned to sources within or without the United States under rules and regulations prescribed by the commissioner with the approval of the Secretary. Where items of gross income are separately allocated to sources within the United States, there shall be deducted (for the purpose of computing the net income therefrom) the expenses, losses, and other deductions properly apportioned or allocated thereto and a ratable part of other expenses, losses, or other deductions which can not definitely be allocated to some item or class of gross income. The remainder, if any, shall be included in full as net income from sources within the United States. In the case of gross income derived from sources partly within and partly without the United States, the net income may first be computed by deducting the expenses, losses, or other deductions apportioned or allocated thereto and a ratable part of any expenses, losses, or other deductions which can not definitely be allocated to some items or class of gross income; and the portion of such net income attributable to sources within the United States may be determined by processes or formulas of general apportionment prescribed by the commissioner with the approval of the Secretary. Gains, profits, and income from (1) transportation or other services rendered partly within and partly without the United States, or (2) from the sale of personal property produced (in whole or in part) by the taxpayer within and sold without the United States, or produced (in whole or in part) by the taxpayer without and sold within the United States, shall be treated as derived partly from sources within and partly from sources without the United States. Gains, profits, and income derived from the purchase of personal property within and its sale without the United States or from the purchase of personal property without and its sale within the United States, shall be treated as derived entirely from sources within the country in which sold.

The amendment was agreed to.

The next amendment was, under the subhead "Estates and trusts," in section 219 (b), on page 64, line 19, before the word "tax," to strike out "The" and to insert "Except as otherwise provided in subdivisions (g) and (h), the," so as to read:

(b) Except as otherwise provided in subdivisions (g) and (h), the tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary. The net income of the estate or trust shall be computed in the same manner and on the same basis as provided in section 212, except that—

The amendment was agreed to.

The next amendment was, in section 219 (b) (1), on page 65, line 7, after the word "purposes," to insert a comma and "or for the prevention of cruelty to children or animals," so as to read:

(1) There shall be allowed as a deduction (in lieu of the deduction authorized by paragraph (10) of subdivision (a) of section 214) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating the trust, is during the taxable year paid or permanently set aside for the purposes and in the manner specified in paragraph (10) of subdivision (a) of section 214, or is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals;

The amendment was agreed to.

The next amendment was, in section 219, on page 67, after line 20, to strike out "(g) Where the grantor of a trust reserves a power of revocation which, if exercised, would revest in him title to any part of the corpus of the trust, then the income of such part of the trust shall be included in computing the net income of the grantor," and in lieu thereof to insert:

(g) Where the grantor of a trust has, at any time during the taxable year, either alone or in conjunction with any person, the power to revest in himself title to any part of the corpus of the trust, then the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

Mr. JONES of New Mexico. Mr. President, the Senator from North Carolina [Mr. SIMMONS] requested that that amendment be passed over.

The PRESIDENT pro tempore. It will be passed over.

The next amendment was, in section 219, on page 68, after line 6, to strike out "(h) Where any part of the income of a trust may, in the discretion of any person, including the grantor of the trust, be distributed to the grantor or be held or accumulated for future distribution to him, or where any part of the income of a trust is or may be applied to the payment of premiums upon policies of insurance on the life of the grantor, whether payable to his estate or otherwise, such part of the income of the trust shall be included in computing the net income of the grantor," and in lieu thereof to insert:

(h) Where any part of the income of a trust may, in the discretion of the grantor of the trust, either alone or in conjunction with any person, be distributed to the grantor or be held or accumulated for future distribution to him, or where any part of the income of a trust is or may be applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in paragraph (10) of subdivision (a) of section 214), such part of the income of the trust shall be included in computing the net income of the grantor.

Mr. JONES of New Mexico. That is a part of the same subject, and should go over.

Mr. SMOOT. That is all right.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment was, under the subhead "Evasion of surtaxes by incorporation," in section 220 (a), on page 69, line 10, before the words "per cent," to strike out "25" and to insert "50," so as to read:

EVASION OF SURTAXES BY INCORPORATION

SEC. 220. (a) If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxable year upon the net income of such corporation a tax equal to 50 per cent of the amount thereof, which shall be in addition to the tax imposed by section 230 of this title and shall (except as provided in subdivision (d) of this section) be computed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as that tax.

Mr. McKELLAR. I should like to have the amendments on this page go over—both the one just mentioned and the proviso just below.

Mr. SMOOT. That is satisfactory.

The PRESIDENT pro tempore. Without objection, the amendments in line 10, page 69, and lines 16 to 23, page 69, will be passed over.

The next amendment was, under the subhead "Individual returns," in section 223 (a), on page 76, line 19, before the word "or," to strike out "$2,000" and to insert "$2,500," so as to read:

SEC. 223. (a) The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title—

(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband or wife;

(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife; and

(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income.

The amendment was agreed to.

The next amendment was, in section 223 (a), on page 76, at the end of line 25, to strike out "$2,000" and to insert "$2,500," so as to read:

(b) If a husband and wife living together have an aggregate net income for the taxable year of $2,500 or over, or an aggregate gross income for such year of $5,000 or over—

(1) Each shall make such a return, or

(2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income.

The amendment was agreed to.

The next amendment was, under the heading "Fiduciary returns," in section 225 (a), on page 78, line 7, before the word "or," to strike out "$2,000" and to insert "$2,500," so as to read:

SEC. 225. (a) Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following individuals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this title—

(1) Every individual having a net income for the taxable year of $1,000 or over, if single, or if married and not living with husband or wife;

(2) Every individual having a net income for the taxable year of $2,500 or over, if married and living with husband or wife;

(3) Every individual having a gross income for the taxable year of $5,000 or over, regardless of the amount of his net income;

(4) Every estate or trust the net income of which for the taxable year is $1,000 or over;

(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income; and

(6) Every estate or trust of which any beneficiary is a nonresident alien.

The amendment was agreed to.

The next amendment was, under the subhead "Returns for a period of less than 12 months," in section 226 (d), on page 80, line 14, after the word "gain," to strike out the comma and "or sustained a capital net loss," so as to read:

SEC. 226. (a) If a taxpayer, with the approval of the commissioner, changes the basis of computing net income from fiscal year to calendar year a separate return shall be made for the period between the close of the last fiscal year for which return was made and the following December 31. If the change is from calendar year to fiscal year, a separate return shall be made for the period between the close of the last calendar year for which return was made and the date designated as the close of the fiscal year. If the change is from one fiscal year to another fiscal year, a separate return shall be made for the period between the close of the former fiscal year and the date designated as the close of the new fiscal year.

(b) Where a separate return is so made, and in all other cases where a separate return is required or permitted, by regulations prescribed by the commissioner with the approval of the Secretary, to be made for a fractional part of a year, then the income shall be computed on the basis of the period for which separate return is made.

(c) If a separate return is made under subdivision (a), the net income, computed in accordance with the provisions of subdivision (b), shall be placed on an annual basis by multiplying the amount thereof by 12 and dividing by the number of months included in the period for which the separate return is made. The tax shall be such part of the tax computed on such annual basis as the number of months in such period is of 12 months.

(d) The commissioner, with the approval of the Secretary, shall by regulations prescribe the method of applying the provisions of subdivisions (b) and (c) to cases where the taxpayer makes a separate return under subdivision (a) and it appears that for the period for which the return is so made he has derived a capital net gain or received earned income.

The amendment was agreed to.

The next amendment was, under the heading "Part III.—Corporations. Tax on corporations," in section 230, on page 82, line 6, after the words "tax of," to strike out "12½ per cent" and to insert "14 per cent," so as to make the section read:

SEC. 230. In lieu of the tax imposed by section 230 of the revenue act of 1921 there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 14 per cent of the amount of the net income in excess of the credits provided in sections 236 and 263.

Mr. SMOOT. I think that ought to go over.

Mr. McKELLAR. Yes; it ought to go over.

The PRESIDENT pro tempore. The amendment will be passed over.

The next amendment was, under the subhead "Conditional and other exemptions of corporations," in section 231, on page 83, line 21, after the word "employees," to insert "a"; in line 24, after the word "educational," to strike out "and" and to insert "or"; and after the word "purposes" to strike out the comma and the words "whether or not for the benefit of the members and their families," so as to read:

(8) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

The amendment was agreed to.

The next amendment was, in section 231 (10), on page 84, at the beginning of line 6, to insert "life"; in line 8, after the word "if," to strike out "substantially all" and to insert "85 per cent or more of"; and in line 11, after the word "expenses," to strike out "also benevolent mutual life insurance associations not operated for profit, whose business is purely local and wholly for benefit of its members," so as to read:

(10) Farmers' or other mutual hail, cyclone, casualty, life, or fire insurance companies, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 per cent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.

Mr. McKELLAR. Mr. President, I should like to have some explanation as to why that language is stricken out before the amendment is adopted; or it can go over, just as the Senator wishes.

Mr. SMOOT. It will take only a moment to explain it to the Senator, I think satisfactorily.

We struck out lines 11, 12, and 13, which referred to the benevolent mutual life insurance associations, and inserted in line 6 the word "life," so that the life insurance mutual companies should have the same privileges that the mutual hail, cyclone, casualty insurance and fire insurance companies have. The committee thought they ought to be treated in the same way and therefore the change was made.

Mr. McKELLAR. In other words, the insertion of the word "life," in line 6, broadens it to include the classification in lines 11, 12, and 13?

Mr. SMOOT. It does.

Mr. McKELLAR. Perhaps that is so.

Mr. SMOOT. The committee also struck out the words "substantially all," which are very indefinite. Hardly anyone could arrive at what amount would be "substantially all," and we decided to include 85 per cent. In other words, it leaves all of these companies to do business, other than mutual companies, to the extent of 15 per cent. That comes about by having a building erected, perhaps, and they rent the building, and the rents that they receive from it ordinarily would be taxable; but as long as they are mutual companies we decided to allow them the 15 per cent.

Mr. FLETCHER. May I ask the Senator whether the word "casualty" is sufficient to cover accident insurance?

Mr. SMOOT. Oh, yes; casualty insurance is accident insurance.

Mr. FLETCHER. I imagine that the word "casualty" will be sufficient to cover it.

Mr. SMOOT. Oh, yes; it covers all kinds.

The PRESIDENT pro tempore. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment was, under the subhead "Deductions allowed corporations," in section 234 (a) (3), on page 87, line 5, after the word "assessed," to insert "other than annual or periodical taxes assessed against construction or repair of levees or drainage improvements," so as to read:

(3) Taxes paid or accrued within the taxable year except (A) income, war-profits, and excess-profits taxes imposed by the authority of the United States, (B) so much of the income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States as is allowed as a credit under section 238, and (C) taxes assessed against local benefits of a kind tending to increase the value of the property assessed other than annual or periodical taxes assessed against construction or repair of levees or drainage improvements. In the case of obligors specified in subdivision (b) of section 221 no deduction for the payment of the tax imposed by this title, or any other tax paid pursuant to the tax-free covenant clause, shall be allowed, nor shall such tax be included in the gross income of the obligee. The deduction allowed by this paragraph shall be allowed in the case of taxes imposed upon a shareholder of a corporation upon his interest as shareholder, which are paid by the corporation without reimbursement from the shareholder, but in such cases no deduction shall be allowed the shareholder for the amount of such taxes. For the purpose of this paragraph, estate, inheritance, legacy, and succession taxes accrue on the due date thereof except as otherwise provided by law of the jurisdiction imposing such taxes.

Mr. SMOOT. Mr. President, that amendment should go over with the other amendment to which the Senator from Colorado [Mr. ADAMS] desires to offer an amendment. In fact, in order to assist the Senator from Colorado, I would just as soon let him offer his amendment right now to both places. I understand that the Senator is prepared to do that, and I have no objection to his offering the amendment now to this provision, and if it is adopted we will then return to the other part of the bill and have the same amendment adopted to the provision in the former part of the bill.

Mr. ADAMS. Mr. President, the amendment will be the insertion on page 48, at the end of line 10, after the words "other than," of the following:

Taxes or assessments levied to pay the cost of construction or maintenance of work to protect property from damage or destruction by floods, or.

And the identical amendment should be inserted on page 87, at the end of line 5, after the words "other than."

The purpose of that, if I may briefly explain it, is this: The committee amendment seeks to give an exemption from the general provision, the general provision being that taxes assessed against local benefits shall not be deductible. Then the committee excepts from that taxes of an annual or periodical character assessed against construction or repair of levees or drainage improvements, having in mind obviously flood-prevention measures along the Mississippi and similar places.

In my own community in Colorado, we had a tremendous flood which practically destroyed the community, and we are at the present time levying heavy taxes to protect our community against a repetition of it; and I am asking that the same treatment be given to our situation as is given for the levee cost.

Mr. SMOOT. Does the Senator's amendment include only the word "construction," or does it include the words "construction and repair"?

Mr. ADAMS. It includes the words "construction and maintenance."

Mr. SMOOT. I see no objection to the amendment. As far as I can, I will agree to the amendment in both parts of the bill.

Mr. JONES of New Mexico. I suggest that the amendment be agreed to in both places, and then that the amendments as amended be agreed to.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The READING CLERK. On page 48, line 10, after the words "other than," it is proposed to insert—

Taxes or assessments levied to pay the cost of construction or maintenance of work to protect property from damage or destruction by floods or.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The Senator's second amendment will be stated.

The READING CLERK. On page 87, line 5, after the words "other than," the Senator from Colorado proposes to insert the words "taxes or assessments levied to pay the cost of construction or maintenance of work to protect property from damage or destruction by floods or."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. CARAWAY. I desire to propose and have printed in the RECORD, and to lie on the desk, an amendment to the bill, to be inserted at the appropriate place. It is a provision that where a taxpayer shall accept the services of a representative of the Treasury Department in making out his income-tax returns, and shall pay whatever that agent shall determine he owes, the settlement shall be final, except that it may be impeached for mistake or fraud, but in the latter case action must be taken between the Government and the taxpayer just as action would be taken in court to set aside a settlement between individuals. I offer an amendment covering that, which I want to have printed in the RECORD and to lie on the table. I shall ask that it be inserted at the appropriate place.

There should come a time when the taxpayer will be free from being harassed. As it is, he never knows whether his settlement will be accepted or not. Two or three or four years after the records are destroyed, some agent comes along and says that the taxpayer owes something else. The Government, like an individual, ought to be bound by a settlement where the payment is made on the advice of its agent. I trust the committee will accept the amendment, and I shall press it at the proper time.

Mr. CARAWAY's proposed amendment was ordered to lie on the table and to be printed, as follows:

Hereafter when an agent designated by the Treasury to assist taxpayers in making out their income-tax returns, and the said agent shall determine what the taxpayer shall pay as income tax, the taxpayer shall pay the same then, said settlement shall be final unless it shall be reopened for fraud or mistake, and in that event the Government or the taxpayer who shall assail the settlement shall do so in court and impeach the settlement under the same rules of law or equity as if the settlement was between private individuals.

The PRESIDING OFFICER (Mr. FESS in the chair). The Secretary will state the next amendment of the committee.

The next amendment was, under the subhead "Credit for taxes in case of corporations," in section 238 (e), on page 95, line 16, before the word "year" to strike out "proceeding," and insert "preceding," so as to make the proviso read:

Provided, That the credit allowed to any domestic corporation under this subdivision shall in no case exceed the same proportion of the taxes against which it is credited which the amount of such dividends bears to the amount of the entire net income of the domestic corporation in which such dividends are included. The term "accumulated profits" when used in this subdivision in reference to a foreign corporation means the amount of its gains, profits, or income in excess of the income, war-profits, and excess-profits taxes imposed upon or with respect to such profits or income; and the commissioner with the approval of the Secretary shall have full power to determine from the accumulated profits of what year or years such dividends were paid; treating dividends paid in the first 60 days of any year as having been paid from the accumulated profits of the preceding year or years (unless to his satisfaction shown otherwise), and in other respects treating dividends as having been paid from the most recently accumulated gains, profits, or earnings. In the case of a foreign corporation, the income, war-profits, and excess-profit taxes of which are determined on the basis of an accounting period of less than one year, the word "year" as used in this subdivision shall be construed to mean such accounting period.

The amendment was agreed to.

The next amendment was, under the heading "Consolidated returns of corporations," in section 240 (c), on page 98, line 10, before the words "per centum" to strike out the figures "85" and insert "95," and in line 11, before the words "per centum," to strike out the figures "85" and insert "95," so as to make the paragraph read:

(c) For the purpose of this section two or more domestic corporations shall be deemed to be affiliated (1) if one corporation owns at least 95 per cent of the voting stock of the other or others, or (2) if at least 95 per cent of the voting stock of two or more corporations is owned by the same interests. A corporation organized under the China trade act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.

Mr. MCKELLAR. Will the Senator explain the amendment?

Mr. SMOOT. The paragraph has reference to consolidated returns.

Mr. McKELLAR. I hope the Senator will let the paragraph go over.

Mr. SMOOT. Certainly; but I am quite sure that the Senator will agree to 95 per cent, and perhaps he would want it 97 per cent, if he knew what the amendment meant.

Mr. McKELLAR. Taken in connection with striking out subsection (d) beginning on line 17 and inserting a new subsection at the top of page 99, it should go over, I think.

Mr. SMOOT. That is all right. Paragraph (d) is simply to effect a clerical change, and to make it more definite. If the Senator wants the amendments to go over, I am perfectly willing that that course should be followed.

Mr. McKELLAR. I would like to hear what the Senator has to say about the 95 per cent now.

Mr. SMOOT. I am sure the Senator will agree to the 95 per cent, and if I should offer an amendment making it 97, I am sure he would agree to that.

Mr. McKELLAR. Will the Senator make his statement now?

Mr. SMOOT. I will be glad to do so. These consolidated returns made by corporations come about in this way. Perhaps I had better take the lumber business, although it does not refer merely to the lumber business, but to other businesses as well.

A company will be formed, we will say, in Omaha, or in any other large city, and they undertake then to have established throughout the United States, in every little village where they have the power to do so, other lumber companies. They come in competition with companies which are already in those places. Under the consolidated return plan, if there were no limit, they could drive every one out of business, wherever there was competition, by selling lumber at a loss, and all the losses they made in undertaking to destroy the businesses of others they could take credit for.

Under this amendment they must have 95 per cent of the stock of the local company before that can be undertaken, and, in fact, I think perhaps it would be a very good thing to have even a higher percentage. The House thought 85 per cent was sufficient. It seems to me that the principle of the thing as written into the bill by the House, and as it appears in the existing law, is right; but it has not gone far enough.

Mr. McKELLAR. What does the Senator think about the policy of permitting consolidated returns?

Mr. SMOOT. I think that is all right, where they have 95 per cent of the stock in other concerns.

Mr. McKELLAR. If the parent company owns the smaller companies, and owns all the stock, could they not run others out of business in exactly the way the Senator has stated?

Mr. SMOOT. They may not have the money to do it. They can get some local man in the particular community to go in with them and hold the stock with them, and then, whatever the losses of the business, they can take them out of the returns of the parent company.

Mr. McKELLAR. Will not the Senator let the amendments go over?

Mr. SMOOT. Let the amendment on page 98, line 11, go over. Does the Senator want the amendment relating to subsection (d) to go over also?

Mr. McKELLAR. Yes.

The PRESIDING OFFICER. The two amendments on pages 98 and 99 will go over.

The next amendment was, under the subhead "Taxes on insurance companies," in section 243, on page 100, line 11, after the words "of the," to strike out "taxes imposed by sections 230 and 800," and to insert "tax imposed by section 230," so as to read:

SEC. 243. In lieu of the tax imposed by section 230, there shall be levied, collected, and paid for each taxable year upon the net income of every life insurance company a tax as follows:

The amendment was agreed to.

The next amendment was, in section 243 (1), on page 100, at the beginning of line 16, to strike out "the same percentage of its net income as is imposed upon other corporations by section 230," and to insert "12½ per cent of its net income," so as to read:

(1) In the case of a domestic life insurance company, 12½ per cent of its net income.

The amendment was agreed to.

The next amendment was, in section 243 (2), on page 100, at the beginning of line 20, to strike out "the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230," and to insert "12½ per cent of its net income from sources within the United States," so as to read:

(2) In the case of a foreign life insurance company, 12½ per cent of its net income from sources within the United States.

Mr. DIAL. I notice that in subsection 1 and subsection 2 the percentage is the same as to domestic and foreign life insurance companies. I was wondering whether we should not tax foreign insurance companies more than we tax domestic companies. I am not well posted on the subject.

Mr. SMOOT. I will say to the Senator that such action has never been taken in any revenue bill passed by the Congress of the United States. I will further explain that this 12½ per cent instead of 14 per cent, as was provided by an amendment proposed in the Senate, on the net income of life insurance companies, is the same as in existing law. There is no change from existing law affecting the insurance companies. That is because the insurance companies mentioned in these paragraphs have no capital stock, and therefore they were relieved of the burden of $1 on $1,000 of the capital stock, and we left the rate exactly as it is in existing law, 12½ per cent. I think it would be very unwise for the Government of the United States to undertake to impose a tax upon any foreign insurance companies at a higher rate than on domestic companies. More than likely there would be retaliation and ill feeling over it if we undertook that policy, and it never has been a policy of our Government in the past.

Mr. DIAL. I merely wanted information on it. Of course, I would like to have everybody in our country patronize our own insurance companies; but I will not offer an amendment to the amendment of the committee.

The amendment was agreed to.

The next amendment was, in section 246 (a), on page 105, line 5, after the words "of the," to strike out "taxes imposed by sections 230 and 800" and to insert "tax imposed by section 230," so as to read:

SEC. 246. (a). In lieu of the tax imposed by section 230, there shall be levied, collected, and paid for each taxable year upon the net income of every insurance company (other than a life or mutual insurance company) a tax as follows.

The amendment was agreed to.

The next amendment was, in section 246 (a) (1), on page 105, line 10, after the word "insurance," to strike out "company the same percentage of its net income as is imposed upon other corporations by section 230" and to insert "company, 12½ per cent of its net income," so as to read:

(1) In the case of such a domestic insurance company, 12½ per cent of its net income.

The amendment was agreed to.

The amendment was, in section 246 (a) (2), on page 105, in line 14, after the word "insurance," to strike out "company the same percentage of its net income from sources within the United States as is imposed upon the net income of other corporations by section 230" and to insert "company, 12½ per cent of its net income from sources within the United States," so as to read:

(2) In the case of such a foreign insurance company, 12½ per cent of its net income from sources within the United States.

The amendment was agreed to.

The next amendment was, under the subhead "Information at source," in section 256, on page 111, line 6, after the words "means of," to strike out "coupons checks and insert "coupons, checks," so as to read:

Such returns may be required, regardless of amounts, (1) in the case of payments of interest upon bonds, mortgages, deeds of trust, or other similar obligations of corporations, and (2) in the case of collections of items (not payable in the United States) of interest upon the bonds of foreign countries and interest upon the bonds of and dividends from foreign corporations by persons undertaking as a matter of business or for profit the collection of foreign payments of such interest or dividends by means of coupons, checks, or bills of exchange.

The amendment was agreed to.

The next amendment was, under the subhead "Returns to be public records," in section 257 (a), on page 111, line 17, after the word "records" to strike out "but they," and to insert "but, except as hereinafter provided in this section, they"; and in line 20, after the words "approved by the" to strike out: "President: *Provided*, That the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a special committee of the Senate or House, shall have the right to call on the Secretary of the Treasury, and it shall be his duty to furnish any data of any character contained in or shown by the returns or any of them, that may be required by the committee; and any such committee

shall have the right, acting directly as a committee, or by and through such examiners or agents as it may designate or appoint, to inspect all or any of the returns at such times and in such manner as it may determine; and any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and House, as the case may be: *Provided further*, That the."

And on page 112, at the end of line 10, to insert the word "President," so as to read:

SEC. 257. (a) Returns upon which the tax has been determined by the commissioner shall constitute public records; but, except as hereinafter provided in this section, they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President.

Mr. McKELLAR. I would like to have this amendment go over.

Mr. SMOOT. Let it go over.

Mr. McKELLAR. May the whole section go over?

Mr. SMOOT. Yes; let it all go over, to page 114.

The PRESIDING OFFICER. The amendments to section 257 will be passed over.

The next amendment was, under the subhead "Title V—payment, collection, and refund of tax and penalties—date on which tax shall be paid," in section 270 (b) (1), on page 120, line 3, before the word "date" to insert "latest," and in line 4, after the word "the" where it occurs the second time, to insert "by the taxpayer," so as to read:

(b) (1) The taxpayer may elect to pay the tax in four equal installments, in which case the first installment shall be paid on or before the latest date prescribed in subdivision (a) for the payment of the tax by the taxpayer, the second installment shall be paid on or before the fifteenth day of the third month, the third installment on or before the fifteenth day of the sixth month, and the fourth installment on or before the fifteenth day of the ninth month, after such date.

The amendment was agreed to.

The next amendment was, in section 270 (c) (2), on page 120, line 24, before the words "per annum," to strike out "5 per cent" and insert "6 per cent," so as to read:

(2) If the time for payment is thus extended there shall be collected, as a part of such amount, interest thereon at the rate of 6 per cent per annum from the date when such payment should have been made if no extension had been granted, until the expiration of the period of the extension.

Mr. McKELLAR. Why that increase?

Mr. SMOOT. The Senator will notice that from now on all of the rates of interest which in the past have been 5 per cent have been increased to 6 per cent. I will say also to the Senator that the rate is 6 per cent in the existing law. The House reduced the rate to 5 per cent, but the Senate committee felt that it ought to be 6 per cent.

Mr. McKELLAR. I am rather inclined to think that 5 per cent is enough.

Mr. SMOOT. This is only on an extension of time.

The amendment was agreed to.

The next amendment was, in section 274 (a), on page 122, line 16, after the word "registered" to strike out "mail" and insert "mail, but such deficiency shall be assessed only as hereinafter provided"; and in line 19, after the word "section" to strike out "900" and insert "1000," so as to read:

SEC. 274. (a) If, in the case of any taxpayer, the commissioner determines that there is a deficiency in respect of the tax imposed by this title, the taxpayer, except as provided in subdivision (d), shall be notified of such deficiency by registered mail, but such deficiency shall be assessed only as hereinafter provided. Within 60 days after such notice is mailed the taxpayer may file an appeal with the Board of Tax Appeals established by section 1000.

The amendment was agreed to.

The next amendment was, in section 274 (b), on page 122, line 22, after the word "collector" to strike out "A proceeding in court may be begun, without assessment, for any part of the excess of the amount determined as the deficiency by the commissioner over the amount assessed, or for any part of the amount determined by the commissioner if the board determines that there is no deficiency," and to insert: "No part of the amount determined as a deficiency by the commissioner but disallowed as such by the board shall be assessed, but a proceeding in court may be begun, without assessment, for the collection of any part of the amount so disallowed. The court shall include in its judgment interest upon the amount thereof at the rate of 6 per cent per annum from the date prescribed for the payment of the tax to the date of the judgment," so as to read:

(b) If the board determines that there is a deficiency, the amount so determined shall be assessed and shall be paid upon notice and demand from the collector. No part of the amount determined as a deficiency by the commissioner but disallowed as such by the board shall be assessed, but a proceeding in court may be begun, without assessment, for the collection of any part of the amount so disallowed. The court shall include in its judgment interest upon the amount thereof at the rate of 6 per cent per annum from the date prescribed for the payment of the tax to the date of the judgment. Such proceeding shall be begun within one year after the final decision of the board, and may be begun within such year even though the period of limitation prescribed in section 277 has expired.

Mr. McKELLAR. I have not had time to look into this amendment.

Mr. SMOOT. I will say to the Senator that there are only two objects behind the amendment. It is a rewriting of the provision of the House to make it more definite.

I think if the Senator will compare it with the House provision he will find it a better wording. It also provides for 6 per cent interest, as we have provided throughout all other parts of the bill.

Mr. McKELLAR. I will let it pass, and if later I want to ask for a reconsideration I will do so.

Mr. SMOOT. Yes; if the Senator wants a reconsideration later he can have it.

The amendment was agreed to.

The next amendment was, in section 274 (f), on page 124, line 24, after the words "rate of," to strike out "5 per cent" and insert "6 per cent," so as to read:

(f) Interest upon the amount determined as a deficiency, or, if the tax is paid in installments, upon the part of the deficiency prorated to each installment, shall be assessed at the same time as the deficiency, shall be paid upon notice and demand from the collector, and shall be collected as a part of the tax, at the rate of 6 per cent per annum from the date prescribed for the payment of the tax, or the payment of such installment, to the date the deficiency is assessed.

The amendment was agreed to.

The next amendment was, in section 274 (g), on page 125, line 19, before the words "per annum," to strike out "5 per cent" and insert "6 per cent," so as to read:

(g) Where it is shown to the satisfaction of the commissioner that the payment of a deficiency upon the date prescribed for the payment thereof will result in undue hardship to the taxpayer the commissioner, with the approval of the Secretary (except where the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax), may grant an extension for the payment of such deficiency or any part thereof for a period not in excess of 18 months. If an extension is granted, the commissioner may require the taxpayer to furnish a bond in such amount, not exceeding double the amount of the deficiency, and with such sureties as the commissioner deems necessary, conditioned upon the payment of the deficiency in accordance with the terms of the extension. In such case there shall be collected, as a part of the tax, interest on the part of the deficiency the time for payment of which is so extended, at the rate of 6 per cent per annum for the period of the extension, and no other interest shall be collected on such part of the deficiency for such period. If the part of the deficiency the time for payment of which is so extended is not paid in accordance with the terms of the extension, there shall be collected, as a part of the tax, interest on such unpaid amount at the rate of 1 per cent a month for the period from the time fixed by the terms of the extension for its payment until it is paid, and no other interest shall be collected on such unpaid amount for such period.

The amendment was agreed to.

The next amendment was, under the subhead "Additions to the tax in case of deficiency," in section 275 (a), on page 126, line 5, before the word "deficiency," to strike out "the" and insert "any," so as to read:

SEC. 275. (a) If any part of any deficiency is due to negligence, or intentional disregard of rules and regulations but without intent to defraud, 5 per cent of the total amount of the deficiency (in addition to such deficiency) shall be assessed, collected, and paid in the same manner as if it were a deficiency, except that the provisions of subdivisions (e) and (f) of section 274 shall not be applicable.

The amendment was agreed to.

The next amendment was, in section 275 (b), on page 126, line 12, before the word "deficiency," to strike out "the" and insert "any," so as to read:

(b) If any part of any deficiency is due to fraud with intent to evade tax, then 50 per cent of the total amount of the deficiency (in

addition to such deficiency) shall be so assessed, collected, and paid, in lieu of the 50 per cent addition to the tax provided in section 3176 of the Revised Statutes, as amended.

The amendment was agreed to.

The next amendment was, in section 276 (b), on page 127, line 20, after the word "paid," to insert: "If any part of a deficiency prorated to any unpaid installment under subdivision (e) of section 274 is not paid in full on the date prescribed for the payment of such installment, there shall be collected as part of the tax interest upon the unpaid amount at the rate of 1 per cent a month from such date until it is paid," so as to read:

(b) Where a deficiency, or any interest or additional amounts assessed in connection therewith under subdivision (f) of section 274, or under section 275, or any addition to the tax in case of delinquency provided for in section 3176 of the Revised Statutes, as amended, is not paid in full within 10 days from the date of notice and demand from the collector, there shall be collected as part of the tax, interest upon the unpaid amount at the rate of 1 per cent a month from the date of such notice and demand until it is paid. If any part of a deficiency prorated to any unpaid installment under subdivision (e) of section 274 is not paid in full on the date prescribed for the payment of such installment, there shall be collected as part of the tax interest upon the unpaid amount at the rate of 1 per cent a month from such date until it is paid.

Mr. McKELLAR. Mr. President, I want to ask the Senator in charge of the bill about this amendment. I imagine that is a penalty to force prompt payment?

Mr. SMOOT. It is.

Mr. McKELLAR. It is a big penalty, however.

Mr. SMOOT. It is interest for the use of the money.

Mr. McKELLAR. It is 1 per cent per month. It is more like a penalty than interest. I suppose the object of putting it at 1 per cent per month is to force payment, because no taxpayer could afford to pay that rate of interest.

Mr. SMOOT. It only applies upon notice and demand; and after the taxpayer has been given notice and demand for the money, of course, if there were no penalty attached to it, it would not be paid.

Mr. McKELLAR. I am rather inclined to think it would be all right.

Mr. DIAL. It is too large a penalty. What is the penalty in the present law?

Mr. SMOOT. The present law is the same, the rate being 1 per cent, but a 5 per cent penalty in addition. We strike out the 5 per cent and leave only the 1 per cent per month.

Mr. DIAL. When does it accrue?

Mr. SMOOT. When the taxpayer fails to pay and when there is a demand made upon him and notice given. The Senator must know that if we struck it out and he had only 5 per cent to pay all the taxpayers would pay the 5 per cent and the Government would never get the money.

Mr. DIAL. Of course, I believe in being prompt in payment when there is no question about it; but the taxes are very burdensome anyway.

Mr. McKELLAR. And the penalties are very harsh. There is no doubt about that.

Mr. SMOOT. But it is 5 per cent less than existing law.

Mr. McKELLAR. To that extent it is so much better, in my judgment; but I am wondering whether this is not too harsh. I understand the position the Senator takes about it. It is to secure prompt payment of taxes, and I am in sympathy with that. I think that they ought to be paid promptly; but I am a little doubtful whether this is not too heavy a penalty as it is fixed here.

Mr. SMOOT. Let me call the Senator's attention to the fact that we have already passed a provision which gives the taxpayer a right of extension at 6 per cent. This only applies to a taxpayer where notice is given and demand is made and he pays no attention to it whatever. If he does not ask for an extension and pays no attention to it whatever, then this will apply.

Mr. McKELLAR. If a reassessment is made against a taxpayer and notice is given to pay that reassessment, does the penalty attach at once?

Mr. SMOOT. There would not be a reassessment unless he had asked for it.

Mr. McKELLAR. Suppose the Government examines into a concern's taxes and upon such examination makes a reassessment, would this then apply?

Mr. SMOOT. Not unless the taxpayer absolutely refused to pay it. If he absolutely refused to pay it and asked for no extension of time, then it would be imposed upon him.

Mr. McKELLAR. The extension of time is not provided for here.

Mr. SMOOT. There is a provision for it in the bill.

Mr. DIAL. The point I am making is that if the amount is fixed definitely, and if the man has no further excuse, then he ought to be penalized for not paying; but if he is trying to get the tax adjusted and the Government is careless and behind in its work and has to go back and root up some amount that ought to be paid before he has time to establish the correct amount, he ought not to be penalized for nonpayment. If he willfully pays no attention to it, I have no objection to penalizing him.

Mr. SMOOT. It does not apply until the adjustment is made. Other provisions of the bill take care of the adjustment, but this provision only applies after all adjustments are made and after demand is made on him. Then if he refuses to pay, the imposition of the 1 per cent applies.

Mr. DIAL. It does not apply until after an appeal?

Mr. SMOOT. Not at all.

Mr. McKELLAR. As I understand the method of reassessing, notice is given of a reassessment and so much time is allowed, and thereupon the amount is furnished to the taxpayer and the tax collector in the district in which the taxpayer resides. If it is not paid upon that demand and notice, even though he may have equities in the reassessment, the penalty would still apply, would it not?

The matter that is running through my mind, and I will ask the Senator if it does not appeal to him also, is that while this is properly applicable to taxes duly assessed in the first instance, where the taxpayer made a return and is assessed, where a reassessment is made and an additional assessment fixed, I doubt if the penalty should apply on the additional assessment, because the Government is partly at fault as well as the taxpayer. In other words, the Government accepts the taxpayer's money in the first instance. I do not know whether this provision does apply to a reassessment. If it does, it ought not to be put on the same plane.

Mr. SMOOT. The provision is that he has a perfect right to take an appeal. If he does not appeal, of course, and there is demand made upon him for the money, and the assessment is already completed and he will not pay it, then we say he shall pay 1 per cent. That is all there is to it.

Mr. DIAL. Is there any provision here that he could be relieved of the penalty by the Treasury Department?

Mr. SMOOT. It can be compromised, I will say to the Senator.

Mr. McKELLAR. But only under certain circumstances provided for in the bill?

Mr. SMOOT. If there was any fraud attached to it the Senator would not want to have it compromised.

Mr. McKELLAR. No; but the present penalty of 5 per cent is always discretionary, as I recall.

Mr. SMOOT. But if the taxpayer has any equity in it whatever, then the commissioner is authorized to compromise the rate of interest as well as the taxes. We thought we were doing very well to cut off the 5 per cent which the existing law provides.

Mr. McKELLAR. I think it is all right so far as primary assessments are concerned, but I think the reassessment ought to be changed.

Mr. SMOOT. They have the same right of appeal on the reassessment.

Mr. DIAL. I appreciate the little courtesy that has been shown in the bill toward the taxpayers.

Mr. JONES of New Mexico. Mr. President, I suggest that a rather large rate of interest was put in there so that the taxpayer would not have any inducement not to pay his taxes. That is only imposed after all provisions are followed regarding adjustment and appeals and everything else. If we were to reduce it to 6 per cent, a man would just let it run along and be in the position of borrowing from the Treasury money at 6 per cent.

Mr. McKELLAR. Suppose the Government lets it run along and does not take prompt steps, would the taxpayer still have to pay it?

Mr. JONES of New Mexico. This does not apply at all until after the adjustment is entirely completed.

Mr. SMOOT. Not only that, but it does not apply until the demand is made.

Mr. JONES of New Mexico. That is true.

Mr. McKELLAR. It seems to be necessary. I will not ask now that the amendment be passed over, but I shall ask for a reconsideration of it later if I shall be so advised.

Mr. JONES of New Mexico. I am sure that the more the Senator thinks of it the less he will care to oppose it.

Mr. FLETCHER. I understand the rate does not begin to run until after the amount has been adjusted.

Mr. JONES of New Mexico. Not until after the accounts have been audited and after reinvestigation and after consideration by the board of appeals provided for in the bill. The whole procedure is gone through and the actual amount is fixed after full consideration and hearing.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment of the Committee on Finance was, on page 128, line 3, to strike out "5 per cent" and insert in lieu thereof "6 per cent," so as to read:

(c) In the case of estates of incompetent, deceased, or insolvent persons, there shall be collected interest at the rate of 6 per cent per annum in lieu of the interest provided in subdivisions (a) and (b) of this section.

The amendment was agreed to.

The next amendment was, under the heading "Period of limitation upon assessment and collection of tax," in section 277 (a) (3), on page 129, line 10, after the words "shall be," to strike out "assessed within" and to insert "assessed, and any proceeding in court for the collection of such tax shall be begun, within," and in line 12, after the word "therefor," to insert "(filed after the return is made)," so as to read:

(3) In the case of income received during the lifetime of a decedent, the tax shall be assessed, and any proceeding in court for the collection of such tax shall be begun, within one year after written request therefor (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, but not after the expiration of the period prescribed for the assessment of the tax in paragraph (1) or (2) of this subdivision.

Mr. McKELLAR. May I ask the Senator to explain this amendment? I would like to have a little explanation of it.

Mr. SMOOT. The provision places a limitation of one year, after request by the representative of an estate, filed after the return is made, upon court proceedings to collect a tax upon income received during the lifetime of the decedent.

Mr. McKELLAR. What is the present law about it?

Mr. SMOOT. In the present law the limitation is placed upon the assessment and not upon the suit. We have changed that and placed a limitation of one year after request by the representative of the estate. It is a broadening of the existing law, I will say to the Senator. The effect of it is to allow the winding up of an estate if they want to do so within the time fixed.

Mr. McKELLAR. In other words, the executor would have to bring suit within one year. Ordinarily executors are allowed two years and six months in which to bring suit on anything to wind up the estate. I am wondering whether this is time enough.

Mr. SMOOT. It is only on request, but if the commissioner requests it, then it can be done within the one year. It is a limitation on the commissioner, not upon the representative of the estate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, in section 278 (a), on page 130, line 3, after the words "may be," to strike out "assessed at," and to insert "assessed, and a proceeding in court for the collection of such tax may be begun without assessment, at," so as to read:

SEC. 278. (a). In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return the tax may be assessed, and a proceeding in court for the collection of such tax may be begun without assessment, at any time.

Mr. McKELLAR. Will the Senator explain that amendment?

Mr. SMOOT. This section is to allow suit for fraud to begin at any time.

Mr. McKELLAR. Can they not do it under the present law?

Mr. SMOOT. They can assess, but not sue, under existing law. This gives them the right to assess and sue in the case of a party desiring to leave the country, for instance.

Mr. McKELLAR. What reason actuated the committee in providing both at the same time? I want to say, of course, that where a taxpayer evades, and especially fraudulently evades, the payment of his tax, I think the Government ought to take immediate steps. I can understand that, but I am wondering what is the reason for the amendment, and what is its meaning.

Mr. FLETCHER. May I suggest to the Senator that it provides——

Mr. SMOOT. Let me answer the question of the Senator from Tennessee first. In many cases the Government can not assess, because they do not know what to assess, but they can sue, and they can start the matter by suit. This is authorizing the assessment and the suit.

Mr. McKELLAR. The idea being that the taxpayer might be attempting to make away with his property?

Mr. SMOOT. Yes. Perhaps they could do it in the meantime unless the assessment was made.

Mr. FLETCHER. I see no objection to the paragraph at all in the case of a false or fraudulent return with intent to evade the tax. I think the provision is very wise as to that, but there is a further clause which provides "or of a failure to file a return." In the case of a fraud, or any effort to evade the tax, or any intention to evade the tax, I think the Government ought to have the right to proceed at once without any assessment, but in the case of failure to file a return, it might be simply an oversight or mistake.

Mr. SMOOT. Anyone who wants to attempt any fraud with the Government ought to be put on notice. We are claiming here that the Government must be put on notice.

Mr. FLETCHER. I think you ought to insert the words "with such intent" after the word "failure," so as to read, "or of a failure with such intent to file a return."

Mr. SMOOT. The Government of the United States may not have notice at all. It may have no chance whatever to protect itself.

Mr. FLETCHER. But here you are providing that in case of failure to file a return the Government is authorized to proceed in court at once for collection of such taxes without any assessment at any time.

Mr. GEORGE. The real effect of the amendment is simply to relieve from any statute of limitations a mere failure to make a return. That is all it is. That is what it does clearly.

Mr. FLETCHER. But I think it should provide clearly for "a failure with such intent."

Mr. McKELLAR. I doubt if a mere failure to make a return ought to be penalized in that way.

Mr. SMOOT. Under existing law there is no limitation on assessments.

Mr. GEORGE. But there is a limitation as to suits.

Mr. SMOOT. There is a limitation as to suits, and that is exactly why we propose a limitation on assessments. It seems to me, Mr. President, that there ought to be a limitation as to suits.

Mr. GEORGE. I should like to say to the Senator that if assurance is given that we may reconsider this amendment, I shall have no objection.

Mr. SMOOT. Certainly there will be an opportunity to do so.

Mr. GEORGE. But I have very decided objection to permitting the Government at any time, without any statutory limitation whatever, to bring suit for mere failure to make a return.

Mr. FLETCHER. And without any notice of assessment.

Mr. GEORGE. Yes; I understand that. Not only that, Mr. President, but the Government may proceed in almost any case where a return is not found to be correct upon the theory of fraud, which gives the Government a very great and sometimes harsh advantage over the citizen who is trying to make an honest return. Of course, in a genuine case of fraud or fraudulent return there ought not to be a period of limitation. However, with the assurance of the Senator from Utah that consideration will be given to the matter, I withdraw my objection for the present.

Mr. McKELLAR. Let the amendment go over.

Mr. SMOOT. We can let it go over if the Senator so desires, but I will say to the Senator that the only object of the amendment is to protect the Government of the United States.

Mr. McKELLAR. I understand that, but thousands of taxpayers were very close to the line as to whether or not they should make returns, and this provision if enacted could be used to their disadvantage.

The PRESIDING OFFICER. The amendment will go over.

The reading of the bill was resumed. The next amendment of the Committee on Finance was, in section 278 (b), on page 130, line 10, after the words "may be," to strike out "assessed at," and to insert "assessed, and a proceeding in court for the collection of such tax may be begun without assessment, at," so as to read:

(b) Any deficiency attributable to a change in a deduction tentatively allowed under paragraph (9) of subdivision (a) of section 214, or paragraph (8) of subdivision (a) of section 234, of the revenue

act of 1918 or the revenue act of 1921, may be assessed, and a proceeding in court for the collection of such tax may be begun without assessment, at any time.

Mr. McKELLAR. That amendment would operate in the same way. Let that amendment and the amendments on page 131 go over with the amendment which has already gone over.

Mr. SMOOT. The amendment at the bottom of page 130 and at the top of page 131 merely provides a limitation of six years after the assessment of the tax for its collection by court proceedings.

The PRESIDING OFFICER. Does the Senator from Tennessee desire that the amendment shall go over?

Mr. McKELLAR. Does that propose to change the present limitation, which is now five years, is it not?

Mr. SMOOT. There is now no limitation at all.

Mr. McKELLAR. Very well; then, I have no objection.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 278, on page 130, after line 17, to strike out "(d) Where the assessment of the tax is made within the period prescribed in section 277 or in this section, such tax may be collected at any time by distraint or by a proceeding in court, but nothing in this section shall be construed as preventing the beginning, without assessment, of a proceeding in court for the collection of the tax before the expiration of such period" and in lieu thereof to insert:

(d) Where the assessment of the tax is made within the period prescribed in section 277 or in this section, such tax may be collected by distraint or by a proceeding in court, begun within six years after the assessment of the tax. Nothing in this act shall be construed as preventing the beginning, without assessment, of a proceeding in court for the collection of the tax at any time before the expiration of the period within which an assessment may be made.

The amendment was agreed to.

The next amendment was, in section 278, on page 131, after line 8, to strike out "(e) This section shall not (1) authorize the assessment of a tax or the beginning of a proceeding in court for the collection of a tax if at the time of the enactment of this act such assessment or proceeding was barred by the period of limitation then in existence, or (2) affect any assessment made, or proceeding in court begun, before the enactment of this act" and in lieu thereof to insert:

(e) This section shall not (1) authorize the assessment of a tax or the collection thereof by distraint or by a proceeding in court if at the time of the enactment of this act such assessment, distraint, or proceeding was barred by the period of limitation then in existence, or (2) affect any assessment made, or distraint or proceeding in court begun, before the enactment of this act.

The amendment was agreed to.

The next amendment was, under the subhead "Claims in abatement," in section 279 (c), on page 133, line 9, after the words "rate of," to strike out "5 per cent" and to insert "6 per cent," and in line 19, after the words "rate of," to strike out "5 per cent" and to insert "6 per cent," so as to read:

(c) If the claim in abatement is denied in whole or in part, there shall be collected, at the same time as the part of the claim denied, and as a part of the tax, interest at the rate of 6 per cent per annum upon the amount of the claim denied, from the date of notice and demand from the collector under subdivision (d) of section 274 to the date of the notice and demand under subdivision (b) of this section. If the amount included in the notice and demand from the collector under subdivision (b) of this section is not paid in full within 10 days after such notice and demand, then there shall be collected, as part of the tax, interest upon the unpaid amount at the rate of 1 per cent a month (or, in case of estates of incompetent, deceased, or insolvent persons, at the rate of 6 per cent per annum) from the date of such notice and demand until it is paid.

The amendment was agreed to.

The next amendment was, under the subhead "Taxes under prior acts," in section 280, on page 134, line 15, after the word "title," to insert "except as otherwise provided in section 277," so as to make the section read:

SEC. 280. If after the enactment of this act the commissioner determines that any assessment should be made in respect of any income, war-profits, or excess-profits tax imposed by the revenue act of 1916, the revenue act of 1917, the revenue act of 1918, or the revenue act of 1921, or by any such act as amended, the amount which should be assessed (whether as deficiency or as interest, penalty, or other addition to the tax) shall be computed as if this act had not been enacted, but the amount so computed shall be assessed, collected, and paid in the same manner and subject to the same provisions and limitations (including the provisions in case of delinquency in payment after notice and demand) as in the case of the taxes imposed by this title, except as otherwise provided in section 277.

The amendment was agreed to.

Mr. McKELLAR. On pages 134, 135, 136, and 137, so far as the amendments concern credits and refunds, I ask that they go over.

Mr. SMOOT. There is no objection to that, Mr. President.

Mr. McKELLAR. I merely ask that the amendments contained in the section relative to refunds go over.

The PRESIDING OFFICER. The amendments referred to by the Senator from Tennessee will go over.

Mr. SMOOT. Those amendments go down to page 137.

Mr. McKELLAR. Down to line 9, on page 137.

Mr. DIAL. Mr. President, I am satisfied that the Senate will not agree to the proposition, but there ought to be a shorter limitation to all these proceedings. The department should hurry up and collect what taxes are due, and people ought not to be harassed by having the department come back after so many years to collect taxes. I do not imagine that it is proposed to change it now, but I think there ought to be a shorter time within which back taxes may be collected.

Mr. SMOOT. I will say to the Senator from South Carolina that if we undertook to make the time for collecting shorter, under conditions as they exist to-day we should lose hundreds of millions of dollars. The Senator from South Carolina knows that after the high rate of taxes was imposed in 1917, that being the first year when the taxpayers of the country were called upon to make complicated returns, many of them made such returns, thinking they knew how to make them; but there has been more work attached to the verification of the returns of 1917 than to all the returns for subsequent years; and, at least under the present conditions, we could not afford to shorten the time for the collection of back taxes.

Mr. DIAL. But we ought, if possible, to simplify the forms.

Mr. McKELLAR. I wish to ask the Senator from Utah a question. Can he tell us about how much money has been collected on reassessments for the year of 1917?

Mr. SMOOT. I have not the figures here for the year 1917, but there was a reassessment of over $600,000,000, made during the year 1922, to cover the years 1917, 1918, 1919, 1920, and 1921.

Mr. McKELLAR. But the Senator from Utah does not know how much money was actually collected? I should like to have the Senator, if he can do so, give us the information as to the total amount which was collected on reassessments for the years 1917, 1918, 1919, 1920, 1921, 1922, and 1923.

Mr. SMOOT. I will say to the Senator that I do not think the amount collected was apportioned to the different years, but I can obtain information as to the total amount.

Mr. McKELLAR. We certainly can ascertain the amount which was actually collected and the dates of all collections.

Mr. SMOOT. What I mean to say is that we can not say for what year the money was collected. For instance, I do not know whether the Senator from Tennessee has had such cases called to his attention, but, for instance, where there were assessments made for the years 1917, 1918, and 1919 payment has been made in one check and one credit has been given, and settlement made at one time. The department does not keep track of the amount of those payments for each year but it credits the amount for the year in which it was collected. That information, I think, we can furnish to the Senator from Tennessee.

Mr. McKELLAR. If the facts can be gotten in both ways—that is, for the years for which the taxpayers were assessed and the years in which the collections were made—I had rather have the information in that shape.

I will say to the Senator, frankly, that by reason of the tremendous refunds in the last few years I am wondering just what relation the collections under reassessments bear to the refunds. I should like to have the figures, both as to collections on reassessments since the year 1917 and as to refunds.

Mr. SMOOT. I do not recall, Mr. President, the total amount of the refunds or the total amount of the collections, but, I think, perhaps, I have the figures right here.

Mr. McKELLAR. I will say to the Senator that we know what the figures are as to the total amount of refunds.

Mr. SMOOT. I know that the total amount of refunds is only about 12 per cent of the total amount of the assessments.

Mr. McKELLAR. I am not so much concerned about the assessments as I am about the collections. There is a great difference sometimes between assessments and collections.

Mr. SMOOT. Does the Senator desire me to put the figures in the RECORD now?

Mr. McKELLAR. I should be very glad if the Senator would do so.

Mr. SMOOT. The amount of additional assessments and collections resulting from office audits and field investigations for the year 1917 was $16,597,255; the amount of refunds of taxes illegally collected for that same year was $887,127.94. In 1918 the amount of additional assessments and collections resulting from office audits and field investigations was $29,984,655, and the amount of refunds of taxes illegally collected was $2,088,565.46. In 1919 the amount of additional assessments and collections was $123,275,768, and the amount of refunds was $8,654,171.21. In 1920 the additional assessments and collections amounted to $466,889,359, and the refunds amounted to $14,127,098. In 1921 the assessments and collections amounted to $416,483,708 and the refunds to $28,656,357.95. In 1922 the additional assessments and collections amounted to $266,978,873, and the refunds amounted to $48,133,127.83. In 1923 the additional assessments and collections amounted to $600,670,632 and the amount of refunds to $123,992,820.94. The total for the seven years of the additional assessments and collections resulting from office audits and field investigations was $1,920,880,250, and the amount of refunds was $226,540,269.33.

Mr. McKELLAR. I hope the Senator will put those figures in the RECORD at this point if he has them in convenient form.

Mr. SMOOT. I will be glad to put in the RECORD the figures contained in the letter from Mr. C. D. Nash, assistant to the commissioner, giving not only the total internal-revenue receipts during each one of the years named but the amount of additional collections and assessments resulting from audits and field investigation and the amount of refunds of taxes illegally collected.

The PRESIDING OFFICER. Without objection, the matter referred to will be printed in the RECORD.

The matter referred to is as follows:

Year	Total internal revenue receipts	Amount of additional assessments and collections resulting from office audits and field investigations	Amount of refunds of taxes illegally collected.
1917	$809,393,640.44	$16,597,255.00	$887,127.94
1918	3,698,955,820.93	29,984,655.00	2,088,565.46
1919	3,850,150,078.56	123,275,768.00	8,654,171.21
1920	5,407,580,251.81	466,889,359.00	14,127,098.00
1921	4,595,000,765.74	416,483,708.00	28,656,357.95
1922	3,197,451,083.00	266,978,873.00	48,134,127.83
1923	2,621,745,227.57	600,670,632.00	123,992,820.94
Total (7 years)	24,180,276,868.05	1,920,880,250.00	226,540,269.33
1924 (first 3 months)	694,083,590.02	113,820,881.00	35,624,968.73
Grand total (7 years, 3 months)	24,874,360,458.07	2,034,701,131.00	262,165,238.06

Mr. McKELLAR. Now, will the Senator look at those figures for a moment and state what the reassessments for 1923 were.

Mr. SMOOT. They were $600,670,632.

Mr. McKELLAR. And the refunds as shown by the figures were $129,000,000, were they not?

Mr. SMOOT. They were $123,992,820.94.

Mr. McKELLAR. The Senator recalls that a few days ago there was appropriated $103,000,000 additional for the purpose of paying refunds for the year 1923, so that the reassessments would amount to about $600,000,000 and the refunds to about $200,000,000.

Mr. SMOOT. No; that was not an additional amount.

Mr. McKELLAR. Yes; that appropriation was in addition to the refunds heretofore paid.

Mr. SMOOT. No; that was not for the past year.

Mr. McKELLAR. I happened to look the matter up, I will say to the Senator, and I found that $123,000,000 had been appropriated last year.

Mr. SMOOT. But that was not for the year 1923, I will say to the Senator; that was for a preceding year.

Mr. McKELLAR. There was a deficiency appropriation of $103,000,000 which should be added to those figures.

Mr. SMOOT. No; but that is not for this year. The total for 1923 is $123,000,000, and this amount will be asked for in appropriations to meet it, because all that is collected goes into the Treasury, and appropriations have to be made for the refunds.

Mr. McKELLAR. What was the original appropriation for refunds this year? My recollection is that it was about $123,000,000, but I do not know.

Mr. SMOOT. We shall have to have $123,000,000 for 1923.

Mr. McKELLAR. My recollection is that the appropriation made in the bill to pay refunds for this year was $123,000,000, and then there was a deficiency of $103,000,000 more.

Mr. SMOOT. It was not for this year.

Mr. McKELLAR. Will the Senator look into it and give us the exact facts about it?

Mr. SMOOT. I will try to look it up and see.

Mr. McKELLAR. I thank the Senator.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, under the heading "Title III.—Estate tax," in section 300, on page 139, line 24, after the words "executor or," to strike out "administrator" and to insert "administrator appointed, qualified, and acting within the United States, then," so as to read:

SEC. 300. When used in this title—

The term "executor" means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, is the Senator going to let section 301 go over?

Mr. SMOOT. I think the estate-tax section ought to go over.

Mr. McKELLAR. I think so, too, Mr. President.

Mr. SMOOT. Unless the Senator from New Mexico desires some part of it acted on now.

Mr. JONES of New Mexico. I think that subject should go over.

Mr. SMOOT. Yes; I think the whole thing ought to go over.

The PRESIDING OFFICER. The section will be passed over. The Chair will inquire how far it reaches.

Mr. FLETCHER. To section 302 on page 143, I think.

Mr. SMOOT. Oh, no; it goes further than that, Mr. President. That only covers the rates. I will ask the Senator from New Mexico if he wants the gift tax to go over, too?

Mr. JONES of New Mexico. Yes; I think that had better go over.

Mr. SMOOT. Then, that takes us down to page 174, "Tax on telegraph and telephone messages."

Mr. OVERMAN. That ought to go over.

Mr. McKELLAR. Unless the Senator is willing to strike out the tax on telegraph and telephone messages, I hope he will let that go over, too.

Mr. SMOOT. I will let it go over, but I certainly am not willing to strike it out.

Mr. McKELLAR. I am very much opposed to that tax.

Mr. OVERMAN. That will go over, of course.

Mr. McKELLAR. I ask that it go over.

The PRESIDING OFFICER. From page 139 to page 174 will be passed over.

Mr. SMOOT. No; page 177.

The PRESIDING OFFICER. Page 177.

Mr. SMOOT. The next is "Title V.—Tax on cigars, tobacco, and manufactures thereof." I think there is hardly a change in this whole title. It is satisfactory to every member of the committee.

Mr. McKELLAR. There are some technical amendments here, however.

Mr. SMOOT. Oh, yes.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in the heading on page 177, line 5, after "Title," to strike out "IV" and to insert "V," so as to read:

Title V.—Tax on cigars, tobacco, and manufactures thereof.

The amendment was agreed to.

The next amendment was, on page 179, after line 16, to insert:

(e) Section 3392 of the Revised Statutes, as amended, is amended to read as follows:

"SEC. 3392. All cigars weighing more than 3 pounds per thousand shall be packed in boxes not before used for that purpose containing, respectively, 3, 5, 7, 10, 12, 13, 25, 50, 100, 200, 250, or 500 cigars each; and every person who sells, or offers for sale, or delivers or offers to deliver any cigars in any other form than in new boxes as above described or who packs in any box any cigars in excess of or less than the number provided by law to be put in each box, respectively, or who falsely brands any box, or affixes a stamp on any box

denoting a less amount of tax than that required by law, shall be fined for each offense not more than $1,000 and be imprisoned not more than two years: *Provided*, That nothing in this section shall be construed as preventing the sale of cigars at retail by retail dealers from boxes packed, stamped, and branded in the manner prescribed by law: *Provided further*, That each employee of a manufacturer of cigars shall be permitted to use, for personal consumption and for experimental purposes, not to exceed 21 cigars per week without the manufacturer of cigars being required to pack the same in boxes or to stamp or pay any internal-revenue tax thereon, such exemption to be allowed under such rules and regulations as the Secretary of the Treasury may prescribe."

Mr. FLETCHER. Mr. President, I have not before me section 3392 of the Revised Statutes as it now reads. Will the Senator please state what the change is?

Mr. SMOOT. The only change is that cigars may be packed in boxes containing three and seven cigars, respectively. We have added the package containing three and the package containing seven. The cigar manufacturers appeared before the committee and wanted to have a package of three cigars to sell for a quarter, and they wanted to have a package of seven cigars to sell for a dollar, and therefore we have merely inserted in the existing law "three" and "seven."

Mr. FLETCHER. I see no objection to that.

Mr. TRAMMELL. Mr. President, may I ask the Senator from Utah whether this section makes any change in the existing law relative to the number of cigars that may be used for experimental purposes by each cigar manufacturer during the week?

Mr. SMOOT. Not a word is changed from existing law with the exception of inserting "three" and "seven."

Mr. TRAMMELL. I thank the Senator.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 503, on page 183, at the beginning of line 22, to strike out "amended to read as" and to insert "reenacted without change, as," so as to read:

SEC. 503. Section 3360 of the Revised Statutes, as amended by section 704 of the revenue act of 1918, is reenacted without change, as follows:

"SEC. 3360. (a) Every dealer in leaf tobacco shall file with the collector of the district in which his business is carried on a statement in duplicate, subscribed under oath," etc.

The amendment was agreed to.

The next amendment was, in section 503, on page 187, after line 11, to strike out: "(f) For the purpose of this section a farmer or grower of tobacco or a tobacco growers' cooperative association shall not be regarded as a dealer in leaf tobacco in respect to the leaf tobacco produced by him or handled by such association. As used in this section the term 'tobacco growers' cooperative association' means an association of farmers or growers of tobacco organized and operated as sales agent for the purpose of marketing the tobacco produced by its members and turning back to them the proceeds of sales, less the necessary selling expenses, on the basis of the quantity and quality of tobacco furnished by them," and in lieu thereof to insert:

(f) For the purposes of this section a farmer or grower of tobacco shall not be regarded as a dealer in leaf tobacco in respect to the leaf tobacco produced by him.

Mr. SMOOT. Mr. President, the Senator from Kentucky [Mr. STANLEY] is not present, but he spoke to me about this provision some few days ago. He did not say to me that he wanted to make any change at all in it, but as he is not in the Senate Chamber at the moment I really think I ought to ask that the amendment go over until he is present.

Mr. McKELLAR. I think so, too, and I hope the Senator will make that request.

Mr. JONES of New Mexico. I quite agree with the chairman of the committee. I am sure the Senator from Kentucky would desire to have that done.

The PRESIDING OFFICER. The amendment will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, at the top of page 188, after "Title," to strike out "V" and to insert "VI," so as to make the heading read:

Title VI.—Tax on admissions and dues.

The amendment was agreed to.

The next amendment was, in sectoin 600 (a) (2), on page 188, line 24, after the word "section," to strike out "603" and to insert "703," so as to read:

(2) Upon tickets or cards of admission to theaters, operas, and other places of amusement, sold at news stands, hotels, and places other than the ticket offices of such theaters, operas, or other places of amusement, at not to exceed 50 cents in excess of the sum of the established price therefor at such ticket offices plus the amount of any tax imposed under paragraph (1), a tax equivalent to 5 per cent of the amount of such excess; and if sold for more than 50 cents in excess of the sum of such established price plus the amount of any tax imposed under paragraph (1), a tax equivalent to 50 per cent of the whole amount of such excess, such taxes to be returned and paid, in the manner and subject to the interest provided in section 703, by the person selling such tickets.

The amendment was agreed to.

The next amendment was, in section 600 (a) (3), on page 189, line 7, after the word "section," to strike out "603" and to insert "703," so as to read:

(3) A tax equivalent to 50 per cent of the amount for which the proprietors, managers, or employers of any opera house, theater, or other place of amusement sell or dispose of tickets or cards of admission in excess of the regular or established price or charge therefor, such tax to be returned and paid, in the manner and subject to the interest provided in section 703, by the person selling such tickets.

The amendment was agreed to.

The next amendment was, on page 192, line 3, to change the number of the section from "501" to "601."

The PRESIDING OFFICER. The Chair understands that the Clerk is authorized to change the numbers of sections.

Mr. SMOOT. Yes; I asked unanimous consent that that be done, and it was granted.

The amendment was agreed to.

The next amendment was, in section 602 (a), on page 193, line 3, after the word "section," to strike out "500 or 501" and to insert "600 or 601"; and in line 6, after the word "section," to strike out "501" and to insert "601," so as to read:

SEC. 602. (a) Every person receiving any payments for such admission, dues, or fees shall collect the amount of the tax imposed by section 600 or 601 from the person making such payments. Every club or organization having life members shall collect from such members the amount of the tax imposed by section 601. Such persons shall make monthly returns under oath, in duplicate, and pay the taxes so collected to the collector of the district in which the principal office or place of business is located.

The amendment was agreed to.

The next amendment was, on page 194, line 3, after the word "Title," to strike out "VI" and to insert "VII," so as to read:

Title VII.—Excise taxes.

The amendment was agreed to.

The next amendment was, on page 194, line 4, after "SEC.," to strike out "600. There," and to insert "700. On and after the expiration of 30 days after the enactment of this act there," so as to read:

SEC. 700. On and after the expiration of 30 days after the enactment of this act there shall be levied, assessed, collected, and paid upon the following articles sold or leased by the manufacturer, producer, or importer a tax equivalent to the following percentage of the price for which so sold or leased.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, will the Senator explain just what was done with automobile truck chassis and automobile wagon chassis?

Mr. SMOOT. The bodies were put in the bill, as requested, where they are made by the manufacturer. The tax on accessories was reduced from 5 per cent to 2½ per cent. The automobile tax is the same as in existing law. As to the automobile wagon chassis, there is this provision:

Automobile truck chassis and automobile wagon chassis sold or leased for an amount in excess of $1,000—

That is new, I will say to the Senator. In other words, that is to take care of the chassis of the cheap trucks used by the farmers.

Mr. OVERMAN. Let that go over. I have an amendment to offer to it.

Mr. SMOOT. That may go over, then.

The PRESIDING OFFICER. How much of it?

Mr. SMOOT. Does the Senator want the whole automobile section to go over?

Mr. OVERMAN. Yes.

Mr. SMOOT. All that refers to automobiles and accessories and chassis. That will be paragraphs (1), (2), and (3) on page 195.

Mr. OVERMAN. Mr. President, I want to ask the Senator a question. I have not had time to read this section. I suggested an amendment exempting all school busses and their chassis used solely for school purposes, for carrying children to centralized schools, which we have in all the States. Is that in here?

Mr. SMOOT. When the Senator spoke to me about it I gave a little thought to it. This is a manufacturers' tax, so it does not apply here at all.

Mr. OVERMAN. But the schools have to pay it, I know.

Mr. SMOOT. The manufacturer has to pay it. This is a manufacturers' tax.

Mr. OVERMAN. Where would that amendment come in, then?

Mr. SMOOT. I think it is taken care of somewhere, but I am not sure. I will look it up and let the Senator know.

Mr. FLETCHER. I think it was taken care of. I remember looking at it.

Mr. SMOOT. Yes; on page 207 of the bill there is this provision:

Persons carrying on the business of operating or renting passenger automobiles for hire shall pay $10 for each such automobile having a seating capacity of more than two and not more than seven, and $20 for each such automobile having a seating capacity of more than seven. The tax imposed by this subdivision shall not be collected in respect of automobiles used exclusively for conveying school children to and from school.

Mr. OVERMAN. That is all right. I have no objection to the amendment, then.

Mr. SMOOT. This is a manufacturers' tax, and the other matter was taken care of under the section beginning on page 204.

Mr. OVERMAN. I withdraw my objection.

Mr. SMOOT. I really think, Mr. President, that the automobile section ought to go over, because I know there are some Senators here who are interested in it and who will want to have something to say in regard to it.

Mr. McKELLAR. I hope the Senator will let it go over.

Mr. SMOOT. I ask that the automobile section go over.

The PRESIDING OFFICER. That extends to what page?

Mr. SMOOT. That extends to the bottom of page 195.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill, beginning on page 196.

The next amendment was, in section 700, on page 196, after line 12, to strike out "(8) Automatic slot-device vending machines, 5 per cent, and automatic slot-device weighing machines, 10 per cent; if the manufacturer, producer, or importer of any such machine operates it for profit, he shall pay a tax in respect to each such machine put into operation equivalent to 5 per cent of its fair market value in the case of a vending machine, and 10 per cent of its fair market value in the case of a weighing machine" and in lieu thereof to insert:

(8) Coin-operated devices, coin-operated machines, and devices and machines operated by any substitute for a coin, 10 per cent; if the manufacturer, producer, or importer of any such device or machine operates it for profit, he shall pay a tax in respect of each such device or machine put into operation equivalent to 10 per cent of its fair market value.

(9) Mah jong, pung chow, and similar tile sets, and the component parts thereof, 10 per cent.

(10) Radio receiving sets, 10 per cent.

(11) Parts and accessories for radio receiving sets, sold or leased to any person other than a manufacturer or producer of such sets, 10 per cent.

Mr. McKELLAR. Mr. President, I ask that the sections relating to radio receiving sets, and parts and accessories for radio receiving sets, go over.

Mr. SMOOT. That is, subdivisions (10) and (11)?

Mr. McKELLAR. Subdivisions (10) and (11).

The PRESIDING OFFICER. The question is on agreeing to the striking out of subdivision (8) as it appears in the House text, and the insertion in lieu thereof of two new subdivisions (8) and (9).

The amendment was agreed to.

The PRESIDING OFFICER. Subdivisions (10) and (11) will be passed over.

The next amendment was, in section 703, on page 198, line 22, after the word "section," to strike out "600 or 602," and to insert "700 or 702," so as to read:

SEC. 703. Every person liable for any tax imposed by section 700 or 702 shall make monthly returns under oath in duplicate and pay the taxes imposed by such sections to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

The amendment was agreed to.

The next amendment was, in section 704 (b), on page 199, at the beginning of line 25, to strike out "eyeglasses, spectacles, or," and in the same line, after the word "flat," to strike out "tableware," and to insert "tableware, or articles used for religious purposes," and on page 200, line 2, after the words "in excess of," to strike out "$40," and insert "$25," so as to read:

(b) The tax imposed by subdivision (a) shall not apply to (1) surgical instruments, musical instruments, silver-plated flat tableware, or articles used for religious purposes; (2) articles sold or leased for an amount not in excess of $25; or (3) watches sold or leased for an amount not in excess of $60.

The amendment was agreed to.

The next amendment was, in section 705 (a), on page 200, line 24, after the word "section," to strike out "600," and to insert "700"; on page 201, line 4, after the word "section," to strike out "600," and to insert "700," and in line 6, after the word "section," to strike out "600," and to insert "700," so as to read:

SEC. 705. (a) If (1) any person has, prior to January 1, 1924, made a bona fide contract with a dealer for the sale or lease, after the tax takes effect, of any article in respect of which a tax is imposed by section 700, or by this subdivision, and in respect of which no corresponding tax was imposed by section 900 of the revenue act of 1921, and (2) such contract does not permit the adding, to the amount to be paid thereunder, of the whole of the tax imposed by section 700 of this fact or by this subdivision; then the vendee or lessee shall, in lieu of the vendor or lessor, pay so much of the tax imposed by section 700 of this act or by this subdivision as is not so permitted to be added to the contract price. If a contract of the character above described was made with any person other than a dealer, no tax shall be collected under this act.

Mr. DIAL. Mr. President, at the proper time I want to move to amend on page 200, line 7, to strike out the period and to insert a semicolon and the following:

or bonds issued to such building and loan associations by members thereof in connection with loans obtained from the associations.

Mr. SMOOT. I think this is the wrong place for the insertion of that amendment, and it should be offered to another part of the bill. The Senator can offer it after we get through with the committee amendments.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 200, line 24.

The amendment was agreed to.

The next amendment was, in section 705 (b), on page 201, line 14, after the word "section," to strike out "600" and to insert "700," and in line 23, after the word "section," to strike out "600" and to insert "700," so as to read:

(b) If (1) any person has, prior to January 1, 1924, made a bona fide contract with any other person for the sale or lease, after the tax takes effect, of any article in respect of which a tax is imposed by section 700 of this act, and in respect of which a corresponding but greater tax was imposed by section 900 of the revenue act of 1921, (2) the contract price includes the amount of the tax imposed by section 900 of the revenue act of 1921, and (3) such contract does not permit the deduction, from the amount to be paid thereunder, of the whole of the difference between the corresponding tax imposed by section 900 of the revenue act of 1921 and the tax imposed by section 700 of this act, then the vendor or lessor shall refund to the vendee or lessee so much of the amount of such difference as is not so permitted to be deducted from the contract price.

The amendment was agreed to.

The next amendment was, in section 705 (c), on page 202, line 8, after the word "section," to strike out "600" and to insert "700," so as to read:

(c) If (1) any person has, prior to January 1, 1924, made a bona fide contract with any other person for the sale or lease, after the date of the enactment of this act, of any article in respect of which a tax was imposed by section 900 or 904 of the revenue act of 1921, and in respect of which no corresponding tax is imposed by section 700 of this act, (2) the contract price includes the amount of the tax imposed by section 900 or 904 of the revenue act of 1921, and (3) such contract does not permit deduction, from the amount to be paid thereunder, of the tax imposed by section 900 or 904 of the revenue act of 1921, then the vendor or lessor shall refund to the vendee or lessee so much of the amount of such tax as is not so permitted to be deducted from the contract price.

The amendment was agreed to.

The next amendment was, in section 705 (d), on page 202, line 22, after the word "section," to strike out "603" and to insert "703," so as to read:

(d) The taxes payable by the vendee or lessee under subdivision (a) shall be paid to the vendor or lessor at the time the sale or lease is consummated and collected, returned and paid to the United States by such vendor or lessor in the same manner and subject to the same interest as provided by section 703.

The amendment was agreed to.

The next amendment was, on page 203, line 11, after the word "Title," to strike out "VII" and to insert "VIII," so as to make the heading read:

Title VIII—Special taxes.

The amendment was agreed to.

The next amendment was, under the heading "Title VIII—Special taxes," on page 203, after line 11, to strike out:

CAPITAL STOCK TAX

SEC. 700. (a) On and after July 1, 1924, in lieu of the tax imposed by section 1600 of the revenue act of 1921—

(1) Every domestic corporation shall pay annually a special excise tax with respect to carrying on or doing business, equivalent to $1 for each $1,000 of so much of the fair average value of its capital stock for the preceding year ending June 30 as is in excess of $5,000. In estimating the value of capital stock the surplus and undivided profits shall be included.

(2) Every foreign corporation shall pay annually a special excise tax with respect to carrying on or doing business in the United States, equivalent to $1 for each $1,000 of the average amount of capital employed in the transaction of its business in the United States during the preceding year ending June 30.

(b) The taxes imposed by this section shall not apply in any year to any corporation which was not engaged in business (or in the case of a foreign corporation not engaged in business in the United States) during the preceding year ending June 30, nor to any corporation enumerated in section 231, nor to any insurance company subject to the tax imposed by section 243 or 246.

(c) Section 257 shall apply to all returns filed with the commissioner for purposes of the tax imposed by this section.

Mr. McKELLAR. Will the Senator from Utah explain why the capital-stock tax was stricken out? I suppose it was because the tax on corporations was raised.

Mr. SMOOT. The amendment will go over, anyhow.

Mr. McKELLAR. I would be very glad to have the Senator give us his views at this time.

Mr. SMOOT. The views of the committee in relation to the capital-stock tax may be summed up as follows: Under existing law there is a net tax of 12½ per cent on the profits of a corporation. Under existing law there is also a tax of $1 upon every $1,000 of the capital stock of every corporation. Under the existing law there have to be two returns; that is, every organization makes a return not only upon the capital gain but it has also to make a return upon the capital stock under the $1-a-thousand tax.

There have been complaints made by many of the corporations of the country that that imposes an unnecessary burden, not only in keeping the tax account itself but in making the returns as well, and the committee decided that they would raise the 12½ per cent flat upon the incomes of corporations to 14 per cent and then relieve the corporations of the tax of a dollar on every thousand dollars of their capital stock.

Mr. DIAL. I ask that the amendment may go over.

Mr. McKELLAR. It is going over, but the Senator from Utah is making a statement about it.

Mr. SMOOT. The Senator from Tennessee asked me to make a brief statement as to what the amendment meant. I did so yesterday in my speech, perhaps more elaborately than I will at this time.

The Senator asks whether there would be a gain or a loss in revenue from these changes. There will be a gain to the Government of about $19,000,000, and I say to the Senator that the gain will all come from corporations whose net income is more than 6⅔ per cent. There will be an additional tax imposed on those corporations. If a corporation's income is less than 6⅔ per cent, there will be a gain to that class of corporations. That, in substance, is what the amendment provides.

Mr. McKELLAR. There will be a net gain to the Government of about $19,000,000 as between the two taxes?

Mr. SMOOT. Yes; but it relieves the taxpayers of the burden of making returns. They will have to make only one return.

Mr. McKELLAR. Is not that a pretty costly relief? The corporation tax, of course, is a tax on busfness.

Mr. SMOOT. So is the other.

Mr. McKELLAR. I know; but the other is smaller.

Mr. SMOOT. The Government has this question ever present. The law provides that the tax shall be $1 on every $1,000 of capital stock, not the face value of the stock, but if the market value of the stock is more than the face value of the stock, then it shall be assessed upon the market value of the stock. That requires an examination into every single return based upon capital stock to determine what the actual market value of the stock is. If the market value of the stock is less than a hundred cents on the dollar, then of course the face value will be the basis of the assessment. Whichever is the highest will be the basis of the assessment.

Mr. McKELLAR. I can see that there is a probability, at least, that this is a more equitable tax. But would not 13 per cent instead of 14 per cent produce as much return as is now produced?

Mr. SMOOT. No; we would lose. We would fall short about $60,000,000.

Mr. McKELLAR. What percentage of the corporation tax would make up, exactly or approximately, for the taking off of the capital-stock tax?

Mr. SMOOT. To make an even number, 14. If you just take off the $19,000,000, we would have something like 13 and perhaps five-eighths, or something like that.

Mr. McKELLAR. I am much obliged for the Senator's explanation. The amendment will go over.

Mr. FLETCHER. May I ask the Senator whether under this plan corporations will not be tempted to issue stock? Since they do not have to pay any longer a dollar a thousand on their stock will they not issue stock, and then you tax them a certain per cent on their net income based on the capital stock?

Mr. SMOOT. No. The law provides that the tax shall be based on the market value. No matter what the market value is they have to pay the tax. So they could not escape in that way at all.

The PRESIDING OFFICER. How much does the Senator want included in that which is to be passed over?

Mr. SMOOT. From line 12, page 203, to line 14, page 204, to the heading "Miscellaneous occupational taxes."

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, under the subhead "Miscellaneous occupational taxes," on page 204, after line 17, to strike out: "(1) Brokers shall pay $50. Every person whose business it is to negotiate purchases or sales of stocks, bonds, exchange, bullion, coined money, bank notes, promissory notes, other securities, produce or merchandise, for others, shall be regarded as a broker. If a broker is a member of a stock exchange, or if he is a member of any produce exchange, board of trade, or similar organization, where produce or merchandise is sold, he shall pay an additional amount as follows: If the average value, during the preceding year ending June 30, of a seat or membership in such exchange or organization was $2,000 or more but not more than $5,000, $100; if such value was more than $5,000, $150" and in lieu to insert:

(1) Brokers, except brokers exclusively negotiating purchases or sales of produce or merchandise, shall pay $50. Every person whose business it is to negotiate purchases or sales of stock, bonds, exchange, bullion, coined money, bank notes, promissory notes, other securities, produce, or merchandise for others shall be regarded as a broker. If any broker is a member of a stock exchange or if he is a member of any produce exchange, board of trade, or similar organization, where produce or merchandise is sold, he shall (whether or not he is liable to any tax under the first sentence of this paragraph, and in addition to such tax, if any) pay an amount as follows: If the average value, during the preceding year ending June 30, of a seat or membership in such exchange or organization was $2,000 or more but not more than $5,000, $100; if such value was more than $5,000 but not more than $10,000, $150; if such value was more than $10,000, $250.

Mr. DIAL. If I understand this section, those brokers mentioned are excluded; they pay nothing at all?

Mr. SMOOT. The Government loses $400,000 a year by the amendment, but the committee thought they should be excluded, and therefore the bill was reported excluding them.

Mr. OVERMAN. Take an agent in my town who buys and sells Armour's meats; would he be exempt?

Mr. SMOOT. Yes; any broker who handles produce or merchandise is exempt. In fact, they can sell all sorts of merchandise to a store or to anyone else—any farm product of any name or nature—and they do not pay a tax. They can sell dry goods and not pay a tax. It covers brokers in farm products and merchandise.

Mr. McKELLAR. What return does this tax on brokers bring?

Mr. SMOOT. Four hundred thousand dollars. That is, what we have excluded—farm products and merchandise—produces $400,000.

Mr. McKELLAR. I mean the entire tax.

Mr. SMOOT. About $1,600,000 taxes, with $400,000 off, which will leave about $1,200,000.

Mr. McKELLAR. I think where we can take taxes off business it is a mighty good plan to do it. I see that there are some equitable grounds for this tax.

Mr. SMOOT. I have no particular interest in brokers——

Mr. COPELAND. I should like to ask the Senator about the amendment on page 205. Did the committee get any protests from the New York Stock Exchange about that?

Mr. SMOOT. Yes; we had protests from the New York Stock Exchange.

Mr. COPELAND. Did they appear before the committee?

Mr. SMOOT. No; their brief was considered by the committee.

Mr. DILL. What is the present law?

Mr. SMOOT. This is the existing law.

Mr. DILL. In what way did the House change the existing law?

Mr. SMOOT. The House copied the existing law word for word, and the existing law includes brokers in farm products and merchandise. The committee struck those words out, and that took off $400,000 per annum.

Mr. DILL. The Senate committee is abolishing the tax on brokers to that extent?

Mr. SMOOT. Yes; that is what we propose to do.

Mr. McKELLAR. Is that the only change?

Mr. SMOOT. There is one other bracket with an increase, I think, found on page 205.

If such value was more than $5,000 but not more than $10,000, $150.

One hundred and fifty dollars was the limit before.

If such value was more than $10,000, $250.

That is new.

The PRESIDING OFFICER. The question is on agreeing to the amendment beginning on page 204, line 18.

The amendment was agreed to.

The next amendment was, in section 800 (5), on page 206, line 15, after the word "pay," to strike out "$5" and insert "$10," so as to read:

(5) Proprietors of bowling alleys and billiard rooms shall pay $10 for each alley or table. Every building or place where bowls are thrown or where games of billiards or pool are played shall be regarded as a bowling alley or a billiard room, respectively, unless no charge is made for the use of the alleys or tables.

Mr. McKELLAR. Why did the committee make that recommendation?

Mr. SMOOT. It is the existing law.

Mr. McKELLAR. I have as many letters about that as about almost any other provision in the bill.

Mr. SMOOT. In 99 per cent of the cases in which I have received letters about this item the writers have been mistaken as to what the provision means.

As the House had it, it provides that—

Proprietors of bowling alleys and billiard rooms shall pay $5 for each alley or table. Every building or place where bowls are thrown or where games of billiards or pool are played shall be regarded as a bowling alley or a billiard room, respectively, unless no charge is made for the use of the alleys or tables.

That is the House provision. If there is no charge, there is no tax.

Mr. COPELAND. That would mean that in a club there would be no tax?

Mr. SMOOT. Where there is no charge, there is no tax. Most of my letters have referred to organizations such as the Independent Order of Odd Fellows and similar organizations, and when they have come to me I have asked them, "Do you charge anything for your tables?" They would say, "No; it is simply for the use of the members." Then I have said, "This does not apply to you at all. This simply applies to a place where there is a charge made for the use of the table or bowling alley."

What does it mean? It means that wherever there is a charge made for a bowling alley there is a tax of $10 a year. That would be 83 cents a month. That would be a little less than 3 cents a day for the whole tax, or an increase of 1⅓ cents a day over what the House fixed it.

Mr. COPELAND. The Senator's judgment is that it would not ruin the business?

Mr. SMOOT. I do not think it will.

Mr. McKELLAR. What amount of tax does it produce?

Mr. SMOOT. I can not tell the Senator, because I have not the amount in my memoranda here.

The amendment was agreed to.

Mr. WADSWORTH. May I ask the Senator from Utah if the language at the end of the paragraph, between lines 14 and 19, inclusive, is the same as the language in existing law?

Mr. SMOOT. My attention has been called to the fact that these words were added: "unless no charge is made for the use of the alleys or tables." There is that difference from existing law.

Mr. WADSWORTH. It is a fact that under existing law the number of tables has steadily decreased. Under existing law and under the existing tax, the number of billiard tables in use commercially has steadily decreased.

Mr. SMOOT. That may be the case.

Mr. WADSWORTH. And the income from the tax to the Government has decreased. Does the Senator think this will save that situation?

Mr. SMOOT. Certainly; because now where they make no charge they will not have to pay a tax.

Mr. WADSWORTH. My information is that the particular decrease has been in the number of commercial tables, not in the clubs.

Mr. SMOOT. I can not conceive that where there is a billiard room a tax of $5 a year would have that effect.

Mr. WADSWORTH. But it is $10 a year.

Mr. SMOOT. That is what they say the increase has done. The increase is $5. Forty-one cents a month, or 1⅓ cents a day, on a billiard table is going to close it up, so they say. I do not believe 1⅓ cents a day is going to close up any billiard table.

Mr. WADSWORTH. I am referring to the existing law.

Mr. SMOOT. Under the existing law it would be 2⅔ cents.

Mr. WADSWORTH. And under the existing law it is a fact that many a billiard table has been scrapped and put in the cellar or attic because it did not pay the proprietor a sufficient sum to justify him in paying $10 a year tax on each table.

Mr. SMOOT. If he can not pay 2⅔ cents a day on each table, then if he had all the taxes taken off he would still scrap it. Two and two-third cents a day never would keep him out of business.

Mr. WADSWORTH. But $10 a year is a little more than 2⅔ cents a day.

Mr. SMOOT. It is less than 3 cents a day.

The PRESIDING OFFICER. The amendment has been agreed to. The Secretary will continue the reading of the bill.

The reading of the bill was continued.

The next amendment was, in section 800, on page 208, after line 7, to strike out:

If any person first becomes subject to the tax imposed by subdivision (1), (2), (3), or (4) after December 31 in any fiscal year, he shall pay for such fiscal year only one-half the tax specified in such subdivision.

The amendment was agreed to.

The next amendment was, under the subhead "Special tobacco manufacturers' tax," in section 801, on page 208, line 26, after the word "pay," to strike out "$12." and insert "$12;" so as to read:

Manufacturers of tobacco whose annual sales exceed 50,000 and do not exceed 100,000 pounds shall each pay $12;

The amendment was agreed to.

The next amendment was, under the subhead "Penalty for nonpayment of special taxes," in section 803, on page 211, at the beginning of line 21, to strike out the numerals "700, 701, or 702" and to insert "800 or 801," so as to read:

SEC. 803. Any person who carries on any business or occupation for which a special tax is imposed by section 800 or 801, without having paid the special tax therein provided, shall, besides being liable for the payment of such special tax, be subject to a penalty of not more than $1,000 or to imprisonment for not more than one year, or both.

The amendment was agreed to.

The next amendment was, on page 220, line 11, after the word "Title," to strike out "VIII" and to insert "IX," so as to make the heading read:

Title IX.—Stamp taxes.

The amendment was agreed to.

The next amendment was, under the heading "Title IX.—Stamp taxes," in section 902 (c), on page 222, line 5, after the

word "section," to strike out "804" and insert "904," so as to read:

(c) Makes use of any adhesive stamp to denote any tax imposed by this title without canceling or obliterating such stamp as prescribed in section 904.

The amendment was agreed to.

The next amendment was, under the subhead "Schedule A.—Stamp taxes," on page 231, after line 2, to insert:

5. Drafts or checks (payable otherwise than at sight or on demand) upon their acceptance or delivery within the United States, whichever is prior, promissory notes, except bank notes issued for circulation, and for each renewal of the same, for a sum not exceeding $100, 2 cents; and for each additional $100 or fractional part thereof, 2 cents.

This subdivision shall not apply to a promissory note secured by the pledge of bonds or obligations of the United States issued after April 24, 1917, or secured by the pledge of a promissory note which itself is secured by the pledge of such bonds or obligations: *Provided*, That in either case the par value of such bonds or obligations shall be not less than the amount of such note.

Mr. McKELLAR. Is that a tax on bank checks?

Mr. SMOOT. No; it reads "payable otherwise than at sight or on demand."

Mr. McKELLAR. What does that mean?

Mr. SMOOT. It means that every check that is paid on demand will pay no tax, but if there is a draft or check drawn payable six months after date, or anything like that, then there is a tax.

Mr. McKELLAR. The tax will not bring in any material amount?

Mr. SMOOT. This is what the result will be. We have taken the existing law as it is. The gain over the provision of the House would be $2,150,000 by restoring the existing law.

Mr. OVERMAN. This is a restoration?

Mr. SMOOT. It restores existing law word for word.

Mr. McKELLAR. The House struck it out?

Mr. SMOOT. It did.

Mr. McKELLAR. I am going to ask the Senator to let the amendment go over.

Mr. SMOOT. It may go over.

The PRESIDING OFFICER. The amendment will be passed over.

The reading of the bill was resumed. The next amendment was, on page 234, line 13, after the word "Title," to strike out "IX" and to insert "X," so as to make the heading read:

Title X.—Board of tax appeals.

Mr. McKELLAR. I ask that the amendment relating to the board of tax appeals may go over, too.

Mr. SMOOT. They may be passed over.

The PRESIDING OFFICER. The amendments will be passed over.

The next amendment was, on page 241, line 21, after the word "Title," to strike out "X" and insert "XI," so as to make the heading read:

Title XI.—General administrative provisions.

The amendment was agreed to.

The next amendment was, under the subhead "Rules and regulations," in section 1101, on page 242, line 6, after the word "act," to strike out the comma and the following words: "Provided such regulations shall not enlarge or modify any provisions of this act and of any other law, and all such rules and regulations and all amendments thereto shall be annually reported to Congress," so as to make the section read:

SEC. 1101. The commissioner, with the approval of the Secretary, is authorized to prescribe all needful rules and regulations for the enforcement of this act.

Mr. McKELLAR. May I ask the Senator the purpose of that amendment?

Mr. SMOOT. The words stricken out were omitted as surplusage. There is no necessity for the provision.

Mr. OVERMAN. I will ask the Senator whether, in his judgment, the bill simplifies the manner and method of making returns?

Mr. SMOOT. Not this particular section.

Mr. OVERMAN. I am talking about the bill generally.

Mr. SMOOT. We have tried, wherever there is any ambiguity in the existing law, to clear it up so that there will be no doubt whatever as to the meaning of the law.

Mr. OVERMAN. Does it take an expert now to make out the returns?

Mr. SMOOT. We have simplified the form of returns as much as possible. I know the Senator will recognize that the form is very much more simple for 1923 than it was for 1922. But under existing law, with the taxes that are imposed, I do not see how it is possible to simplify them any more than they were simplified for the returns of 1923.

Mr. McKELLAR. I ask that this amendment may go over. The Senator says it is surplusage. It is quite the contrary, in my opinion. It is one of the most important provisions in the bill, as I read it. I may be mistaken about it. Rules and regulations issued by the Secretary of the Treasury are usually regarded as law, and the proviso says, "provided such regulations shall not enlarge or modify any provisions of this act and of any other law." That is proposed to be stricken out. I think it ought to stay in. I ask the Senator to let the amendment go over.

Mr. SMOOT. It may go over; but I will say to the Senator that they could not do that, anyhow. No regulation of any department can set aside the law.

Mr. McKELLAR. My understanding is that they do it.

Mr. SMOOT. We do not want them to do it.

Mr. McKELLAR. No; we do not, and we want to have it fixed so that they can not do it. This provision provides specifically that they can not do it. I want them to be prevented from doing it, and accordingly I want that language retained in the bill.

Mr. SMOOT. The amendment may go over, but they could not do any such thing, anyway.

Mr. McKELLAR. There is nothing like being specific about it.

Mr. FLETCHER. Where the language is so broad as this, "The commissioner, with the approval of the Secretary, is authorized to prescribe all needful rules and regulations for the enforcement of this act," that would seem to be a sort of limitation that the regulations adopted would have the force and effect of law.

Mr. SMOOT. No; it has been held to the contrary.

Mr. McKELLAR. I think the words should be left in anyway.

Mr. FLETCHER. The regulations made by the Department of Agriculture, for instance, where they are authorized to make regulations, have the force of law.

Mr. SMOOT. The regulations must be consistent with the law. It can not stand if it is in violation of the law.

Mr. McKELLAR. If that is so, what is the objection to having it specifically set out in the bill?

Mr. SMOOT. There is no objection if the Senator wants to load the bill up with unnecessary words.

Mr. McKELLAR. No; we do not want to load it up, but we want to have it perfectly clear and specific that neither the Secretary of the Treasury nor any other official shall ever make rules and regulations that have the force of law. It will never be done with my approval.

Mr. WADSWORTH. The Senator from Tennessee will undoubtedly agree with me that the very language which is contained in lines 4, 5, and 6 is inserted in practically every bill that we pass granting power to an executive department to do anything, and seldom if ever do we add the language which has here been stricken out.

Mr. McKELLAR. Yes; and it has been frequently held, too, that those rules have the force of law and are upheld.

Mr. WADSWORTH. Provided they are within the purview of the statute. I desire to remind the Senator that there is nothing strange, new, or mysterious in what the committee has done. We have it in practically every statute. If the Senator is deeply concerned about it, I advise him to go back to his office as soon as possible and get the Revised Statutes of the United States and bring in a series of amendments adding to a myriad of statutes the language which the House adds here.

Mr. McKELLAR. I think it is very important that it should be here in view of the large powers given.

Mr. WADSWORTH. I shall expect the Senator to offer a large number of amendments to existing law.

Mr. McKELLAR. I will take care of this one first.

Mr. FLETCHER. What the Senator from New York said is true. It is almost necessary that there should be some special provision, but the circumstances in connection with these tax matters are rather different from the ordinary legislative provisions regarding departments of the Government. I see no reason why these rules and regulations and all amendments thereto should not be reported to the Congress and be made public. One difficulty is that they may make rules and regulations in a day and nobody knows what they are. The taxpayer can not know and he is penalized, because he has not complied to some rule or regulation about which he knows nothing. I think it is a very excellent provision that the rules and regulations should be reported to Congress and become public property.

Mr. SMOOT. I want to say to the Senator that the rules and regulations are distributed by the hundreds of thousands. There is not a taxpayer in the United States who is at all interested who can not go to his local office and get 100 copies of them if he wants them.

Mr. FLETCHER. I know; but the department can make new ones every day in the week if they want to do so.

Mr. McKELLAR. And, as a matter of fact, they do make them in just that way. I have had very serious complaint time and again that a case has been submitted under the rules, and when the case is decided it is found that those rules have been altered or repealed and the case decided on an entirely new set of rules.

Mr. SMOOT. That would not make any difference in a situation of that kind.

Mr. McKELLAR. If it does not, we had better provide something that will make a difference, so the regulations may be reported and we may know and everybody may know what they are.

Mr. SMOOT. Of course, this is a general provision put in many laws for the purpose of allowing the officer having in charge the administration of the law power to make such rules and regulations as may be necessary. It is impossible for us to put into a law everything that may apply to every move made by the officer having in charge the enforcement of the law. That is all there is to it. No officer of the Government can make any rule or any regulation in violation of the law itself with any binding force.

Mr. FLETCHER. Not in violation of it; but he extends the law in a way or adds to the law or modifies the law without absolutely violating it. At any rate, I think the general provision is all right, and I am inclined to think there ought to be some limitation.

Mr. McKELLAR. The amendment will go over, anyway.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. COPELAND. I would like permission to offer an amendment to be added on page 52, to insert a section to provide for deductions for doctor bills, hospital bills, and drugs used for remedial purposes.

Mr. SMOOT. Let the amendment be printed and lie on the table.

Mr. COPELAND. Very well.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

The next amendment was, in section 1102 (c), on page 242, line 25, before the words "to be," to strike out "or VII" and to insert "VII, or VIII," so as to read:

RECORDS, STATEMENTS, AND SPECIAL RETURNS.

SEC. 1102. (a) Every person liable to any tax imposed by this act, or for the collection thereof, shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the commissioner, with the approval of the Secretary, may from time to time prescribe.

(b) Whenever in the judgment of the commissioner necessary he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as the commissioner deems sufficient to show whether or not such person is liable to tax.

(c) The commissioner, with the approval of the Secretary, may by regulation prescribe that any return required by Titles IV, V, VI, VII, or VIII to be under oath may, if the amount of the tax covered thereby is not in excess of $10, be signed or acknowledged before two witnesses instead of under oath.

The amendment was agreed to.

The next amendment was, in section 1102, on page 243, after line 3, to insert:

(d) Any oath or affirmation required by the provisions of this act or regulations made under authority thereof may be administered by any officer authorized to administer oaths for general purposes by the law of the United States or of any State, Territory, or possession of the United States, wherein such oath or affirmation is administered, or by any consular officer of the United States.

The amendment was agreed to.

Mr. FLETCHER. Mr. President, the amendment just agreed to allows oaths to be administered by notaries public in cases where under State laws they can administer oaths.

Mr. SMOOT. The object of the amendment is to remove any question as to the officers who are authorized to administer oaths under this act.

Mr. FLETCHER. That is a good provision.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, under the subhead "Administrative review," in section 1107, on page 246, line 20, after the word "section," to strike out "900" and to insert "1,000," and in line 21, after the word "administrative" to insert "or accounting," so as to make the section read:

SEC. 1107. In the absence of fraud or mistake in mathematical calculation, the findings of facts in and the decision of the commissioner upon (or in case the Secretary is authorized to approve the same, then after such approval) the merits of any claim presented under or authorized by the internal-revenue laws shall not, except as provided in section 1000, be subject to review by any other administrative or accounting officer, employee, or agent of the United States.

Mr. McKELLAR. Mr. President, let me ask the Senator from Utah does that mean that the accounting officer of the Treasury would not have such a right, or does it refer to him in any way?

Mr. SMOOT. Yes; that refers to the accounting officer.

Mr. McKELLAR. Does it refer to the comptroller?

Mr. SMOOT. Yes; it refers to the comptroller.

Mr. McKELLAR. I do not know just what effect it would have, but I am inclined to think that frequently the comptroller's supervision is very good.

Mr. SMOOT. I will say to the Senator that it is splendid; and not only that, but that his supervision saves millions and, indeed, hundreds of millions of dollars to the Government of the United States.

Mr. McKELLAR. I think it does, and I was merely wondering whether for that reason we ought to adopt the amendment. I am not going to ask that it go over; but if upon examination it shall be necessary to change it, I know we may have it reconsidered.

Mr. FLETCHER. This provision, if agreed to, would except rulings under the revenue laws from the consideration of the comptroller.

Mr. McKELLAR. In future the comptroller would have no power to pass on them. It is a very important provision. I do not know but what we had better let the amendment go over.

Mr. SMOOT. Mr. President, this only applies to the merits of the claim, not as to its legality at all. Of course the accounting officer has to pass upon every check that is paid.

Mr. McKELLAR. I do not know; but I think this provision rather makes an exception.

Mr. SMOOT. That is its object.

Mr. WADSWORTH. The provision relates to appeal claims under the administration of the tax law. The Senator from Tennessee would not imagine that such a question should go to the General Accounting Office?

Mr. SMOOT. It merely covers appeals on the merits of the claim.

Mr. McKELLAR. Such matters must go to the accounting officer now, or this amendment would not be necessary.

Mr. WADSWORTH. I suppose the provision is designed to clarify the matter, in order to make it plain that such cases shall not go to him. Let the Senator merely read the paragraph through. He does not, I assume, want the general accounting officer to pass upon the merits of a claim for refund under the tax law?

Mr. SMOOT. In the act of 1921 it was left out, and a question arose later as to why it was left out. Now we are merely putting it back.

Mr. McKELLAR. Has any question ever arisen between the accounting officer and the Treasury Department?

Mr. SMOOT. No; not as to the merits of the claim.

Mr. WADSWORTH. Only as to the legality of the payment.

Mr. McKELLAR. With the understanding that we may have a reconsideration of the amendment, if necessary, I shall not object.

The PRESIDING OFFICER. Without objection the amendment is agreed to. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, under the subhead "Limitation on assessments and suits by the United States," in section 1109 (b), on page 247, line 22, after the words "may be," to strike out "assessed at," and to insert "assessed, and a proceeding in court for the collection of such tax may be begun without assessment, at," so as to read:

(b) In case of a false or fraudulent return with intent to evade tax, of a failure to file a required return, or of a willful attempt in any manner to defeat or evade tax, the tax may be assessed, and a proceeding in court for the collection of such tax may be begun without assessment, at any time.

Mr. FLETCHER. Mr. President, I think that amendment ought to go over, in accordance with the action on other similar amendments.

Mr. SMOOT. This is merely an amendment involving a clerical change corresponding to the amendment which we made in section 278a and section 311a. I am told that those amendments were passed over; so this also ought to go over.

Mr. FLETCHER. They were passed over, and this amendment raises the same question that is involved in those amendments.

Mr. SMOOT. It raises the same question exactly.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. FLETCHER. I am inclined to think that there ought to be stricken out from this language, and the language also on the previous pages where the question was involved, the words "of a failure to file a required return." In the case of fraud or any fraudulent attempt or intention on the part of any taxpayer, I have no objection to the Government proceeding immediately and without any notice, but for mere failure to file a return I think it would be extending the provision a little too far. At any rate, we had better let it go over, and, perhaps, we can offer an amendment to it later.

The PRESIDING OFFICER. The amendment has gone over.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was in section 1109, at the top of page 248, to strike out "(c) Where the assessment of the tax is made within the period prescribed in subdivisions (a) and (b) such tax may be collected at any time by distraint or by a proceeding in court, but nothing in this subdivision shall be construed as preventing the beginning, without assessment, of a proceeding in court for the collection of the tax, before the expiration of the period provided in subdivision (a) for the beginning of such proceeding," and in lieu thereof to insert:

(c) Where the assessment of the tax is made within the period prescribed in subdivisions (a) and (b) such tax may be collected by distraint or by a proceeding in court, begun within six years after the assessment of the tax. Nothing in this act shall be construed as preventing the beginning, without assessment, of a proceeding in court for the collection of the tax at any time before the expiration of the period provided in subdivision (a) for the beginning of such proceeding.

Mr. FLETCHER. That amendment ought to go over.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. SMOOT. I call the attention of the Senator from Florida to the fact that this is exactly the same amendment that we agreed to at a point earlier in the bill, and there was no objection made to that amendment.

Mr. McKELLAR. The Senator refers to both subsections (c) and (d)?

Mr. SMOOT. Yes; I refer to both of them.

Mr. FLETCHER. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, in section 1109, on page 248, after line 16, to strike out "(d) This section shall not (1) authorize the assessment of a tax or the beginning of a proceeding in court for the collection of a tax if at the time of the enactment of this act such assessment or proceeding was barred by the period of limitation then in existence, or (2) affect any assessment made, or proceeding in court begun, before the enactment of this act," and in lieu thereof insert:

(d) This section shall not (1) authorize the assessment of a tax or the collection thereof by distraint or by a proceeding in court if at the time of the enactment of this act such assessment, distraint, or proceeding was barred by the period of limitation then in existence, or (2) affect any assessment made, or distraint or proceeding in court begun, before the enactment of this act.

Mr. FLETCHER. I wish to reserve that amendment, because the junior Senator from Georgia [Mr. GEORGE] is now absent.

Mr. SMOOT. The Senator from Georgia made the reservation on a previous amendment which is exactly similar.

Mr. FLETCHER. The Senator from Georgia also called my attention to the amendment on page 248 and suggested that it ought to go over. I have no objection, however, to agreeing to it, with the understanding that if he desires to reopen the question he shall have the privilege of doing so.

Mr. SMOOT. The Senator shall have that privilege.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, under the subhead "Limitation on prosecutions by the United States," in section 1110 (a), on page 249, line 10, after the word "is," to strike out "reenacted without change" and to insert "amended to read," so as to read:

LIMITATION ON PROSECUTIONS BY THE UNITED STATES

SEC. 1110. (a) The act entitled "An act to limit the time within which prosecutions may be instituted against persons charged with violating internal-revenue laws," approved July 5, 1884, is amended to read as follows:

The amendment was agreed to.

The next amendment was, in section 1110 (a), on page 249, line 16, after the word "offense," to insert a colon and the following proviso:

Provided, That for offenses involving the defrauding or attempting to defraud the United States or any agency thereof, whether by conspiracy or not, and in any manner, the period of limitation shall be six years, but this proviso shall not apply to acts, offenses, or transactions which were barred by law at the time of the enactment of the revenue act of 1924:

The amendment was agreed to.

The next amendment was, in section 1112, on page 251, line 15, before the word "All" to insert "(a)"; and in line 23, after the word "or," to strike out "sum," and to insert "sum," so as to read:

SEC. 3228. (a) All claims for the refunding or crediting of any internal-revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty alleged to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected must, except as provided in section 281 of the revenue act of 1924, be presented to the Commissioner of Internal Revenue within four years next after the payment of such tax, penalty, or sum.

Mr. McKELLAR. That amendment relates to refunds. I ask that all the provisions affecting refunds may go over.

Mr. SMOOT. Does the Senator mean the entire section?

Mr. McKELLAR. I mean all the provisions relating to refunds on pages 250, 251, and 252, down to line 17 on that page.

The PRESIDING OFFICER. That portion of the bill will be passed over.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, under the subhead "Limitations upon suits and proceedings by the taxpayer," in section 1115; on page 253, line 20, after the word "repealed," to insert "and any claim for credit or refund of taxes imposed by the revenue act of 1916, the revenue act of 1917, the revenue act of 1918, the revenue act of 1921, or any such act as amended, heretofore denied in whole or in part because of the provisions of such section may be reopened and decided without reference to its provisions," so as to make the section read:

SEC. 1115. Section 3225 of the Revised Statutes, as amended, is repealed and any claim for credit or refund of taxes imposed by the revenue act of 1916, the revenue act of 1917, the revenue act of 1918, the revenue act of 1921, or any such act as amended, heretofore denied in whole or in part because of the provisions of such section may be reopened and decided without reference to its provisions.

The PRESIDING OFFICER. The Chair will ask whether the Senator from Tennessee also desires the amendment just stated to go over?

Mr. McKELLAR. I ask that all amendments under the heading "Refunds" may go over.

Mr. SMOOT. The amendment just stated is a limitation upon judicial proceedings. There is not anything in the amendment to which the Senator can object, I think, because it is designed to secure greater clarity; that is all there is to it.

Mr. KING. May I inquire whether the provision in respect to the creation of a board of tax appeals has gone over?

Mr. SMOOT. That has gone over.

Mr. KING. I have been compelled to be with the conferees on the immigration bill all morning, and I have not been able to follow the bill.

Mr. McKELLAR. I should like to have the amendment last stated go over, and I would also like——

Mr. SMOOT. Does the Senator mean the amendment on page 253?

Mr. McKELLAR. No; not the limitation; I have no objection to that at all; but I should like to have the amendment

on page 262, that provides for the payment of interest on refunds, to go over.

The PRESIDING OFFICER. Without objection, the amendment at the bottom of page 253 is agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, under the subhead "Penalties," on page 254, after line 7, to strike out:

SEC. 1017. (a) Any person required under this act to pay, or to collect, account for, and pay over, any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any such tax, who willfully refuses to pay, collect, or truthfully account for and pay over, any such tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, or who willfully attempts in any manner to evade such tax, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and be fined not more than $10,000 or imprisoned for not more than one year, or both, together with the costs of prosecution.

And in lieu thereof to insert:

SEC. 1117. (a) Any person required under this act or regulations made under authority thereof to keep any records or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by this act, who fails to keep such records or supply such information at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be subject to a penalty of not more than $1,000.

Mr. FLETCHER. Mr. President, will this section 1117 (a) penalize a business man, for instance, who fails to keep proper books of account and data of that sort? It seems to me the penalties are very drastic except where there has been a failure to keep the records with deliberate intent to defraud the Government. A small storekeeper, for instance, does not want to employ a regular bookkeeper to keep a full set of double-entry books. There is a question in my mind as to whether this provision would apply to him.

Mr. SMOOT. Not at all, and I will say to the Senator that we have adopted the existing law in this instance. The experience of the department is such that they think it is absolutely necessary to continue the existing law without any change. It does not apply to a case like that to which the Senator has referred.

Mr. OVERMAN. Why does it not?

Mr. FLETCHER. It is rather broad. It says:

Any person required under this act or regulations made under authority thereof to keep any records or supply any information, for the purposes of computation, assessment, or collection of any tax imposed by this act, who fails to keep such records or supply such information at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be subject to a penalty of not more than $1,000.

Mr. SMOOT. Suppose we did not have this provision in the bill, and the taxpayer should say, when requested to furnish certain information by the department, that he did not have it and did not keep any books, and he should put up that as a defense. There is no rule or regulation in this matter; but we certainly have to have in the law some way to enforce the procurement of the information that is asked for by the Government. It has always been done in the past under the existing law. The provision has got to be reasonably administered; we understand that.

Mr. FLETCHER. I can see how the Government ought to be protected so far as possible; but at the same time the language is very broad. It says:

Who fails to * * * supply such information at the time or times required by law.

The information might possibly not be available, or it might be impossible to supply the particular kind of information required without any purpose at all to defraud.

Mr. SMOOT. Then it would not apply. I have not heard anybody complain of the provision of the existing law in this respect.

Mr. FLETCHER. I have no complaint about it, but I am struck with the idea of what might occur under it.

Mr. WADSWORTH. The word "willfully" appears to be left out of the amendment.

Mr. SMOOT. That is the House provision?

Mr. WADSWORTH. I understand that, but in the amendment the word "willfully" is not included.

Mr. SMOOT. It is not in the present law.

Mr. WADSWORTH. May I ask the Senator from Utah which is the present law and which is the House provision?

Mr. SMOOT. The language of the present law begins in section 1117a, as amended by the Senate committee and reported to the Senate.

Mr. WADSWORTH. That is the present law?

Mr. SMOOT. Yes; that is the present law.

Mr. WADSWORTH. What was the object of the Senate committee in striking out the House provision?

Mr. SMOOT. They thought the existing law was better than the House provision, more clear and more direct.

Mr. WADSWORTH. The significant difference which I see, and which at first blush led me to prefer the House language, is the fact, for example, that in line 13, page 254, we find this language:

Who willfully refuses to pay, collect, or truthfully account for and pay over, * * * keep such records, or supply such information—

Who "willfully" refuses to keep such records and supply such information, and so forth.

In the committee amendment, which the Senator says is a restoration of the existing statute, the word "willfully" is left out.

Mr. SMOOT. If the word "willfully" was put in there, then the Government would not have any remedy whatever, unless it could be proven that it was willfully done. There would be no penalty at all.

Mr. GERRY. Mr. President, will the Senator from Utah allow me to interrupt him?

Mr. SMOOT. I yield.

Mr. GERRY. I agree with the Senator from New York as to his contention with regard to the use of the word "willfully," but does not the word "willfully" in line 9 cover the construction of the remainder of the paragraph?

Mr. WADSWORTH. In line 9, of which page?

Mr. SMOOT. On page 255, where it reads:

Who willfully fails to pay such tax.

Mr. GERRY. It reads:

Who willfully fails to pay such tax.

Mr. WADSWORTH. No. What I am referring to is subdivision (a) of section 1117. It may be the present law, but that does not make it right.

Mr. FLETCHER. I wish to offer an amendment to the amendment.

Mr. WADSWORTH. Just a moment. Under subdivision (a), any person who fails to keep such records or supply such information at the time or times required by law or regulations is subject to a penalty, in addition to other penalties provided by law, of not more than $1,000.

Mr. GERRY. I misunderstood the paragraph to which the Senator was referring. I think he is right with regard to the first paragraph.

Mr. WADSWORTH. I want to know why in that case the word "willfully" should not be used.

Mr. SMOOT. If the word "willfully" is used there is no penalty, and we can not get the information.

Mr. WADSWORTH. I think that is scarcely a fair statement, Mr. President.

Mr. SMOOT. I will add, then, in case they did not want to give it.

Mr. WADSWORTH. It is entirely within the powers of the department to notify the prospective taxpayer, after an examination of his records and books, that they do not disclose all the information desired. Therefore they may direct him to furnish additional records, or to keep in the future better records; and then, if he wilfully refuses to comply, he should be subject to a penalty. As the language is now drawn, however, an innocent failure, as I read it, to have his records and books kept in the way prescribed by the regulations of the department may subject him to a penalty as high as $1,000.

Mr. SMOOT. Provided he did not make a return; that is true.

Mr. WADSWORTH. I see nothing in that paragraph about making a return.

Mr. FLETCHER. If the taxpayer fails to furnish information required by any regulation the department might make, of which the taxpayer might have no knowledge at all, he is subject to this penalty.

Mr. SMOOT. I have not heard of anybody in the United States complaining of it, and it has been the law since we put this heavy taxation into force.

Mr. WADSWORTH. If that is the case, why did the House change it? The House inserted the word "willfully," and the Senate committee has stricken it out. There must have been

some reason for it, and I want to know the reason; and the significant change or difference is the absence of the word "willfully."

Mr. FLETCHER. It seems to me that it is entirely safe for the Government to insert the word "willfully" on line 1, after the word "who," so that it will read:

Any person required under this act * * * to keep any records or supply any information * * * who willfully fails to keep such records or supply such information at the time or times required by law—

And so forth.

If the Government proves that the person was required by law or regulation to keep such records or to furnish such information, and he does not do it, the Government has a prima facie case. If he is able to show that he did not know of the regulation complained of, that he has not willfully failed to comply with it, that he has not done it to evade any tax at all, but that he simply failed to give the information because he did not know it was required of him under any regulations issued by the department; it seems to me that ought to be a good defense, and he ought to be relieved of any penalty or punishment.

As this amendment is up now, and I think it is in order at this time, I move to amend the amendment in line 1, page 255, after the word "who," by inserting the word "willfully."

Mr. SMOOT. Mr. President, if the Senator objects only to the omission of the word in connection with the keeping of the records—and that is all that he could possibly object to—why not strike out in line 23 the words "to keep any records or," so that it will then read:

Any person required under this act or regulations made under authority thereof to supply any information for the purposes of the computation, assessment, or collection of any tax imposed by this act—

And so forth.

If the Senator does not think we ought to say that the taxpayer shall keep records, strike out the records and let it apply only to the furnishing of information.

Mr. FLETCHER. I have no objection to the law applying both to the records and to the information, provided the man is not violating the law knowingly.

Mr. GERRY. Mr. President, I think the same objection which applies to the failure to use the word "willfully," in connection with the keeping of records, applies also to supplying information. The real question there is the question of intent. That is what the Senator from New York [Mr. WADSWORTH] and the Senator from Florida [Mr. FLETCHER] are driving at; and I do not think that the department should be able to penalize a citizen or an individual because he has failed to comply with certain regulations or has failed to give certain information that they have desired. It may be that unintentionally he has not answered certain communications, and in that case a perfectly innocent individual would be subject to a rather heavy penalty. I see no reason why the word "willfully" should not be inserted, so that the burden of proof may be on the Government to show that there was an improper motive in withholding the information.

Mr. SMOOT. Mr. President, rather than have the word "willfully" inserted in paragraph (a), section 1117, I would rather strike out the whole paragraph.

The PRESIDING OFFICER. The Senator from Florida offers an amendment, which will be stated by the Secretary.

The READING CLERK. On page 255, line 1, after the word "who," it is proposed to insert the word "willfully," so that it will read:

who willfully fails to keep such records—

And so forth.

Mr. SMOOT. Then there will be two paragraphs on the subject. We had better strike out (a) entirely, because the word "willfully" is in paragraph (b). There is no need of having both of them in the bill if we are going to have the word "willfully" in both, because if that word is used, paragraph (b) covers the whole thing.

Mr. FLETCHER. No; one covers furnishing information and keeping records and the other covers failure to pay.

Mr. SMOOT. One covers information, and if we take out the records they both cover information. The bill says specifically, in paragraph (b):

who willfully fails to pay such tax, make such return, keep such records, or supply such information.

If Senators want to use the word "willfully," then it would be better to strike out paragraph (a) entirely.

Mr. OVERMAN. I do not see any use for it, anyhow. Let us strike it out.

Mr. SMOOT. The only use for it was that they did not want to use the word "willfully" there. They wanted the information.

Mr. OVERMAN. The matter is covered in the next section.

Mr. SMOOT. Rather than have any controversy about it, I ask that paragraph (a) of section 1117 be rejected.

Mr. FLETCHER. I have no objection to that.

Mr. KING. Mr. President, I am not sure that the motion just made by the senior Senator from Utah [Mr. SMOOT] ought to be agreed to. It is unfortunate, but nevertheless it is true that many large corporations and some individuals of large means have concealed their assets and their profits. Their system of bookkeeping has been so misleading that their books have not reflected the true earnings or profits or assets of such corporations and such individuals. We must remember that a tax bill such as this is has to deal not only with the honest taxpayer but with the dishonest taxpayer; not only with those who willingly place before the Government officials all of their assets and all of their business transactions, so far as they relate to taxation, but with those who deliberately and intentionally conceal their business activities for the purpose of evading an honest tax.

It is a matter of common knowledge that large corporations in the United States have avoided taxation. They have done it by failing to keep proper books—books that would reflect the true condition of their business transactions and the profits which have been made. Their books likewise in some instances have claimed credits for obsolescence, for depletion, for depreciation in value of property, that were not fair or honest. Therefore, there should be a provision that will provide for the keeping of records that will enable the Government to determine just what the taxes ought to be, and there ought to be a penalty for those who willfully refuse to keep the proper books in order that the Government may ascertain what an honest and fair tax would be.

If paragraph (a) covers that point, as I think it does, if the word "willfully" is added, then obviously that is proper; and to strike it out, unless there is another provision that would cover the same thought, would be highly improper. I think it is better to retain it, accepting the amendment offered by the Senator from Florida, and that would meet the objection which he has, and that would put it beyond the peradventure of a doubt as to the intent of the legislature, and would make it less possible for the dishonest taxpayer to avoid the payment of his taxes or evade the keeping of records required by law.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida [Mr. FLETCHER] to the amendment of the committee.

Mr. SMOOT. Mr. President, will the Senator withhold that amendment? I think paragraph (a) ought to go out entirely.

Mr. FLETCHER. Mr. President, the Senator from Utah [Mr. KING] rather thought this paragraph ought to stay in because he was in doubt about its being covered by other provisions of the law. I was just going to reply to that and call his attention to paragraph (b), which does seem to cover the matter as far as any willful violation is concerned.

Mr. SMOOT. It covers the same thing.

Mr. FLETCHER. So that in case paragraph (b) is agreed to, there would be really no occasion for paragraph (a) at all.

With reference to the observation made by the Senator from Utah [Mr. KING] that paragraph (b) takes care of any willful failure to keep records or furnish information, I think that is the case; and therefore I see no reason why we should not just disagree to the Senate amendment as to parugraph (a), and then proceed with paragraph (b).

Mr. SMOOT. That was my motion.

The PRESIDING OFFICER. Does the Senator from Florida withdraw his amendment?

Mr. FLETCHER. I withdraw the amendment.

The PRESIDING OFFICER. The question, then, is upon agreeing to the committee amendment, paragraph (a).

The amendment was rejected.

Mr. SMOOT. Now, of course, the lettering of the subsequent paragraphs should be changed.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 255, line 5, following the words reported by the committee and rejected, to insert:

(a) Any person required under this act to pay any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by this act,

who willfully fails to pay such tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than one year, or both, together with the costs of prosecution.

(b) Any person required under this act to collect, account for and pay over any tax imposed by this act, who willfully fails to collect or truthfully account for and pay over such tax, and any person who willfully attempts in any manner to evade or defeat any tax imposed by this act or the payment thereof, shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution.

(c) Any person who willfully (1) aids or assists in the preparation or presentation of a false or fraudulent return, affidavit, claim, or document, authorized or required by the internal revenue laws, or (2) procures, counsels, or advises the preparation or presentation of such return, affidavit, claim, or document, shall (whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document) be guilty of a felony and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution.

The amendment was agreed to.

The next amendment was, on page 256, line 15, before the word "Any" to strike out "(b)" and to insert "(d)"; in the same line, after the word "willfully," to strike out "refuses" and to insert "fails"; and in line 17, after "VII," to strike out "and VIII" and to insert "VIII and IX, or willfully attempts in any manner to evade or defeat any such tax or the payment thereof,"; so as to read:

(d) Any person who willfully fails to pay, collect, or truthfully account for and pay over any tax imposed by Titles IV, V, VI, VII, VIII, and IX, or willfully attempts in any manner to evade or defeat any such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty of the amount of the tax evaded, or not paid, collected, or accounted for and paid over, to be assessed and collected in the same manner as taxes are assessed and collected. No penalty shall be assessed under this subdivision for any offense for which a penalty may be assessed under authority of section 3176 of the Revised Statutes as amended, or for any offense for which a penalty has been recovered under section 3256 of the Revised Statutes.

The amendment was agreed to.

The next amendment was, on page 257, line 4, to change the number of the paragraph from "(c)" to "(e)."

The amendment was agreed to.

The next amendment was, under the subhead "Interest on refunds and credits," in section 1119, on page 262, line 12, after the words "rate of," to strike out "5 per cent" and to insert "6 per cent," so as to read:

SEC. 1119. Upon the allowance of a credit or refund of any internal-revenue tax erroneously or illegally assessed or collected, or of any penalty collected without authority, or of any sum which was excessive or in any manner wrongfully collected, interest shall be allowed and paid on the amount of such credit or refund at the rate of 6 per cent per annum from the date such tax, penalty, or sum was paid to the date of the allowance of the refund, or in case of a credit, to the due date of the amount against which the credit is taken, but if the amount against which the credit is taken is an additional assessment, then to the date of the assessment of the amount. The term "additional assessment" as used in this section means a further assessment for a tax of the same character previously paid in part.

Mr. SMOOT. The Senator from Tennessee was compelled to leave the Chamber, and he asked that this amendment be passed over when reached.

The PRESIDING OFFICER. The amendment will be passed over.

The next amendment was, under the subhead "Payment of and receipts for taxes," in section 1121 (b), on page 263, line 22, after the words "of any," to strike out "tax (other than stamp tax)" and to insert "income tax," so as to read:

(b) Every collector to whom any payment of any income tax is made shall upon request give to the person making such payment a full written or printed receipt, stating the amount paid and the particular account for which such payment was made; and whenever any debtor pays taxes on account of payments made or to be made by him to separate creditors the collector shall, if requested by such debtor, give a separate receipt for the tax paid on account of each creditor in such form that the debtor can conveniently produce such receipts separately to his several creditors in satisfaction of their respective demands up to the amounts stated in the receipts; and such receipt shall be sufficient evidence in favor of such debtor to justify him in withholding from his next payment to his creditor the amount therein stated; but the creditor may, upon giving to his debtor a full written receipt acknowledging the payment to him of any sum actually paid and accepting the amount of tax paid as aforesaid (specifying the same) as a further satisfaction of the debt to that amount, require the surrender to him of such collector's receipt.

The amendment was agreed to.

The next amendment was, under the subhead "Method of collecting tax," in section 1122, on page 264, at the end of line 26, to strike out "or VII" and to insert "VII, or VIII," and on page 265, line 7, after the word "Title," to strike out "VIII" and insert "IX," so as to make the section read:

SEC. 1122. Whether or not the method of collecting any tax imposed by Titles IV, V, VI, VII, or VIII is specifically provided therein, any such tax may, under regulations prescribed by the commissioner, with the approval of the Secretary, be collected by stamp, coupon, serial-numbered ticket, or such other reasonable device or method as may be necessary or helpful in securing a complete and prompt collection of the tax. All administrative and penalty provisions of Title IX, in so far as applicable, shall apply to the collection of any tax which the commissioner determines or prescribes shall be collected in such manner.

The amendment was agreed to.

The next amendment was, on page 272, after line 2, to insert:

ENFORCEMENT OF TAX LIENS

SEC. 1130. Section 3207 of the Revised Statutes is amended to read as follows:

"SEC. 3207. (a) In any case where there has been a refusal or neglect to pay any tax, and it has become necessary to seize and sell real estate to satisfy the same, the Commissioner of Internal Revenue may direct a bill in chancery to be filed, in a district court of the United States, to enforce the lien of the United States for tax upon any real estate, or to subject any real estate owned by the delinquent, or in which he has any right, title, or interest, to the payment of such tax. All persons having liens upon or claiming any interest in the real estate sought to be subjected as aforesaid, shall be made parties to such proceedings and be brought into court as provided in other suits in chancery therein. And the said court shall, at the term next after the parties have been duly notified of the proceedings, unless otherwise ordered by the court, proceed to adjudicate all matters involved therein, and finally determine the merits of all claims to and liens upon the real estate in question, and in all cases where a claim or interest of the United States therein is established shall decree a sale of such real estate, by the proper officer of the court, and a distribution of the proceeds of such sale according to the findings of the court in respect to the interests of the parties and of the United States.

"(b) Any person having a lien upon or any interest in such real estate, notice of which has been duly filed of record in the jurisdiction in which the real estate is located prior to the filing of notice of the lien of the United States as provided by section 3186 of the Revised Statutes as amended, or any person purchasing the real estate at a sale to satisfy such prior lien or interest, may make written request to the Commissioner of Internal Revenue to direct the filing of a bill in chancery as provided in subdivision (a), and if the commissioner fails to direct the filing of such bill within six months after receipt of such written request, such person or purchaser may, after giving notice to the commissioner, file a petition in the district court of the United States for the district in which the real estate is located, praying leave to file a bill for a final determination of all claims to or liens upon the real estate in question. After a full hearing in open court the district court may, in its discretion, enter an order granting leave to file such bill, in which the United States and all persons having liens upon or claiming any interest in the real estate shall be made parties. Service on the United States shall be had in the manner provided by sections 5 and 6 of the act of March 3, 1887, entitled 'An act to provide for the bringing of suits against the Government of the United States.' Upon the filing of such bill the district court shall proceed to adjudicate the matters involved therein in the same manner as in the case of bills filed under subdivision (a) of this section. For the purpose of such adjudication the assessment of the tax upon which the lien of the United States is based shall be conclusively presumed to be valid, and all costs of the proceedings on the petition and the bill shall be borne by the person filing the bill."

Mr. KING. Mr. President, I see in the Chamber the attorney who has been so valuable in the preparation of the bill, and I ask the chairman of the Committee on Finance to what extent this amendment modifies the existing law, and, if it was deemed necessary to modify the existing law, why did not the House take up that matter?

Mr. SMOOT. Paragraph (a) of section 3207 is existing law, word for word. Paragraph (b) is new. Paragraph (b) is found

necessary in order to protect the Government interests. In other words, if there is a prior lien upon property held by any individual, and that lien is foreclosed and the property sold just for the amount of money the prior obligation amounts to, to-day the Government has no way of going into a district court and intervening, and if the property is more valuable than the amount of the obligation held by the private party under paragraph (b), the Government will get some relief.

Mr. KING. That was my understanding; but I was wondering why the House did not take the matter up.

Mr. SMOOT. I do not know why the House did not put it in. I can not say why, but the experience of the department has shown that it is absolutely necessary to protect the interests of the Government.

Mr. KING. I recall the discussion in our committee, but I had no recollection as to whether the matter was presented concerning the attitude of the House as to this matter. I assume, then, that it was not considered in the House, and that there will be no antagonism by the House committee to this amendment.

The PRESIDING OFFICER (Mr. WILLIS in the chair). The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 274, line 11, after the word "Title," to strike out "XI" and insert "XII," so as to make the heading read:

Title XII—General provisions.

The amendment was agreed to.

The next amendment was, under the subhead "Repeals," in section 1200 (a), on page 274, line 22, after "Messages")," to strike out "except subdivision (d) of section 500, effective on the expiration of 30 days after the enactment of this act," so as to read:

Title V (called "Tax on telegraph and telephone messages").

Mr. SMOOT. Let that amendment go over.

Mr. KING. I was about to suggest to the attorney that he examine the bill carefully to see that a saving provision is attached, so that any rights the Government has will not be lost by the repealing provision. I am afraid there is not a sufficiently saving provision found in the bill.

Mr. SMOOT. Paragraph (b), on page 275, line 24, takes care of the very matter to which the Senator has referred.

Mr. KING. It does as to a part of it, but I am not sure that it does as to all.

The PRESIDING OFFICER. The amendment at the bottom of page 274 will be passed over.

The next amendment was, in section 1200 (a), on page 275, line 8, after the word "Sections," to strike out the numerals "900," so as to read:

Sections 901, 902, 903, and 904 of Title IX (being certain excise taxes).

The amendment was agreed to.

The next amendment was, in section 1200 (a), on page 275, line 10, after the word "Section," to insert "900 of Title IX (being certain excise taxes) and section," so as to read:

Section 900 of Title IX (being certain excise taxes) and section 905 of Title IX (being the tax on jewelry and similar articles), effective on the expiration of 30 days after the enactment of this act.

Mr. KING. I make the same suggestion to counsel in regard to this paragraph—that he examine the protective provisions to see that any rights which the government has will not be lost by the repealing clauses of the act.

Mr. OVERMAN. That should be done in the committee rather than by making suggestions here to counsel.

Mr. SMOOT. I am sure that it will be attended to very carefully.

The amendment was agreed to.

The next amendment was, on page 276, after line 22, to insert:

LEGISLATIVE DRAFTING SERVICE

SEC. 1201. Section 1303 of the revenue act of 1918 is amended by adding at the end thereof a new subdivision to read as follows:

"(d) After this subdivision takes effect the legislative drafting service shall be known as the office of the legislative counsel, and the two draftsmen shall be known as legislative counsel. The positions of legislative counsel shall be allocated from time to time by the President of the Senate and the Speaker of the House of Representatives, jointly, to the appropriate grade in the compensation schedules of section 13 of the classification act of 1923. The rate of compensation of each of the two legislative counsel shall be fixed from time to time, within the limits of such grade, by the President of the Senate and the Speaker of the House of Representatives, respectively. The increased compensation provided for in this subdivision shall, when fixed, be in lieu of the salary specified in subdivision (a). The legislative counsel shall have the same privilege of free transmission of official mail matter as other officers of the United States Government."

Mr. OVERMAN. Why is this provision for a drafting service included in a tax bill? It ought to be provided for in a separate statute, passed regularly by the Congress, fixing the salaries and making appropriations instead of including it in a tax bill. I can not understand why such a provision for a drafting service is put into the pending bill.

Mr. SMOOT. The creation of the drafting service was provided for in the revenue act of 1918, and that is the reason why we have covered it in this bill. If it had not been provided for in the act of 1918, we would not have undertaken to include it here.

Mr. OVERMAN. I suggest to the Senator that he prepare a bill and that we pass it, providing for this service, instead of providing for it in a tax bill. Let us get a law on the subject establishing this service.

Mr. SMOOT. I suggest to the Senator that we let this provision go to conference, and see what can be done.

Mr. OVERMAN. It is all very indefinite. The Speaker of the House and the President of the Senate can appoint anyone they choose, and fix the salaries.

Mr. SMOOT. If the Senator will notice, on page 237 it is provided that their compensation shall fall under the classification act of 1922. They are to be paid just the same as they would be paid under that act. They will get the salary provided in whatever bracket of the classification they fall under, and they will not get any more. If they fall within a certain rate of pay, they ought to get it.

Mr. OVERMAN. I understand that the Senator is willing to let it go to conference, and let the conferees of the Senate and the House take up the question. I make the suggestion that it is all irregular to provide in the pending bill for this drafting service. There ought to be something definite. The way it is, it is very indefinite.

Mr. SMOOT. It would not have been undertaken if it had not been originally provided for in the act of 1918.

Mr. FLETCHER. It is an amendment of an existing statute?

Mr. SMOOT. Certainly.

CHILD LABOR, CONSTITUTIONAL AMENDMENT

Mr. PITTMAN. Mr. President, the senior Senator from Arkansas [Mr. ROBINSON] is unavoidably absent at the present time, and it has come to my attention that an article appeared in the Washington Herald this morning which purports to contain a telegram addressed by the senior Senator from Illinois [Mr. MCCORMICK] to Mrs. Maud Wood Park, president of the League of Women Voters. The telegram is inaccurate, and does a serious injustice to the Senator from Arkansas. I desire that the article be read from the desk.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Secretary will read.

The reading clerk read as follows:

SAYS MINORITY DELAYS ACTION ON CHILD LABOR—G. O. P. SENATE LEADER WIRES WOMEN VOTERS DEMOCRATS REFUSE TO AGREE ON DATE—RIVALS DENY CHARGE—DECLARE THEY ARE IN FAVOR OF LEGISLATION TO PROTECT JUVENILE WORKERS IN UNITED STATES

(By Universal Service)

Republican and Democratic Senators have reached another impasse over the child labor amendment.

Leaders of each party accuse the other of causing delay in that legislation.

BRINGS ISSUE UP

Senator MCCORMICK, of Illinois, yesterday brought the issue to the fore by a telegram he sent to Mrs Maud Wood Park, president of the League of Women Voters, in convention at Buffalo, charging that Senator ROBINSON, of Arkansas, the minority leader, refused to agree to a date on which to vote on the child labor amendment. The telegram reads:

"The child labor amendment is to be taken up in the House to-day. As you know I have sponsored the child labor amendment in the Senate for the permanent council for the prevention of Child Labor. At my request, Senator LODGE, in behalf of the Republican majority, has asked consent that a date be fixed when we may vote on the child labor amendment. Senator ROBINSON, in behalf of the Democratic minority, has refused that request. In my judgment it is unnecessary to solicit the support of any Republican Senator for the amendment, but you will have a heavy task in inducing many of the Democratic Senators to agree even to permit a vote on the child labor amendment."

Mr. PITTMAN. Mr. President, not only is the statement of the Senator from Illinois incorrect as to the facts—and it is strange that he should have made that mistake, as he was present in the Chamber at the time the occurrence took place—but he has gone further and made a statement that is a misrepresentation of the Senator from Arkansas [Mr. ROBINSON] with regard to the attitude of the Democrats on this side of the Chamber. I think possibly the best answer to the telegram of the Senator from Illinois is to read from the CONGRESSIONAL RECORD of April 23, at page 6935, exactly what took place:

Mr. LODGE. Mr. President, will the Senator from Alabama yield to me for a moment?

Mr. UNDERWOOD. I yield to the Senator from Massachusetts.

Mr. LODGE. I simply desire to submit a request for unanimous consent. I ask unanimous consent that Senate Joint Resolution 1, the child labor constitutional amendment, so called, be taken up on the conclusion of the consideration of Senate Resolution 211, about which the Senate made a unanimous-consent agreement yesterday. I ask the senior Senator from Arkansas [Mr. ROBINSON] if there will be any objection to entering into such an agreement?

Mr. ROBINSON. Personally I would have no objection to such an arrangement, but I suggest to the Senator from Massachusetts, at the instance of Senators about me, that perhaps the arrangement had best be deferred for the present until some consultation may be had.

Mr. LODGE. Very well; I shall not press it at this time, but will take it up later. I thank the Senator from Alabama.

Mr. WARREN. Mr. President, I wish to say in connection with the requests for unanimous consent to farm out time in the future that we are getting far afield. So far as I am concerned, I shall consider it my duty to object to such proposals until we can get further along in the matter of disposing of appropriation bills that are piling up one on the other, with no opportunity for Senators in charge of those bills to get the floor, because with matters of immigration, the bonus, and so forth, the floor is occupied all the time, and it would seem now to be proposed to reach into the future and dispose of the time next week and the week after that. I shall object to that kind of a procedure.

If there was any intimation whatever that there was to be an objection to the unanimous-consent request, the RECORD discloses that the distinguished Senator from Wyoming [Mr. WARREN], chairman of the Committee on Appropriations, was the Senator who would object.

As a matter of fact, it was evident, knowing the position of the Senator from Arkansas in the past and at present on the child labor amendment, that he had no intention of objecting. It was perfectly evident to the Senator from Illinois that the Senator from Arkansas has always been a strong advocate of that amendment, and is now a strong advocate of it. He knows that nearly every Senator on this side of the Chamber has spoken and voted for a similar joint resolution to amend the Constitution in the past and is in favor of it now.

The Senator from Illinois understood that and he also understood, as well as did the Senator from Massachusetts [Mr. LODGE], that when the matter was being brought up without any conference between the two leaders, the leader on the Republican side and the leader on the Democratic side, the Senators on the minority side were not in a position to agree to any particular date to take up that resolution or any other resolution. There was pending at that very moment important legislation in this body and, as the Senator from Wyoming [Mr. WARREN] said, there were appropriation bills piling up on top of each other that had a prior right to consideration by the Senate.

Yet the Senator from Illinois attempted to create the impression in the minds of this large body of influential women in the country that the Senator from Arkansas objected to the unanimous consent and that in that action he represented the minority in opposition to the resolution. There is no foundation for that whatever, as disclosed by the colloquy which I have just read from the CONGRESSIONAL RECORD.

It was unfair to the Senator from Arkansas. It was unfair to the Democratic minority. As a matter of fact it was unfair to the Senator from Wyoming. The Senator from Wyoming is not opposed to its consideration, and yet he stated right at that time that he does not intend to stand for the procedure of farming out the time in the future until the appropriation bills are disposed of. He must have understood, as the Senator from Massachusetts understood, that it was a matter upon which they should confer with regard to time.

By reason of the fact that the Senator from Arkansas is absent from the Senate and has been absent since day before yesterday, I have taken this occasion to place in the RECORD the telegram of the Senator from Illinois and to read from the RECORD exactly what took place in the Senate that day.

Mr. McCORMICK. Mr. President, unhappily I was not present during the first part of the remarks of the Senator from Nevada. If I have done the Senator from Arkansas any injustice I greatly regret it. Among the Senators on his own side he has no warmer admirer or greater friend than I am. The facts presently will demonstrate where the opposition to the amendment lies. The debate upon the subject during the last Congress, as the Senator from Nevada will recall, showed that the greater part of the opposition was on the other side of the Chamber. I hazard the conjecture that when the leader of the majority again asks for unanimous consent to fix a day for debate and a vote upon the proposed constitutional amendment, if there be any objection it will not be on this side of the Chamber.

Mr. PITTMAN. That is far afield of the question as to what may happen. I was discussing the Senator's telegram, of which he has knowledge, and I read from the RECORD which contradicts it. What may happen in the future I do not know nor does the Senator from Illinois. There is one thing certain, that Senators on both sides of the Chamber have shown by their votes and by their speeches that they are overwhelmingly in favor of a child-labor resolution.

It would appear from the Senator's telegram that if one Senator objected to a unanimous-consent request to take up the resolution, it was dead. As a matter of fact this body may at any time by motion take up any measure pending on the calendar. If the Senator from Illinois, who was sitting here and whose telegram states that he prompted the Senator from Massachusetts to ask for the unanimous consent, had been anxious that the joint resolution be taken up at the time the unanimous consent request was made for that purpose, he could have made it a special order by presenting a motion to that effect. He could have taken it up on a motion immediately before the pending legislation was taken up. There are enough votes here, as he knows, to carry such a motion. Yet he sat in his seat while the colloquy was going on which I have read, and remained silent. He did not rise to protest. He did not rise to make the speech he has just now made. He made no motion to make the joint resolution a special order. He made no motion to take it up, but he ran to the telegraph office to send the telegram which has just been read, which is not an accurate statement of the position taken in the Senate by the Senator from Arkansas [Mr. ROBINSON] or the position that he has taken in the past with regard to the resolution.

I am glad that the Senator from Illinois has stated that he is a friend of the Senator from Arkansas and that he likes him and admires him. If anything that he has said can be considered as an apology for his action toward the Senator from Arkansas I think it would be a good thing as between friends.

Mr. McCORMICK. I think I was not in the Chamber at the time the Senator from Massachusetts made the request. But be that as it may, the Senator will recall from our experience in the last debate that even though a majority of the Senators, and even though two-thirds of the Senators are in favor of such an amendment, a discussion of the subject may be so greatly prolonged that no action may be had upon the proposed amendment.

Mr. HARRISON. Mr. President, I am a little surprised at the distinguished Senator from Illinois [Mr. McCORMICK] sending this telegram under the circumstances and then refusing to make apology, not to the distinguished Senator from Arkansas [Mr. ROBINSON], the leader on this side of the aisle, but to the minority over here. The impression which the Senator sought to create in the minds of these good women, who happen now to be voters, was that the minority was opposed to any consideration of the child-labor amendment and should be held accountable therefor.

Mr. McCORMICK. Is the Senator from Mississippi going to vote for the amendment?

Mr. HARRISON. I am going to vote for the amendment.

Mr. McCORMICK. I am delighted.

Mr. HARRISON. The Senator presumes that I am not going to vote for it, when he knows that I did vote for it before, as did practically every Senator on this side of the Chamber. Indeed, it was so unanimous that no request was made for a record vote. "Child-labor legislation has never been a partisan matter. I hope it never will be a partisan matter, because if there is any one question on which we ought to join hands it is to protect the health and lives of little children in the factories and workshops of the country."

But here is the paper from which the distinguished Senator from Nevada [Mr. PITTMAN] read, and the headlines say:

Minority delays action on child labor.

That is the impression that is created by the telegram that was sent out by the Senator from Illinois. That was the impression he sought to be created, although he says now that he was basing that telegram upon some prophecy of the future,

when the record clearly shows, as the Senator has been informed, that the objection was going to come from the Senator from Wyoming [Mr. WARREN].

Mr. McCORMICK. If the Senator will permit me to interrupt him for a moment, the test will come within the next week when the leader of the majority will renew his request for unanimous consent.

Mr. HARRISON. Mr. President, as read from the RECORD by the Senator from Nevada, the Senator from Arkansas said that only temporarily would he object. I do not think he even went that far. He said he would not object, being personally in favor of taking up the proposition, but that some Senators around him did not want it to be taken up at that time.

Why, Mr. President? Not because they were against the child labor amendment but because they are anxious to pass at the earliest possible moment, after due consideration, the pending bill, which means so much to the taxpayers of America. It means not only a reduction in taxes, whether the Mellon plan, so called, be adopted or the Simmons plan be adopted, but it means a reduction of the taxes in the future. Embodied in this bill is a provision, which I daresay will be voted for by every Member of the Senate as it was voted for by every member of the Finance Committee, proposing to give 25 per cent reduction on the taxes for this year. So the Senator from Arkansas and other Senators on this side of the Chamber, whether the Senator from Illinois shall agree to it or not, believe in removing the burdens of taxation from the American people just as quickly as possible and to as great an extent as possible; yet the Senator from Illinois tries to create the impression that the minority in this Chamber are fighting the child labor amendment. Why, sirs, at the best, if the child labor amendment is passed by the Congress it must await the action of three-fourths of the States for ratification. There is not the emergency or urgency attached to that that attaches to the pending bill.

I voted against the first child labor bill which was proposed. I think it was back in 1916. That bill sought to regulate child labor through the commerce clause of the Constitution. I believed then that it was unconstitutional and I voted against it on that ground. Many Senators, both on the Republican side, as I recall, and also on the Democratic side, voted as I did for the same reason. I say to the Senator from Illinois that at that time the Democratic Party was in control of the House of Representatives and it was proposed and championed by a Democrat, Mr. Palmer, who was afterwards Attorney General of the United States. If I recall correctly, in this body the same provision seeking to protect child labor in the factories was championed by the then Senator from Ohio, Mr. Pomerene, another Democrat.

There has never been any partisan politics with respect to this matter, and I know there will not be. After the Supreme Court of the United States decided the first law which was passed to be unconstitutional—the matter is not fresh in my mind, and I have not had the opportunity to go back and look up the record—I think it was the junior Senator from Wisconsin [Mr. LENROOT], who was then a Member of the House of Representatives, who pressed the measure to tax goods that were made by child labor. I voted for that proposition because I believed it to be constitutional. However, I was wrong about it. The Supreme Court of the United States afterwards held the act to be unconstitutional.

So when the proposition comes before the Senate, as I hope it will before we adjourn, I shall vote for the amendment to the Constitution protecting child labor. I am afraid, however, that we shall never get such a bill considered if the Senator from Illinois and those on the other side of the aisle have their way, because I see from the papers that the President is constantly having conferences with you touching on adjournment, and you are promising him to adjourn Congress by the 1st of June, so that you may go forth to your convention and nominate a candidate who will be defeated in November. [Laughter.]

What Congress ought to do is to stay here and transact the people's business just as speedily as possible. I may say that Congress should not adjourn and will not be permitted to adjourn if this legislation, that is so important to the American taxpayers and which must be passed before June 30 if relief is given, is still pending. We ought to dispose of this bill first, as I say, consider it and expedite it as much as possible and let it become a law. Then in due time before we adjourn we should take up the resolution proposing a constitutional amendment and pass it in this body. Senators on the other side of the Chamber have plenty of votes to do it. I know when the leadership on the other side makes up its mind to put a proposition through here, if they have a little help from our side of the Chamber, it always goes through; at least, when they have a meritorious measure. They never fail to do so, except on some ship-subsidy proposal or something of that kind.

Mr. McCORMICK. Whenever we have the help of the Senator from Mississippi our measures go through.

Mr. HARRISON. I thank the Senator. So much for that. I hope my distinguished friend from Illinois will not try to play politics with the women of the country and send out telegrams from here stating alleged facts, when he admits they are mere prophecies and those prophecies based on no facts.

Mr. McCORMICK. Mr. President, I have been reading the RECORD of April 23, or at least so much of it as I have been able to look over during the brief moments of the remarks of the Senator from Mississippi. When I discussed the matter with the Senator from Massachusetts, if I remember rightly, and when I discussed it with the Senator from Utah, I proposed that unanimous consent should be given in such terms that when the revenue act passed the Senate the first business thereafter taken up would be the so-called child labor amendment, and that a definite time should be fixed by unanimous consent for a vote on that amendment.

The Senator from Arkansas [Mr. ROBINSON], the leader of the minority, will be absent for a week, as he told me on yesterday. An opportunity will be afforded next week to secure a unanimous consent agreement for the consideration and a vote on the child labor amendment when the pending tax bill shall have been disposed of.

JEFFERSON DAY BANQUET SPEECH BY GOVERNOR RITCHIE, OF MARYLAND

Mr. BRUCE. Mr. President, I should like to have printed in the RECORD a speech by Gov. Albert C. Ritchie, of Maryland, at the Jefferson day banquet of the National Democratic Club, Hotel Commodore, New York City, on April 12, on the subject of State rights. The speech has attracted considerable attention throughout the country.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH OF GOVERNOR ALBERT C. RITCHIE, OF MARYLAND, AT THE JEFFERSON DAY BANQUET OF THE NATIONAL DEMOCRATIC CLUB, HOTEL COMMODORE, NEW YORK CITY, SATURDAY, APRIL 12, 1924.

The American people are at the threshold of a great struggle. It is not a struggle of the ambitions of men, although we will witness that in the months between now and November. It is vastly greater than that, because the fortunes of man are small in the face of principles which are fundamental and which are in peril.

It is not a struggle to help maintain the peace of the world, although we fought to secure it. It is not a struggle to help rehabilitate Europe, although until that is done the markets of the world will not open again for our surplus supplies.

In both of these things, doubtless, we have a duty to fulfill; but we can not fulfill it, we can not present ourselves to the world as capable of fulfilling it, until here at home we once more bow to American ideals and to the enduring truth of American institutions.

To keep our American ideals, to preserve our American institutions, that is the struggle; for without these, no high purpose, either at home or abroad, ever has been or ever can be accomplished by this country.

It is the struggle, not of individuals, but of the States. It is the struggle of the States, not because they need attain new administrative activities, nor add to their functions of government; but because they are fast losing rights which are fundamental and without which our form of government can not endure. It is the struggle of the States to keep what of those rights they still have, and to get back, if they can, those they have lost.

For a long time the people of the States retained their rights pretty well. For a long time we believed that that nation is governed best which is governed least. For a long time we of a country of 110,000,000 people, reflecting differing conditions and opinions everywhere throughout a vast area of 3,000 miles from sea to sea, believed that national unity and national harmony were only possible so long as the Nation kept within the limits of its domain and left the States free within the limits of theirs.

We scarcely realize now that the twelfth amendment to the Federal Constitution was adopted in 1804, and that from then until 1913 not another amendment to our organic law was adopted save only the three which followed the Civil War.

There was a period of more than a century, and it was the period which witnessed the growth and development of our country into the greatest nation of the world.

We grew from 13 States to 48 States. Foreign possessions were added to our domain. The sailboat was superseded by the ocean liner. The stagecoach became the transcontinental railway. Morse gave us the telegraph, Bell the telephone, and the Wrights were just

completing their conquest of the air. In business, in agriculture, in medicine, in science, and inventive genius we became unsurpassed.

Yet, with the single exception of writing into the Constitution the three political amendments which reflected the issues settled on the battlefields of the Civil War, we did it all without one change in our Constitution as it existed in 1804—over a century before.

But the seeds of centralization had been planted, and they grew by what they fed on. It was not difficult.

Thirty-six States can impose their will in constitutional questions on the other 12. And not the people of those States, mind you, but just a majority of the legislatures in each of those States; and you have a majority of the legislatures in each of 36 States if you can get the vote of 2,316 members.

Think what that means! Twenty-three hundred men or women out of 110,000,000 people can write into the Constitution of the land any amendment that they choose to ratify, with no appeal to the people from their action. And, with exceptions so rare that they are conspicuous, those 2,300 representatives are harassed by the threats and the blandishments of organized minorities until their will and their sense of right crumple and fall helpless to the ground.

If I had my way there is one constitutional amendment which should be adopted, and none other should be considered until that became part of our organic law. It is an amendment which would provide that no further amendments to the Constitution shall be made unless each State is given the right to a referendum to the people upon the action of its legislature in ratifying any proposed amendment.

The Constitution is the form of government which the people of this country adopted for themselves. The people ought to be permitted to change it as they please. But the people ought not to be made to live under any amendment to that government unless they themselves have the opportunity of saying whether they want it or whether they do not.

But it is not so written yet. And so it has come to pass that laws have been enacted and constitutional amendments have been adopted which one by one are eating into the very heart of the American Nation, because they are breaking down the sovereignty of the American State and substituting for that sacred thing an incompetent, extravagant, un-American control radiating from Washington.

This is resulting in a Federal invasion of the pocketbooks of the taxpayers through the maintenance of an enormous and growing overhead of Federal bureaus and commissions, of which some are not needed at all, while others should be curtailed, and still others do work and spend money for purposes which should be turned back to the States, because they belong to the realm of State government and the State can handle them better than the Nation can.

I have not in mind the subject of prohibition as the principal example. It is an example, of course, costing $38,000,000 a year to enforce and then failing, but it is only one example among many.

Yet on that great subject I plead only for the right of the people of each State, so long as they do not hurt their neighbors or injure society, to determine their own conduct and mode of living for themselves.

Speaking for the State of Maryland—and I have no right to speak for any other—I only say that our people believe that we have the right, which has never been accorded us, namely, the right to our day in court when as free Americans at the polls we may decide for ourselves whether we want this restriction on our liberties or whether we do not.

But that is only one instance of what I mean.

In 1886 the Department of Agriculture was created, with an appropriation of $1,134,000. This year the appropriation for State aid is $85,000,000.

In 1917 the Bureau of Public Roads was created with an appropriation, to be divided among the States, of $4,850,000. This year it is $75,000,000, and $100,000,000 is asked for next year.

In 1912 the Children's Bureau was established with an appropriation of $25,000. In 1923 it was receiving $1,240,000.

The Federal Trade Commission began in 1914 with $75,000. Now it is costing approximately $1,000,000.

Federal aid for maternity and child hygiene, begun in 1921, amounts to $1,240,000.

The Sterling-Towner bill, now before Congress and which would create a department of education, carries an appropriation of $100,000,000.

These are by no means all, but they will suffice.

I am not here to question the worthiness of any of these purposes, but I am here to say that every one of them receiving Federal aid belongs to the States and can be accomplished better and more efficiently by the States without any Federal aid at all.

They can be accomplished by the States just as cheaply, too, for the money which the Federal Government distributes back among the States it first collects from the people of each State and then deducts the enormous cost of its own bureaus and commissions before paying anything back at all.

I deplore the centralization of these vast millions in Washington. I deplore the handling of these great sums, and the momentous decisions affecting vitally the people of the States, by an army of Government clerks and subordinate employees.

Only a few days ago I protested to the Senate Finance Committee—successfully, I am glad to say—against a proposed section of the revenue bill of 1924 which by indirection would have taxed the tax-exempt securities of the States of the country to the extent, it has been estimated, of about $35,000,000; and I understand that this section was drafted by a subordinate in Secretary Mellon's office who did not realize the effect of what he was doing.

I deplore the supervision and control which all this Federal aid gives the Federal Government over matters which concern the States alone.

I deplore the everlasting annoyance of Federal inspectors and investigators, often irresponsible and incompetent, prying into business which ought to be private and into affairs which ought to be personal, and exercising supervision and demanding reports and audits of almost every conceivable kind.

Do you realize what it all costs? In the great State of New York the people are required to pay the Federal Government six times as much per capita in taxes as their own State government taxes them. In Michigan the people pay the Government five times as much. In Maryland and in Kansas, four times as much. And so it goes.

I want to see an end of it all.

In Maryland agriculture furnishes employment to more than half our people. We believe in fostering it in every way, but I had rather see it done through our own farmers in our own way, and raise our own money for it, instead of contributing to the Federal pool and leaving tribute there for the Federal overhead before we get anything back at all.

It is so with our roads, with the health of our people, with maternity and child hygiene, and the rest. Let us have an end to bureaucratic control over all these things and leave the States free to fulfill these great activities in their own way and according to their own needs.

Above all, do not let us permit this thing to go any further. If what has been done can not be undone—and I believe it can—at least let us stop the next move which is contemplated and retain for the States the right to educate our own boys and our own girls, uncontrolled and untrammeled by Federal influences.

This, as I see it, is the hour's call. Many a battle has our party fought since the day of the great man whose memory we honor to-night. When victory has come to us it has never been through appeals to section or to class. It has been through adherence to the great truths for which he stood.

Let us cling to them now. Let us rise above a mere play to this section or to that, to this group or to that.

Let us believe that the American people, no matter to what party they belong, are essentially honest; that the best in every party wants to see the farmer prosper, and labor prosper, and business prosper; and realize that at last a principle is at stake and that our high resolve should be to restore to the people of the sovereign States the right to decide as they will questions which concern them alone.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker of the House had signed the joint resolution (H. J. Res. 163) authorizing the Secretary of War to loan certain tents, cots, and chairs to the executive committee of the United Confederate Veterans for use at the thirty-fourth annual reunion to be held at Memphis, Tenn., in June, 1924, and it was thereupon signed by the President pro tempore.

REPORT OF WORLD WAR FOREIGN DEBT COMMISSION (H. DOC. NO. 243)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, referred to the Committee on Finance, and ordered to be printed:

To the Congress of the United States:

I am submitting herewith for your consideration the report of the World War Foreign Debt Commission, dated April 25, 1924, together with a copy of the agreement referred to therein, providing for the settlement of the indebtedness of the Kingdom of Hungary to the United States of America. The agreement has been executed on April 25, 1924, with my approval, subject to the approval of Congress, pursuant to the authority conferred by act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923.

I recommend the approval and authorization of this agreement.

CALVIN COOLIDGE.

THE WHITE HOUSE, *April 25, 1924.*

[NOTE.—Report accompanied similar message to the House of Representatives.]

REPORT ON INTERNATIONAL EXPOSITION AT RIO DE JANEIRO IN 1922 (S. DOC. NO. 98)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Foreign Relations and ordered to be printed:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State, forwarding, in conformity with section 9 of the joint resolution approved November 2, 1921, providing for participation by the United States in the international exposition which was held in Rio de Janeiro in 1922–23, the departmental reports called for by sections 5, 6, and 7 of the joint resolution.

While not required by the resolution, the Secretary of State submits also, merely for the information of Congress, the report of the commissioner general to the exposition in two forms, namely:

1. The report in five volumes containing illustrations; and
2. The report in two volumes without illustrations.

The attention of Congress is invited to the request of the Secretary of State that Congress will not, by any legislation, require that the expense of printing and binding of this report in either form should be charged to the appropriation or allotment of appropriation for the printing and binding of the Department of State for the current fiscal year, notwithstanding the provisions of Public Resolution No. 13 of March 30, 1906.

It will be observed that the Secretary of State states that there is an approximate balance of $200,000 in the appropriation of $1,000,000 provided in the deficiency act approved December 15, 1921, for the expenses of taking part in the Rio de Janeiro Exposition, against which balance it would be perfectly proper for Congress, should it so desire, to order the printing and binding of the report to be charged.

CALVIN COOLIDGE.

THE WHITE HOUSE, *April 25, 1924.*

Accompaniments: Report of the Secretary of State, with accompaniments.

[NOTE.—Report of the commissioner general accompanied a similar message to the House of Representatives.]

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes.

The reading of the bill was resumed. The next amendment of the Committee on Finance was, on page 277, after line 16, to insert:

GOVERNMENT ACTUARY

SEC. 1202. The salary of the Government actuary, so long as the position is held by the present incumbent, shall be at the rate of $7,500, a year.

The amendment was agreed to.

The next amendment was, on page 277, after line 20, to strike out:

TRAVELING EXPENSES

SEC. 1101. All officers and employees of the Bureau of Internal Revenue, in addition to their compensation, shall receive their necessary traveling expenses and actual expenses incurred for subsistence while traveling on duty and away from their designated stations, in an amount not to exceed $7 per day.

The amendment was agreed to.

The next amendment was, on page 278, line 12, after the word "Title," to strike out "XII" and to insert "XIII," so as to make the heading read:

Title XIII.—Reduction of income tax payable in 1924

The amendment was agreed to.

The next amendment was, in section 1301 (c), on page 281, line 18, after the word "section" to strike out "1200," and to insert "1300," so as to read:

(c) In the case of a deficiency assessed upon a taxpayer entitled to the benefits of subdivision (a) or (b) in respect of the tax for a period beginning in 1922 and ending in 1923 or beginning in 1923 and ending in 1924, the allowance provided for in subdivisions (a) and (b) shall be made in respect of such deficiency in a similar manner to that provided in subdivision (f) of section 1300.

The amendment was agreed to.

The next amendment was, in section 1302, on page 282, line 3, after the word "section," to strike out "1200," and to insert "1300," so as to make the section read:

SEC. 1302. Any taxpayer who has made return of the taxes imposed by Parts I and II of Title II of the revenue act of 1921, for a period of less than a year and beginning and ending within the calendar year 1923, shall be entitled to an allowance by credit or refund of 25 per cent of the amount shown as the tax upon his return. If the correct amount of the tax for such period is determined to be in excess of the amount shown as the tax upon the return, the taxpayer shall be entitled to the benefits of subdivision (f) of section 1300 of this act.

The amendment was agreed to.

The next amendment was, in section 1303, on page 282, at the beginning of line 5, to strike out "1201 and 1202," and to insert "1301 and 1302," and in line 8, after the word "section," to strike out "1200," and to insert "1300," so as to make the section read:

SEC. 1303. The allowance provided in sections 1301 and 1302 shall, under rules and regulations prescribed by the commissioner, with the approval of the Secretary, be made in a similar manner to that provided in section 1300.

The amendment was agreed to.

The next amendment was, in section 1304, on page 282, line 9, after the word "section," to strike out "1019," and to insert "1119," so as to make the section read:

SEC. 1304. The interest provided in section 1119 of this act shall not be allowed in respect of the allowance provided for in this title.

The amendment was agreed to.

The PRESIDING OFFICER (Mr. WILLIS in the chair). That completes all of the committee amendments which have not been passed over.

Mr. SMOOT. Mr. President, the first committee amendment which was passed over is on page 19, line 7. I am going to ask that that amendment go over to-day, because the Senator from North Carolina [Mr. SIMMONS] is interested in the amendment. Therefore I again request that the amendment go over.

The PRESIDING OFFICER. The amendment will be passed over. The next committee amendment passed over will be stated.

The next amendment passed over was, on page 29, line 19, after the word "rendered," to strike out the following language: "'Earned income' also means reasonable compensation or allowance for personal service where income is derived from combined personal service and capital in the prosecution by unincorporated persons of agriculture or other business, but not exceeding 20 per cent of the net profits of the taxpayer from the business in connection with which his personal services are rendered," and in lieu thereof to insert:

In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors a reasonable allowance as compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per cent of his share of the net profits of such trade or business, shall be considered as earned income.

Mr. REED of Pennsylvania. I ask that that amendment go over.

The PRESIDING OFFICER. The amendment will go over.

Mr. SMOOT. The Senator from Pennsylvania advises me that he is compelled to leave the Chamber and desires to discuss the question involved in the amendment, and will be ready to-morrow to do so. I therefore shall not object to the amendment going over to-day.

The PRESIDING OFFICER. The amendment will again be passed over. The next committee amendment passed over will be stated.

The READING CLERK. The next amendment passed over was, on page 31, after line 22, to strike out all down to and including line 4, on page 33, and in lieu thereof to insert the matter beginning on page 33, after line 4, down to and including line 3, on page 34.

Mr. JONES of New Mexico. I think it is generally understood that that amendment shall go over until the Senator from North Carolina [Mr. SIMMONS] returns. It raises the whole question of individual taxes.

Mr. SMOOT. Yes; it involves the question of the normal tax.

The PRESIDING OFFICER. The amendment will be passed over. The next committee amendment passed over will be stated.

The next amendment passed over was, under the head of "Surtaxes," page 34, after line 4, to strike out down to and including line 8, on page 38, and in lieu thereof to insert the matter from line 9, on page 38, to and including line 16, on page 40.

Mr. SMOOT. That amendment also should be passed over.

The PRESIDING OFFICER. The amendment will be passed over. The next committee amendment passed over will be stated.

The next amendment passed over was, on page 47, line 22, to strike out the word "indebtedness" and to insert "indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title," so as to make the clause read:

(2) All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. SMOOT. Mr. President, I wish the Senator from North Carolina were present. I voted for this amendment in the committee with the distinct understanding that it would be discussed on the floor of the Senate, because I desired an expression of the Senate upon it. My opinion is that the amendment should not be agreed to, but I do not feel like asking a vote of the Senate on the amendment without the Senator from North Carolina being present when the important question which it involves is being considered.

Mr. HARRISON. Mr. President, will the Senator then allow the amendment to go over?

Mr. SMOOT. I merely wish to make a very brief statement. The adoption of the amendment would mean the loss of revenue to the amount of $30,000,000 a year, but I hardly think we had better take the amendment up in the absence of the Senator from North Carolina. I therefore ask that the amendment go over.

Mr. REED of Pennsylvania. It involves the same question as is involved in paragraph (c) on page 52.

Mr. SMOOT. Yes. The Senator from North Carolina did not mention this particular part of the bill, but I feel that the amendment ought to go over. I will simply state that it involves a loss of revenue of $30,000,000.

The PRESIDING OFFICER. The amendment will be passed over and also the amendment at the bottom of page 52.

The next amendment passed over was, on page 67, after line 20, to strike out "(g) Where the grantor of a trust reserves a power of revocation which, if exercised, would revest in him title to any part of the corpus of the trust, then the income of such part of the trust shall be included in computing the net income of the grantor," and in lieu thereof to insert:

(g) Where the grantor of a trust has, at any time during the taxable year, either alone or in conjunction with any person, the power to revest in himself title to any part of the corpus of the trust, then the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

Mr. JONES of New Mexico. Mr. President, the Senator from North Carolina especially requested that this provision should go over until his return.

Mr. SMOOT. I thought the Senator from North Carolina approved of the action of the Senate Finance Committee in this instance. It relates to the imposition of taxes upon revocable trusts. The Senator from New Mexico will note that we amended the amendment after the first draft was submitted to the committee, and I thought the draft as agreed to was satisfactory to the Senator from North Carolina.

The junior Senator from Delaware [Mr. BAYARD] called at the committee room one morning and made certain suggestions as to the original draft of the amendment, and I understood at that time that at least a portion of the suggestions offered by the Senator from Delaware were agreed to and embodied in the present draft.

Mr. JONES of New Mexico. The memorandum which the Senator from North Carolina left with me specifically refers to the provision as to revocable trusts. It is also my understanding that we were all agreeable to that provision being inserted in the bill, and it may possibly have been included in this memorandum by error.

Mr. SMOOT. I will say to the Senator that if that is the case, and if the Senator from North Carolina desires the vote by which the amendment may be agreed to reconsidered, or that any other amendment which we may pass upon shall be reconsidered, I shall ask unanimous consent that that be done.

Mr. JONES of New Mexico. Under those conditions I have no objection to the adoption of the amendment. Personally, I am very much in favor of the provision in the bill.

Mr. SMOOT. And I am quite sure there must be a mistake, because, if I remember correctly, the Senator from North Carolina agreed to the provision.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. BAYARD. Mr. President, I desire to call the attention of the Senator from Utah to one phase of the amendment just agreed to. I will read it first:

Where the grantor of a trust has, at any time during the taxable year, either alone or in conjunction with any person, the power to revest in himself title to any part of the corpus of the trust, then the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

Does not that result in this possibility? A makes a trust in favor of B, with a power of revocation in A when he sees fit to exercise that power. That is the primary statement in that section. In that event the income shall be returnable as of the income of A, the grantor of the trust, and the tax assessable thereon shall be paid by A.

Mr. SMOOT. Providing there is the revocable power attached to the trust.

Mr. BAYARD. I am assuming revocable power. That is all right; but if the power is not exercised the law says that A shall make a return, A shall pay the tax upon that income, but the fact remains that the income itself goes to the beneficiary under the terms of the trust, and he in turn must make a return of that income, and he in turn must pay a tax upon that income. I mean, in the particular section to which I refer, section (g), there is apparently no provision to avoid the double taxing of the same fund.

Mr. SMOOT. If the Senator will turn to page 64 of the bill, on line 18, paragraph (b), that is taken care of by the amendment that has already been agreed to. The language is:

Except as otherwise provided in subdivisions (g) and (h)—

And (g) and (h) are the two provisions found on page 68. The exception to which the Senator referred to just now is made in section 219, page 64, paragraph (b).

Mr. BAYARD. I see that, and I am turning to page 64 and subsection (b) of section 219:

Except as otherwise provided in subdivisions (g) and (h) the tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary.

Mr. SMOOT. Yes.

Mr. BAYARD. All right; but turn to paragraph (g) on page 68, and there it says that—

The income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

If the income of the grantor is computed, then I am assuming that he is going to pay a tax upon his income as computed; but in this case the fiduciary pays the tax under the provision on page 64.

Mr. SMOOT. No; the fiduciary pays it except as provided in subdivisions (g) and (h), and they provide for payment by the grantor.

Mr. BAYARD. All right. Then I will take that suggestion of the Senator and see where it leads us. In one case, under the exception, it is paid by the fiduciary, is it not?

Mr. SMOOT. Yes.

Mr. BAYARD. The return made under subsection (g) with the revocable power is made by the grantor of the trust.

Mr. SMOOT. In all cases with the exceptions provided for.

Mr. BAYARD. But the return is made. It says distinctly on page 68, subsection (g), that the grantor of the trust must make the return if the power of revocation exists. He makes his return for the purpose of computing his income. Now, assuming that it is a revocable trust and that he makes a return, the fiduciary makes a return and the beneficiary, in turn, must make a return as the recipient of income from the trust estate.

I shall be glad to have it explained, if the Senator will explain it.

Mr. SMOOT. But that is only as provided in (b), and except as otherwise provided in (g) and (h). Suppose we did

not have the exception. Just read it without the amendment, the way the House passed it, and it would read as follows:

The tax shall be computed upon the net income of the estate or trust, and shall be paid by the fiduciary. The net income of the estate or trust shall be computed in the same manner and on the same basis as provided in section 212, except that—

Then the exceptions follow; but now we make the amendment:

Except as otherwise provided in subdivisions (g) and (h)—

And then we say how the tax shall be paid.

Mr. BAYARD. All right. I take that exception as read by the Senator, now, and impose it upon subdivision (g), which has been made the exception under the terms of subdivision (b). Subdivision (g) will then stand by itself, if it be a revocable trust, will it not?

Mr. SMOOT. Yes; it will.

Mr. BAYARD. Then subdivision (g), providing for revocable trusts, will make us meet with this situation: That in the case of a revocable trust the grantor of the trust shall make the return of the income as of his own, but in the meantime the beneficiary, who receives the income as an actual fact, must make a return.

Mr. SMOOT. Not at all, Mr. President, if it is a revocable trust.

Mr. BAYARD. You have a trust. The trustee under the terms of the trust pays the income as directed by the terms of the trust, does he not?

Mr. SMOOT. Yes.

Mr. BAYARD. All right. The law says that if it be a revocable trust the granter shall make a return of that income, and be charged accordingly.

Mr. SMOOT. That is right.

Mr. BAYARD. But the general law which allows the creation of the trust under which the money is paid out says that the money shall be paid to the beneficiary, and the money is paid to the beneficiary, and he in turn must make a return because he has received the money.

I do not know whether I make myself clear to the Senator or not. In other words, if the Senator pleases, it seems to me we have a double return there, with the possibility of double taxation.

Mr. SMOOT. Let me call attention to paragraph (2) of section 219, on page 65, and read it. It says:

There shall be allowed as an additional deduction in computing the net income of the estate or trust the amount of the income of the estate or trust for its taxable year which is to be distributed currently by the fiduciary to the beneficiaries, and the amount of the income collected by a guardian of an infant which is to be held or distributed as the court may direct, but the amount so allowed as a deduction shall be included in computing the net income of the beneficiaries whether distributed to them or not. Any amount allowed as a deduction under this paragraph shall not be allowed as a deduction under paragraph (3) in the same or any succeeding taxable year.

Mr. BAYARD. Yes, Mr. President; I see that, but that does not apply to revocable trusts.

Mr. SMOOT. This is the only thing that taxes it to the beneficiary, and (g) and (h) are exceptions to it, and the bill specifically states that they are exceptions.

Mr. BAYARD. With all due respect to the Senator, I think that phase of it ought to be looked into.

Mr. SMOOT. It will be, in conference.

Mr. KING. Mr. President, I should like to ask the chairman of the committee whether sufficient safeguards are afforded in this bill to reach trusts and estates where there may be an honest dispute between the grantor and the grantee—if I may use those expressions—as to who should pay the tax?

Mr. SMOOT. Does the Senator mean outside of a revocable trust?

Mr. KING. Yes; both revocable trusts and other trust estates.

Mr. SMOOT. Yes; it is covered in every case, and I may say that there is very little change from existing law in that respect.

Mr. KING. Yes; I know that, but I have heard some complaints made by officials of the Government that honest doubts existed, with respect to various trusts and estates, as to who should pay the tax, and neither made any return because both doubted the obligation resting upon them to pay. Not being in concert, one not knowing what the other was doing, no return whatever was made. Of course it would be left then only to the searching qualities of the taxing organization to ascertain the amount which would be paid, and who was to pay the tax.

Mr. SMOOT. I agree with my colleague in all that he has said under existing law; but the changes in existing law and the changes in this particular section are to take care of just the thing of which the Senator complains.

Mr. KING. But it seems to me—and I call the chairman's attention to this fact—that there ought to be a little broadening of the law, so that an obligation perhaps might be required of both the grantor and the grantee, both the person creating the trust and the beneficiary, to make returns in order that the Government might be advised, and to avoid escaping taxation.

Mr. SMOOT. The law specifically says which one shall do it. The Senator from Delaware [Mr. BAYARD] has just made the criticism that he thought they would be compelled to do that under existing law, but I do not think so. He was objecting to the very thing of having both make a return.

Mr. KING. I know of a number of cases where there were controversies between individuals, the grantor or the beneficiary not knowing which should make the return, and neither made it, and the result was that the Government lost the tax. Of course, further searching by the department of the Government would reveal, if they searched sufficiently diligently, that certain property had escaped taxation, and a rectification would result.

The PRESIDENT pro tempore. The Secretary will state the next amendment passed over.

The next amendment passed over was, on page 68, to strike out lines 7 to 15, both inclusive, and in lieu thereof to insert:

(h) Where any part of the income of a trust may, in the discretion of the grantor of the trust, either alone or in conjunction with any person, be distributed to the grantor or be held or accumulated for future distribution to him, or where any part of the income of a trust is or may be applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in paragraph (10) of subdivision (a) of section 214), such part of the income of the trust shall be included in computing the net income of the grantor.

The amendment was agreed to.

The next amendment passed over was, on page 69, line 10, after the words "equal to," to strike out "25" and insert "50," so as to read:

EVASION OF SURTAXES BY INCORPORATION

SEC. 220. (a) If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxable year upon the net income of such corporation a tax equal to 50 per cent of the amount thereof, which shall be in addition to the tax imposed by section 230 of this title and shall (except as provided in subdivision (d) of this section) be computed, collected, and paid upon the same basis and in the same manner and subject to the same provisions of law, including penalties, as that tax.

Mr. SMOOT. That is the section dealing with evasion of surtaxes.

Mr. McKELLAR. Mr. President, this may be agreed to for the present. I will offer a motion to reconsider it if it is necessary.

Mr. SMOOT. If the Senator will just ask unanimous consent, I will agree to it.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment passed over was, on page 69, line 16, to strike out:

Provided, That if all the shareholders of such corporation agree thereto, the commissioner may, in lieu of all income taxes imposed upon the corporation for the taxable year, tax the shareholders of such corporation upon their distributive shares in the net income of the corporation for the taxable year in the same manner as provided in subdivision (a) of section 218 in the case of members of a partnership.

Mr. McKELLAR. That will take the same course.

Mr. SMOOT. The same course.

The amendment was agreed to.

The next amendment passed over was, on page 82, line 6, to strike out "12½ per cent" and insert "14 per cent," so as to read:

TAX ON CORPORATIONS

SEC. 230. In lieu of the tax imposed by section 230 of the revenue act of 1921 there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 14 per cent of the amount of the net income in excess of the credits provided in sections 236 and 263.

Mr. McKELLAR. Mr. President, I want to ask the chairman of the committee a question. Will not the effect of this amendment be to relieve very large corporations, having large amounts of watered stock frequently, from the payment of taxes and put the taxes on business corporations having smaller capital, when the larger ones ought to pay it?

Mr. SMOOT. Perhaps it would be a little out of place for me to refer to any particular corporation in the United States, but I want to say to the Senator who asked me the question, in the case of the United States Steel Corporation this provision will impose an increase of over $500,000 a year in taxation; and there is not a corporation in the United States with an income tax of less than 6⅝ per cent that would not be benefited by this amendment, taking into consideration the striking out of the taxes upon the capital stock of corporations. Wherever there is a corporation making more than 6⅝ per cent upon its capital stock it is penalized under this amendment by being compelled to pay more taxes to the Government of the United States; but if they make 6⅝ per cent upon their capital invested, or less, then they gain in the amount of taxes that are paid to the Government of the United States. That is the dividing line, 6⅝ per cent.

Mr. JONES of New Mexico. Mr. President, I desire to make a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state his inquiry.

Mr. JONES of New Mexico. If this amendment be adopted, will that operate as an adoption of the paragraph?

The PRESIDENT pro tempore. The Chair is of the opinion that it would not.

Mr. SMOOT. The paragraph will be open to amendment after the amendments of the committee are disposed of.

Mr. JONES of New Mexico. The Senator from Utah understands, of course, that amendments will be offered to the paragraph, and that a substitute for the entire paragraph will be offered.

Mr. SMOOT. I want to say to the Senator that the Senator from Utah will not take any advantage in any way, shape, or form of any Senator on this floor who desires honestly to offer an amendment to this bill or to any part of it.

Mr. JONES of New Mexico. I am sure the Senator is imbued with just that generous spirit, and we appreciate it. I think I might just say one word regarding the proposed change. I believe it is an advisable change.

The capital stock tax is a tax which has no relation whatever to the ability of a corporation to pay. More than one-half of the corporations of the country have no returnable net income for taxation, but the capital stock tax, under existing law, must be paid whether they have any net income or not. The capital stock tax is really a franchise tax. Corporations are organized in the various States under State charters, and I think in all instances they now pay franchise taxes of a greater or less extent to the various States.

This is a tax also which becomes actually a fixed charge upon production, just the same as a State tax upon the property of a corporation. The corporation tax becomes a fixed charge and necessarily enters into the cost of production, and therefore is finally disseminated and borne as a consumption tax. There is no question about that. It bears very unequally on the corporation which is making a net income.

That corporation might just as well pay the tax as a capital-stock tax or as a net-income tax; but for the corporation which earns no net income to pay a capital-stock tax is practically to make a payment out of capital. It is a thing which I do not believe can be justified except in such an emergency as the World War, when we had to have the money, and we were going to get it wherever we could get it. But now that peace times have come, I think it is quite the right thing to put whatever burden of the Government shall be borne by corporations in such shape that those who have the actual ability to pay it shall bear it, and those who have not the ability shall not be called upon to pay it.

Of course, I do not want anything I have said to be taken at all as being in favor of this form of a tax on corporations, but I do believe that it is the right thing to transfer the tax from the capital-stock tax to this tax upon net income.

Mr. McKELLAR. Mr. President, just a word about this matter. This amendment raises the corporation tax from 12½ per cent to 14 per cent. According to the Senator from Utah, who knows, this increase of tax will bring the Government some $19,000,000 more. In other words, it raises the taxes on the corporations of the country to that extent.

According to my understanding of the bill, it was to be a tax reduction bill and not a tax raising bill, and I am opposed to raising the taxes on any class of our citizens, whether corporate or individual. Therefore I am going to vote against this amendment because it raises the taxes rather than lowers them. I think business is already heavily enough taxed, and that we should not tax it any more. I am not in favor of an increase in the corporation tax, and I expect to vote against it.

Mr. DIAL. Mr. President, I believe in all classes of property bearing their share of taxation, but I think under the provisions of this bill we would be penalizing corporations. Some people are afraid to say anything in favor of a corporation, but I am not one of those. If we had not had people with vision enough to organize companies and form corporations, we would not have developed this country as we have. The chairman of the Committee on Finance says that this amendment will increase the corporate taxes some $19,000,000. As the Senator from Tennessee [Mr. McKELLAR] has said, we ought to be decreasing instead of increasing taxes.

There are two schools of thought in the United States in regard to corporations. One school believes that the capital stock of a corporation should be just as small as it possibly can be and yet permit the corporation to do business. That is the theory upon which we proceed in the South. We often purchase more machinery and erect more buildings than we have capital enough to pay for, and hence we go into debt. But we work hard and economize, and we deprive the stockholders of dividends until those enterprises can make a profit and get upon their feet. We have trouble in raising sufficient capital to form these corporations, to develop the resources of our country as we would like to do. Therefore, it is the true, instead of the exception, that the stockholders forego the pleasure of dividends, often for many years, in order that the corporation may become stronger and may function to better advantage.

I personally know of different corporations which have paid no dividends for five or six or seven or eight years, taking all of their earnings to extend their plants and to find markets, thereby making more property to be taxed, and giving employment to the people, and developing the resources of the country, and making a market for the commodities our people have. Mr. President, it is bad enough to have to pay a tax on your income and a corporation tax each year, without being confronted with an increase which is absolutely uncalled for, as I see it.

I have thought recently of trying to make a few remarks upon the question: If one had a dollar, what would he do with it?

Mr. KING. Pay his debts.

Mr. DIAL. That is what he should do. I have thought that he would take that money—of course, using the dollar as the unit only—and he would think of forming a corporation. He would consider that he had to pay a license fee in order to get his corporation formed. Then he would recall that he had to pay a town license if he were located in a town. Then he would have to pay his township tax, his county tax, his State tax, his income tax to State and to the National Government, and so on down the line.

It had occurred to me that he would indeed be an optimist in these times if he would take the risk of putting his dollar into enterprises with a view of trying to make any money on it, and with a view of trying to develop his country, and with a view of trying to give employment to people. In times past I have undertaken such enterprises, but I must say I had more nerve then than I have now.

If we expect people to take their earnings and combine them into corporations to develop this country, we ought to treat that capital as fairly as we do other capital. A corporation is nothing but an aggregation of individuals. We had to have them, otherwise we would not have advanced. You and I, for instance, Mr. President, could not build a railroad. But many of us together can; and we did. So people who had this vision should not be penalized now for having invested their money as they have.

The other school of thought obtains, as I understand it, more in the North. That is, they capitalize the enterprises at as high a figure as they possibly can and sell the stock to somebody else. In the South we have a pride in our corporations. We build them, not with a view of selling gold bricks by way of stock to somebody else, but for the purpose of holding the stock and making a grand success out of the enterprise.

If you tax those southern enterprises according to the provision of this bill, it will be putting a penalty upon them. Corporate property is taxed anyway. It is not necessary to tax it every year by adding the expense of a corporate license.

These wildcat schemes of the North ought to be taxed upon every dollar of stock they issue. Talk about a corporation not making more than 6⅝ per cent! One making such a small return

would be almost in bankruptcy—consider depreciation, and so forth. I refer to genuine corporations.

The reason why some corporations do not make more is because they have watered their stock. In the South we take a pride in our organizations and hand them down to our posterity.

A license tax on the capital stock is about as fair as we can possibly get it. It would be no encouragement for an enterprise to save and economize and work hard to accumulate and to extend its plant out of the earnings of the company, if it is to be taxed every time it does anything of that sort. I can not see any fairer way, if we are going to license them at all, except to put it on capital stock. A corporation of necessity has to keep a reserve for rainy days and for hard times. It is a false notion to talk about paying out all of the earnings as they make them.

Many times they have lean years and lose money. Sometimes they lose money knowingly in order to keep a concern going. I happen to know that in my little town a few years ago a cotton mill was operated at a loss of $25,000 for 60 days. The management knew it at the time, but did it order to keep the labor together and give employment to our people.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. DIAL. I yield.

Mr. KING. I will ask the Senator if he is not aware of the fact that it has been a quite general and common practice upon the part of many of the large corporations—I shall not say of the South, in view of the distinction which the Senator has made between the North and the South—to distribute a small amount of the net earnings as dividends and to hold the residue as undistributed or undivided profits. After concealing them for a number of years by various desk methods a large stock dividend is declared or some of the undistributed profits are allocated to capital development and are invested as capital and thus escape taxation. Does the Senator think that it is quite fair to the taxpayers of the United States to have corporations—which, by the way, are making most of the profits of our country—thus escape taxation? Let me illustrate, and I do not do this by way of any invidious comparison.

Mr. Ford has organized his tremendous business into a corporation, perhaps one or more; if more than one, then I think the one is a holding company. That corporation makes several hundred millions of dollars annually net profit. If the profits were distributed to Mr. Ford and the other stockholders, they would have to pay an income tax. Profits are not distributed, but they are put back into capitalistic enterprises and for the purpose of developing the industry which Mr. Ford controls.

An individual engaged in private business who would make two or three hundred million dollars of profit would have to pay an enormous tax to the Government. Mr. Ford's corporation pays only the 12½ per cent, or capital-stock tax, or, under the provisions of this bill, 14 per cent of the net profits, and he has all the residue, which would be taxed if it were distributed as dividends, for capital investments. Thus he derives an advantage which is denied to those who are engaged in private enterprises or engaged in business as individuals.

It does seem to me, if the policy of the Senator is correct, if I interpret his position correctly, that it will invite the formation of more corporations for the purpose of escaping taxation and will invite the retention in the treasuries of the corporations of millions if not hundreds of millions of dollars which otherwise would be distributed as earnings and as dividends to the stockholders, and thus be subjected to the legitimate system of taxation which obtains to-day and which is embraced within the bill now before us.

Mr. DIAL. I can not agree with my good friend from Utah, however much I dislike to disagree with him. Often our minds run in the same channels. But to take his illustration, when a corporation is making money and leaving it in the treasury and not paying it out in dividends, the stockholders of the corporation are suffering to that extent. Now simply because the stockholders are deprived of getting a dividend for a few years—an accumulated dividend, we might call it—I can not see any harm in paying it out to them in bulk, any more than I can in paying it out to them in driblets. If the amount of the stock or the amount of the dividend is no more than a legitimate and proper profit upon the magnitude of the enterprise, I can see no objection to following that plan.

Mr. JONES of New Mexico. Mr. President, will the Senator yield to me?

Mr. DIAL. With pleasure.

Mr. JONES of New Mexico. I should like to know what plan the Senator has for equalizing the tax as between individuals and partnerships on the one hand and corporations on the other hand. If a partnership engaged in business desires to keep all of its net earnings in the business, as many of them do, and with the very salutary purpose to which the Senator from South Carolina has just referred, the partners must pay a tax upon all those earnings just the same as if the earnings had been taken out of the business. But the shareholders of a corporation which does that precise thing do not have to pay upon that portion of the earnings of the corporation. I assume the Senator would not feel that that was an equitable arrangement and I would like to inquire whether he has in mind any plan for an adjustment of that very grave inequality.

Mr. DIAL. I do not ask for any favoritism to corporations. I feel that they should not be put on any higher plane than partnerships or individuals. But as I understand the proposition, it is an extra charge on the capital stock of corporations. The partnership pays no capital stock license at all.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Tennessee?

Mr. DIAL. With pleasure.

Mr. McKELLAR. The Senator will recall section 22 of the revenue act which is to be amended by the pending bill. I read from a provision in this bill, and I think it is exactly the same provision that is in the present law. I read from page 69 of the bill, section 220:

> If any corporation, however created or organized, is formed or availed of for the purpose of preventing the imposition of the surtax upon its shareholders through the medium of permitting its gains and profits to accumulate instead of being divided or distributed, there shall be levied, collected, and paid for each taxable year upon the net income of such corporation a tax equal to 25 per cent of the amount thereof. * * *
>
> The fact that any corporation is a mere holding or investment company, or that the gains or profits are permitted to accumulate beyond the reasonable needs of the business, shall be prima facie evidence of a purpose to escape the surtax.

I understand from a letter of the Secretary of the Treasury written to me that that section of the law has not been enforced since he has been Secretary of the Treasury; that some lawyer told him it was not any good, and he was not enforcing it. But if it were enforced, why would it not prevent the very trouble which the Senator from New Mexico has just mentioned?

Mr. DIAL. I presume that is the very object it had.

Mr. JONES of New Mexico. Mr. President——

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from New Mexico?

Mr. DIAL. I yield with pleasure.

Mr. JONES of New Mexico. The history of that section is well known to all of us who have been following revenue legislation. A provision of that sort was put into the first revenue bill in 1917 just as we were entering the war, and some Senators may recall that I predicted at that time that it would be, for all practical purposes, ineffective.

Senators will observe that the section only applies to cases where the corporation is organized for the purpose of evading surtaxes. The purpose of an individual in doing anything is always very difficult to prove.

Mr. McKELLAR. If the Senator will permit me to interrupt him, it is specifically provided that—

> The fact that * * * the gains or profits are permitted to accumulate beyond the reasonable needs of the business shall be prima facie evidence of a purpose to escape the surtax.

That should be broad enough, I think, to cover any corporation whose gains and profits were so great that it was necessary to declare a stock dividend.

Mr. JONES of New Mexico. That provision has been in the law since 1917. The Senator from Tennessee is a lawyer and the Senator from South Carolina as well is a lawyer. I think it is understood by all lawyers that in organizing a corporation, in specifying the purposes for which the corporation is organized, the charter is made exceedingly broad; in fact, it is customary now, I think, to include in the charters of all corporations provisions which will enable them in effect to engage in any legal enterprise or industry. When can it be said that a corporation is retaining its earnings unduly or beyond the reasonable necessities of the business, when the corporation is permitted to engage in any legitimate industry? There are many corporations organized specifically for the purpose of investing and reinvesting earnings. That is a legitimate enterprise. Many people who are engaged in the investment business do it through

the agency of a corporation because of the convenience of doing business, because of the limited liability attaching to the activities in the name of a corporation rather than as an individual.

Many people organize a corporation for the purpose of transferring their individual assets to it, so as to ease the matter of distribution in event of death. It is much easier to distribute to the heirs of an estate the proper share of the estate if it is a corporation, and you are merely dealing with shares of stock, than it is to divide the actual corpus of the estate, the personal property, the real estate, and have ownership in different heirs by inheritance or devise. So as a matter of convenience corporations are often organized for the purpose of an easy way of handling the estate upon death. As long as the purpose of the corporation is to be inquired into as a condition precedent to the imposition of a penalty it will never amount to anything, in my opinion.

Mr. McKELLAR. Mr. President, will the Senator from South Carolina yield to me to ask a question?

Mr. DIAL. I yield.

Mr. McKELLAR. As I understand the purpose of section 220, it is to prevent an individual from putting his or her property in the hands of a corporation and thereby escaping the higher brackets of the income tax and simply paying a corporation tax of 12½ per cent. That is the general purpose of the provision, is it not?

Mr. JONES of New Mexico. The purpose of the provision is to prevent that; and I will say to the Senator, while I do not like to indulge in comment on purposes in enacting legislation, I think I can tell the Senator a little history which will clarify this matter in his mind.

Mr. McKELLAR. I should be very glad if the Senator from New Mexico would do so.

Mr. JONES of New Mexico. In 1917 I proposed to put a provision in the bill then pending to tax undistributed incomes of corporations.

Mr. McKELLAR. Yes; I remember it very well.

Mr. JONES of New Mexico. In the bill as first reported to the Senate the Finance Committee adopted that provision; but in the meantime, because of additional calls upon Congress for funds by the War Department, the bill went back to the committee, and persons in control of the corporations who did not want that thing done commenced pouring in their protests against it. So the majority of the Finance Committee opposed such a tax and put this provision in so that they could say that there was a provision in the bill to prevent the evasion of surtaxes. As I predicted then, however, and still predict, it will have no such effect.

Mr. McKELLAR. The letter of the Secretary of the Treasury, which was written, as I recall, in January or February last, specifically states that there has been no attempt to enforce the provision, but the Secretary stated at the time—if the Senator from South Carolina will permit me to interrupt him further——

Mr. DIAL. Certainly.

Mr. McKELLAR. The Secretary of the Treasury stated at that time that an amendment would be offered to this section which would so improve it as to cause section 220 to have the desired effect. What I wish to know from the Senator is whether any such proposal was made. Apparently section 220 is as negatory in the pending bill as it was in the last one.

Mr. JONES of New Mexico. Mr. President, I may say that I undertook to test the real sentiment of the majority of the committee upon that question, and moved to strike out the words "for the purpose of" on page 69, line 5, so that where corporations were formed or availed of so as to evade the surtaxes a remedy might be provided, but every member of the majority side of the committee, as I expected, opposed the motion which I had made, showing that there is no expectation through this section of preventing corporations being availed of whether for one purpose or another so as to evade the high surtaxes.

Mr. McKELLAR. I understand there are corporations which have made such gains or profits as to be able to pay 200 per cent on their capital stock as stock dividends, and yet it is held by the Treasury Department that they do not come within the provisions of section 220. I call attention specifically to that part of the section which reads—

> or that the gains or profits are permitted to accumulate beyond the reasonable needs of the business, shall be prima facie evidence of a purpose to escape the surtax.

Of course the effect of the provision as expressed in section 220 is to permit some of the very strong corporations and very great profit-earning corporations to escape a very large part of their taxes.

Mr. JONES of New Mexico. Mr. President, will the Senator from South Carolina permit me to interrupt him further?

Mr. DIAL. Yes; I yield.

Mr. JONES of New Mexico. I desire to call attention to a document which has recently been published as a public document. It came from the Treasury Department in response to a resolution which I introduced in the Senate in January regarding the undistributed earnings of corporations. Anyone who is interested in that subject ought by all means to secure a copy of the document returned in response to that resolution and to give it some thought. It is full of very important information.

On the subject of the stock dividends to which the Senator from Tennessee has just referred I desire to call attention to the summary regarding that.

Mr. McKELLAR. What is the document to which the Senator from New Mexico refers? I should like to obtain a copy of it.

Mr. JONES of New Mexico. It is Senate Document No. 85, which is entitled "Distributed and undistributed earnings of corporations," being a letter from the Secretary of the Treasury in response to Senate Resolution No. 110 of January 7, 1924.

Mr. McKELLAR. From what page is the Senator from New Mexico now quoting?

Mr. JONES of New Mexico. I am quoting from page 3 of the document. I called the attention of the Senate to some of these figures on yesterday, but not with regard to the distribution of stock dividends.

For the year 1922 there were about 109,000 corporations making returns of net income for taxation. The table on page 3 gives the number of corporations which did not make any distribution by way of cash dividends. It also gives the number retaining in the treasury less than 10 per cent by brackets on up until the whole question is dealt with, and also the percentages of income retained are fully covered. The figures show that 48,875 of these corporations paid out in cash dividends to the amount of $2,763,068,217. They paid out in stock dividends $2,547,000,000, or just about the same amount in stock dividends as in cash dividends.

Mr. DIAL. I want to call the Senator's attention to the fact that that does not prove anything. That takes a whole class; the Senator would have to come down to individual cases in order to have his argument apply.

Mr. JONES of New Mexico. Mr. President, if the Senator will study this document he will find that the various industries and also corporations in the various branches of industry are dealt with, and it shows the situation as nearly as it can be done without making it so specific as to enable one reading the document to know what particular corporations are doing. In other words, the Senator will not be fully satisfied by a study of this document, because it is not possible to tell by an examination of the document what the corporation to which the Senator from Utah referred a while ago is doing, for the corporations are so grouped that one can not pick out any specific corporation. The Senator, however, will gain a great deal of information on that subject by a study of this document.

While he is making a study of it, I desire to call attention to another document which came here in response to a resolution which was adopted by the Senate upon my suggestion, regarding excess-profits taxes of 1921. There is no tax now upon excess profits, but I thought it would be valuable information if the country could know what classes of industry were making large earnings in proportion to the invested capital. So we have this document containing information from the Treasury Department as to what classes of industry were earning large percentages of income on the invested capital. That document is worthy of study. These documents have been available only for a few days comparatively, and I am not surprised that even Senators are not informed about them, because up until the last few days there has been no opportunity for any of us to know just what the real situation was.

Mr. DIAL. I thank the Senator from New Mexico for calling that to my attention.

Mr. President, I am not talking about hide-and-seek corporations, such as those of which the Senator from Tennessee and the Senator from New Mexico spoke; I am talking about real corporations which are formed for the purpose of honestly carrying on business and developing the country, corporations which have helped to make this country great as it is to-day.

I am no spokesman for Mr. Ford; I am not familiar with the manner in which he conducts his business, as the Senator from Utah [Mr. KING] seems to be, and whether he meets his fair proportion of taxation or not I do not know. If, however, he does not do so the remainder of the taxpayers ought not to be penalized if he gets around his taxes unjustly, and I do not say that he does. But what we ought to do here is to

pass an honest, a just, a fair, and an equitable law to reach all property proportionately.

When we come to talk about the earnings of corporations we are dealing with a very uncertain proposition, but when we speak of the capital stock that is a fixed quantity; that can not be changed, whereas the earnings of the corporation may be absorbed in salaries and in various ways. I very much fear that if this amendment is adopted instead of increasing taxes it probably will decrease them.

I am opposed to mushroom corporations being formed and issuing stock and robbing innocent people. The people ought to be guarded by every protection the law can throw around them, and if the character of corporations to which I now refer issue "blue paper" I am very glad for them to be compelled to pay a tax upon it, whether the corporations earn anything or not, because it is issued for the purpose of trying to sell it to somebody.

Mr. JONES of New Mexico. Mr. President——

Mr. DIAL. I yield.

Mr. JONES of New Mexico. I may say that the corporation stock tax is not imposed upon the amount of shares under the present law, and even if this amendment be not adopted the tax would not be so imposed. Under the present law the capital-stock tax is fixed upon the actual market value of the stock, regardless of its amount.

Mr. DIAL. If we go at it in this way all capital stock should be taxed something.

Mr. JONES of New Mexico. I think the Senator will find that that is the law.

Mr. DIAL. Of course, I know the Senator is much better informed than I, because he is on the committee and has studied the question carefully, but the selling value of the stock varies greatly.

Mr. JONES of New Mexico. The tax is on the actual market value of the stock.

Mr. DIAL. That would vary every year, perhaps.

Mr. JONES of New Mexico. It does; and I may say that that is one of the reasons why the committee changed this from a capital-stock tax to a tax on net income, because of the administrative difficulties of ascertaining the amount and collecting this corporation-stock tax because it is based upon the value, which does vary, as the Senator says.

Mr. DIAL. As of what date?

Mr. JONES of New Mexico. As of the date of the fiscal year of the corporation, whatever it may be. I think it is of June 30 of each year.

Mr. DIAL. That is the end of the fiscal year?

Mr. JONES of New Mexico. That is the end of the fiscal year.

Mr. DIAL. We should get around people flooding the country with spurious stock and running down the price. Perhaps it would not be worth a dollar a hundred or a thousand, and hence if they were required to pay taxes on it the public would be protected to that extent.

Mr. President, it is a false notion to expect corporations to pay out their entire earnings. If they should undertake that policy it would not be long before many of them would be in the hands of receivers, and sales would follow, and other people would own the property. They prosper for one, two, or three years, perhaps, then again the business is very unprofitable; but in preference to closing down and throwing the labor out of employment they will continue to operate even at a loss.

This is an exceedingly serious question in my section of the country at this particular time. Only last week I read in the paper where a cotton mill in my neighborhood closed down and threw 50 families out of employment. Only a few days ago the president of a large mill told me he was having trouble in disposing of his goods, and that he was curtailing his operations, running three days a week, and would possibly have to close down altogether in the very near future. I asked him whether that was not a very serious matter for the labor. He said it was, indeed, and it was a serious matter for the stockholders of his corporation. I asked him how he expected the employees of that company—and there were possibly a couple of thousand of them—to subsist during the summer until another crop could come in. I told him that at this particular time they could not receive employment on the farms on account of the great uncertainty of being able to make a crop at all, and that there were not enough public works going on to give them employment.

If that corporation had not kept some surplus in its treasury it would not have been able in this hour of need to go to the rescue of those faithful employees. I know the enterprise in question, and many of the employees have been there for the last 10 or 20 years. It is one in which my country takes great pride.

That brings us on down to think about the necessity of sane legislation. I have sounded a warning here for the last few years that the very condition I spoke of would soon ensue, and it has come to pass. I am sorry that Senators seem to be so careless of the interests of the people as not to realize the gravity of the situation. I have been trying to get some legislation passed which would aid the farmers of the country and particularly of my section. I warned the Senate a year or two ago that unless something was done to stabilize the raw product of agriculture, and particularly cotton, on account of the wide and wild fluctuations farms would be deserted, mills would shut down, employees would be thrown out of employment, and that has come to pass to-day. By reason of Congress going to sleep, by reason of not passing a fair and an equal and a just law correcting the evils of the present cotton-future contract law, the price of cotton fluctuates, and within a few months its price declined one-third of the value of the commodity. Hence converters of goods, retail merchants all over the country, everybody who wants to buy a shirt or a towel or a sheet, withdraws from the market, and goods are piling up, and people are thrown out of employment.

Mr. President, the remedy is for us to pass sound and sane laws taxing everybody equitably and equally, and fixing a way in which a large amount of uninvested capital can not be used at the pleasure of the owner thereof to confiscate within a few moments a large proportion of the value of the labor of toiling people.

I am not opposed to wealth. In fact, anyone who does not try to accumulate, who does not save, who does not work, who does not toil, who does not try to better his condition and the condition of his family, is not worthy of having a family; but, Mr. President, when speculators, people who do not sow, who do not produce, just use uninvested wealth to change the price of our chief commodity within one day to a tremendous extent, it is time that Congress was performing its duty and passing a law that would prevent it.

I have been exceedingly reluctant to press my views on the Senate. I have been waiting for the Federal Trade Commission to make a final report upon a resolution which I submitted to it over two years ago in order that I might bring up an amendment which I propose to press before the Senate. Realizing that thousands of my people are being thrown out of employment because we have not done our duty in this respect, I propose to call up a resolution which I have pending at my very first opportunity, and if I fail to get it passed I propose to call it up each day, or just as often as I can get the floor, until I can get my bill reported back on the calendar. Then I will give the Senate an opportunity to vote if it is in my power to do so. Heretofore—that is, before the advent of the boll weevil—there was almost always employment for people on the farms, because all knew some cotton could be produced; but now on account of this pest it is doubtful if any of that crop will be harvested. Hence people are not disposed to take risks in planting it; hence unemployment.

Mr. KING. Mr. President, the question of imposing a graduated tax upon corporations is one of great importance and deserves serious consideration at the hands of the Senate. The Senator from New Mexico will offer an amendment which, if adopted, will change the provisions of the bill which lays a flat tax of 14 per cent upon the net earnings of corporations.

Mr. President, what I shall say will be somewhat discursive, and is prompted by some of the observations just submitted by the Senator from South Carolina [Mr. DIAL]. Before proceeding further, may I say in behalf of the Democrats of the Finance Committee that it is not our purpose to delay consideration of the pending bill but to facilitate its passage? By that I do not mean that the minority members are satisfied with all of the provisions of the bill. Indeed, many of its provisions do not command our support. However, the majority party reported the bill, and it is entitled to have it fairly and promptly considered. The Republicans are in control, and they must bear the responsibility of legislation, and also whatever odium attaches to nonaction upon important matters. I am not violating any proprieties in stating that when the revenue bill was under consideration by the Finance Committee the Democratic members of the committee were in constant attendance and submitted frankly their views. There was no factional opposition and no effort whatever to delay action by the committee. They believed that Congress should not adjourn without passing a revenue bill, and that while the pending measure was not satisfactory and contained many provisions unjust and oppressive, nevertheless there was sufficient

merit in it to restrain the interposition of obstacles which would prevent final action during this session of Congress. The consideration of the bill in committee was, in my opinion, not only not impeded by the Democrats, but I sometimes felt that the desire to hasten a report upon the bill denied full and adequate consideration.

Mr. President, revenue measures should be carefully considered. The question of taxation is important, and the economic and industrial affairs of a State are closely connected with the system of taxation which prevails. The springs of prosperity may be destroyed by oppressive taxation and an unjust revenue measure may produce cleavages in the social and economic structure and result in consequences that in the end are disastrous. No system of taxation which has been devised has met the concurrence of all. An income tax which, it is generally conceded, is a fair and just method of raising revenue has many infirmities and is open to legitimate and serious criticism. Most Federal tax measures have been makeshifts; it can not be said they have been scientific. Too often they have reflected passion and prejudice and discriminatory policies. And in the States of the Union the revenue policies now obtaining, as well as those which have prevailed in the past, possess many inequalities and result in grave injustices. Throughout the land the cry of the people is against heavy taxes and the inequitable provisions found in revenue laws. Every possible effort should be made to make the burden of taxation light, and in the preparation of tax bills there should be an honest and sincere purpose to see that no injustice is done.

We are now called upon to raise approximately $4,000,000,000 of revenue to meet the expenditures of the Federal Government. It is not an easy task, even in a country with the resources possessed by the United States, to obtain so large a sum. It is a heavy burden upon business, and its oppressive character becomes more manifest when the fact is driven home to the people that that stupendous sum is only a part, indeed a lesser part, of the aggregate amount which they are called upon to surrender to State and National Governments to meet the demands for the coming fiscal year.

Mr. President, the present economic condition of our country is such as to demand that the taxes imposed by the Federal Government, as well as by the States, should be cut to the lowest possible figure. Our Republican friends effect to regard the economic and financial condition of our country as highly satisfactory. In their zeal to win the coming election and to ascribe to the Republican Party virtues which it does not possess and triumphs which it has not won, they minimize evil conditions, financial depression, economic losses, industrial depression, and prevailing discontent, and paint in vivid colors pictures of national prosperity and universal felicity that are not only illusory but wholly imaginative. Mr. President, throughout the land the evidences are unmistakable that business is unsatisfactory, industry, if not paralyzed, is in a moribund condition, and doubt and fear haunt the paths of trade and follow like hateful shadows the footsteps of the business men of our country.

There is, in the language of the street, a "slowing down" of business. In many parts of our country there is stagnation, and in every part of the land agriculture is bound and fettered. But, Mr. President, these conditions, serious and menacing, are the inevitable results of unwise economic and political policies. The Republican Party, flushed with victory in the last national election, flung to the winds sound and sane policies. Its foreign policies were an abandonment of the noble ideals which should lead this Republic and of the broad and comprehensive international program, promotive of national honor and of international prosperity, as well as of international amnity and world fellowship. I might add, Mr. President, that any true national policy pursued by this great Republic will be a contribution to the peace and progress of the world and will bring into closer bonds of fellowship all nations, both great and small.

The Republican Party's domestic policies have been as unsound as have been its foreign policies. Many dispassionate observers of the tendencies, as well as of the avowed purposes, of the Republican Party, perceive that it is a party of selfishness and of narrow and limited vision. When it pretends to stand for America and for what it calls American policies it exhibits a narrowness and a bigotry and a selfishness foreign to the ideals of the fathers of this Republic and to the broad and generous principles which guided the immortal Lincoln. True nationalism does not mean isolation or the erection of natural or artificial barriers as obstacles to world intercourse. There can be a policy that recognizes the strength and initiative and authority of the individual, which recognizes his right to freedom and to the determination of his own way in life, but which at the same time integrates him and his activities into the social organism. So, too, a nation, while maintaining its independence, its sovereignty, its right to determine its course upon the great sea of life, can join in world movements without losing its independence or robbing it of its national strength.

But, Mr. President, our Republican friends, while loudly proclaiming their devotion to America, speak but little these days of American ideals—of those finer and nobler things in life essential to the preservation of our Nation's life, as well as to the civilization of the world. There is too much of materialism in modern Republicanism. It is too much concerned with the things that perish; it shows too little interest in the things which do not die. Wealth vanishes; a cataclysm may destroy a city, or a pest may bring ruin to the crops and herds of the land. If our legislation is shaped along purely material and utilitarian lines, then our country's future is dark indeed.

I have thought sometimes that the Republican Party has forgotten the ideals of Lincoln and has surrendered itself to soulless corporations, to gigantic trusts, and to sordid, materialistic influences which corrode the souls of men and destroy the spirit of political organizations. Political issues that rest only upon material gains, upon selfish and sordid policies, may bring temporary victories, but in the end they will bring disaster and overwhelming defeat. The Republican Party in most of its legislation seems chiefly concerned in protecting wealth and in shaping its policies to conform to the wishes of sinister and materialistic influences so powerful throughout the land.

The McCumber tariff law is an exemplification of the truth of what I have just stated. It furnishes convincing evidence that it was framed in the interest of combines and selfish interests. Representatives of powerful organizations invaded the Capitol and demanded that there be written into the law provisions which would add to their swollen fortunes, and further oppress the great mass of the American people. The farmers throughout the United States were beguiled into supporting it, but have finally awakened to a realization of the fact that it was a deception and a fraud, that it robbed them of hundreds of billions annually which went into the pockets of great manufacturing and industrial concerns, whose wishes determined the policies of the Republican Party and whose demands were crystallized into law.

The Senator from South Carolina [Mr. DIAL] alluded to the languishing condition of agriculture and the despair which fills the hearts of the farmers. He states that Congress is ignoring the welfare of the farmer and his inference is that the people, too, have been ignored. If I understand him correctly, I assent to that statement.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. The Senator recalls the tariff of 42 cents a bushel on wheat, does he not? He is not going to overlook that, and the immense amount of good it did to the wheat farmers of America.

Mr. KING. Mr. President, the Senator from Tennessee is always alert to direct attention to the deceptive promises of the Republican Party. He has called attention to the fraud which was committed for the purpose of fooling the farmers and inducing them to support the Republican Party. The tariff upon agricultural products is a fraud, as everyone must now concede. But the Republicans having robbed the farmers by giving to the manufacturers enormous tariffs so that they might charge for their products extortionate prices, pretended to be their friends, and offered them a tariff upon wheat and other agricultural products. As the tariff was advanced the price of wheat went down. It is astounding how the Republicans have been so successful in hoaxing and deceiving the farming and laboring classes of the United States. As depression comes to the farmers, the Republicans say we must have higher tariffs. It seems to be the specific which they offer for the industrial ills from which our country suffers. When the condition of our country is unsatisfactory, then the Republican leaders declare that our fiscal policy must be changed and our tariff rates increased. The idea of removing obstacles from trade and commerce never enters into the mind of the orthodox Republican. He is wedded to his ideals; he is a natural isolationist. He sees the trusts permitted to prey upon the people and deduces the rule that the greater the predatory activities of this class, the greater will be the prosperity of the people.

The tiger and the lion grow fat when they can, without molestation, feed upon the weaker animals. Republicanism is

shot through with the thought that great wealth in the hands of the few will bring happiness and prosperity to the many. It is the world-old view that a few are made to rule, to govern, to control, to exercise political power, and to dominate the industrial and economic forces, and the many are to be mere pawns or automatons to be moved and pushed and shoved by those who seize political and economic power. The people have been fooled by the Republican Party. They are still in many sections of our land mystified by the legerdemain of the Republican Party and hypnotized by its subtle movements.

The tariff bill to which I refer was offered by the Republicans as a specific for the industrial and economic ills of the people. The then chairman of the Finance Committee, Mr. McCumber, admitted that the bill would increase prices and add to the profits of the beneficiaries of the law. He admitted that it would give to them the power to increase prices and that in many instances the tariff rates were so high as to be equivalent to an embargo. Democrats directed attention to the dangerous power committed to the manufacturing interests, to the trusts and combinations of the land, and pleaded with the Republican majority not to press down upon the back of labor the frightful weight which the McCumber bill would create.

The chairman of the committee, as Senators will recall, felt the strength of his adversaries' arguments and in piteous tones appealed to those in whose behalf the tariff schedules had been written not to exercise the authority conferred by the bill, but to content themselves with reasonable profits upon the commodities which they produced and which the American people were compelled to purchase. The contention was made that the tariff schedules were so high as to place a sword in the hands of the great manufacturing and other interests of the United States, a sword with which the people would be punished and a weapon by which they might be destroyed.

But, Mr. President, one might as well appeal to the tiger which has tasted blood in the hope that he will pause in devouring his victim, as to appeal to the Republican Party to preserve those whom its policies will destroy. The tariff trusts of the United States and the combinations who dictated the McCumber bill, as well as the leaders of the Republican Party, have given no heed to the appeals of the former chairman of the Finance Committee. They have exacted from the people the last penny. They are wringing from the American people the last drop of blood which it is possible to take from them.

It could not be otherwise. It is history repeating itself. Human nature changes but little as the centuries pass by, when power, industrial and otherwise, is put into the hands of a few—power to impose upon the people their policies—experience demonstrates that it will be exercised; and if this power will centralize wealth in the few it will be more zealously exercised, even though it ends in the destruction of the industrial freedom of the people and the political life of the Government itself. The appeals of Cicero to the mercenary forces who controlled the political and economic policies of the Roman Empire were not heeded. Oppressive legislation was enacted. The wealth was abstracted from the people, and the foundations of the Government were so weakened that in the end it was overthrown. Senators will recall the servitude of the agriculturalists, the legislation and policies which reduced them from the status of free men to the status of slaves. They will recall the ruinous rates of interest, as a result of which the specie of the world went into the coffers of the few. They will recall how Rome by the corruption of the rich and the degradation of the poor fell from her eminence and lay prostrate before invading foes. Mr. Jacobs tells us that four-fifths of the metallic money of the world was controlled by a few individuals who dominated the Roman Empire. In those days legislation and policies were hostile to the people and in the interest of the usurping few.

Precedents, Mr. President, may be invoked and historical analogies appealed to with profit in the consideration of legislation even in this age and in this triumphant Republic. We affect to believe that this age is unique and its problems differentiate it from past centuries. There is nothing new under the sun. The problems of taxation which we encounter confronted nations thousands of years ago. Questions of tariff, the various forms of taxation, and the evils of paternalism—these and other questions which we seem to regard as peculiar to our age—were dealt with, but not settled, in the dim ages of the past; and as each nation advanced over the prostrate form of departed ones the same problems arose, were experimented with, but not solved.

In our arrogance we are disposed to pay no attention to precedents or to historical analogies. The lessons written in letters of blood upon the pages of history do not deter us from the perpetration of the same errors, the commission of the same transgressions that are recorded over and over again during the past 5,000 years. So to-day we bow submissively to the dictates of combinations of organized wealth, of sinister forces. We pass tax laws and tariff laws; we bestow bounties and largesses; we destroy the principles of justice and equality; we follow the paths of selfishness and sordidness; we bow before the shrine of a narrow and restricted nationalism; we close our hearts to the noble impulses and high aspirations which must in the end prevail and direct humanity if the heights of freedom and justice and truth are ever attained.

But, Mr. President, I rose rather to comment upon one or two of the statements made by the Senator from South Carolina [Mr. DIAL] and to state that the Democrats upon the Finance Committee, while not satisfied with the pending measure, will interpose no factious opposition to the passage of the bill. They will offer some amendments—important ones—amendments which will improve the bill, and if adopted relieve a large part of the people of the United States of discriminations which the bill in its present form imposes upon them. However, it has one virtue. It will reduce slightly the burdens of taxation. But, Mr. President, with the extravagance attending this Republican Congress, the reduction in taxation, small as it is, will add to the deficit which will be created as a result of the appropriations for the next fiscal year. I know it is idle to talk about reducing appropriations. Every appeal made for economy is treated with more or less derision. The people themselves, unfortunately, give no concrete evidence of their approval of efforts to cut down the appropriations carried by the numerous bills which are enacted into law. I have sometimes thought that the people have greater pleasure in seeing the Treasury depleted by enormous appropriation bills than in learning of the passage of legislation which relieves them from the burden of taxation. Senators are daily importuned to pass laws increasing appropriations. The golden stream flowing from the Treasury seems more beautiful the larger it is. It fascinates the people, and there seems to be a desire that the stream should be enlarged and its fertilizing effects extended to all parts of the land. However, the stream does not always fructify the soil or benefit the people. In order to replenish the stream more taxes are to be levied; and ultimately the people must learn that the more they spend the more they will be taxed, and that in the long run that country is most blessed that has the fewest tax gatherers and the fewest appropriation bills.

The character of legislation enacted by Congress encourages socialism, develops a hateful and oppressive paternalism, and increases the demands made by the people for the projection of the Government into the policies of the States and the business affairs and enterprises of the people. In one of the subcommittees but a few hours ago estimable men and women appeared before us asking for a large appropriation from the Federal Treasury for the erection of houses for the employees of the Government and for a large section of the people of the city who do not have homes of their own. And daily, as I have stated, demands are made for the Federal Government to embark upon schemes that are unconstitutional and could scarcely be supported under a paternalistic government of the most pronounced character.

Mr. DIAL. Mr. President——

Mr. KING. I yield to the Senator from South Carolina.

Mr. DIAL. I am not defending the people for appearing before the Senator's committee and asking them to recommend an appropriation of money with which to build houses; but I would like to ask if they were not encouraged to do so, indeed invited to do so, by the action of the Congress a few days ago in passing a bill providing for a loan to the farmers of New Mexico of a million dollars? Then, it has not been very long ago that we took up the Norbeck bill, where it was desired that we should hand out and dish out to the farmers of four Northwestern States about $50,000,000 for the purpose of encouraging them along about November. Is the Senator surprised at the people coming and asking that the Government build houses for them or buy clothing for them or do anything else for them out of the Federal Treasury?

Mr. KING. I am not going to project myself into the controversy that may arise out of the first part of the question propounded by the able Senator from South Carolina. I see upon my left the Senator from New Mexico [Mr. JONES], and I confess that in a contest between the Senator from South Carolina and the able Senator from New Mexico I must remain neutral.

Mr. DIAL. The lovableness of the Senator from New Mexico is the reason why the bill passed.

Mr. KING. Without reference to any particular measure, and speaking generally, it seems to me that the policies of the

Government, in some respects at least, have been an encouragement to the socialistic and paternalistic spirit that we find permeating the law. I sometimes think that both political parties have forgotten the theory of this Government, the dividing line between the States and the Federal Government, and the great responsibilities which the States reserved to themselves—indeed, demanded for themselves—and which they were unwilling to surrender to the Federal Government.

But I shall not pursue that further. What I wanted to call attention to was the fact that the tax burdens of the American people are becoming too oppressive to be borne, and immediate relief must come. Our farmers find no markets for their surplus products. Foreign markets for agricultural products are being closed, and the plants that are growing up, fostered by improper legislation, will, of course, contribute to a further restriction of our foreign markets.

If we establish here as a standard a price level so high above the price levels of the world, it is manifest to the most superficial observer or student of political economy that we are destroying any possibility of extending our foreign trade and commerce. The prosperity of the agriculturists of the United States, as well as of the people generally, in the long run will depend upon our foreign markets. We may talk about being a self-contained Nation; but with the great developments in chemistry, in the applied sciences, in mechanical devices, in which we lead the world, it is becoming daily apparent that we can supply not alone the people of the United States with all things, or substantially all things, that they require, but we can supply hundreds of millions of the peoples of the world.

We ought to be concerned in our legislation in aiding the stream of commerce and making it larger. We ought to aid the farmers of the United States in finding foreign markets for their surplus products and the manufacturers of the United States in conquering the markets of the world. But we are pursuing a fatuous policy, which sooner or later will eventuate in the reconquering of the markets of the world—the manufacturing markets of the world, at least—by Germany, by Great Britain, by France, by Belgium, and by other European countries.

I repeat that a fictitious and superficial price level maintained by unwise legislation will make it absolutely impossible for the United States to compete in the markets of the world; and with the death of competition there will come a shrinkage in our markets, a shrinkage in production measured by capacity to produce. This will be followed by diminished production in factories—indeed, the closing of some factories and the turning out into the streets thousands and millions of men now employed in gainful occupations.

I referred to the question of taxation. We are going to appropriate this year hundreds of millions in excess of the Budget estimates. It has been estimated by the Budget that we will appropriate for the fiscal year 1925 $3,298,080,444. The Budget estimate of revenue receipts on the basis of the present law for the fiscal year 1925 is $3,693,762,078. The evidences are cumulating that there will be a diminution in the business activities of our country during the next fiscal year; this being so, it is obvious that the revenues which seem to be recognized as more or less certain by the Budget will not be forthcoming, and yet we are appropriating far in excess of what the Budget recommended.

The senior Senator from Utah [Mr. SMOOT] has called attention to the fact that there is or will be a deficit, I think, with the appropriations which have already been made, based upon the revenue estimated by the Budget and by the Treasury of the United States. My colleague has challenged attention to the fact that in all probability we will not balance our Budget. However, we will continue to pass appropriation bills, and there will be, in my opinion, at the end of the fiscal year a deficit, under the law which we will enact, of between $300,000,000 and $500,000,000. This deficit will have to be met by increased taxation at the next session of Congress. It is as certain as that the sun will shine somewhere in the world upon the good morrow that next year we will have a deficit, to meet which the Government must borrow money or further tax the people.

Then in addition to these stupendous Federal taxes we have the rising tide of State and municipal taxation. I have said upon one or two occasions that the taxes in States, counties, and municipalities of our country have increased since 1913 from 167 to 300 and 400 per cent. The taxes imposed upon the people by the States, counties, and municipalities will be greater this year than they were in 1921, 1922, or 1923. They will exceed five billion dollars, and that stupendous sum, added to the more than four billion dollars which we will appropriate for the next fiscal year, will place a burden upon the American people of between eight and nine billion dollars. It was only a few years ago when all of the savings of the people in an entire year were less than six billion dollars, and now we have increased the taxes so much that if there were not increased savings there would be an invasion upon capital in order to pay taxes. As a matter of fact, there must be destruction of capital now to meet the taxes for the coming year. There will be much capital dissipated among agriculturists to pay the burdens of taxation imposed during the next fiscal year.

Mr. President, it is time that we practice economy and retrenchment. We need a Holman in the Senate and in the House, a great objector who will lift his voice against the extravagance of this administration and of the Government and the demands for greater and still greater appropriations. We need some corrective influence in the country. We need some great crusader, who will go from the Atlantic to the Pacific crying aloud for reform in taxation and reduction in the burdens of taxation, retrenchment in county, in State, in city, and in the Federal Government.

We need men who will tell the people that instead of the Government owing them something they owe something to the Government. The theory seems to be that the Government is a great cornucopia that pours out its blessings, its gold, its treasures upon the people.

Instead of that, Mr. President, the proper government is poor, as poor as the proverbial "church mouse." It were better to have a poor government—that is, a government whose treasury is not overflowing with taxes wrung from the brow of toil; a treasury that has only sufficient funds to meet the current expenses of a government rigidly, Spartanlike, economically administered—but we boast so much of this rich Government, of our enormous wealth, that we cease to think of the burdens of taxation. We levy taxes as if they were no burden upon the people, and we spend the taxes, obtained and unobtained, as if there were no limit to the Treasury of the United States or to the capacity of the people of the country to bear the terribly oppressive burdens that now rest upon them.

We heard the impressive speech of the Senator from Idaho [Mr. BORAH] a few days ago telling us of farms abandoned, of despair in many agricultural sections of the United States, of farms sold for taxes, whole counties denuded of titles, and thousands of people driven by poverty and want from their homes. Yet with these solemn warnings, with these evidences of despair, these evidences of financial depression, we continue blithely to spend money, to levy taxes, and to cry out to the people "All is well!"

Let us take stock, Mr. President. Spring has come. The wise merchant takes stock in order to see what he has on hand. The wise man balances his accounts and tries to project a policy that will save him from destruction and advance him along the pathway of safety and security. Let us, as stewards of the people, protect their interests, and not in a profligate way continue these enormous appropriations and thus press more heavily upon the people the burdens of taxation.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

Mr. KING. Mr. President, I called attention on yesterday to a subject when the Senator from New Mexico [Mr. JONES] was speaking, and I stated that to-day I should be glad to put the figures relative thereto into the RECORD. I wish now to call attention to the matter. The Senator from New Mexico was discussing the manner in which corporations escaped taxation. I wish to show the tremendous amount of property which is owned by corporations, their earnings, and the small amount of taxes which is paid by them in proportion to their earnings.

Mr. GERRY. Mr. President, it seems to me the matter which the Senator from Utah is about to discuss is very important, but there are very few Senators present to listen to the discussion. I, therefore, suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal clerk called the roll, and the following Senators answered to their names:

Adams	Ernst	Keyes	Reed, Pa.
Borah	Ferris	King	Sheppard
Brandegee	Fess	Lodge	Shipstead
Brookhart	Fletcher	McKellar	Smith
Broussard	George	McNary	Smoot
Bruce	Gerry	Moses	Stephens
Bursum	Gooding	Neely	Sterling
Cameron	Hale	Norris	Swanson
Capper	Harris	Oddie	Trammell
Caraway	Harrison	Overman	Wadsworth
Copeland	Heflin	Pepper	Walsh, Mont.
Cummins	Johnson, Minn.	Phipps	Warren
Curtis	Jones, N. Mex.	Pittman	Wheeler
Dale	Jones, Wash.	Ralston	Willis
Dial	Kendrick	Ransdell	

Mr. OVERMAN. I desire to announce that my colleague [Mr. SIMMONS] has been called home by important business.

The PRESIDENT pro tempore. Fifty-nine Senators have answered to their names. There is a quorum present.

Mr. JONES of New Mexico and Mr. JONES of Washington addressed the Chair.

The PRESIDENT pro tempore. The Senator from Utah is entitled to the floor, if he desires to occupy it.

Mr. KING. I yield first to the Senator from New Mexico.

Mr JONES of New Mexico. Mr. President, I want to make a very brief statement while a considerable number of Senators are present.

We have been proceeding to-day with the revenue bill, and have made very rapid progress upon it. I think it quite possible that a misapprehension has arisen in the minds of many Senators as to the period of time for which the bill is going to occupy the attention of the Senate.

There is not going to be any attempt of which I have any knowledge to delay the passage of the revenue bill. I realize that Senators have been busy with other matters of legislation, and evidently they have been assuming that the bill is going to be before the Senate for a number of days, and that they can, in their own good time, consider the important provisions of it. If I may, I wish to disabuse the minds of Senators of any such impression. My judgment is that the bill is not going to require many days' time in the Senate. We have been studying the provisions of the bill—especially the members of the committee—and so far as we are concerned our minds are clear as to what we want to do. Of course, there are differences of opinion, but we are not—at least, so far as I have any intimation—going to prolong the consideration of the bill merely for the purpose of taking up time in discussion.

I sincerely trust that all Senators who are interested in any of the provisions of this bill, many of which have been passed over so that an opportunity may be had to give consideration to them, and Senators who have amendments which they propose to offer, will be prepared to take them up on very short notice—to-morrow, in fact—because it is my judgment that the bill is going to pass much sooner than any statements in the press would indicate.

Mr. JONES of Washington. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. I yield.

THE MERCHANT MARINE

Mr. JONES of Washington. While there is a pretty full attendance in the Senate I want to call attention to a bill that I hope to call up at the first opportunity. I expect to be able to pass it probably without taking very much of the time of the Senate. It is H. R. 6202, known as the Dieselization bill. It is a bill passed by the House amending a couple of sections of the merchant marine act of 1920, under which the loan fund for which that act provides can be used partly for the Dieselization of some of the ships that we have. I think the bill and the report that the House has made on it are so plain that they will demonstrate to Senators the very great desirability of acting on the bill, and I think there will be no objection to it.

Mr. McKELLAR. Mr. President, about what will it cost?

Mr. JONES of Washington. It will cost nothing extra. It simply allows the use of part of the money that is already set aside for the loan fund for the purpose of putting in Diesel motors. The bill authorizes the use of $25,000,000.

Mr. McKELLAR. Of the $125,000,000?

Mr. JONES of Washington. Yes. There is about $66,000,000 in the fund now, I understand, and this bill authorizes the use of $25,000,000 for that purpose. I hope that Senators, when they have a little time, will be able to look over it, so that some of these days, when we can have a few minutes, I can call up the bill and probably pass it, because it is quite an important measure.

Mr. McKELLAR. Is there a report on the bill?

Mr. JONES of Washington. Yes; the House report is made part of the report of the Senate Committee on Commerce.

ALASKAN FISHERIES

Mr. KING. Mr. President, the Senator from Washington [Mr. JONES] referred to the bill coming from the House Committee on the Merchant Marine and Fisheries, as I understand.

Mr. JONES of Washington. No; it is not that bill.

Mr. KING. May I ask the Senator what disposition will be made of the bill passed by the House which deals with the question of the fisheries of Alaska?

Mr. JONES of Washington. That bill is now on the calendar, and I hope to take it up before very long.

Mr. KING. Apropos of that bill, I desire to read a resolution which it is my purpose to offer:

Whereas the Secretary of Commerce, without authority of law, has suspended the fishery laws relating to Alaska, and has granted exclusive fishery rights to favored packing corporations, and has denied to American citizens the common right of fishery as established by the law of the land and recognized by the courts of the United States; and

Whereas the Committee on the Merchant Marine and Fisheries of the House of Representatives of the United States has investigated the administration of the Alaskan fisheries and has recommended unanimously that the practice of granting exclusive fishing rights in Alaskan waters should cease: Now therefore be it

Resolved, That it is the sense of the Senate of the United States that all orders and regulations granting exclusive fishing rights to packing corporations or others in Alaskan waters should be immediately rescinded and abrogated.

Mr. JONES of Washington. Mr. President, I want to say to the Senator that the Committee on Commerce has unanimously reported the bill that passed the House embodying that proposition.

Mr. KING. I am very glad to hear it. I was prompted to offer this resolution because, as the Senator knows, at the beginning of the session I offered a resolution asking for an investigation of practices of the Department of Commerce which were characterized by the Delegate from Alaska as being destructive of the fishery interests of the country and violative of law. That resolution never was reported, and I did not know whether the Committee on Commerce was to bury the whole matter or not.

Mr. JONES of Washington. No; we have acted very promptly, and that is another bill that I should like very much to have Senators examine. I think the report sets out quite fully the situation in regard to that matter, and it is in such shape now that I think it is very desirable that we should pass the bill. So I hope the Senator from Utah and other Senators will examine the bill and the report which has been filed.

Mr. KING. I have examined the bill which has been passed in the House and the report, and I was prompted to offer this resolution for fear the committee would bury that bill as they buried my resolution.

Mr. JONES of Washington. We have already reported the bill and it is on the calendar.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. BROUSSARD. Mr. President, I offer an amendment to the pending bill, which I ask may be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be printed and lie on the table.

Mr. TRAMMELL. Mr. President, I send to the desk an amendment which I propose to offer to the pending bill. I ask to have it printed and lie on the table subject to call.

The PRESIDENT pro tempore. The amendment will be printed and lie on the table.

Mr. KING. Mr. President, when the absence of a quorum was suggested I was calling attention to the large number of corporations in the United States, and to their enormous holdings, and to the relatively small returns made as a basis for taxation. I was about to state that for the calendar year 1921, the last year for which detailed statistics have been compiled, 185,158 corporations, being 51.95 per cent of all the reporting corporations of the country, reported an aggregate deficit of $3,878,219,134. These corporations reported no net income for taxation; 171,239 corporations, being 48.5 per cent of all the reporting corporations of the country, reported aggregate net income of $4,336,047,813.

Mr. President, if we had access to the tax returns filed by the corporations last alluded to and could ascertain the amount that was allowed by the way of deductions for amortization, depletion, etc., I think the fact would be disclosed that many of these corporations took advantage of their government and failed to pay an honest and a fair tax.

The net income of all corporations—that is, the net income produced by setting off the deficit made by the corporations in the first group against the net income of corporations in the second group—was $457,828,679.

The total gross revenues of all the corporations were reported at $91,249,273,532. That is to say, the gross revenue of these corporations was perhaps one-third of the value of all the property in the United States. The deductions which were

allowed are reported at $90,791,444,853. This means, in plain language, that out of $91,249,000,000 of gross revenues, $457,000,000 represents the alleged net aggregate earnings of all the corporations of the country for that year.

Mr. KENDRICK. Mr. President——

Mr. KING. I yield to the Senator from Wyoming.

Mr. KENDRICK. Can the Senator give us the percentage of the earnings represented by that $450,000,000?

Mr. KING. I think the figures which I shall give further on will indicate that. May I refer just a moment to the figures just given—that the gross income of these corporations reporting was $91,000,000,000 plus and the net income which they reported was only $457,000,000 plus? The Senator will see that the ratio is as 457,000,000 to 91,000,000,000—very inconsiderable.

Corporations in the first group which reported deficits had gross incomes of $31,198,150,203 and claimed deductions of $35,076,369,337. Corporations in the second group which reported net incomes had gross incomes of $60,051,123,329 and claimed deductions of $55,715,075,516.

Mr. DIAL. Mr. President——

Mr. KING. I yield.

Mr. DIAL. The corporations mentioned by the Senator as being in class 1 evidently do not pay corporation taxes and capital-stock taxes. Then they will pay no taxes.

Mr. KING. That is true. There are many corporations, let me say to the Senator, which pay no capital-stock taxes, upon the theory that the capital stock is valueless.

Mr. DIAL. I think this would be a very good way to get at them and make them pay something on the capital.

Mr. KING. That matter we will discuss when the amendment offered by the Senator from New Mexico is under consideration.

The deductions claimed and allowed to corporations in that group in the aggregate sum of $90,791,444,863 were distributed as follows. That is to say, deductions were claimed by these corporations, the aggregate income of which was more than $90,000,000, as follows:

Cost of goods	$56,849,199,528
Miscellaneous expense	24,496,192,919
Domestic tax	1,472,601,824
Compensation of officers	2,258,902,237
Proper operating expenditures	85,076,896,508

They claim deductions also as follows:

Interest paid on funded and other debts, $3,141,311,388.

Exhaustion, amortization, and depletion, $2,573,236,957.

Deduction for depreciation of capital and interest on borrowed capital, $5,714,548,345.

Let me pause here to remark that under the provisions of existing law corporations may borrow money and put it into the corporation as capital and then claim deductions for interest on the borrowed money. If A and B organize a corporation and put in $100,000 as capital, and C and D organize a corporation and put in $50,000 and borrow $50,000 to add to their capital, then C and D have an advantage, under the law, and they will be allowed a deduction in determining their taxes of the interest charge which they paid upon their borrowed capital. They obtain an advantage over those who form corporations and pay in full the capital of such corporations. When we come to that provision of the bill I shall offer an amendment which I hope will relieve the honest corporations from the discrimination which now exists in favor of some corporations which I shall not characterize.

Mr. KENDRICK. Mr. President——

Mr. KING. I yield.

Mr. KENDRICK. The computations which the Senator has made are not quite clear to me. I wonder if the Senator intends to say that it is more profitable for corporations to borrow money than it is to invest their own capital?

Mr. KING. The result would seem to be as indicated by the Senator. They can get a deduction for interest upon capital.

Mr. DIAL. Mr. President——

Mr. KING. I yield.

Mr. DIAL. That is, assuming that the corporation is prosperous. If it were otherwise, then the debt would have to be paid, and the stockholders would lose their capital.

Mr. KING. That subject raised by the Senator needs considerable elucidation. We will not accept it at 100 per cent; yet everything the Senator says is entitled to 100 per cent credit except that statement.

Returning, the figures show:

Total tax-free deductions, $90,791,444,853.

The aggregate net income—just think of it—the aggregate net income on $90,000,000,000 of earnings upon which taxes are to be paid amounts to only $457,828,679, whereas the aggregate gross income, as stated, was $91,249,273,532.

Mr. McKELLAR. What percentage is that?

Mr. KING. I have not computed it. It is quite insignificant. These figures are worthy of serious consideration by the Senate when they determine the question of the taxation of corporations. They will be involved in the consideration of the amendment which will be offered by the Senator from New Mexico, when we decide as to whether we shall have a graduated tax upon the corporations of the country.

Mr. McKELLAR. Mr. President, the figures the Senator presents are very interesting. I am wondering about their connection with the provision in this bill, which increases the corporation tax to 14 per cent and relieves corporations from what is known as the capital-stock tax. Many corporations in the country have declared stock dividends, which are not taxable under the ruling of the Supreme Court. The stock issued as stock dividends will not be taxable at all if this bill passes. Does the Senator think that is proper legislation which provides that capital stock issued in the way of stock dividends shall pay no tax at all?

Mr. KING. I would not care to express any definite view upon that question now except to say that the method of taxing corporations, in my judgment, needs some serious modification. I appreciate the fact that the corporations of the United States are paying large taxes in the States and political subdivisions of the States. I realize the fact that the corporations, too, are paying large taxes to the Federal Government.

Mr. SMOOT. More than a third of all the taxes collected.

Mr. KING. They pay a very large tax. However, in view of the ease with which corporations may be formed; in view of the fact that they have not been subjected to proper surveillance and supervision by the States and have had commissions to become pirates, and I do not use the term offensively, but by that I mean that a corporation organized ostensibly for one purpose often engages in a multitude of enterprises, a corporation organized under the laws of Delaware, or Maine, or New York, or New Jersey for the purpose of operating mines or industries in other States; in view, I repeat, of the ease with which corporations are formed; in view of the fact that they have not been subjected to proper supervision; in view of the fact that substantially all of the fluid assets of the country and much of the real estate of the country are going into the hands of corporations; and in view of the fact that it is the corporations largely that are making profits, rather than the farmers and the masses of the people as individuals, it is clear that they ought to pay taxes.

I am in favor of a taxation system that will tax profits rather than capital. If I had my way, I would exempt from the capital tax the profits upon lands. I would like to see lands sold more freely. I would have no impediment to the sale of lands, and I doubt whether there should be Federal tax upon lands; that so far as possible we should tax profits—profits of corporations, profits that come from the sale of personal property, profits in business; profits should be taxed, not capital. There can be no complaint of a taxation system where the incidence of the burden rests upon those industries and individuals deriving profits from their activities.

Mr. SMOOT. Mr. President, one or two Senators have asked me if I would not consent to let this amendment go over until to-morrow, and perhaps I had better say at this time that one or two have asked me to let it go over to Monday, until the Senator from North Carolina [Mr. SIMMONS] returns. I have no objection to doing that, because I do not think anything would be gained by trying to get a vote on it to-morrow, if the Senator from North Carolina wants to be here at the time of its consideration.

Mr. OVERMAN. I know that my colleague wants to be here at the time it is considered; and I want to suggest to the Senator from Utah that inasmuch as we have three large appropriation bills now on the calendar which ought to be passed, can the Senator not let this bill go over until Monday, and let us begin with these appropriations bills, the Army appropriation bill, the Navy appropriation bill, and the State, Justice, Commerce, and Labor appropriation bills? We ought to pass those bills.

Mr. SMOOT. I do not think it will take very long to-morrow morning to finish up the few amendments which went over to which there was no special objection, but which simply went over so that some Senator could look into the amendments.

Mr. OVERMAN. I have never known as much progress to be made on such a measure as has been made on this bill to-day.

Mr. SMOOT. I know that, and I appreciate it greatly. I want to say to the Senator that I have been very careful in the committee, as every member of the committee knows, to bring no political question before it. I have not considered the bill one single minute without the minority members of the com-

mittee present, and, having the bill in charge, I do not propose to object if any Senator wants to have reconsidered the vote by which any amendment was agreed to.

Mr. OVERMAN. I knew the Senator's feeling about the matter. As many Senators are absent on Saturday, and these appropriation bills are on the calendar, having been reported by the Committee on Appropriations, at least one of them might be taken up and passed and no time lost, and this bill could go over until Monday.

Mr. McKELLAR. We want to help the Senator to expedite the passage of this bill. I think everyone realizes that it ought to be passed, and passed at the earliest possible moment, and we are going to help the Senator. But there are some provisions which I think the Senator and all Senators will agree ought to have very careful consideration. There are only a few of them, and we will be very glad to help the Senator in every way possible.

Mr. SWANSON. Mr. President, let me say to the Senator from Utah that it seems to me, with the progress that has been made to-day, it would be well to let the bill go over until Monday. I am satisfied that by Monday a great many amendments, now about half discussed and passed over, can be given consideration and as a result very few amendments will have to be passed over on Monday. Many Democratic Members who are detained from the Senate now will be here then and I am satisfied that very few amendments will be passed over on Monday. I really believe that progress would be made by following that course.

Mr. SMOOT. A number of Senators have asked me if I would not agree to take a recess until 12 o'clock instead of 11 to-morrow, and I have agreed to that proposition. I do not think it would take over an hour to clean up the little amendments that went over to-day to enable some one to look into them. I think we can clean them up in an hour and just as soon as that is done I am willing to lay aside the revenue bill and take up the naval appropriation bill. I should think that could be done by 1 o'clock to-morrow.

Mr. HEFLIN. The proposition is to recess until 11 o'clock.

Mr. SMOOT. I have been asked to move to take a recess until 12 o'clock instead of 11 o'clock on account of committee meetings. If we could take a recess until 11 o'clock, however, I am quite sure we would be through by 12 o'clock and we could then take up the naval appropriation bill at that hour.

Mr. GERRY. What I am afraid of is that there are some Senators on our side who are absent who did not expect that the bill would make as rapid progress as has been made because I think this is more or less of a record in the matter of progress with revenue legislation. While some of the amendments seem not very important to members of the committee, I fear they will not be understood by Senators who are not here. The result will be that they will ask to reconsider them and require further explanation of them, and instead of the Senator expediting the passage of his bill he would be retarding it. I know that has been my experience in the past with revenue legislation, and I have been a member of the Finance Committee ever since I have been in the Senate.

Mr. SMOOT. Of course, any Senator who is absent and who would want information with reference to any amendment that has been agreed to would have the right to ask it, and I would be glad to furnish whatever information I could.

Mr. GERRY. Exactly, but that course would take more time. I think the Senator would find that he would make time; but I shall not press the matter.

Mr. KING. I would like to ask the chairman of the committee not to recess until 11 o'clock for this reason: The conferees on the immigration bill have met to-day and we meet again to-morrow at 10 o'clock. That is a very important measure. The Senator from Pennsylvania [Mr. REED] is a member of the Finance Committee, as well as one of the conferees on the immigration bill. I have the honor to be a member of the Finance Committee, too. We are compelled to be at the meeting of the conferees on the immigration bill to-morrow morning.

Mr. SMOOT. I will say to the Senator that I shall move to take a recess until 12 o'clock.

Mr. KING. That is all right.

Mr. SMOOT. I shall examine the amendments that have been passed over, and if I think it is going to take more than an hour to dispose of the unimportant ones, I shall give notice to the Senator having the naval appropriation bill in charge and he can call it up at 12 o'clock to-morrow.

Mr. McKELLAR. Could the Senator from Utah have printed in the RECORD a statement of the amendments passed over? I believe that would help. A mere list of them would be helpful to Senators.

Mr. SMOOT. There are very few of them, but it would be quite a task to prepare such a list.

Mr. McKELLAR. They are very few in number, I know. I will not urge the request.

Mr. MOSES. The Senator is about to make a motion for a recess?

Mr. SMOOT. It is desired first to have an executive session.

Mr. MOSES. Will the Senator from Utah yield to me a moment?

Mr. SMOOT. I yield.

POSTAGE ON UNPAID FIRST-CLASS LETTERS

Mr. MOSES. I desire to ask unanimous consent for the immediate consideration of Calendar No. 386, Senate bill 2513. I think its consideration will take but a moment.

Mr. McKELLAR. Let it be read.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from New Hampshire?

Mr. MOSES. It is a bill reported from a committee of which the Senator from Tennessee is a member.

Mr. McKELLAR. It ought to be a good bill under those circumstances.

Mr. MOSES. I ask that the title of the bill may be read for the information of the Senate before submitting the unanimous-consent request.

The PRESIDENT pro tempore. The title of the bill will be read for the information of the Senate.

The principal clerk read the title of the bill.

The PRESIDENT pro tempore. The Senator from New Hampshire asks for the present consideration of the bill. Is there objection?

There being no objection, the Senate as in Committee of the Whole, proceeded to consider the bill (S. 2513) providing that unpaid letters of the first class shall be transmitted to destination and postage thereof paid upon delivery, which was read as follows:

Be it enacted, etc., That the Postmaster General may provide by regulation for transmitting to destination unpaid letters of the first class (sealed) on which the names and addresses of both the sender and addressee are indicated, and which have been deposited inadvertently in the mails, the postage thereon to be paid upon delivery.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

TERMS OF FEDERAL COURT IN NEW MEXICO

Mr. BRANDEGEE. From the Committee on the Judiciary I report back favorably without amendment Senate bill 3023, and I ask unanimous consent for its present consideration. It simply changes the time and place for holding court in the Federal courts in the State of New Mexico. Both Senators from New Mexico have agreed to the bill, and there is no opposition to it.

Mr. McKELLAR. The Senator asks unanimous consent for its immediate consideration?

Mr. BRANDEGEE. I do.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 3023) designating the State of New Mexico as a judicial district, fixing the time and place for holding terms of court therein, and for other purposes, which was read as follows:

Be it enacted, etc., That the State of New Mexico shall constitute one judicial district, to be known as the district of New Mexico.

Terms of the district court shall be held at Santa Fe on the first Monday in March and September, at Albuquerque on the first Monday in June and December, at Roswell on the first Monday in May and October, at Las Cruces on the first Monday in November, at Silver City on the first Monday in January, at Las Vegas on the first Monday in February, and at Raton on the first Monday in April: *Provided*, That if at the time of the holding of the terms of said court in any year in the cities or towns of Las Vegas, Las Cruces, Silver City, or Raton there is insufficient business to justify the holding of any such term, the same may be adjourned or continued by order of the judge of said court made at any place in the district: *And provided further*, That terms of court at Silver City, town of Las Vegas, and Raton shall not be held unless facilities therefor are furnished by the county of Grant at Silver City, the county of San Miguel at town of Las Vegas, and the county of Colfax at Raton, without cost and expense to the United States, until such time as court rooms and other necessary facilities have been constructed by the United States.

Causes, civil and criminal, may be transferred by the court or either judge thereof from any of the aforesaid places where court shall be

held in said district to any of the places hereinabove mentioned in said district whenever in the opinion of the court or judge the convenience of the parties or the ends of justice would be promoted by the transfer.

That the marshal and clerk of said court shall each, respectively, appoint at least one deputy to reside at and who shall maintain an office at each of the cities of Albuquerque and Roswell, and the marshal and the clerk of said court may each, respectively, with the approval of the Attorney General, appoint one deputy at each of the cities of Las Cruces, Silver City, Raton, and the town of Las Vegas: *Provided*, That upon completion of the Federal building in the city of Las Vegas the court shall be transferred to and held in the city of Las Vegas instead of the town of Las Vegas and court at the latter place discontinued.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. HEFLIN. Mr. President, what bill was it that has just been passed?

The PRESIDENT pro tempore. A bill relating to the holding of terms of Federal court in New Mexico.

Mr. HEFLIN. I do not see the senior Senator from New Mexico [Mr. JONES] here.

Mr. SWANSON. The Senator from Connecticut stated that both Senators from New Mexico favor the bill.

Mr. McKELLAR. Yes; both those Senators have agreed to it.

Mr. HEFLIN. I desire a chance to look into the bill, and I give notice that I may want to move to reconsider it.

Mr. BRANDEGEE. Will the Senator enter a motion to reconsider? I shall not object if he wants to move to reconsider the action of the Senate.

Mr. HEFLIN. I enter the motion now and will let it go over until I have a chance to look into the bill.

The PRESIDENT pro tempore. The motion to reconsider is entered.

ORDER FOR RECESS

Mr. SMOOT. Mr. President, before I make a motion that the Senate proceed to the consideration of executive business I desire to ask unanimous consent that when the Senate takes a recess to-day it shall be until 12 o'clock to-morrow.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. SMOOT. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and the Senate (at 5 o'clock and 15 minutes p. m.) took a recess until to-morrow, Saturday, April 26, 1924, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 25 (legislative day of April 24), 1924

UNITED STATES DISTRICT JUDGE

Benjamin C. Dawkins, of Louisiana, to be United States district judge, western district of Louisiana, vice George W. Jack, deceased.

PUBLIC HEALTH SERVICE

Surg. Henry S. Mathewson to be senior surgeon in the Public Health Service, to rank as such from May 1, 1924, in place of Senior Surg. Stephen D. Brooks, who died July 4, 1923. The promotion of this officer is in accordance with law and regulations.

PROMOTIONS IN THE REGULAR ARMY

VETERINARY CORPS

To be captain

First Lieut. Patrick Henry Hudgins, Veterinary Corps, from April 6, 1924.

INFANTRY

To be captain

First Lieut. Harry Donnell Ayres, Infantry, from April 16, 1924.

To be first lieutenants

Second Lieut. Daniel Philip Buckland, Cavalry, from April 16, 1924.

Second Lieut. Philip McIlvaine Whitney, Infantry, from April 18, 1924.

Second Lieut. John Morris Works, Field Artillery, from April 18, 1924.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

ORDNANCE DEPARTMENT

Capt. Read Wipprecht, Cavalry (detailed in Ordnance Department), with rank from July 1, 1920.

SIGNAL CORPS

First Lieut. Duncan Hodges, Coast Artillery Corps (detailed in Signal Corps), with rank from October 9, 1919.

COAST ARTILLERY CORPS

Second Lieut. Ernest Byron Thompson, Air Service, with rank from June 12, 1923.

Second Lieut. Felix Nicholson Parsons, Air Service, with rank from July 3, 1923.

PROMOTIONS IN THE NAVY

Commander William S. Pye to be a captain in the Navy from the 5th day of October, 1923.

Lieut. Commander Leslie E. Bratton to be a commander in the Navy from the 3d day of December, 1923.

Lieut. Commander Emanuel A. Lofquist to be a commander in the Navy from the 29th day of December, 1923.

Lieut. Edward J. O'Keefe to be a lieutenant commander in the Navy from the 1st day of January, 1924.

Lieut. (junior grade) Robert Anderson to be a lieutenant in the Navy from the 8th day of June, 1923.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 4th day of June, 1923:

Harold J. McNulty.

John A. Pennington.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June, 1923:

Rutledge B. Thompkins.
William A. Gorry.
Campbell H. Minckler.
John W. Harris.
Harry A. Brandenburger.

John S. Harlow, jr., a citizen of Massachusetts, to be an assistant surgeon in the Navy, with the rank of lieutenant (junior grade), from the 12th day of April, 1924.

Assistant Civil Engineer James T. Mathews to be a civil engineer in the Navy, with the rank of lieutenant, from the 17th day of March, 1924.

The following-named gunners to be chief gunners in the Navy, to rank with but after ensign, from the 2d day of July, 1923:

Frank W. Dunning.

Edwin V. Wilder.

Carpenter Claude M. Joseph to be a chief carpenter in the Navy, to rank with but after ensign, from the 24th day of September, 1923.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 15th day of November, 1923:

Wyatt E. Fitzgerald.

James Sanders.

The following-named carpenters to be chief carpenters in the Navy, to rank with but after ensign, from the 23d day of January, 1924:

Charles H. Langenstein.

Frank M. Rogers.

Roy R. Wells.

POSTMASTERS

ALABAMA

William L. Jones to be postmaster at Parrish, Ala., in place of W. L. Jones. Incumbent's commission expired April 5, 1924.

Howard F. Little to be postmaster at Linden, Ala., in place of H. F. Little. Incumbent's commission expires April 28, 1924.

Edward B. Beason to be postmaster at Demopolis, Ala., in place of L. K. Simmons. Incumbent's commission expires April 28, 1924.

Andrew J. Bass, jr., to be postmaster at Trussville, Ala., in place of J. B. Martin. Office became third class April 1, 1924.

ARKANSAS

Elmer B. Wacaster to be postmaster at Mount Ida, Ark., in place of E. B. Wacaster. Office became third class April 1, 1924.

CONNECTICUT

Frank J. Serena to be postmaster at Saugatuck, Conn., in place of F. J. Serena. Incumbent's commission expires April 29, 1924.

IDAHO

Edith M. Smylie to be postmaster at Genesee, Idaho, in place of A. H. Potsch, resigned.

IOWA

Benjamin R. Mowery to be postmaster at Maquoketa, Iowa, in place of B. R. Mowery. Incumbent's commission expires April 28, 1924.

Wilbert W. Clover to be postmaster at Lohrville, Iowa, in place of J. M. Rosse. Incumbent's commmission expired March 22, 1924.

Orpha M. Bloomer to be postmaster at Havelock, Iowa, in place of O. M. Bloomer. Incumbent's commission expired March 22, 1924.

Claude M. Sullivan to be postmaster at Cherokee, Iowa, in place of C. M. Sullivan. Incumbent's commission expires April 28, 1924.

Mary T. Jacobson to be postmaster at Blakesburg, Iowa, in place of M. T. Jacobson. Incumbent's commission expires April 28, 1924.

LOUISIANA

Alfred T. Maund to be postmaster at Jennings, La., in place of A. T. Maund. Incumbent's commission expired April 7, 1924.

William G. Stinson to be postmaster at Benton, La., in place of W. G. Stinson. Incumbent's commission expired April 5, 1924.

Claudia L. Currie to be postmaster at Alco, La., in place of W. L. Currie. Office became third class January 1, 1924.

MASSACHUSETTS

Roland M. Baker to be postmaster at Boston, Mass., in place of R. M. Baker. Incumbent's commission expired March 9, 1924.

MINNESOTA

Sam Dornfeld to be postmaster at Lake Elmo, Minn., in place of Sam Dornfeld. Office became third class April 1, 1924.

NEBRASKA

Walter G. Mangold to be postmaster at Bennington, Nebr., in place of W. G. Mangold. Office became third class April 1, 1924.

NEW JERSEY

Anne W. Campbell to be postmaster at Tabor, N. J., in place of G. W. Earl, resigned.

OHIO

Ralph B. Troyer to be postmaster at Continental, Ohio, in place of H. C. Parrett. Incumbent's commission expires May 10, 1924.

Michael J. Meek to be postmaster at McDonald, Ohio, in place of M. J. Meek. Office became third class April 1, 1924.

George F. Burford to be postmaster at Farmdale, Ohio, in place of G. F. Burford. Office became third class April 1, 1924.

OKLAHOMA

Boone A. Leatherman to be postmaster at Rosston, Okla., in place of B. A. Leatherman. Office became third class April 1, 1923.

Isaac W. Linton to be postmaster at Jones, Okla., in place of I. W. Linton. Office became third class April 1, 1924.

Stephen M. Gold to be postmaster at Indianola, Okla., in place of S. M. Gold. Office became third class April 1, 1924.

Samuel H. Bundy to be postmaster at Bethany, Okla., in place of S. H. Bundy. Office became third class April 1, 1924.

OREGON

Charles Royse to be postmaster at Spray, Oreg., in place of Charles Royse. Office became third class April 1, 1924.

PENNSYLVANIA

John W. Hawes to be postmaster at Renton, Pa., in place of J. W. Hawes. Office became third class April 1, 1924.

Isaiah M. Stauffer to be postmaster at Millersville, Pa., in place of J. S. Sheirich, resigned.

Charles E. Fanning to be postmaster at Alba, Pa., in place of C. E. Fanning. Office became third class April 1, 1924.

TENNESSEE

Haggai M. Miller to be postmaster at Mountain City, Tenn., in place of H. M. Miller. Incumbent's commission expires April 28, 1924.

William G. Leach to be postmaster at Huntingdon, Tenn., in place of J. T. Hester, resigned.

VERMONT

Sheridan P. Dow to be postmaster at Sheldon Springs, Vt., in place of S. P. Dow. Office became third class April 1, 1924.

WASHINGTON

Hugh E. Osborn to be postmaster at Longmire, Wash., in place of H. E. Osborn. Office became third class April 1, 1924.

William G. Meneice to be postmaster at Carson, Wash., in place of W. G. Meneice. Office became third class April 1, 1924.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 25 (legislative day of April 24), 1924

POSTMASTERS

COLORADO

Charles E. Baer, Steamboat Springs.

KANSAS

Myron Johnson, Oakley.

NEBRASKA

Milton R. Cox, Arapahoe.
Arvid S. Samuelson, Axtell.
Hannah Price, Bennet.
Harold L. Mackey, Eustis.
Arthur H. Logan, Ponca.

NEW HAMPSHIRE

Charles H. Tarbell, South Lyndeboro.

NEW JERSEY

George W. Ivins, New Egypt.
G. Raymond Beck, Roebling.

OHIO

Harry L. McClarran, Wooster.

WISCONSIN

Frank W. Stanley, Omro.

HOUSE OF REPRESENTATIVES

FRIDAY, *April 25, 1924*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Rev. Jason Noble Pierce, D. D., offered the following prayer:

Grant to us, Thou giver of every good and perfect gift, those powers of life that shall appropriate and in Thy service shall use all that is from Thee. Forgive us our sins, and make us forgiving of others' sins, and beyond all personal achievements may we work together to have truth, justice, brotherhood, love, rule in all the world, to the glory of Thy holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed without amendment the bill (H. R. 1831) to loan to the College of William and Mary in Virginia two of the cannon surrendered by the British at Yorktown on October 19, 1781.

The message also announced that the Senate had disagreed to the amendments of the House of Representatives, had asked for a conference with the House on the bill (S. 381) to amend section 2 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 29, 1916, and had appointed Mr. LADD, Mr. STANFIELD, and Mr. JONES of New Mexico as the conferees on the part of the Senate.

The message also announced that the Senate had passed joint resolution of the following title, in which the concurrence of the House of Representatives was requested:

S. J. Res. 99. Joint resolution authorizing an appropriation to defray in part the expenses of the sixth quinquennial convention of the International Council of Women, to be held at Washington, D. C., in May, 1925.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to the bill (S. 1609) to fix the time for the terms of the United States District Court in the Western District of Virginia.

The message also announced that the Senate had insisted upon its amendments to the bill (H. R. 7959) to provide adjusted compensation for veterans of the World War, and for other purposes, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. CURTIS, Mr. MCLEAN, Mr. WATSON, Mr. SIMMONS, and Mr. WALSH of Massachusetts as the conferees on the part of the Senate.

SENATE JOINT RESOLUTION REFERRED

Under clause 2, Rule XXIV, Senate joint resolution of the following title was taken from the Speaker's table and referred to its appropriate committee as indicated below:

S. J. Res. 99. Joint resolution authorizing an appropriation to defray in part the expenses of the sixth quinquennial con-

vention of the International Council of Women, to be held at Washington, D. C., in May, 1925; to the Committee on Foreign Affairs.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. ROSENBLOOM, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill and joint resolution of the following titles, when the Speaker signed the same:

H. J. Res. 163. Joint resolution authorizing the Secretary of War to loan certain tents, cots, and chairs to the executive committee of the United Confederate Veterans for use at the thirty-fourth annual reunion, to be held at Memphis, Tenn., in June, 1924; and

S. 1609. An act to fix the time for the terms of the United States District Court in the Western District of Virginia.

LEAVE TO ADDRESS THE HOUSE

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. The gentleman from Illinois asks unanimous consent to address the House for five minutes. Is there objection?

There was no objection.

Mr. MADDEN. Mr. Speaker, I noticed in this morning's Washington Post an article giving an account of the meeting of the Bar Association of the District of Columbia, held yesterday, at which a resolution was passed appointing a committee to present a protest to the President of the United States against the appointment of WILLIAM J. GRAHAM, a Member of the House from Illinois, to the position of chief justice of the Court of Appeals of the District of Columbia. This resolution, I take it, was the result of a series of charges made by Frank J. Hogan, in which he purports to have said that—

Mr. GRAHAM did not even understand the simplest rules of evidence nor had he the slightest conception of judicial procedure.

I read further:

Mr. GRAHAM was characterized by Mr. Hogan as a politician who believes an indictment might be used as a political weapon, no matter if the indicted persons were never convicted of the charges brought against them.

It is said that Mr. Hogan has filed with this committee a lot of documents as evidence to show Mr. GRAHAM'S unfitness, some of which, it is said, are in the form of letters from Mr. GRAHAM to Mr. Hogan. I understand that Mr. Hogan has a letter from Mr. GRAHAM, one letter, in response to some request made by Mr. Hogan, not very favorable to the request, but certainly nothing that would reflect upon Mr. GRAHAM'S ability or his character. I understand that when Mr. GRAHAM was chairman of the committee of investigation of war frauds the friends of Mr. Hogan requested Mr. Hogan's appointment as the attorney for the committee. Whether Mr. Hogan knew this appointment was being requested for him I do not know. However, the request was refused.

Now I understand that Mr. Hogan represents nearly every person who is either under indictment here or who has a claim or against whom the Government has a claim; and naturally he would not want a man as chief justice of the court of appeals here to be somebody that he could not control.

Mr. WATKINS. Mr. Speaker, will the gentleman yield there?

Mr. MADDEN. No; I do not yield. I just want to make this statement.

Mr. WATKINS. I want to help you out.

Mr. MADDEN. I will yield later. I do not believe that anybody ought to control the courts, and particularly I do not believe that any lawyer whose business it is to defend men charged with violations of the law ought to be permitted to control the courts.

I understand that Judge Robb, in whose interest those resolutions were passed, is an honorable gentleman and a good judge and an able lawyer. But he is certainly no better lawyer than William J. Graham, who has practiced before the courts of the United States for the last 25 years. He certainly has no higher character than Mr. Graham has; and when these men say that we who do not live in the District are not entitled to any consideration from the President of the United States in the matter of appointments in the courts of the District of Columbia I say they are mistaken, because the United States pays 40 per cent of the expenses within the District of Columbia for all purposes, and I resent on behalf of the people of Illinois the onslaught by Mr. Hogan, who, I understand, has become rich in practicing before the courts of the District of Columbia, and who to-day wants to control these courts by asking the President to refuse to appoint a man whose honor and integrity are unassailable and who can not be controlled by anybody, but who under all circumstances at all times occupies an independent attitude, and would render decisions in such cases as may come before him in accordance with the Constitution and the laws of the United States, regardless of what Mr. Hogan or anybody else might say or think. And I certainly hope that the President of the United States will not be influenced by any such charges as Mr. Hogan has used the Bar Association of the District of Columbia to promulgate. [Applause.]

CHILD LABOR

Mr. SNELL. Mr. Speaker, I call up House Resolution 268, a privileged report from the Committee on Rules, and pending that resolution, I would like to agree with the gentleman from North Carolina [Mr. POU] relative to the time for debate on the same. What would the gentleman suggest?

Mr. POU. I would suggest 40 minutes on a side on the rule.

Mr. SNELL. That will be satisfactory. Pending that, I will ask unanimous consent that the debate on the rule be limited to 80 minutes, one-half to be controlled by the gentleman from North Carolina and one-half to be controlled by myself, and at the end of that debate the previous question shall be considered as ordered on the resolution.

The SPEAKER. The gentleman from New York asks unanimous consent that the debate on the rule be limited to 80 minutes, 40 minutes to be controlled by himself and 40 minutes to be controlled by the gentleman from North Carolina. Is there objection?

Mr. HOWARD of Nebraska. Reserving the right to object, Mr. Speaker, I would like to ask the chairman of the Committee on Rules a question for information. I introduced a long while ago a resolution requesting certain information from the Attorney General. I would like to ask if the Committee on Rules has any jurisdiction over that, any power to take it away from the sleeping Judiciary Committee?

Mr. SNELL. I have not in mind at the present time the resolution which the gentleman refers to.

Mr. HOWARD of Nebraska. It asks information from an Attorney General who is not here any more.

Mr. SNELL. I do not think I have any control over that Attorney General, at least.

Mr. HOWARD of Nebraska. All right; I have not, either.

Mr. BLANTON. Mr. Speaker, I reserve the right to ask a question. Will there be any opportunity to amend this resolution so as to exempt agricultural pursuits?

Mr. SNELL. It will be considered under the general rules of the House.

Mr. BLANTON. So there will be an opportunity to offer any germane amendments?

Mr. SNELL. I think so. I do not know of any reason why there should not be that opportunity.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. CONNALLY of Texas. How much general debate does the rule provide?

Mr. SNELL. If the gentleman will wait I will explain that. The resolution has not yet been read.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. BANKHEAD. Mr. Speaker, I make the point of no quorum. I think we ought to have a full House on this proposition.

The SPEAKER. The gentleman from Alabama makes the point of order that there is no quorum present. It is evident there is not a quorum present.

Mr. SNELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

Ackerman	Eagan	Lee, Ga.	Sears, Nebr.
Aldrich	Edmonds	Lehlbach	Sears, Fla.
Anderson	Fish	Logan	Shallenberger
Bacharach	Fredericks	McClintic	Sherwood
Bell	Fuller	McDuffie	Sites
Boylan	Funk	McFadden	Strong, Pa.
Brand, Ohio	Gallivan	McLaughlin, Nebr.	Sullivan
Britten	Garber	McLeod	Sweet
Browne, Wis.	Geran	McNulty	Taylor, Colo.
Brumm	Goldsborough	Magee, Pa.	Temple
Burton	Haugen	Michaelson	Vare
Byrnes, S. C.	Hawes	Moore, Ill.	Vestal
Carew	Hoch	Morin	Ward, N. C.
Celler	Howard, Okla.	Mudd	Wason
Clark, Fla.	Hull, Tenn.	O'Brien	Wefald
Clarke, N. Y.	Kahn	O'Sullivan	Williams, Mich.
Collins	Kendall	Phillips	Wilson, Miss.
Corning	Kiess	Porter	Winslow
Curry	Kindred	Reed, W. Va.	Wood
Dallinger	Knutson	Rogers, N. H.	Wurzbach
Davis, Minn.	Kunz	Rosenbloom	Zihlman
Drane	Langley	Schall	

The SPEAKER. Three hundred and forty-five Members have answered to their names; a quorum is present.

Mr. SNELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 268

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of H. J. Res. 184, proposing an amendment to the Constitution of the United States.

That after the general debate, which shall be confined to the resolution and shall continue not to exceed six hours, to be equally divided and controlled by those favoring and opposing the resolution, the resolution shall be read for amendment under the five-minute rule. At the conclusion of the reading of the resolution for amendment the committee shall rise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered ordered on the resolution and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SNELL. Mr. Speaker, this resolution, if adopted by the House, simply provides for consideration in the Committee of the Whole House on the state of the Union, under the regular rules of the House, House Joint Resolution 184, commonly referred to as the child labor amendment to the Constitution. The rule provides for six hours' general debate, and the debate must be confined to the subject matter of the resolution.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. CONNALLY of Texas. The gentleman is the chairman of the Committee on Rules, which is reporting this resolution. Does he think that in a matter of this kind, changing the organic law and changing the Constitution itself in this far-reaching manner, the debate ought to be limited to six hours? We spend six days debating some question of passing an appropriation measure, but when it comes to amending the Constitution in a vital and far-reaching particular you bring in a rule providing that debate shall not be more than six hours. I would like to have the gentleman's view upon that proposition.

Mr. SNELL. The rule provides for six hours' debate on the resolution itself. In addition to that time is the debate on the rule, which will be one and one-half hours; and the committee felt that six hours would be ample for general debate; and then there will be some debate under the five-minute rule.

Mr. CONNALLY of Texas. With 435 Members of the House, and many of them, no doubt, desiring to express their views on this fundamental question, you provide for three hours to a side, which would permit three or four to really have sufficient time to make an argument for or against the resolution. Is not that a fact?

Mr. SNELL. If gentlemen do not take any more time than I am going to take, many will have an opportunity to express themselves. I can say to the gentleman that I do not intend to enter into any technical analysis of this proposition, as my friends of the legal fraternity desire to consume most of the time.

I simply want to say this: I do know that the people throughout the United States are very much interested in this legislation. They feel it will play an important part in the future life and development of our people; they feel that legislation of this character, which guards and protects the youth of the country, can not help but have a very important influence on future generations and their citizenship. The people, I believe, want Congress to pass this legislation and to give the legislatures of the various States an opportunity to ratify it.

Mr. MONTAGUE. Will the gentleman permit a question?

Mr. SNELL. I will be glad to yield to the gentleman from Virginia.

Mr. MONTAGUE. With great respect for the gentleman's opinion and his services here, I wish to ask him respecting the rule itself. This rule brings before the House the consideration of an amendment of far-reaching importance to the Constitution of the United States. Does the gentleman think it is wise that it should be considered in the Committee of the Whole, consisting of a quorum of only 100 Members? When we come to consider so vital a question as an amendment to the American Constitution should not the full membership of this House, so far as our parliamentary rules permit, be present, at least, to hear the arguments and participate in the debate upon so portentous a subject?

Mr. SNELL. Before this rule was drawn I looked up the precedents and found that resolutions of this character have been considered in Committee of the Whole House on the state of the Union, and that is the reason we presented the rule as it is drawn.

Mr. MONTAGUE. I understood that; but I took advantage of the gentleman's generosity to call attention to what I consider a very serious blunder with respect to the method of consideration of so profound a subject.

Mr. SNELL. Mr. Speaker, I reserve the balance of my time.

Mr. POU. Mr. Speaker, I yield myself 10 minutes.

The SPEAKER. The gentleman from North Carolina is recognized for 10 minutes. [Applause.]

Mr. POU. Mr. Speaker, Article V of the Constitution provides that "whenever two-thirds of both Houses of Congress shall deem it necessary, the Congress shall propose amendments to the Constitution," and so forth. The Constitution also provides that all powers not specifically delegated to the Federal Government shall be retained by the people and by the States.

From time to time the Constitution has been amended. It is now proposed to submit another amendment to the legislatures of the respective States. This proposed amendment reads as follows:

SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress.

Mr. Speaker, I am firmly of the opinion that there is no present necessity for action on the part of the Congress in submitting the amendment to the Constitution above set forth.

The framers of the Constitution would probably be amazed if they could know that Congress is seriously considering submitting the child labor amendment. Most of these men believed in a Federal government exercising only those functions which were necessary to a strong and enduring government. Gradually the rights of the States have been taken over by the Federal Government.

Where is the end to be Mr. Speaker? Or, indeed, is there to be no end to the taking over of the rights of the States? Is it to be the destiny of this Government that States' lines shall mean nothing? Must all powers be exercised by the Federal Government?

What is it we are proposing to do here to-day? It is proposed by this amendment to give to the Congress here in Washington the power to limit, regulate, and prohibit the labor of all persons under 18 years of age. This applies to all. Not only to the factory, not only to the sweatshop in the crowded city and the great industrial centers, but it applies to every farm throughout the length and breadth of the land. It will give to Congress the authority to pass a law imposing a jail sentence upon every father and mother in America who permits a boy or girl under 18 years of age to do any labor.

Now, Mr. Speaker, I was raised on a farm. The hours of labor on the farm in my boyhood were from sun to sun. A boy of 17 years of age is almost a man. Labor on a farm never hurt me. As a rule I think it hurts no one, but by this amendment Congress can pass a law taking over the supervision and control of every child in America under 18 years of age. Mr. Speaker, I for one will not support any such proposed amendment to the Constitution.

Why is it that the States can not be left alone to work out problems which intimately concern their people? My State has a good child labor law. Most of the States of the Union have passed wholesome child labor laws. Also we have in my State a compulsory school law. I say there is no present necessity for submitting any additional amendment to the Constitution on the subject of child labor. Certainly I can not believe the sober common sense of America favors the giving to Congress unlimited authority such as is given in the proposed amendment we are considering to-day.

There is much which might be said on this subject. I content myself to-day by raising a warning cry. I do not expect the warning cry of anyone will be heeded, but I say to you, Mr. Speaker, we are about to go too far. Already there are so many criminal statutes it is hard for the citizen to keep out of the courts. And these statutes are Federal statutes, not State statutes. The citizen hardly knows what he is permitted and what he is forbidden to do, and now it is proposed to give to Congress the authority to pass a law which might jail any father in America who permits his boy under 18

years of age to do a little wholesome work. The rising generation must not be permitted to work. They must be raised in idleness until they reach the age of 18. They must not be permitted to do a little wholesome work in the factory or on the farm. The fathers and mothers who have raised large families are not permitted to have any help until their children have reached the age of 18 years.

You say this is an extreme statement. I am only stating what authority you are proposing to give to the Congress. Where is the man who can predict safely that some Congress in the future will not pass a law absolutely prohibiting all labor by boys and girls under 18 years of age?

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. POU. I yield to the gentleman from Texas.

Mr. CONNALLY of Texas. If the gentleman is not correct, why would Congress in this amendment demand the power unless it did intend to exercise it?

Mr. POU. Why, certainly. The only safe thing to do, Mr. Speaker, is to deny the Congress the right to pass any such drastic legislation. We have a compulsory school law in my State, and we have the best child labor laws of any State I know of. There is no necessity for this legislation.

Mr. ABERNETHY. Will the gentleman yield? The age limit is 16 years in North Carolina, is it not?

Mr. POU. It is 14 years in North Carolina.

Mr. TUCKER. Will the gentleman allow me to interrupt him a moment?

Mr. POU. Yes.

Mr. TUCKER. I just desire to state that the State of North Carolina, which has been held up for years as one of the derelict States, in the last eight years has passed nine child labor laws, more than any State in the Union.

Mr. POU. Yes; and yet we have been held up, Mr. Speaker, as a State which was not treating our children right, and I say that is a slander on the State.

Mr. EVANS of Montana. Will the gentleman yield?

Mr. POU. Yes; but just for a question.

Mr. EVANS of Montana. If you have nine labor laws in your State, may I ask whether those laws were declared unconstitutional by any court, so that you had to have nine instead of one?

Mr. POU. The State laws have not been declared unconstitutional by any court.

Mr. EVANS of Montana. I do not understand why you have nine.

Mr. POU. There were some amendments, as I recall.

Mr. MONTAGUE. They are separate statutes, are they not?

Mr. POU. Yes; my friend from Virginia is probably correct. I must say I do not recall the number of laws we have on the subject.

The only safe course, Mr. Speaker, is to withhold this vast authority from the Federal Government. The States can deal with this question if they see fit. The States can pass such laws if there is a popular demand by the people of the respective States. I believe there is no widespread demand coming from the people who are interested in favor of this proposed amendment. Remember, if you pass this amendment and it is ratified by the States Congress can provide jail punishment for any parent who permits a boy under 18 years to pick cotton or work in the tobacco patch. Colored children may not be permitted to pick cotton or worm tobacco. The effect is far-reaching and revolutionary. It may mean utter demoralization of farm labor.

Mr. Speaker, if I had it in my power to write the platform of my party in the coming campaign that platform would contain but few words. That platform would be "back to the Constitution of our fathers, economy in the public expense." Upon this platform, containing these few words, I would plant my standard. I would leave the States alone as far as possible in passing new laws and in amending the Constitution. I would raise the standard "back to the Constitution of the fathers," and with this battle cry I would have firm faith that my party would win a majority at the polls in November.

Mr. Speaker, if I know my own heart I am as solicitous as anyone for the welfare of the children of America. I am a father. I have raised a family. I am conscious of a tender interest in child life, but I can not surrender to sentiment entirely. In performing the great far-reaching duties which are imposed upon us here we should not be impractical. Common sense must not be thrown aside entirely. I prefer to leave the supervision of the children of my State to the general assembly of that State. And the general assembly of my State should as far as possible leave the supervision of our children to those whom Providence has made the natural guardian of child life, the fathers and mothers of the children, for in the hearts of the fathers and mothers of America, with rare exceptions, there is anxious self-sacrificing love which needs no law of Congress to guide or supervise. [Applause.]

Mr. SNELL. Mr. Speaker, I yield 10 minutes to the gentleman from Wisconsin [Mr. NELSON].

Mr. NELSON of Wisconsin. Mr. Speaker, this rule gives the right of way to the child labor amendment, which, in my opinion, should, must, and will pass [applause] with the strongest possible support of the best sentiment of the people of our country.

It goes without saying that child slavery in any form is a crime against modern civilization. The Constitution, the charter of American liberty, ought to suppress child slavery. It is unnatural, it is inhuman, it is irreconcilable with the moral sense of mankind. No argument is necessary to prove child slavery a moral evil. It is self-evident. It is an intuitive fact to every unseared conscience. No man or woman would dare to defend child exploitation. In all Christian communities spiritual-minded men and women resent the very idea of child slavery; they are up in arms against it, and they have resolved that it shall end in every portion of our country.

It is doubly bad. It is bad in that which it does to the children, making drudges of them for the gain of greedy adults, and it is sad for the children, in that it takes from them their God-given right to life, to physical, mental, moral, and spiritual development, and robs them of their happy, care-free childhood—the sunny days of life on earth.

However low a people may descend in the scale of a civilization which tolerates in any form the evil of child slavery, yet it does exist in various forms——

Mr. TUCKER. Will the gentleman yield?

Mr. NELSON of Wisconsin. I would prefer, if the gentleman will permit me, to make a connected statement.

It does exist in various forms in sections of these United States. The last census, the census of 1920, shows that 1,060,858 children, between the ages of 12 and 15, are at work in gainful trades and occupations. One in twelve within these tender childhood years. World statistics also show that the United States is behind Belgium, Denmark, Germany, Great Britain, Greece, the Netherlands, Bulgaria, Czechoslovakia, New Zealand, Norway, Rumania, and Switzerland in high standards of child labor. This is a most humiliating confession to be made in the American Congress.

Why does child slavery exist in various parts of the United States? Because the power of certain industries in a number of States has been sufficient, not only to prevent the enactment of protective child labor laws, but also to prevent the enforcement of these laws when passed.

Why should Congress care? The products of child labor go to all parts of our land; and these stunted and illiterate children, realizing more or less resentfully that they have been robbed of their rights, become citizens and scatter over the entire country. Therefore Congress has several times sought to enter the field in order to protect these children, and the Government itself, only to be defeated by greedy, selfish interests making use of the ignorance, the blunted moral conscience, and to some extent, no doubt, the dire necessities of unnatural parents. The Constitution itself, which should be the refuge of human freedom for all, has been made use of to continue this evil of child slavery.

What is the Nation's chief asset of wealth? Our children. What is the equivalent value in gold of a child? How many millions of dollars gained by these exploiters of children will be the exact equivalent of the physical, moral, and spiritual loss suffered by the million or more children themselves at work in factories, mines, and gainful trades of America? Will the material gain equal the loss to national life in deteriorated citizenship deprived of physical, moral, and spiritual development, represented by this million or more of our child population?

However materialistic our country may be in certain sections, the picture of children in tender years going to work in factories, in mines, and in gainful trades—pale, bent, weary, and sad—as seen in many States before the enlightened agitation against child labor had crystalized into Federal and State enactments and so raised the standards of wages, of hours of work, of educational and physical development of children, as contrasted with the picture of these children, under the protection of child labor laws, at work for better wages, with lesser number of hours, more reasonable time for physical and mental education, and larger opportunities to enjoy the sunshine of life, has made an ineffaceable impression on the minds

and hearts of the men and women of America. These noble souls have now besieged the Congress mightily to enter again to repair the breach in the Constitution so as to protect effectually the children of our country from exploitation and servitude.

Child slavery must go. A new force has entered the arena of political action—the mother bloc. The mother heart has heard the mute appeal of children in bondage, and the motherhood, the militant organized mothers of America, has taken the field to mend, if not to end for all time, this evil of child slavery.

Woe to the person, party, or State that, by encouraging child slavery, encounters the wrath of American mothers. I can not imagine a person or party so foolish, nor can I believe that there is a single State in the Union that in our day would directly defend or harbor the grosser forms of child slavery; and yet it seems strange how opposition to this constitutional amendment by special interests seeks to shield itself behind the allegations of State sovereignty—the right, duty, responsibility, self-interests, or pride of backward States to deal with, or fail to deal with, this evil in their own way and without interference from Uncle Sam.

But as this institution, so intolerable to the moral sense of mankind, so insidious in its encroachments, is prevalent in States where industries are powerful enough either to defeat State laws or prevent their enforcement, Uncle Sam has no choice, if he would heed the voice of motherhood, but to reenter the field, and with his strong arm, protect the children of America from every form of child slavery, however skillfully disguised. The motherhood of America, I say, demands it. Her voice is potent in politics to-day; and the fatherhood of America will fight with her to regulate child labor and suppress every form of child slavery.

The Congress of the United States, therefore, under the compulsion of the noblest sentiments of our common humanity, will offer this constitutional amendment to the States for their approval in order to give Uncle Sam the direct right to protect his infant children from this unspeakable evil of child slavery in whatever form it may be hidden or in whatever State it may be harbored, whether that State does it deliberately or negligently fails to do its duty.

The Constitution of America is the world's great charter of human emancipation. It was written by American men to protect man's right to life, liberty, and happiness; it is now also the instrument for the enfranchisement of American women; and it shall be the refuge of freedom for American children from every form of child slavery forever. [Applause.]

Mr. TUCKER. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. TUCKER. I wanted to ask the gentleman a question about the University of Wisconsin——

Mr. NELSON of Wisconsin. That is good authority, but it is sometimes wrong.

The SPEAKER. The time of the gentleman has expired.

Mr. POU. Mr. Speaker, I yield two minutes to the gentleman from Maryland [Mr. TYDINGS].

Mr. TYDINGS. Mr. Speaker, the opponents of this resolution are in favor of the prevention of child labor as much as those are who favor the resolution. It is the proposed method by which they seek to obtain protection of childhood in America, by Congress taking jurisdiction of this matter, to which we object. It simply means that it is another transfer of the power and rights of the individual State to the Federal Government. I predict that in the course of time another bureau with hundreds of commissioners, agents, clerks, and attorneys will be established, with all the expense of it, if this amendment is enacted. In Maryland, Maryland men and women have enacted legislation to protect children. We know our needs and conditions. We are not incompetents. We have good laws dealing with child labor. These are well thought out to suit our own conditions. We have one dealing with the age minimum, preventing those under 14 from working at all; we have another prohibiting those who can work in mines to over 16 years of age; we have an educational minimum requiring a child to go to school for so many years; we have a physical minimum requiring him to have a doctor's certificate; and we have a law which prevents a child from working over eight hours a day; and we have another law that prevents children from working at night, and other similar measures. What business has the Federal Government to walk into our State, where we know better than any one from South Carolina or Oregon or Kansas our own conditions, and undertake to run things? [Applause.] Nobody wants children to work, but we are in a position to know the needs of our immediate territory and to pass the most human and best laws, all things considered. If more laws are necessary to safeguard children, Maryland men and women will see to it that these laws are passed. Almost every State in the Union has a law restricting or prohibiting persons under 14 years from engaging in labor. I am proud to say I supported many of them. But when the Federal Government in an nstant seeks to create a huge army of Federal inspectors to come into our State and supervise our homes and the relation of parent and child, I must oppose it. To do less would be to say Maryland men and Maryland women are incompetent.

You may pay no attention to States' rights, but the day will come in this country when we will elect a President upon that issue, because that is the only way to reduce the enormous expenditures of this Government. I predict, if this movement goes on and the Federal Government keeps on breaking down the various States, that after a while you will not refer to the great State of Ohio as the State of Ohio, but it will be the Province of Ohio, and the same will be true with reference to all of the other States. The State, and not the Federal Government, is the proper tribunal to deal with these questions.

The SPEAKER. The time of the gentleman from Maryland has expired.

Mr. POU. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR of New York. Mr. Speaker, it had been my purpose to make some extended remarks in reference to the matter now pending before this House, but suddenly this morning news reached me from New York which has so thoroughly unnerved me that I shall be unable to proceed at length. Only a few hours ago I was informed of the sudden and unexpected death of my friend and my leader, that great Democrat who presided over the political destinies of the congressional district which I have the honor to represent in this House, that great man who was an outstanding figure in the political life of his city, of his State, and of the United States, Mr. Charles F. Murphy. Countless thousands of people who knew him intimately and personally will mourn him because they loved him. That great legion of other people throughout the length and breadth of this land who knew him by reputation will mourn him because they honored and respected him.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, I ask that I may be granted leave of absence for four days.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR of New York. Mr. Speaker, when this joint resolution to amend the Constitution of the United States in reference to child labor was before the Rules Committee, I was happy to support the rule bringing it before the House for action and I shall vote for the adoption of the resolution and its submission to the States for ratification.

No more important question could ever possibly come before us than the protection of the children of our Republic. It transcends in importance any question of locality or State and deserves greater consideration than some amendments previously appended to our Constitution.

Twice has the Supreme Court of the United States held unconstitutional Federal laws regulating directly or indirectly child labor in the States, so that we are face to face with a situation which means that, if we are to deal effectively with this vital problem from a national standpoint, an amendment to our Constitution is necessary.

According to the United States census of 1920, more than 1,000,000 children between the ages of 10 years and 15 years were employed in agriculture and industry. The census gives no figures under those ages, although it is well known that thousands under 10 years of age are workers. Investigation also shows that since 1920 the number so employed has materially increased, thus exposing a vast army of future citizens to industrial exploitation, squandering the possibilities of our young for commercial gain.

No community and no State has ever had the audacity to openly state that it is opposed to the regulation of child labor. But the facts are that in many States there is either no regulation or insufficient regulation or inefficient enforcement.

Illiteracy, poverty, and physical and mental deficiency follow child labor in a vicious circle in proportion to the number of children employed. The States with high standards are often helpless to prevent this commerce in souls and bodies. To evade the laws of his own State a conscienceless employer often sends his goods to the factories and the tenement houses and the sweat shops of an adjoining State which has less humane

laws—there to be turned into profits at the expense of childhood.

Opportunity for education and recreation are thus denied to a great proportion of our children between the ages of 10 years and 15 years, when the making of healthy minds and bodies is so essential to our national welfare. Some of our little toilers never see the light of day, but go to work in the factories and the canneries before the sun rises to toil until after the sun—God's sun and their sun—has set.

Gentlemen, the welfare and the future of our children is a national affair or nothing is. If we can ever afford to be paternalistic in Government, it is in dealing with our children, every one of whom is a ward of the Nation—their guardian.

There is another side to this question which I wish to call to your attention. Some may think it somewhat cold and commercial, but it is at least practical and of importance. The law-abiding employers in States having humane child labor laws are at a disadvantage in competition with those in other States where the employment of the very young at low wages is permitted, and even in the latter States this disadvanage works against the conscionable employer.

A Federal minimum standard of child labor, fixing the age, and education, and the physical standard, the hours of labor, and the permissible occupations for children has become necessary. Experience has shown that a Federal law acts as a stimulus for the States to enact standards even higher than the Federal requirements.

The proposed amendment in itself does not prohibit the employment of children under 18 years of age. That limit inserted in the resolution is necessary to permit leeway for certain occupations differing in the hazards involved. There is no basis for anyone to assume that Congress will enact a law prohibiting the employment of children under 18 in clerical positions, for instance, while we might well apply that age limit to mines and similar hazardous occupations.

That great progressive State of New York, which measures up to the recent Federal standard in every particular, applies different age limits to different industries and occupations.

Gentlemen, the womanhood of America are behind this proposal. Who will gainsay they are not the best judges of the necessities of childhood? Child labor laws and other laws to guarantee human health and life are in reality laws to protect human health and life against the encroachment of the acquisitive impulse. No employer chooses to employ a child because he or she is a child. He employs him because he is cheap. The cheaper the labor, the greater the profits.

Our State legislatures and this Congress spend many days in enacting laws to protect our forests, our rivers, our fish, our game, and our wild animal life. Is it too much to ask this necessary protection for our child life?

Before this amendment becomes effective 36 States must ratify it. Only 18 of the 48 States now equal or surpass the requirements of the last Federal law. Eighteen States have no educational standard which a child must reach before leaving school. Ponder on that, if you will. Is this giving every child a fair chance in life, which it can only have if it is afforded, by compulsion I say, the fundamentals of an education?

Of the 48 States of the Union only 12 States besides the great forward-looking State of New York measure up to the standards set in the last Federal law. This is, indeed, gentlemen, a sad commentary on our Commonwealths.

Will any man in this House say it is unfair or unreasonable or an undue interference with the States to prohibit a child under 16 years of age from working at certain occupations? That is one of the things the last Federal law did.

Gentlemen, strange people exist in this world of ours. Can you imagine the type of persons who appeared before the Judiciary Committee of this House and opposed any regulation or prohibition of child labor whatsoever, either by the Federal Government or by the States? Why, it would be an odious comparison to class those people with the wolf who suckled Romulus and Remus!

So great are the evils flowing from the premature employment of children it were better that in cases of dire necessity the State or the Nation sustained its children and its dependents during the formative period of puberty rather than forsaking them to the host of greedy exploiters.

While most of the States and the enlightened countries of the world have child-labor regulations, many more drastic than ever proposed under a Federal law, I am convinced that it is now imperative in our country to establish a national minimum standard of protection which will compel the employers in those States with lower standards to at least meet the Federal requirement. A problem confronts us which it is quite evident can not safely be left to the separate States, so powerful are the employing interests therein. We must meet it and without further delay if we are to conserve the most invaluable asset of our Nation—our boys and our girls.

Mr. POU. Mr. Speaker, I yield half a minute to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, my colleague [Mr. GALLIVAN] is prevented by illness from being present. He asked me to state to the House that if he were here he would gladly support this rule and vote in favor of this amendment to the Constitution.

Mr. SNELL. Mr. Speaker, I yield 10 minutes to the gentleman from Maine [Mr. HERSEY].

Mr. HERSEY. Mr. Speaker, this is a joint resolution proposing an amendment to the Constitution of the United States, as follows:

SECTION 1. The Congress shall have power to prohibit the labor of persons under the age of 18 years and to prescribe the conditions of such labor.

SEC. 2. The reserve power of the several States to legislate concerning the labor of persons under the age of 18 years shall not be impaired or diminished except to the extent necessary to give effect to legislation enacted by the Congress.

This resolution merely submits to the people the proposed amendment which must be ratified by the legislatures of three-fourths of the several States before it becomes a part of the Constitution.

The history of child legislation is very interesting. Long years ago England worked her children in factories and mines and in her many industries. Mrs. Browning then voiced the sentiment of the people in her immortal poem "The Cry of the Children" when she wrote:

Do ye hear the children weeping, O my brothers,
Ere the sorrow comes with years?
They are leaning their young heads against their mothers,
And that can not stop their tears.
The young lambs are bleating in the meadows;
The young birds are chirping in the nest;
The young fawns are playing with the shadows;
The young flowers are blowing toward the west.
But the young, young children, O my brothers!
They are weeping bitterly.
They are weeping in the playtime of the others,
In the country of the free.

"For oh!" say the children, "we are weary,
And can not run or leap;
If we cared for any meadows, it were merely
To drop down in them and sleep.
Our knees tremble sorely in the stooping;
We fall upon our faces, trying to go;
And underneath our heavy eyelids drooping,
The reddest flower would look as pale as snow;
For all day we drag our burden tiring,
Through the coal-dark underground;
Or all day we drive the wheels of iron
In the factories round and round."

A like condition now confronts America. By the census of 1920, 1,060,858 boys and girls between 10 and 15 years of age are tabulated as "child laborers" employed in factories, mines, quarries, agricultural work, and trade in the United States. Of this number, 7,000 children between 10 and 15 are employed in the mines.

It has been a long and a weary fight to obtain national legislation to relieve this deplorable condition in our civilization. In 1917 this Congress passed its first child labor law by a large majority of both Houses of Congress and the approval of President Wilson. This law was in force for nine months when the Supreme Court of the United States declared it unconstitutional on the ground that Congress had no right to pass such a law without constitutional authority.

In 1919 both Houses of Congress almost unanimously enacted another child labor law, with changes made, as it was then thought, to meet the objections raised by the Supreme Court. This law continued on our statute books for 10 months, when it was again set aside by the Supreme Court on the ground that Congress could not enact any such law without a constitutional amendment.

During the two periods in which the law was in force it proved of great benefit to the Nation in the protection of children, standardizing hours of labor, and meeting everyhere the warm approval of the people, with the exception of a few who have always attempted to exploit child labor in the industries of the Nation.

Public opinion in favor of the prohibition of child labor became so strong that at the national conventions of the two great political parties in 1920 the following planks were inserted in their platforms. The platform of the National Republican Party contains the following statement:

The Republican Party stands for a Federal child labor law and for its rigid enforcement. If the present law is found unconstitutional or ineffective, we shall seek other means to enable Congress to prevent the evils of child labor.

The national Democratic Party in that year made the following declaration:

We urge cooperation with the States for the protection of child life through infancy and maternity care, in the prohibition of child labor, and by adequate appropriations for the Children's Bureau and the Women's Bureau in the Department of Labor.

President Coolidge in his message to this Congress said:

For purposes of national uniformity we ought to provide by constitutional amendment and appropriate legislation for a limitation of child labor.

Following the message of the President the following great public organizations for public welfare in the United States have enthusiastically indorsed this amendment:

American Association of University Women.
American Federation of Labor.
American Federation of Teachers.
American Home Economics Association.
Commission on the church and social service, Federal Council of the Churches of Christ in America.
Democratic National Committee.
General Federation of Women's Clubs.
Girls' Friendly Society in America.
National Child Labor Committee.
National Council of Catholic Women.
National Council of Jewish Women.
National Council of Mothers and Parent-Teacher Associations.
National Council of Women.
National Education Association.
National Federation of Business and Professional Women's Clubs.
National League of Women Voters.
National Woman's Christian Temperance Union.
National Women's Trade Union League.
Republican National Committee.
Service Star Legion.
Young Women's Christian Association.
The State legislatures of six States—California, Massachusetts, Nevada, North Dakota, Washington, and Wisconsin—have petitioned Congress to submit an amendment.
Also the National Consumers' League and the National Grange.

Following the commands of the two great political parties in their national conventions, the demands of these organizations, the recommendation of the President, there has been introduced into this Congress 20 bills in the House for a constitutional amendment prohibiting child labor. These bills have been referred to the Committee on the Judiciary of the House and from these bills we have selected the one now before the House.

Our committee has given long hearings for and against the resolutions and a majority of our committee have reported that the amendment now before the House should pass.

I have not time to review the evidence before the committee or to fully state my position in this matter. The arguments for the passage of this measure are many, among which are the following:

The interest, as evidenced by public opinion.

The fact that from the Government reports over 1,000,000 children from 10 to 16 years of age are working in the United States in factories, mills, creameries, agriculture, mines, and other industries and occupations. Nearly 400,000 of them are between 10 and 14 years of age.

Nine States have no law prohibiting children under 14 from working in both factories and stores.

Thirty-seven States allow children to go to work without a common-school education.

Eighteen States do not make physical fitness for work a condition of employment.

Fourteen States allow children under 16 to work from 9 to 11 hours a day; two States do not regulate in any way daily hours of labor for children.

Five States do not protect children under 16 from night work.

Nearly every civilized western nation has made legislative provision to give its children a minimum protection against exploitation. Twelve countries have at least the 14-year age minimum. The United States has no national standard. The States which permit the employment of children under 14 years put us in a class with India, China, and Japan.

The only opposition to this amendment comes from three sources:

First. From the employers of child labor, who still wish to exploit them for their own profit.

Second. From those States which do not have any law regulating child labor.

Third. From those who claim this amendment will be in violation of State rights.

When no other argument can be found or made the ancient doctrine of State rights is invoked to defeat the measure. If under the "general-welfare" clause of the Constitution this Congress has not the right to protect and save the health and lives of its children who are to be the future citizenship of this land, then our Constitution becomes a mere scrap of paper, and the Declaration of Independence is meaningless when it says:

* * * all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness.

Mr. Speaker, and members of this committee, America today still hears the cry of the children, and these words from Mrs. Browning still call us to our duty.

They look up with their pale and sunken faces,
And their look is dread to see,
For they mind you of their angels in high places
With eyes turned on Deity.
"How long," they say, "how long, O cruel Nation,
Will you stand to move the world on a child's heart—
Stifle down with a mailed heel its palpitation
And tread onward to your throne amid the mart?
Our blood splashes upward, O gold heaper,
And your purple shows your path!
But the child's sob in the silence curses deeper
Than the strong man in his wrath."

[Applause.]

Mr. POU. Mr. Speaker, I yield five minutes to the gentleman from Virginia [Mr. TUCKER].

Mr. TUCKER. Mr. Speaker, thirty-odd years ago, when you and I were Members of this House, I had the honor of putting through this House an amendment to the Constitution—and I was prouder of it then than I am now—to elect Senators by direct vote of the people. We passed that amendment in 1892 and in 1894, and each time we had four and five days to discuss that great question before this House. Now we are tied down to a part of a day. If this were a question of garden seed or an increase of salaries, we might get any time.

What is at the bottom of this whole question? The majority report says that 3 per cent and a little over of the children of this country are employed in dangerous or unhealthful occupations. I see a good many business men before me. I say to the gentleman who makes that statement that I can show him, I think, that there are less than 2½ per cent of the children of this country engaged in dangerous occupations. Where is the business man within the sound of my voice who would not thank God and take courage if his business was 97½ per cent all right? This amendment is advanced because it is said child labor is a great national evil, when there are less than 2½ per cent of the children of the country engaged in what may be termed dangerous occupations. Is that a national problem?

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. TUCKER. Yes.

Mr. LAGUARDIA. Does not the gentleman feel that these unfortunate 2½ per cent require the protection of government?

Mr. TUCKER. Yes; the only question being who should do it, the States or Federal Government; and I want to say now that I adopt everything that my honorable friend from Wisconsin [Mr. NELSON] has said about childhood. The gentleman can not feel that more than I. It is not a question of childhood, but the question is, Who is to take care of childhood? There is not a position that gentlemen take that I do not adopt. All through this country we have child labor laws. They have been passed in every State but two—Wyoming and Utah. Why have they not got them there? I suppose it is because they have no children out there. We are asked now to adopt an amendment to the Constitution where we have this whole question passed upon in 46 of the 48 States, and where we have in the whole United States less than 2½ per cent of the children who are engaged, as this report says, in unhealthful or dangerous occupations. Does this show a national evil? One gentleman talked about womanhood and childhood. Gracious powers! We have passed the maternity law, which takes care of maternity and childhood.

We have got a bill threatening to take the education of our children from us and to put it here, and now you want to put the care of childhood in reference to work under the Federal Government—why, gentlemen talk about the work of children as if it were something bad. I would like to have a poll of this House. Is there any man in this House; if so, I would like to have him stand up and let me see him——

The SPEAKER. The time of the gentleman has expired.

Mr. POU. I yield the gentleman two additional minutes.

Mr. TUCKER. I thank the gentleman. Is there any man in this House, if so I want to see him, who can stand up here and tell the truth and say that he had not done any work before he was 18 years of age, and yet we are asked to pass an amendment which will take away the manhood of the child it may be, we do not know what it would do—but we are asked to pass an amendment which, among other things, if it were to pass would bring starvation and want all through the southern country to the negroes. What would you do with them if they could not work after school?

Gentlemen of the House, as my honorable friend says, the only thing to do is to come back to the Constitution. [Applause.] There is no constitutional question involved here but the spirit of it is here. [Applause.]

The SPEAKER. The time of the gentleman has again expired.

Mr. TUCKER. I ask leave to extend my remarks in the RECORD.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. POU. Mr. Speaker, I yield the remainder of my time on this side to the gentleman from Tennessee [Mr. GARRETT]. [Applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, because certain States of the Union have failed to enact legislation affecting child labor of a character which conforms to the conception and the ideals of a relatively small group of our citizens, the Congress is now called upon to take an initial step toward a fundamental and far-reaching change in the structure and character of our governments, both State and Federal, by submitting an amendment granting to Congress the power of controlling, regulating, and prohibiting child labor.

That power now resides wholly and solely with the States. It is a part of the police power not delegated to the Federal entity, and therefore expressly reserved to the States. By this amendment, if submitted and ratified by three-fourths of the States through their respective legislatures, all the 48 States will be denuded of powers now possessed and the Congress will supplant State legislatures in determining to what extent government shall stand in loco parentis as to all children under 18 years of age.

The mere statement of the proposition shows the tremendous change which is sought to be wrought in the relations of States and Nation and in the relation they respectively bear to the people. I am unable to bring myself to the belief that conditions, industrial or moral, exist in this country or any part of this country which justify this tremendous revolution. I protest against those of us who arise here and contend that the principle of government which has existed from the foundation be maintained being classed as reactionary or as devoid of interest in the prevention of the labor of children in lines in which they ought not to work. The appeal of my friend, the gentleman from Wisconsin [Mr. NELSON], was a touching appeal, a forceful appeal, so far as sentiment is concerned. But let me endeavor to state to you what I conceive to be an error in logic in the argument made by the gentleman from Wisconsin when he points out that the mothers of the land have been given a part in the control of the Government, and that therefore the National Government must take over this police power. Does not my friend, the gentleman from Wisconsin, realize that the women of the land have been given political power not in the Federal Government alone but in the States as well? Does not the gentleman upon mature reflection agree with me that under proper effort they will be more able to exert their influence in the restricted limits of a State than they will in a great Nation of a hundred and ten million people? [Applause.]

Oh, it is insisted that there is a lack of uniformity in the legislation.

I undertake to say that there is less reason for this revolutionary change in our organic law to-day than there has ever been at any time in our history. In 1910 more than 2,000,000 of children under 15 years of age were engaged in gainful occupations. In 1920, just a little over a million children under 15 years of age were engaged in gainful occupations. Within the last few years State after State has enacted child labor legislation. The States are moving whenever conditions locally call for them to move, and every step on the part of the States has been progressive in formulating restrictions. Therefore, I repeat, the necessity does not exist for this revolution in the relation between the Nation and the States. Lack of uniformity in the laws! Why, to be sure. Because there is lack of uniformity in the conditions existing in the various States, and the very thought which the fathers of this Republic had in mind when they scrupulously reserved to the States all the police power was that in the very nature of things there would be different conditions in different States that would have to be left to various laws and could not be placed under one rule and one regulation. Some 400,000 of the more than a million children are engaged in industries other than agriculture. Oh, I have heard some of my friends from agricultural sections say there is no use to think about any effort to legislate, to regulate agricultural labor on the part of children, because it will never come. Do not deceive yourselves with any such conception. I venture the prediction that if this amendment shall be submitted and ratified that those who sit in this Chamber from the agricultural sections of this land 10 years from now will be face to face with the legislative proposition of what regulation shall be had by the Congress touching the labor of children under 18 years of age on the farms of this country.

For illustration, gentlemen from Kentucky will be up against the question whether the Congress shall provide that persons under 18 years of age shall be employed in connection with the raising of tobacco, and gentleman from the cotton-producing sections will be up against the question of whether or not persons under 18 shall pick cotton or hoe cotton. Oh, do not deceive yourselves as to where legislation under the proposed amendment will go. It was well said by the gentleman from Texas [Mr. CONNALLY] earlier in this discussion "if the power is not to be exercised, why then is it asked that the power be granted?" I cast no reflection upon the fine idealism which is back of this resolution. For the lady who presented, as I measure it, the principal argument on this question before the Committee on the Judiciary I entertain the very highest respect for her intelligence, her brilliancy, her idealism, and also for others who for years have been struggling toward this end. But the difficulty is, as it seems to me, their energies are directed to the wrong place. It is within the power now of all the States to regulate child labor and I dare say that by the exertion of one tithe of the interest that is being put forth here to bring about governmental revolution, in those States now regarded as backward, would bring immediate response from the State legislatures.

Oh, the State governments are yet closer to the people than the Federal Government. The influences of the good mothers, of whom my friend from Wisconsin [Mr. NELSON] spoke, can be exerted much more directly upon their representatives in the State legislature than they can upon the Congress, much more intimately upon the bureaus of the States that will enforce the State laws than can be exerted upon bureaus here, in some instances thousands of miles from their home.

Oh, sir, step by step, along legislative lines, by treaty negotiations, by constitutional amendment, we are driving toward a condition which has been the destruction of every free government that has ever existed heretofore on the face of the earth, namely, the centralization of its governmental power. The great thing about the Constitution of the United States was not the machinery laid out for the Federal Government. It was the nicety with which the powers of government were balanced, and kept balanced, between the States and the Federal organism; and to express here the thought that I have expressed in discussions of constitutional amendments proposed heretofore, let me repeat, if we continue to take this power and that power from the States and center it here; if we continue to create new forces of Federal government and new bureaus to exercise those forces, the time will come, and come rapidly, when your States will be gone, when the powers over the most delicate and intimate things of our local life will be exercised by a bureau in Washington; and when that time comes the period of danger will have come, because I tell you now that the liberties of these people will not be endangered so long as the powers of government are kept distributed, so long as the local governments are left to deal with local things, and where the Federal Government devotes itself solely to dealing with things that are of national concern. But when you take away from the States the police powers, when you begin appropriating out of the Federal Treasury for the performance of every governmental function, you will have centered it here all in one place, and you will have then destroyed the distribution. You will have created a single governmental entity at which the enemies

of human and property rights can strike, and when such a condition is created, then I fear for the liberties of the country.

Believing this movement under the guise of humanitarianism could be better wrought out through the sovereign States under the powers they now possess; believing that the adoption of this amendment here and its ratification by the States inevitably will lead to that centralization so dangerous, as has been proven by all of history, I shall not, Mr. Speaker, be swept off my feet, but shall oppose the submission of this amendment. [Applause.]

Mr. BIXLER. Mr. Speaker, I yield 10 minutes to the gentleman from Minnesota [Mr. LARSON.]

The SPEAKER. The gentleman from Minnesota is recognized for 10 minutes.

Mr. LARSON of Minnesota. Mr. Speaker, I have listened with keen interest to the powerful argument just made in opposition to the pending resolution. I do not believe there is anybody in this House who could invoke the doctrine of State rights with more persuasive efficacy than the distinguished minority leader [Mr. GARRETT of Tennessee]. He has done what almost every other opponent of national child labor legislation has done, namely, attempted to frighten us with the possible detrimental effects on industry of child labor laws. He has told us that there is danger to the agricultural industry if the people of this Nation should incorporate into their Constitution an amendment that would enable this Congress to pass a law for the protection of the American children.

Let me say to the distinguished gentleman who represents so ably the minority of this House that he has put the cart before the horse. The paramount purpose of our civilization is not to build up great industries, is not to enlarge commerce, is not to build up great cities. The primary and paramount purpose of our civilization is to rear and train strong and healthy children. We want our children to have strong bodies and alert minds, so that they can take their place, when the time comes, as the rulers of the Nation. [Applause.]

Mr. Speaker, "The most wonderful work ever struck off at a given time by the brain and purpose of man." Such is the high tribute, the oft-quoted tribute, of Gladstone to the Constitution of the United States and to those by whose genius and labor it was wrought. Some question the historical and scientific accuracy of that statement, but we Americans are not inclined to be so critical. We will take his tribute at its face value.

But being a document wrought by man, it is not perfect. The Fathers were great men, but they were not infallible. They did not have sufficient prescience to provide for the economic and political changes that might take place a hundred or more years hence. They were aware of their inability to cope with the remote future. They therefore made provision for amending the Constitution. They ordained thereon that—

> The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution—

And so forth. They provided how the amendment may be ratified. One method is—

> by the legislatures of three-fourths of the several States.

Here, for the first time in history, a government provided for its own change without turbulence or bloodshed.

In the opinion of their posterity, so well did the founders do their work in ordaining our organic law that there has been little occasion to amend it. The first 10 amendments are practically a part of the original Constitution. Virtually has it been amended only nine times in more than a century and a quarter of its existence. Lecky in his "Democracy and Liberty" says that—

> An appetite for organic changes is one of the worst diseases that can affect a nation.

Evidently that disease has not ravaged the American Constitution. We have religiously followed the caution given by Washington in his Farewell Address, to resist the spirit of innovation upon the principles of the Constitution, however specious the pretexts. He told those who were to enjoy the heritage of the founders that in any event should a modification of the constitutional powers be necessary it should be made by an amendment in the way which the Constitution designates.

We who favor national child labor legislation have followed Washington's advice. Deeming such legislation necessary, and having been twice advised by the United States Supreme Court that such legislation—as the Constitution now stands—is not within the power of Congress to enact, we propose that the Constitution be amended so that Congress may have that power.

That is the purpose of the resolution. It is couched in plain language. This is how it reads:

> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:
>
> "ARTICLE —
>
> "SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age."
>
> "SEC. 2. The power of the several States is unimpaired by this article, except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by Congress."

The minority in their adverse report on this resolution say:

> It is not proposed to make any contention against the regulation of child labor.

That is a tacit admission that child labor regulation is necessary. That admission is another evidence that the world is getting better; that gradually, but surely, it is becoming a better place in which to live; that the social conscience is becoming more sensitive to human injustice.

The time was when child labor was justified even in the halls of legislation. Now no one would dare to justify it. There are no child labor advocates now, at least, not in Congress. There is no issue as to the injustice and harmfulness of child labor; the issue is, How can it be best regulated and prohibited? The opponents of the resolution argue that the States can best do it; we say that the legislation by the States should be supplemented by national legislation. We think that a national child labor statute is necessary; otherwise this resolution would not be here.

The necessity for national child-labor legislation is not visionary, chimerical, theoretical, romantic, or Utopian; it is real; it is urgent; it is born out of the experience of our national life. Perhaps no one in this country is so well informed on every phase of the child labor problem as is Miss Grace Abbott, the head of the Children's Bureau. This is what she says regarding the necessity for national child labor legislation:

> I want to remind you of the fact that, after all, the reasons why we are asking for a Federal minimum standard with reference to the employment of children, or that Congress be given power to enact a Federal minimum standard with reference to the employment of children, is (1) because we have shown that the numbers involved are very large; that is, that there are more than a million children between 10 and 16 years of age employed, and sometning over 300,000 of them between 10 and 14 years of age; and that nearly half a million are in nonagricultural employments; (2) that this employment is confined to no one section of the country, nor to no one part of a single State; (3) that while the States in various parts of the country have enacted child labor laws, those laws have been uneven and inadequate, sometimes because of successful opposition to the enactment of a law and sometimes because of successful opposition to the effective enforcement of the law; (4) because, after all, we feel that the question of children involves the citizenship of the country in a way which justifies national concern and interest; (5) no one State alone can protect itself wholly against the evils of child labor; the children who grow up in other States migrate frequently to States in which ample provision has been made for the protection of children and bring with them bad health and illiteracy to the State to which they go; (6) the State can not protect itself against the competition of low standards in other States.

I have a powerful admiration for the dialectical ability and constitutional learning of the chairman of the House Committee on the Judiciary. He is a real expounder of the Constitution. But facts are stubborn things. They will not down. Truth is invincible. The facts, truth, the logic of the situation, are too much for the distinguished gentleman from Pennsylvania when he attempts in the minority report to explain away and answer Miss Abbott's plain and unvarnished statement showing the necessity for the proposed constitutional amendment. If you have not already read the gentleman's attempt to answer Miss Abbott, read it. To read it will strengthen your confidence in the proposed amendment.

The opponents of this resolution invoke the archaic States' rights doctrine which long ago has been emasculated if not entirely discarded. The proponents of every piece of progressive legislation calling for the exercise of national power have had to run the gauntlet of the States' rights votaries. They opposed the national income tax amendment, the popular election of United States Senators amendment, the woman's suffrage amendment and the prohibition amendment. They

tried to prevent enactment of the national pure food and drugs law, of the anti-lottery law, of the interstate commerce law, of national aid to agriculture, of the maternity and infancy law, and of other progressive laws that the States' rights advocates feared might intrude on the prerogatives of the several States and ultimately destroy the Nation.

Notwithstanding the pessimistic predictions of the States' righters, the Government at Washington is safe and the governments of the States are still functioning. They are unduly perturbed. They should have more confidence in the sound judgment and patriotism of the American people. Let them absorb some of the confidence in the people that Lincoln had. He said this country belongs to the people who inhabit it. So does the Constitution. Their Representatives framed it. The people ratified it. Its preamble reads, "We, the people of the United States," and so forth. The Constitution is their's, and if they want to amend it, who can prevent them from carrying out their will?

To frighten us, the minority quote the following language from John Fiske:

> If the day should ever arrive when the people from the different parts of our country should allow their local affairs to be administered by prefects sent from Washington and when the self-government of the States shall have been so far lost as that of the Departments of France, or even so far as that of the counties of England, on that day the progressive political career of the American people will have come to an end, and the hopes that have been built upon it for the future happiness and prosperity of mankind will be wrecked forever.

John Fiske was a great philosopher and historian, but no great man is always right. While there is much force in the statement quoted, he allowed his powerful imagination too much liberty; he overdrew the picture of the national and world-wide calamity that he predicted would follow the interference from Washington with local affairs. His dismal and pessimistic prognostication sounds much like a dictum of a closet doctrinaire.

But conceding the soundness of Professor Fiske's prediction, it does not follow that the enactment of child-labor legislation, should the proposed amendment become a part of the Constitution, would bring to an end "the progressive career of the American people" and wreck forever "the hopes that have been built upon it for the future happiness and prosperity of mankind." By quoting Fiske's prophecy as an argument against the proposed amendment the minority beg the question. They assume that child labor legislation is solely a matter of "local affairs." We deny that. We say that the protection of the American children from the evils of child labor is a matter of national as well as local concern. American childhood is the Nation's most precious and valuable resource. The American boys and girls are the future rulers of the Republic. The life of the Republic, the perpetuity of our institutions, the integrity of the very Constitution which the opponents of the pending resolution are professing to safeguard, depend on the intelligence and the physical soundness of the American children, which it is the very purpose of national child labor legislation to conserve and develop. The strength of a nation is the strength of its composite citizenship. That is particularly true in a democracy, which Lincoln defined so aptly as "a government of the people, by the people, for the people."

The whole Nation is vitally concerned in the proper training of the minds and the development of the bodies of her children whether they reside in Georgia, in Pennsylvania, in Minnesota, or in any other State. They are American children. They are citizens of the United States, and the United States *is* a Nation. The rights and duties of American citizenship are not affected by State boundaries. Ignorant and illiterate citizens in any considerable number in any State is an element of danger and weakness to the Nation. Ignorance and illiteracy constitute a social and political cancer which the Nation must remove in order to last.

Physical weakness or deformity means national degeneration. A sound mind in a sound body is indispensable to virile citizenship. Rome fell because her citizens lost their virility. They became physical weaklings—an easy prey to the Huns. Emerson said:

> It is the first duty of man to be a good animal.

And Herbert Spencer supplemented that statement by saying:

> The first condition of national prosperity is to be a nation of good animals.

Now, let us see what are the facts with regard to illiteracy and physical degeneracy in our national life. What is their chief cause? Wherein lies the remedy?

May I call your attention to what the selective draft records revealed when we were engaged in mobilizing the man power of the Nation to make the world safe for democracy, to save civilization? We were astonished and humiliated to learn that one-fourth of the young men called to the colors were practically illiterate; that one-third were physically unfit for full military service. This illiteracy and physical degeneracy was not confined to the so-called backward States.

It was not sectional, although this deplorable condition, this national disgrace, was more aggravated in some States than in others. Even in the State of Pennsylvania, which in part is so ably represented by the distinguished chairman of the Committee on the Judiciary, the author of the minority report, the selective draft reports revealed the amazing fact that 55 per cent of the young manhood of that great, rich, and powerful State were rejected as physically unfit for military service. And here is the rub: John A. Lapp explained this exceptionally high rate as probably due in large measure to the fact that Pennsylvania for some 25 years had not had an adequate child labor law. My understanding is that now she has better child labor laws than she had formerly, but there are some other States in which the greed and selfishness of parents and of employees are depriving the children of adequate physical and intellectual development. Now that the American people propose to amend their constitution, if we will permit them, so that their Representatives in Congress may enact suitable legislation for the conservation and protection of American childhood—the Nation's most precious and valuable resource—the champions of these backward States cry, "Hands off! The right of the children in our States to trained minds and sound bodies is no concern of the Nation; you are attempting to invade and usurp the exclusive prerogative of the States." They admit the deplorable conditions, but say that in time by the process of evolution those conditions will be remedied. The evolutionary process is too slow. It needs to be accelerated by effective national legislation.

The children of the present generation have but one childhood and, by all the gods, the American people are determined to conserve and protect that childhood from exploitation by greed and selfishness. If the American people can translate, through the medium of their Representatives in Congress and in the legislatures of their States, their will into a constitutional amendment and congressional legislation, the day of relief for American childhood is nigh. They will put an end to the national disgrace of child labor. They will assure to the child his God-given heritage. They will open the door of opportunity for a healthful and hopeful child life. To do less we would be unworthy the name of a civilized nation.

Under it we have progressed until we are now the greatest, the richest, and the most powerful country in all the world. It has stood the strain and stress of a great Civil War, the issue of which was the very integrity of the Union. So highly is it regarded that it has been followed as a model, in whole or in part, throughout the civilized world. Imitation is genuine praise.

But, my friends, being a document wrought by man, it is not perfect. The fathers were great men, but they were not infallible. They did not have sufficient prescience to provide for the economic and political changes that might take place 100 or more years hence; they were aware of their inability to cope with the remote future; they therefore made provision for the amending of the Constitution, and they ordained therein that the Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, and so forth. The framers provided how an amendment may be ratified. One method is by the legislatures of three-fourths of the several States.

My friends, here for the first time in history a Government has provided for its own change without turbulence or bloodshed. It will not mean a revolution in this country simply because the people should see fit in their wisdom to incorporate into their document, the people's law, a provision which will enable the Congress of the United States, composed of their Representatives, to enact legislation for the protection of their children. [Applause.] In the opinion of their posterity, so well did the founders do their work in ordaining our organic law that there has been little reason to amend it. The first 10 amendments are practically a part of the original Constitution. Virtually it has been amended only nine times in more than a century and a quarter of its existence.

Lecky, in his Democracy and Liberty, says that—

> An appetite for organic change is one of the worst diseases that can affect a nation.

That ought to be incense to the nostrils of those who invoke the State rights doctrine in opposition to this resolution. Evidently the disease has not ravaged the American Constitution. We have religiously followed the caution given by Washington in his farewell address to resist the "spirit of innovation" upon the principles of the Constitution, "however specious the pretexts." He told those who were to enjoy the heritage of the founders that in any event should "a modification of the constitutional powers" be necessary it should be made by an amendment in the way which the Constitution designates. We who favor national child-labor legislation have followed Washington's advice. Deeming such legislation necessary, and having been twice advised by the United States Supreme Court that such legislation, as the Constitution now stands, is not within the power of Congress to enact, we propose that the Constitution be amended so that Congress may have that power.

The SPEAKER. The time of the gentleman has expired.

Mr. LARSON of Minnesota. I regret that I have not the time to fully discuss here the constitutional aspects of this question. [Applause.]

Mr. BIXLER. Mr. Speaker, how much time is left?

The SPEAKER. Five minutes.

Mr. BIXLER. Mr. Speaker, I yield the balance of the time to the gentleman from Georgia [Mr. CRISP].

Mr. LARSON of Minnesota. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection. [After a pause.] The Chair hears none.

Mr. CRISP. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD on this subject.

Mr. POU. Mr. Speaker, I make the same request.

The SPEAKER. The gentleman from Georgia [Mr. CRISP] and the gentleman from North Carolina [Mr. POU] ask unanimous consent to revise and extend their remarks in the RECORD on this subject. Is there objection? [After a pause.] The Chair hears none.

Mr. BANKHEAD. Mr. Speaker, will the gentleman from Georgia yield for a moment in order that I may make a unanimous consent request?

Mr. CRISP. I will yield if it is not taken out of my time.

Mr. BANKHEAD. This is a very highly controversial matter and a good many gentlemen will not be accorded an opportunity to speak on it. I submit the request that all Members of the House have five legislative days in which to extend their remarks in the RECORD upon this particular proposition.

The SPEAKER. The gentleman from Alabama asks unanimous consent that all Members of the House have five legislative days in which to extend their remarks in the RECORD on this proposition. Is there objection? [After a pause.] The Chair hears none.

Mr. CRISP. Mr. Speaker, in the brief time allotted me I can not make any close argument on this great question. I am indebted to my good friend the gentleman from New York [Mr. SNELL] for even the time I now have at my disposal, and I especially thank him, for I frankly told him I was not in sympathy with his views on the proposed amendment.

Anything that tends to care for the welfare of children of tender age appeals to the heart and sympathy of every right-thinking woman and man, and I believe their welfare should be guarded by proper legislation, but I believe that under our dual form of government provided for under the Constitution, the supreme law of the land, that the States are the proper tribunals to do it. Forty-six of the 48 States now have child labor laws. My own State has a good law on this subject. It provides that no child under 16 years of age can work in a mine; that children under 14 shall not work in a factory or other enterprise injurious to their welfare, with the exception that children between 12 and 14 with widowed mothers or who are orphans may work a reasonable time if the State commissioner of labor and the probate judge of the county in which the children reside certify that the labor is essential to support their mothers or themselves. They are limited as to the hours they can work, and they are not permitted to work during night hours. The law requires them to go to school so many months a year. Our law also provides that, when the parents of children are lewd or immoral and are not the proper persons to have the care of their children or if the children are confined or employed in immoral places, the courts can take the children and place them in a Georgia industrial home where their welfare will be guarded. If the Georgia law on this subject is weak in any respect—which I do not concede—I, as a Georgian, will be proud to go before the Georgia Legislature and urge that it be amended and strengthened so as to make it a 100 per cent good child labor law, but I am not in favor of the Federal Government in Washington, hundreds of miles away, which knows nothing of local conditions, and which, furthermore, is utterly indifferent to them, having the right to say to the parents in my State that their children under 18 years old shall not be permitted to work in wholesome occupations. [Applause.]

To-day Congress is being urged to propose all kinds of constitutional amendments. A uniform divorce law is being urged, which would force the State of South Carolina to recognize divorces which now, under her law, she grants on no ground. A uniform marriage law, a women's equal rights amendment, to legitimatize illegitimate children, to supervise care of children of divorced people, and hundreds of other amendments are pending before Congress. I am advised that, since the adoption of the Constitution, over 2,800 amendments have been proposed to it. Why, Mr. Speaker, is it that Congress is so frequently urged to amend the Constitution to meet the wishes of some organization? Can it be that the ladies and gentlemen back of any movement find it easier to come to Washington and by a propaganda endeavor to force Congress to legislate than it would be for them to appear before the legislatures of their respective States and seek remedial legislation?

I have no criticism to make of how any of my colleagues in this House may vote, for I accord to them all honesty and sincerity of purpose; but, as for me, I have decided that no propaganda, however powerful, can sway me to support any measure that, in my deliberate judgment, I do not believe to be for the welfare of the country we all love.

Our Constitution, considered by statesmen of all countries to be the greatest governmental document ever penned by mortal man, provides for a dual form of government, certain powers being delegated to the Federal Government and all other sovereign powers being reserved to the respective States. This immortal document written over a hundred and thirty-five years ago to guide the destinies of the young Nation of approximately 3,000,000 people has not only proven ideal for them but, with few amendments, has proven ideal for our present great Nation of approximately a hundred and ten millions of people. Under this wise organic law our country has grown and prospered until to-day it is the richest and most powerful Nation on earth. In over a hundred and thirty years only nine amendments have been adopted to this great instrument, the last six of them having been adopted within the last 10 years; and I am constrained to believe that some of them weakened rather than strengthened the fundamental law of our land.

Now, Mr. Speaker, this proposed amendment goes further, in my judgment, than any amendment that has ever been proposed to the Constitution so far as the control of human rights is concerned—the God-given, inalienable right of parents to regulate and control their own children whom God gave them. This amendment will authorize the Federal Government to invade the sanctuary of the homes of the Nation, the corner stone on which the Nation is builded. What does the amendment propose?

> That Congress shall have the power to limit, regulate, and prohibit the labor of persons under 18 years of age.

The amendment does not limit nor confine the power of Congress to legislate with respect to their work in mines, factories, sweatshops, or other places injurious to their moral and physical welfare, but it goes further—it is as wide open as the heavens—and provides that Congress can have authority to say that they can not work in fields, stores, or other wholesome and healthful occupations. Aye, it goes even further, it confers upon Congress the power to say a girl under 18 years of age can not work to assist her own mother in doing the housework, cooking, dish washing, and so forth, in her own home, and that a son of like age can not help his own father to work on a farm. Now, the proponents of this amendment may say that Congress is not going to do an unwise thing in the future; that Congress will not legislate so as to prevent children from working in agriculture. I do not know what Congress is going to do—it has done foolish things in the past—but my observation is that when any authority or jurisdiction is conferred upon Congress it uses it to the fullest extent. We all received a pamphlet entitled "Child Labor Facts," issued and circulated by the proponents of this amendment, ladies and gentlemen actuated by humanitarian motives, presenting reasons why the amendment should be adopted. On page 10 the statement is made:

> The Southern States have a larger percentage of child labor than any other section of the country because of the predominance of agriculture there.

Only 20 per cent of the children of Georgia, includes white and black, are engaged in gainful occupations, 12 per cent of

the 20 being engaged in work on farms. The same pamphlet urges as a reason for this amendment that children work on the farms in the cranberry bogs of New Jersey; that they are used to pick berries for canneries and packing fruit; that in Michigan they are used in the beet-sugar industry; that in the South they are used in raising cotton; in Kentucky and Virginia in the tobacco fields. In view of these statements, if the power should be conferred upon Congress to control the right to labor of children under 18 years of age, God alone knows what future Congresses will do. To-day we have legislation by blocs—the farm bloc, the farmer-labor bloc, the labor bloc, the wet bloc, the dry bloc, the bankers' bloc, the railroad operators' bloc, the socialists' bloc, and blocs without number—and there is no telling what these blocs, supported by a paid propaganda behind them, may force Congress in the future to do.

In every section of the country there are many splendid people rich in womanhood and manhood and character who are poor in this world's goods, and they and their children must work to meet the necessities of life. Millions of them are engaged on the farms, and, in my judgment, work on a farm is not injurious to anyone. I believe 90 per cent of the Members of this House worked before they were 18 years old, and I know that I myself went to work at 17 years of age, and from that day until this I have supported myself, and I do not think I am any the worse for it.

I am a southern man, and I have the kindliest feeling for the Negro race; and if this amendment is adopted and Congress should pass a law forbidding negroes under 18 years of age to work on the farm, God pity them, for I know not how they would live. Their labor is essential to their maintenance.

"An idle brain is the devil's workshop." If Congress should enact a law under this proposed amendment, which it would have the power to do, that minors under 18 years should not work, what lawlessness and chaos would follow in many communities the Supreme Ruler of the Universe alone knows. If such minors are forbidden to do wholesome work, millions of citizens will become a public charge and Congress will be forced to feed and clothe them out of the Public Treasury. The taxpayers will be called upon to pay several hundred millions of dollars a year of taxes in addition to what they are now paying to meet this civil pension list.

The right of local self-government is dear to the hearts of the Anglo-Saxon race. Our forefathers in drafting the Constitution safeguarded the right of local self-government by preserving to the States their sovereign rights; but if this amendment is adopted State rights have received a death wound. The States might as well go out of business, make a last will and testament, and bequeath unto a great central Government in Washington all their sovereign rights. In the past the Constitution has been the Magna Charta of the liberties of the various States. Gentlemen of the House, think well before you pass this amendment. The Constitution many times in the past has been the bulwark of the safety and liberty of my section, and I shall take no chances so far as my vote is concerned on breaking down that protection of the liberties of my people. If this amendment should become a law, thousands of additional Federal employees will be placed on the pay roll at millions of dollars expense to the already overburdened taxpayers. I for one am tired of all private affairs being controlled and dominated by Federal officials sent out from Washington. In the past in many homes this motto has appeared, "What is home without a mother?" If this amendment is adopted we should take down that sign and put up a sign, "What is home without some Federal Government enforcement officer dabbling in it?" [Applause.] I am old-fashioned enough to believe that mother love and father love in their own hearts will make them provide and care for and look after the welfare of their own children just as well as any Federal agent sent out from Washington could do.

As far as I am concerned, I can not vote for this rule or for the resolution. [Applause.]

The SPEAKER. All time has expired. The question is on agreeing to the resolution.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. LINTHICUM. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. The gentleman from Maryland demands the yeas and nays.

Mr. LINTHICUM. I withdraw the demand, Mr. Speaker.

The question was taken; and on a division (demanded by Mr. Pou) there were—ayes 103, noes 25.

Mr. LINTHICUM. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The gentleman from Maryland makes the point of order that no quorum is present. The Chair will count. [After counting.] One hundred and ninety-seven Members present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will bring in the absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 298, nays 49, answered "present" 3, not voting 82, as follows:

YEAS—298

Abernethy	Favrot	Lea, Calif.	Rubey
Ackerman	Fenn	Leatherwood	Sabath
Aldrich	Fish	Leavitt	Salmon
Allen	Fisher	Lindsay	Sanders, Ind.
Allgood	Fitzgerald	Lineberger	Sanders, N. Y.
Almon	Fleetwood	Little	Sanders, Tex.
Arnold	Foster	Longworth	Schafer
Ayres	Frear	Lozier	Schneider
Bacharach	Fredericks	Luce	Seger
Bacon	Free	Lyon	Sherwood
Barbour	Freeman	McFadden	Shreve
Barkley	French	McKenzie	Simmons
Beck	Frothingham	McKeown	Sinclair
Beedy	Fulbright	McLaughlin, Mich.	Sinnott
Beers	Fulmer	McReynolds	Smith
Begg	Gardner, Ind.	McSweeney	Smithwick
Berger	Garrett, Tex.	MacLafferty	Snell
Bixler	Gasque	Madden	Speaks
Black, N. Y.	Gibson	Magee, N. Y.	Sproul, Ill.
Black, Tex.	Gifford	Major, Ill.	Sproul, Kans.
Bloom	Glatfelter	Major, Mo.	Stalker
Boies	Graham, Ill.	Manlove	Steagall
Box	Green, Iowa	Mapes	Stedman
Boyce	Greene, Mass.	Mead	Stengle
Brand, Ohio	Greenwood	Michener	Stephens
Briggs	Griest	Miller, Ill.	Strong, Kans.
Browne, N. J.	Griffin	Miller, Wash.	Summers, Wash.
Buckley	Hadley	Milligan	Swank
Burdick	Hammer	Mills	Swing
Burtness	Hardy	Minahan	Swoope
Busby	Harrison	Mooney	Taber
Butler	Hastings	Moore, Ohio	Tague
Byrns, Tenn.	Haugen	Morehead	Taylor, Tenn.
Cable	Hayden	Morgan	Taylor, W. Va.
Campbell	Hersey	Morris	Thatcher
Canfield	Hickey	Morrow	Thomas, Ky.
Cannon	Hill, Ala.	Murphy	Thomas, Okla.
Carter	Hill, Wash.	Nelson, Me.	Thompson
Casey	Holaday	Newton, Minn.	Tillman
Chindblom	Howard, Nebr.	Newton, Mo.	Tilson
Christopherson	Huddleston	Nolan	Timberlake
Clancy	Hudson	O'Connell, N. Y.	Tincher
Cleary	Hudspeth	O'Connell, R. I.	Tinkham
Cole, Iowa	Hull, Morton D.	O'Connor, La.	Treadway
Cole, Ohio	Hull, William E.	O'Sullivan	Underwood
Collier	Hull, Iowa	Oldfield	Upshaw
Collins	Hull, Tenn.	Oliver, Ala.	Vaile
Colton	Jacobstein	Paige	Vincent, Mich.
Connery	James	Parks, Ark.	Vinson, Ky.
Cook	Jeffers	Patterson	Voigt
Cooper, Ohio	Johnson, Ky.	Peavey	Wainwright
Cooper, Wis.	Johnson, S. Dak.	Perkins	Ward, N. Y.
Cramton	Johnson, Tex.	Perlman	Watkins
Croll	Johnson, Wash.	Phillips	Watres
Crosser	Johnson, W. Va.	Prall	Watson
Crowther	Jones	Purnell	Weaver
Cullen	Jost	Quayle	Weller
Dallinger	Kearns	Quin	Welsh
Darrow	Keller	Ragon	Wertz
Davey	Kelly	Rainey	White, Kans.
Davis, Minn.	Kendall	Raker	White, Me.
Davis, Tenn.	Kent	Ramseyer	Williams, Ill.
Dempsey	Ketcham	Rankin	Williams, Mich.
Denison	Kiess	Rathbone	Williamson
Dickinson, Mo.	Kincheloe	Reece	Wilson, Ind.
Dickstein	Kindred	Reed, Ark.	Wingo
Dowell	King	Reed, N. Y.	Winter
Doyle	Kopp	Reid, Ill.	Wolff
Dyer	Kunz	Richards	Woodruff
Eagan	Kurtz	Roach	Woodrum
Elliott	Kvale	Robinson, Iowa	Wyant
Evans, Iowa	LaGuardia	Robsion, Ky.	Yates
Evans, Mont.	Lampert	Rogers, Mass.	Young
Fairfield	Larson, Minn.	Romjue	
Faust	Lazaro	Rouse	

NAYS—49

Andrew	Dominick	Lilly	Rayburn
Aswell	Doughton	Linthicum	Sandlin
Bankhead	Drewry	Lowrey	Stevenson
Bland	Driver	McDuffie	Sumners, Tex.
Blanton	Garner, Tex.	McSwain	Tucker
Bowling	Garrett, Tenn.	Merritt	Tydings
Brand, Ga.	Gilbert	Montague	Underhill
Browning	Graham, Pa.	Moore, Ga.	Vinson, Ga.
Bulwinkle	Hill, Md.	Moore, Va.	Williams, Tex.
Connally, Tex.	Hooker	Moores, Ind.	Wright
Connolly, Pa.	Kerr	Park, Ga.	
Crisp	Lanham	Pou	
Deal	Lankford	Ransley	

ANSWERED "PRESENT"—3

Buchanan	Humphreys	Larsen, Ga.

NOT VOTING—82

Anderson	Brumm	Clark, Fla.	Drane
Anthony	Burton	Clarke, N. Y.	Edmonds
Bell	Byrnes, S. C.	Corning	Fairchild
Boylan	Carew	Cummings	Fuller
Britten	Celler	Curry	Funk
Browne, Wis.	Clague	Dickinson, Iowa	Gallivan

Garber	McLeod	Peery	Taylor, Colo.
Geran	McNulty	Porter	Temple
Goldsborough	MacGregor	Reed, W. Va.	Vare
Hawes	Magee, Pa.	Rogers, N. H.	Vestal
Hawley	Mansfield	Rosenbloom	Ward, N. C.
Hoch	Martin	Schall	Wason
Howard, Okla.	Michaelson	Scott	Wefald
Kahn	Moore, Ill.	Sears, Fla.	Wilson, La.
Knutson	Morin	Sears, Nebr.	Wilson, Miss.
Langley	Mudd	Shallenberger	Winslow
Lee, Ga.	Nelson, Wis.	Sites	Wood
Lehlbach	O'Brien	Snyder	Wurzbach
Logan	O'Connor, N. Y.	Strong, Pa.	Zihlman
McClintic	Oliver, N. Y.	Sullivan	
McLaughlin, Nebr.	Parker	Sweet	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Wilson of Mississippi (for) with Mr. Humphreys (against).
Mr. Rosenbloom (for) with Mr. Buchanan (against).
Mr. Hoch (for) with Mr. Larsen of Georgia (against).
Mr. Vestal (for) with Mr. Snyder (against).
Mr. Porter (for) with Mr. Fairchild (against).
Mr. Gallivan (for) with Mr. Lee of Georgia (against).
Mr. O'Connor of New York (for) with Mr. Bell (against).

Until further notice:

Mr. Scott with Mr. Shallenberger.
Mr. Fuller with Mr. Rogers of New Hampshire.
Mr. Wurzbach with Mr. Sites.
Mr. Curry with Mr. Wilson of Mississippi.
Mr. Magee of Pennsylvania with Mr. Celler.
Mr. Anderson with Mr. Oliver of New York.
Mr. Brumm with Mr. Ward of North Carolina.
Mr. Mudd with Mr. Byrnes of South Carolina.
Mr. Sears of Nebraska with Mr. Drane.
Mr. Sweet with Mr. Carew.
Mr. Winslow with Mr. Sears of Florida.
Mr. Wood with Mr. Peery.
Mr. Clarke of New York with Mr. Howard of Oklahoma.
Mr. Langley with Mr. Clark of Florida.
Mr. Vare with Mr. Cummings.
Mr. Strong of Pennsylvania with Mr. Goldsborough.
Mr. Parker with Mr. Logan.
Mr. Michaelson with Mr. Hawes.
Mr. Lehlbach with Mr. McClintic.
Mr. MacGregor with Mr. McNulty.
Mr. Wason with Mr. Sullivan.
Mr. McLeod with Mr. Taylor of Colorado.
Mr. Morin with Mr. Mansfield.
Mr. Anthony with Mr. Corning.
Mr. Burton with Mr. Geran.
Mr. Dickinson of Iowa with Mr. Martin.
Mr. Kahn with Mr. Wefald.
Mr. Funk with Mr. O'Brien.
Mr. McLaughlin of Nebraska with Mr. Boylan.
Mr. Zihlman with Mr. Wilson of Louisiana.

Mr. LARSEN of Georgia. Mr. Speaker, on this roll call I voted "no." I am paired with the gentleman from Kansas, Mr. HOCH, and therefore I withdraw my vote and vote "present."

Mr. BUCHANAN. Mr. Speaker, I am paired with the gentleman from West Virginia, Mr. ROSENBLOOM, and the gentleman from Indiana, Mr. VESTAL, on the main question. I have concluded that the pair on the main question ought to be kept fully and should include all incidental questions leading up to the main question. I voted "no" on this roll call. I desire the RECORD to show the facts, and to withdraw that vote and vote "present."

The result of the vote was announced as above recorded.

A quorum being present, the doors were reopened.

Mr. GRAHAM of Pennsylvania. Mr. Speaker, I understand that there are three hours on a side for general debate. The time is to be controlled for those in favor of the amendment by the gentleman from Ohio [Mr. FOSTER] and I am to control the time for those opposed. The gentleman from Ohio has agreed to yield one-half of his time to the gentleman from Arkansas [Mr. TILLMAN], and I have agreed to yield one-half of my time to the gentleman from Texas [Mr. SUMNERS].

Mr. THOMAS of Kentucky rose.

The SPEAKER. For what purpose does the gentleman rise?

Mr. THOMAS of Kentucky. Mr. Speaker, I do not care who controls the time, but I am the ranking member on that committee on the Democratic side. Every time a bill comes up here they discard me and place somebody else in charge. I do not desire to control the time, but I am going to be treated with respect in this House, and I want gentlemen to understand that.

Mr. TILLMAN. I think the gentleman from Kentucky should control the time.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that one half of the time of those in favor of the resolution be controlled by the gentleman from Ohio [Mr. FOSTER] and the other half by the gentleman from Kentucky [Mr. THOMAS], and one half of the time of those opposed to the resolution be controlled by the gentleman from Pennsylvania [Mr. GRAHAM] and the other half by the gentleman from Texas [Mr. SUMNERS]. Is there objection?

Mr. RAKER. Reserving the right to object, the rule does not propose such a division of time. I suppose the time has all been allotted by those gentlemen by prior requests.

Mr. GRAHAM of Pennsylvania. I can not say about that.

Mr. THOMAS of Kentucky. What right should they have to allot the time by prior requests?

The SPEAKER. The gentleman from Kentucky has an hour and a half to allot as he pleases.

Mr. THOMAS of Kentucky. But the gentleman from California says somebody else has allotted the time.

Mr. SNELL. The committee always divides the time in that way and it is absolutely fair.

Mr. RAKER. I would like five minutes, but it is said that all the time has been allotted.

Mr. SNELL. We are not responsible for that; we divide the time equally between both sides.

Mr. RAKER. May I ask the gentleman this question: This is a very important matter, and will not the gentleman ask unanimous consent that the House take a recess to-night until 8 o'clock and then run to 11 p. m.?

Mr. RANKIN. I want to say to the gentleman that you can not get unanimous consent for that.

The SPEAKER. Is there objection to the proposed division of time?

There was no objection.

Mr. GRAHAM of Pennsylvania. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 184, proposing an amendment to the Constitution of the United States.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. BEGG in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 184, which the Clerk will report.

The Clerk read as follows:

Joint resolution (H. J. Res. 184) proposing an amendment to the Constitution of the United States.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"ARTICLE —

"'SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress."

CHILD LABOR CONSTITUTIONAL AMENDMENT

Mr. FOSTER. Mr. Chairman, the Committee on the Judiciary, to whom were referred 23 House joint resolutions proposing child labor amendments to the Constitution of the United States, after four weeks' hearings and two weeks' consideration, by a vote of 15 to 6, reported favorably House Joint Resolution 184 and recommended that the resolution be passed.

The Committee on the Judiciary of the Senate has favorably reported the identical language contained in House Joint Resolution 184 and recommended its passage.

HISTORY OF FEDERAL CHILD-LABOR LEGISLATION

In December, 1906, the first proposals for a Federal law to prevent the industrial exploitation of children were made in Congress when Senator Beveridge, of Indiana, and Congressman Herbert Parsons introduced bills to "prevent the employment of children in factories and mines," and Senator LODGE sponsored a measure designed to "prohibit the employment of children in the manufacture or production of articles intended for interstate commerce." Almost 10 years later—September 1, 1916—the first Federal child labor law was adopted, with the provision that it should become operative one year later—or September 1, 1917. Under its power to regulate interstate and foreign commerce Congress sought in this measure to close the channels of interstate and foreign commerce to the products of child labor. Three days before the act went into effect the United States district attorney in the western district of North Carolina, our colleague [Mr. HAMMER], was enjoined from enforcing the act. On June 3, 1918, after the law had been in operation nine months and three days the decision of the district court was affirmed by the United States Supreme Court, in a 5-to-4 decision, on the ground that

the law was not a legitimate exercise of Congress's power to regulate interstate commerce, and was therefore unconstitutional.

Following this decision, Congress enacted on February 24, 1919, as a part of the revenue act of 1918, a provision for a tax of 10 per cent on the annual net profits of certain enumerated establishments which employed children in violation of the age and hour standards laid down in the act.

The child labor tax law became operative on April 25, 1919, and was in effect until May 15, 1922, when the United States Supreme Court in the case of Bailey against The Drexel Furniture Co. held that it was not a valid exercise of Congress's right to lay and collect taxes. Only one judge dissented from this opinion. It therefore seems to be clearly established that either Congress must abandon the object which was sought in these two laws or the Constitution must be amended so as to give to Congress the power which it was believed to have when these two acts were passed. In its consideration of these two alternatives the committee has considered carefully (1) the present status of State child-labor legislation and the numbers and geographical distribution of working children in order to discover whether the need for Federal action still exists, and (2) whether the experience gained in the course of the administration of the laws held unconstitutional indicates the value of Federal intervention for the protection of children.

WHAT IS MEANT BY CHILD LABOR

Child labor is the work of children under conditions that infere with the physical development, education, and opportunities for recreation which children require. It is the working of children at unfit ages, or unreasonable hours, or under unhealthful conditions. Children may work wholesomely and profitably, as most of us know from experience, but their employment under unfair conditions is nothing short of an economic waste, a social crime, and a political menace.

A report was submitted to the committee which was made by a committee of doctors of which Dr. George P. Barth, director of school hygiene of the city health department of Milwaukee, was the chairman, the other members being Dr. Emma M. Appel, of the employment certificate department, Chicago Board of Education; Dr. S. Josephine Baker, chief of the bureau of child hygiene, department of health, New York City; Dr. Taliaferro Clark, representative of the United States Public Health Service; Dr. C. Ward Crampton, dean of the Normal School of Physical Education, Battle Creek, Mich.; Dr. D. L. Edsall, dean of the Harvard Medical School; Dr. George W. Goler, health officer, Rochester, N. Y.; Dr. Harry Linenthal, of the industrial clinic, Massachusets General Hospital, Boston, Mass.; Dr. H. H. Mitchell, representing the National Child Labor Committee; Dr. Anna E. Rude, director hygiene division, United States Children's Bureau; and Dr. Thomas B. Wood, chairman of the committee on health problems and education of Columbia University.

This committee made and formulated definite standards of normal development and physical fitness for the use of physicians in examining children applying for work permits. They made a few general recommendations, among which was the following with reference to the minimum age for entrance into industry:

The minimum age for the entrance of children into industry should not be younger than 16 years. Since it is recognized that the physiological and psychological readjustments incident to pubescence (which in the vast majority of cases are not completed until the sixteenth year) determine a period of general instability which makes great and special demands upon the vitality of the child, it is of paramount importance that he should be protected during this period from the physical and nervous strain which entrance into industry inevitably entails. The committee recognizes the fact that pubescence may occur early or may be very greatly delayed, and is convinced that the longer it is delayed the stronger is the indication of a physical stage during which it is highly inappropriate to subject the child to the strains of industry.

On this committee was a group of doctors who were either actually personally examining or were responsible for the examination of very large groups of children.

Doctor Barth, in Milwaukee, examined or was responsible for the examination of all children going to work in that city. In 1923 this was 3,818 children between 14 and 16 years of age.

Doctor Appel, of Chicago, according to the report of the Chicago office, for the year 1922–23 was in charge of the corps of doctors making 28,761 physical examinations on 15,441 children.

In New York City in 1923 the bureau of which Doctor Baker was former chief examined 36,518 children who received first employment certificates for regular employment.

Doctor Goler, at Rochester, N. Y., is at the head of a bureau which examines approximately 2,000 children a year who take out their first working certificates.

So four of the members who served on the committee and who signed the report were immediately responsible for the examination of something like 58,000 children a year and spoke out of an experience of that sort.

Doctor Edsall, dean of the Harvard Medical School, is not only dean of that school but has also been responsible for the organization of a clinic for industrial workers in Boston for many years.

So these men and women have spoken out of a wide experience in the examination and reexamination of working children over and over again, and that is their recommendation with reference to child labor and health.

The questions of child labor and poverty was also brought up. In every move in any direction on the subject of child labor, whether it has been to establish a 9, 10, or 11 year minimum, the question of the poverty of the parents has been brought forward in opposition to the law. It is an example of a serious social disease and the application of a worse remedy than the disease.

Child labor and poverty are inevitably bound together, and if you continue to use the labor of children as the treatment for the social disease of poverty, you will have both poverty and child labor to the end of time.

Miss Grace Abbott, of the United States Children's Bureau, Department of Labor, one of the most faithful and efficient employees of this Government, gave the committee invaluable evidence. She said:

The old theory of 100 years ago was that to find them work was what we should do with the orphan and dependent children. There was a nice theory that children should not be brought up in idleness or "eat the bread of charity"; if they lost their father or their mother, they must go to work very early, and must therefore support themselves. Having already suffered the misfortune of having no father they were to be without education, or recreation, or any other of the joys of childhood. They were never to be allowed to forget their birth, or that they were orphans or dependent children.

In a hundred years Americans have gotten away from that attitude, and the community says that if the child has lost his father and is dependent, we shall, as a community, undertake to supplement that loss in some degree, at least.

A mere money payment will not make up for the loss of the father, and the child is going to be handicapped through life, anyway; but at least he shall not be robbed of all the joys of childhood.

When the poverty argument is brought up it means you go back to the old theory of social treatment, although, because of increased earnings and because of the mothers' pension laws in the United States, we are rapidly getting away from the type of grinding poverty that would seem to compel any child to work before he has had sufficient education to entitle him to assume his rights and obligations as an American citizen. If anyone wants to go to the other remedy, I do not want them to vote for a child labor law, because it defeats the theory of a hundred years ago as to how poverty, orphanage, dependency, and neglect in general are to be dealt with.

WHAT THIS CONSTITUTIONAL AMENDMENT IS NOT

Many misconceptions regarding the child labor constitutional amendment have been held. It is evident that some people are opposing it who would favor it if they understood the facts. I therefore undertake to answer some of the questions that have appeared. We can make no complaint against those who understand this measure and still oppose it, but it would be a source of regret to have any opposition based on a misconception.

1. This constitutional amendment is not a child labor law; its purpose is simply to declare that Congress shall have the power to do the very thing that Congress has twice undertaken to do.

2. It is not a reflection on the United States Supreme Court. It undertakes to remove a limitation on the power of Congress which the Supreme Court declares exists.

3. It does not propose to forbid child labor under 18. It merely intends to give Congress discretionary power regarding the labor of children up to 18 but not beyond. In other words, while every State has unlimited powers (within the bounds of reasonableness) over labor conditions, it is proposed to give Congress similar power, except that it shall not apply to any person beyond 18 years of age.

4. It is not expected that Congress under this grant of power will pass legislation affecting children up to 18, although it might be considered wise to forbid boys under 18 to operate railroad locomotives or mine elevators, for instance.

5. There is no point to the objection that this gives Congress power to forbid young people working on the home farm

until they are 18. Since States do not now attempt to control child labor in agriculture, the fear that Congress would go beyond prevailing sentiment of the people is without foundation.

6. The 20 or more national organizations favoring this amendment do not want Congress to include employment of children on the home farm and would oppose such national legislation.

AGRICULTURAL WORK

I hope no Member of the House will vote against this resolution through a fear that it will prevent boys under 18 working upon our farms. Neither of the Federal laws prevented work on the farms. None of the State laws, with two possible exceptions, prevent such work; but in amending the Constitution authority should be given Congress to legislate against any practice that might hereafter develop in agriculture, if such practice was purely commercial and an exploitation of child labor under conditions impairing the health and education of such children. No such conditions will arise on the average normal farm where farming alone is practiced. Should a condition arise where children by the thousands are worked in some intensified farming project, no one should deny Congress the power to legislate in any such cases. In this connection Miss Abbott, of the Children's Bureau, testified as follows:

No one is advocating, that I know of, at the present time, a statute regulating agricultural child labor for the United States, if the amendment does not prohibit it. We do not know what will develop with reference to agricultural labor in the future at all. We may have in the next 10 years, or the next 100 years, a totally changed situation from what we have now. We may have a vast growth of large-scale agriculture, and children will not be employed on the home farm but under conditions approximating industrial employment. Who can know? I can not say what will happen 100 years from now, and certainly I would not like to attempt to say now, because it would be sure to be wrong. Consequently, it seems to me a full grant of power to Congress is in line with the other grant of powers in the Constitution. Then the question of a particular statute could be taken care of. If it were a question of a statute being passed at this time to regulate child labor on the farms, I would be among those who would not favor the enactment of such a statute.

Mr. Lovejoy, executive secretary of the National Child Labor Committee, told our committee:

There is no thought on the part of the advocates of this amendment to have the Federal Government interfere with the conditions of children on farms, with the possible exception that was already referred to by one of the speakers. Where any kind of farm labor is carried on under industrial methods it might appropriately become a subject for the consideration of Congress, but even there it is doubtful at the present time, because I believe the observation of most of those who have had experience in administering child labor laws is that the child on the farm can best be protected not directly by prohibitive child labor laws but by better health and educational and other social facilities originating in the community.

EIGHTEEN-YEAR LIMIT

The adoption of this constitutional amendment does not prevent all children under 18 from working. In fact it does not prevent any children under 18 from working. It merely authorizes Congress, when in its wisdom it sees fit so to do, to regulate or prevent child labor at any age under 18. It would greatly weaken the amendment should this age be reduced below 18. A review of the present child labor laws in our various States conclusively shows this. I have compiled, by States, the child labor laws up to the age of 18 and above 18. From these we find that about two-thirds of the States have laws up to the age of 18 and about one-third of the States have laws up to the age of 21. If a large portion of the States have found it necessary to extend the age to 18 and many even to the age of 21, I submit that it would not be the part of wisdom for this constitutional amendment to prohibit, if the occasion warranted, within the next 50 or 100 years legislation up to the age of 18. A review of these State laws will at once suggest the necessity for leaving the constitutional amendment at 18.

These State laws govern such subjects as: Young girls working in pool and billiard rooms; girls under 21 working as night messengers; girls under 21 working at night shifts in factories; girls under 18 prohibited from work where it required constant standing beyond a certain number of hours, both boys and girls prohibited from employment under certain conditions at injurious occupations such as blast furnaces, smelters, manufacture of poisons, dangerous machinery, and explosives; girls under 18 employed in occupations which are physically and morally dangerous; girls under 18 from working in coal mines or on underground elevators, hoisting machines, and dangerous machinery while in motion; boys under 21 from running passenger locomotives. These are a few of the many items which are covered in some of the State child labor laws, up to the age of 18 or above. They will at once appeal as employments of a dangerous and hazardous nature such as might call for Federal legislation for the one-half of the States where no such legislation exists.

To illustrate, New York State has seven prohibitions against persons under 18 years of age and five against girls under 21 years of age. Ohio has six prohibitions under 18 years of age and three against persons under 21 years of age. Oregon has six against persons under 18 years of age. Michigan has four such statutes, and so on. From this it is easily observed that if we are to change our Constitution, having in mind the needs of the country for the next 100 years, it would be the height of folly not to extend the privilege to Congress to legislate to the age of 18 in the event it becomes necessary.

ILLITERACY AND DELINQUENCY

The testimony before the Judiciary Committee showed that 60 persons out of every thousand of our adult population are illiterate, while but two persons out of every thousand in most European countries are illiterate. This is due, in great measure, to our child labor in our factories, mines, and mills. It is one of our national disgraces, and is further reflected in the heavy death rate in our children and mothers, which death rate has been materially reduced during the short period our maternity law has been in operation. With a proper child labor law in operation throughout the United States, together with the provisions of the Federal maternity act—which has been taken advantage of by 40 of the 48 States—we can, within the next decade, further reduce in great measure our illiteracy and mortality so far as relates to child life.

Miss Abbott has had charge of the Children's Bureau during its development. All unbiased persons agree that she has done a most commendable work. The committee found her to be a very reliable and valuable witness on all matters connected with children's welfare. She called attention to the fact that at the time the first child labor law was adopted we really led the world with our minimum standard and that now we are lagging behind a considerable number of foreign countries, both as to age, hours of work, and night work. She called attention to the fact that a considerable number of countries have now entered into agreements with each other, through conventions agreed upon at the international labor congresses, to reduce the minimum age and night work and hours of labor for children and young persons. She then placed before the committee the following statement taken from an official bulletin, the International Labor Office Report, page 252, June 13, 1923:

According to the most recent information available, Belgium, Denmark, Germany, Great Britain, Netherlands, New Zealand, Norway, Kingdom of the Serbs, Croats, and Slovenes, Sweden (14, girls; 13, boys), and Switzerland have adopted the 14-year minimum, and Russia has a 16-year minimum for employment in industrial undertakings, in some instances with certain exemptions. Argentina, Germany, Japan (law effective 1926), and New Zealand prohibit night work for children under 16—in most instances, with certain exceptions allowed—for example, work in continuous industries and in trades dealing with perishable materials; China prohibits night work for boys under 17 and girls under 18; and Austria, Belgium, Denmark, France, Great Britain, Italy, the Netherlands, Norway, Peru, Russia, Kingdom of the Serbs, Croats, and Slovenes, Switzerland, and Sweden prohibit it under the age of 18 years; and Portugal prohibits night work for all workers. Additional protection is afforded girls in many foreign countries, but in only about a fourth of our States, through laws providing for night rest for women.

The 8-hour day and 48-hour week in industrial undertakings, with certain exemptions, have been adopted for all workers, children and adults, for certain occupations, at least, in Austria, Belgium, Czechoslovakia, Ecuador, Finland, France, Germany, Italy, the Netherlands (8½ per day, 48 per week), New Zealand (45 hours for boys under 16 and for females), Norway, Panama, Poland (46-hour week), Portugal, Russia, Kingdom of the Serbs, Croats, and Slovenes, Spain, Sweden, Switzerland, and Uruguay. China has an 8-hour day for children under 17 and India a 6-hour day for children under 15.

In addition to these relatively high child-labor standards in many foreign countries cited above the provisions of the draft conventions recommended by the International Labor Conference held in Washington in 1919 include for industrial under-

takings a minimum age of 14, an 8-hour day and 48-hour week for all workers, prohibition of night work for young persons under 18—with certain exemptions for children over 16—and prohibition of night work for women. Provision is made for exceptions under certain conditions and modifications are specified for Japan and India. All four of these conventions have been ratified by Bulgaria, Greece, and Rumania. Czechoslovakia has ratified conventions relating to minimum age, night work for women, and hours. Great Britain, Switzerland, and Esthonia have ratified the minimum-age and both night-work conventions; India has ratified the hours of labor and both night-work conventions; Denmark has ratified the minimum-age convention and that relating to night work of young persons; and Italy has ratified both and South Africa and the Netherlands one of the night-work conventions. In Japan ratification of the minimum-age convention and that relating to night work of young persons has been authorized.

All investigations and statistics regarding juvenile delinquency conclusively show that such delinquency uniformly increases in proportion to child labor. These facts disprove the theory advanced by some in opposition to child labor. The custom and the conditions under which thousands of little girls work necessarily produce such results. Such girls who are brought before the juvenile courts are mainly charged with or are victims of some moral delinquency on the part of themselves or some one else, says Miss Abbott. No one could have any sense of security for these young girls, who still go to work in many States even at 14 years of age and who work 11 hours a day, and have to leave home in the winter season before daylight and return after dark at night. If you have not had occasion to know what goes on in the juvenile courts of the country, you can not be as familiar as those who have studied the records with the fact of how frequently the responsibility for a condition that none of us like to recall has been due to the fact that these children were started out at tender years as wage earners and charged with full responsibility for themselves. It is a certainty that this condition can be established from the records of any juvenile court and that many of the little girls are 14 years of age and under, and I submit that when these cases are reported wholesale from a large number of our States it is a matter not to be treated lightly.

A bulletin of the United States Labor Department contains the following:

To secure representative cases for study, seven cities—Indianapolis, Baltimore, Boston, Newark, New York, Philadelphia, and Pittsburgh—were selected, both as affording abundant and varied opportunities for child labor and as having juvenile courts and probation systems, without which aids a detailed study of juvenile offenders would be exceedingly difficult. Moreover, in all these places child labor is supervised and regulated so that there was little risk that the case against it would be unduly weighted by abnormally injurious conditions of work. The children coming before these courts during the year 1907–8 were studied, with the exception of those in New York, where the numbers concerned were too large for inclusion, and only those were taken who were on probation at the time of the visit of investigation. From these courts the cases of 2,934 boys and 309 girls were secured.

To give the study a wider basis, the children committed during the selected year from other localities to reformatory institutions in or near these cities were also included. From these sources the cases of 1,344 boys and 252 girls were secured, so that in all the investigation dealt with 4,839 children, 4,278 boys and 561 girls.

The offenses committed by these children vary widely, ranging from truancy and trival breaches of municipal ordinances to such crimes as arson and burglary. Larceny is the leading offense for boys, with burglary second, but far behind; among the girls, immoral conduct leads, with larceny second. Among both boys and girls, "incorrigibility" appears as a frequent cause of arrest, the term indicating a generally unsatisfactory condition rather than any one definite misdemeanor. Recidivism is common, 48.6 per cent of the boys and 22.6 per cent of the girls having records of previous offenses.

A working child is defined as one who has been employed, whether or not he is working at the time of his latest offense. According to this definition, 56.5 per cent of the boys and 62.6 per cent of the girls are working children. By comparing the number of the working and nonworking delinquents with the census figures for working and nonworking children in the places studied, it is shown that the workers are quite disproportionately numerous.

The excess of workers appears even more strongly among the recidivists than among the first offenders (65.8 per cent of the recidivists were working children, 34.2 per cent nonworking), and in general among the serious offenders as markedly as among the petty delinquents.

The proportion of working delinquents is especially striking among the younger offenders. Of the 938 boys under 12 more than one-fifth (22.4 per cent) were workers, an impressive percentage when it is remembered how small a proportion of all the children under 12 can be at work in the localities studied. Among the boys of 12 and 13 years 42.4 per cent and among those from 14 to 16 years 80.8 per cent were workers. At this latter age, however, the majority of boys would naturally be at work, so the high percentage here is less significant. Among the girls the proportion of working delinquents stood, under 12 years, 9.4 per cent; 12 and 13 years, 36.4 per cent; 14 to 16 years, 77.7 per cent.

WILL FEDERAL AND STATE GOVERNMENTS COOPERATE?

The experience in the enforcement of the two Federal laws which were declared unconstitutional warrants the conclusion that no friction will develop between the Federal and State authorities in enforcing child labor laws. Even those witnesses who appeared in opposition to these amendments admitted that the Children's Bureau of the Federal Government heartily cooperated with State authorities in enforcing child labor laws. When the first Federal law was put in operation an appropriation of $50,000 was provided to frame the necessary regulations for the issuance of work permits and for the acceptance of State permits. An additional appropriation of $100,000 was provided in 1918 for the enforcement of the child labor law, making a total of $150,000. This was handled in a way, even before we had a Budget Bureau, that some money was turned back into the Treasury. Miss Abbott recites the experience in inaugurating this work, as follows:

The expenditure, however, was less than a satisfactory enforcement of the Federal law required. The staff appointments were delayed very much, pending civil-service examinations, and then, when the results of the examinations were available, we had a great many refusals because at that time the salaries that were paid began to skyrocket, during the war period, and it was very hard to get a qualified personnel for the salaries we were able to pay.

A division was created in the Children's Bureau to enforce the law, known as the Child Labor Division of the Children's Bureau; and on June 3, 1918, we had a staff of 51 persons, including the director, associate director, law officer, 17 inspectors, 22 certificate-issuing clerks, 8 clerks, and 1 messenger. The appropriation for the next year, 1919, had been made for $125,000, and was, of course, not used, because the act was declared unconstitutional.

The Children's Bureau laid plans, when it had $150,000, to enforce the law on the basis of cooperation with State officials and a general working relationship with State officials. The first child labor law provided a definite basis for cooperation, in that it provided that the Federal Government could accept, if it found them satisfactory, the State-issued work permits which, as I have told you, are after all the key to the enforcement of a child labor law, and we, of course, were required to recommend to the board that formulated the rules and regulations a provision for what should be in the rules and regulations, and also what State certificates could or could not be accepted.

In order to have the advice of the State officials, a conference of the State child-labor officials was called in the summer. It was attended by 28 officials from various parts of the country, and the whole question of the relationship was quite thoroughly canvassed. At that time the State commissioners, or factory inspectors, or whoever was charged with the enforcement of the State child labor law, voted they would like to have formal recognition by the Federal Government with reference to the enforcement of the Federal law, and as a consequence of their vote all of those who were charged with the enforcement of State child labor laws were commissioned inspectors under the Federal law on a dollar-a-year basis, the authority for appointing public officials being utilized in that way.

Continuing, she said:

We ought to consider both the legislative standard and the enforcement of that standard, because the legislative standard means nothing unless there is enforcement machinery to go along with it. The State with not quite so good legislative standards may do more for its children by enforcement of its law than one that enacts a better one and does not enforce it. The existence of a Federal standard tends to bring all State enforcements toward that standard. At the same time this in no manner tends to paralyze the local community and eliminate their sense of responsibility for their children. Instead of doing that it quickened their sense of responsibility, or at least furnished the contributing factor in quickening their sense of responsibility for the children. The work-permit system is at the bottom of the enforcement of the child labor law, and through the machinery involved in the issuance of work permits it is possible to reduce the necessity for Federal action to a minimum.

If in a State you try to get a higher State standard, one of the things you are constantly met with is, "that is higher than the stand-

ard of such and such State." That is what they always tell you about. One of the things you have to fight is the State that has not a very good standard and tries to measure itself by the lowest standard as far as opposition to the law is concerned. If you move up the very lowest standard by the Federal law, you release the good intent of a State toward its children more than would otherwise be possible, and so you are able to raise the standards in States that desire to raise the standards, but are kept from doing so by pleading of employers as to the effect that raising standards will have when other States are not doing it. Consequently, even in States with a very much higher standard than the Federal law, they found it was easier to move forward when the lowest level was taken out and minimum standard was in effect through the operation of the Federal law. I want to make that perfectly clear—what I think it does is to increase the sense of local responsibility for local children by drawing attention to what has not been done for them, and what can be done for them, and by releasing the good will of a State toward its children.

I want to get a Federal minimum and at the same time give the States an opportunity to raise, but not lower, the Federal standards. I can conceive of a State being jealous of its power to protect a child and wanting to be given more power. I can not conceive of a State being jealous of its power to exploit children in factories.

A further discussion of the relationship between the Federal Government and State enforcement machinery will be found on pages 9 and 10 of the majority report.

As further proof that such Federal legislation is not so expensive, may I quote from the testimony of Mr. Lovejoy, executive secretary of the National Child Labor Committee, as follows:

There is no reason to believe that there would be any great increase under any new department or bureau intrusted with the enforcement of the Federal law. No friends of working children are going to tolerate the expenditure of vast sums of money that are not necessary to accomplish the job. All that will be required is to do the work that it is necessary to do. Part of it is being done by State agencies. If this amendment passes and the law is enacted, part of the job will be done by the Federal agencies. They will not be duplicating. What one agency does the other will not do. Therefore there will be no cause for an increase, and, so far as I know, I think the taxpayers of this country are not very particular whether they pay the tax that is to accomplish the purpose into the State or the Federal Treasury.

NUMBER OF WORKING CHILDREN IN 1920

The decennial census is our only source of information as to the total number of working children in the United States as a whole. In 1920 over 1,000,000 (1,060,858) children 10 to 15 years of age, inclusive, were reported by census enumerators as "engaged in gainful occupations." This number was approximately one-twelfth of the total number (12,502,582) of children of that age in the entire country, as the following table shows:

Per cent of children engaged in gainful occupations,[1] by sex: 1920

Sex	Children 10 to 15 years of age, inclusive		
	Total	Engaged in gainful occupations	
		Number	Per cent
Both sexes	12,502,582	1,060,858	8.5
Male	6,294,985	714,248	11.3
Female	6,207,597	346,610	5.6

[1] The instruction to the census enumerators was that "gainful occupations" when applied to children includes the occupations of all child workers except those working at home, merely on general household work, on chores, or at odd times on other work.

The number of child workers 10 to 13 years of age, inclusive, was 378,063. The census does not report the number of working children under 10 years of age.

THE OCCUPATIONS OF THE WORKING CHILDREN

Of the 1,060,858 children 10 to 15 years of age, inclusive, who were reported by the census to be "gainfully employed" in 1920, 647,309, or 61 per cent, were in agricultural pursuits and 413,549 were in nonagricultural pursuits. Since the employment of children in agriculture is usually on the home farm, is seasonal instead of continuous, and is out of doors, it is with reference to the more than 400,000 children in nonagricultural pursuits that the advocates of the Federal child labor amendment have been principally concerned. The occupations of these working children were as follows in 1920:

Number and per cent distribution, by occupation, of children 10 to 15 years of age, inclusive, engaged in selected nonagricultural pursuits, for the United States, 1920[1]

Occupation	Number	Per cent distribution
All nonagricultural pursuits	413,549	100.0
Messenger, bundle, and office boys and girls[2]	48,028	11.6
Servants and waiters	41,586	10.1
Salesmen and saleswomen (stores)[3]	30,370	7.3
Clerks (except clerks in stores)	22,521	5.4
Cotton-mill operatives	21,875	5.3
Newsboys	20,706	5.0
Iron and steel industry operatives	12,904	3.1
Clothing-industry operatives	11,757	2.8
Lumber and furniture industry operatives	10,585	2.6
Silk-mill operatives	10,023	2.4
Shoe-factory operatives	7,545	1.8
Woolen and worsted mill operatives	7,077	1.7
Coal-mine operatives	5,850	1.4
All other occupations	162,722	39.3

[1] Fourteenth Census of the United States, 1920: Children in gainful occupations (not yet published; figures furnished by courtesy of United States Bureau of the Census).
[2] Except telegraph messengers.
[3] Includes clerks in stores.

HAS CHILD LABOR INCREASED SINCE 1920

The 1920 census was taken in January, when the Federal child labor tax law was discouraging by a heavy tax the employment of children under 14 in mills and workshops and of children under 16 in mines and quarries. Since that time this law has been declared unconstitutional and the protection it afforded against premature employment no longer exists. Figures are not available as to the number of children who have returned to work as a result of the nullification of this law. The decision came during the recent industrial depression, when many thousands of children as well as many hundreds of thousands of men and women were unemployed. Figures secured by the Children's Bureau of the Department of Labor indicate that since the middle of 1922 the number of children between 14 and 16 going to work has steadily increased, and that the decrease in employment of such children during the industrial depression of 1920 and 1921 was only a temporary one. In 21 out of the 35 cities furnishing statistics to the Children's Bureau more children under 16 years of age were given permits to go to work in 1922 than in 1921, and in 29 out of 34 cities more children received permits in 1923 than in 1922. In these 34 cities, 90,166 children 14 and 15 years of age went to work in 1923, the majority of them in factories. In 19 of the cities reporting in 1923 there was an increase over 1922 of at least 20 per cent, and in 9 cities the increase was approximately 50 per cent or more. These figures, it should be remembered, are based on the number of work permits issued and show, therefore, the number of legally employed children. How many were illegally employed is not known. In New York State since 1917 the State inspectors report from 2,000 to 3,000 children 14 or 15 years of age working without work permits annually, and in addition from 1,000 to 2,000 under 14 years of age found illegally employed each year. While it is to be expected that the number of employed children will fluctuate with changing local industrial conditions, the figures indicate a general and substantial increase in the number of working children in the last two years.

THE OPPONENTS OF A CHILD-LABOR AMENDMENT

The principal opposition to the amendment came from the National Manufacturers' Association, the Pennsylvania Manufacturers' Association, the Southern Textile Bulletin, the Sentinels of the Republic, the Moderation League of Pennsylvania, the Women's Constitutional League of Maryland, an organization with 50 active members formed to oppose the maternity and infancy act, and the Woman Patriot Publishing Co., first established as the organ of the Antisuffrage Association. Some of these representatives deplored any amendment to the Constitution since the first 10; some opposed particularly the eighteenth amendment and were in consequence opposed to any "further tampering with the Constitution"; some opposed any amendment to the Constitution except one as to the method of amendment. Officers of the Child Welfare Board of North Carolina reported the decision of the board that the interests of the children of North Carolina can be cared for best by North Carolina. Many of those appearing against the amendment indicated their disapproval not only of Federal regulation of child labor but of any regulation or prohibition of child labor, whether State or national.

THE REASONS WHY FEDERAL ACTION IS CONSIDERED NECESSARY

It is believed that little weight will be given to the argument for a return to the conditions of 100 years ago when there was complete freedom in the employment of children. The case against child labor has been made. That it creates a vicious circle of poverty, ignorance, and poor physical development has been scientifically established. The question of interest at the present time is whether the Federal Government should cooperate with the States in eradicating the evils which flow from the premature employment of children. The reasons why Federal legislation in this field was first sought were: First, because in some States a single industry was so powerful as to prevent the passage of a reasonable child labor law or the enforcement of one after it was passed; second, because consumers had come to feel a moral repugnance to the use of the products of child labor; third, because manufacturers objected to the competition of those who relied upon the low wages of children as the basis of their profits; and, finally, because States found themselves unable to protect not only their consumers and the manufacturers but their citizenship. For, after all, children who suffered from the educational, physical, and spiritual losses which premature child labor brings, could migrate to any State, so that the citizenship of no State was secure against the neglect of another State.

FORM OF AMENDMENT

The form of the amendment as it appears in House Joint Resolution 184 has received the careful consideration of many eminent lawyers in the United States.

Mr. William Draper Lewis, dean of the law school of the University of Pennsylvania, says:

I have read with care, indeed, I was one of the group interested in drafting House Joint Resolution 184. I can personally testify that a great deal of care has been spent on the drafting of this amendment—indeed, it is the result of a number of conferences among lawyers who have a knowledge of constitutional law and more or less experience in legislative drafting. I believe the amendment to be free from ambiguity. In plain and simple language, it expresses the meaning intended.

Prof. N. T. Dowling, of the school of law of Columbia University, after quoting House Joint Resolution 184, said:

The amendment seems to be aptly phrased.

Mr. Walter W. Cook, of the school of law, Yale University, says:

Permit me to urge upon the Judiciary Committee the desirability of recommending this bill to the House for adoption. I have examined the text of the proposed amendment and it will accomplish the purposes which all those who have been interested in it have in view. It seems to me that some kind of constitutional amendment conferring power upon some branch of the Government to deal with this matter is imperative. Those States which permit child labor ought not to have the power to compel other States to permit the sale of their products in competition with the goods produced by adult labor in other States. It seems to me that this proposal to give Congress the power is the satisfactory way to proceed.

Mr. Roscoe Pound, dean of the law school of Harvard University, under date of April 3, 1924, has written:

DEAR MR. FOSTER: I have read carefully the joint resolution which you have introduced proposing an amendment to the Constitution of the United States giving Congress the power to limit, regulate, and prohibit the labor of persons under 18 years of age. If I may say so, I think the joint resolution is very well drawn, and that it ought to achieve the purposes for which it is intended. I do not see that any serious objections could be made to it in the matter of draftsmanship.

As to the merits of the subject perhaps nothing need be said, but I do feel impelled to express my conviction that now that it seems to be established by decisions of the Supreme Court that Congress can not deal with this matter under the Constitution as it stands, a constitutional amendment is imperative. To-day, so far as industry and business are concerned, State lines are but lines upon the map. A situation in which one standard as to child labor applies on one side of such a line and another upon the other side, or in which an easy-going administration upon one side of such a line, as it were, competes with a strict administration upon the other, can result in nothing but evil. I should cordially agree that constitutional amendments ought to be reserved for a few great occasions and that nothing could be more mistaken than to resort to constitutional amendment for every sort of desired legislative improvement. But the need of regulating child labor is emphatically one of those great occasions which calls for the legislative interposition of the people of the United States through the Constitution.

Only yesterday I received a strong letter from Warren A. Seavey, dean of college of law, University of Nebraska, indorsing this amendment.

SUPPORTERS OF THE AMENDMENT

Among those supporting a child-labor constitutional amendment may be mentioned the following:

Mrs. Emily Newell Blair, vice chairman of the Democratic National Committee, says:

As a mother, interested primarily in the welfare of the youth of the Nation, as a member of several of the women's organizations represented, and as the vice chairman of the Democratic National Committee, I wish to record before this committee my entire indorsement of suitable legislation looking to the abolishment of child labor in the United States.

The Democratic Party stands unequivocally for the prohibition of child labor. It holds that the life, health, and strength of the children of the Nation are its greatest assets and that the conservation of these constitutes one of its most sacred duties. It believes that if labor in immature years is permitted by one generation it is practicing unfairness to the next generation. Democratic platforms and pronouncements have contained definite and precise statements upholding this belief, and its convincing record in child-labor legislation constitutes Democracy's response to the demands of modern social justice. Its record is written in its deeds.

Because the Democratic Party is and has been consistently the party of new ideas and progressive legislation it believes that laws regulating hours of labor and conditions under which labor is performed, when passed in recognition of the conditions under which life must be lived to attain the highest development of its citizens, are just assertions of the Nation's interest in the welfare of the people, and whenever it has been given the authority it has built a legislative record the constant direction of which has been toward the future. It has rewritten and passed great laws affecting terms and conditions of employment to accord with the highest dictates of modern conscience and experience. These laws have uniformly tended to improve conditions under which the laboring people work.

Twice, for instance, has a Democratic Congress and a Democratic President sought earnestly to place upon the statute books of the country a child-labor law that would emancipate the children of the whole Nation from industrial oppression, and twice has its intention been defeated.

On September 1, 1916, a Democratic Congress under the sympathetic leadership of Woodrow Wilson passed the first Federal child-labor law, excluding all articles made by the labor of children from interstate commerce. After being in operation nine months, this law was pronounced unconstitutional by the Supreme Court of the United States.

Congress, not to be deterred in its efforts to safeguard the health and happiness of the youth of the country, again sought to protect children from factory exploitation by enacting a law placing a heavy tax upon the products of all industrial concerns employing children. This law became effective in April, 1919, and was in active operation until June, 1921, when the Supreme Court of the United States handed down a much-delayed decision declaring this second child-labor law unconstitutional also.

Adhering firmly to its belief in the sacred right of the child to immunity from premature physical labor, the Democratic Party stands ready to sponsor a renewed effort to provide suitable legislation that will assist the States in rescuing children from educational, physical, and other losses which their premature labor imposes upon them.

While considerable progress in recent years has been made in State legislation protecting children from industrial exploitation, yet reports recently published by the Children's Bureau present disconcerting evidence of child labor still unsafeguarded by effective regulations governing ages, hours, and working conditions. Therefore I feel that I can indorse the sentiment of this report when it says:

> "To secure health and an opportunity for mental and physical development for the children of this generation and to provide for the welfare of our future citizenship, experience indicates the need of a Federal amendment giving Congress the right to establish a minimum standard of protection to the Nation's working children. The States can and should be left with full power to give more but not less than the minimum consistent with national welfare."

Mrs. Harriet Taylor Upton, vice chairman of the Republican National Committee, in favoring House Joint Resolution 184, stated to the committee:

I have just finished 10,000 miles of travel, and I suppose that you gentlemen sitting here in this way would like to know what the women back home think and say. When I was asked if I would make a statement here, I said I would if requested, and I want to say that in all that travel—and I have been speaking to different kinds of groups, and I have been in consultations and executive sessions—I do not remember of being in a single State, and I think I might say in a single town, and I might possibly say that I do not remember being

in a single meeting, in which some woman has not asked me what the prospect was of the passage of this child labor amendment. I thought that was very significant. Every one of them is interested in it. I never heard a word from anybody fearing that anything would come from the passage of such an amendment except something good.

The last Republican national platform contained the following plank:

The Republican Party stands for a Federal child labor law and for its rigid enforcement. If the present law be found unconstitutional or ineffective, we shall seek other means to enable Congress to prevent the evils of child labor.

The last Democratic national platform, drawn at a time when the second Federal child labor law was in operation and the suit to test its constitutionality had not yet been brought, contained the following plank:

We urge cooperation with the States for the protection of child life through infancy and maternity care, in the prohibition of child labor and by adequate appropriations for the Children's Bureau and the Woman's Bureau in the Department of Labor.

Mr. E. O. Watson, secretary of the Federal Council of the Churches of Christ in America, said:

From the standpoint of the churches there is no social issue before the public to-day that demands more general support throughout the churches of all denominations than the efforts to secure the abolition of child labor, and the evidence of that is to be found not only in the individual actions of denominations but also in the united actions that have been taken by the Federal Council of Churches, composed as it is of officially appointed representatives of 29 of the leading Protestant denominations of the United States.

As far back as 1908 the Federal Council of Churches in that united capacity, expressing the voice of the united churches of this country, adopted its official platform known as "Social ideals of the churches," and embodying 16 proposals for advance in social welfare. Two of these 16 had to do with child labor and the full development of the opportunities of childhood. The "Social ideals of the churches" declared that the churches stand "for the fullest possible development of every child, especially by the provision of education and recreation" and "the abolition of child labor." That platform has been repeatedly indorsed by one denomination after another, notably among the larger denominations—the Methodist Episcopal, Congregational, Northern Baptist Convention, Presbyterian, Disciples, and the Reformed Church in the United States.

The various denominations have also, time and time again, adopted special resolutions insisting that the teachings of the church require the abolition of child labor. As recently as last November the bishops of the Methodist Church, meeting in Brooklyn, declared in favor of such, and still more recently the women's division of the Social Service Commission of the Congregational Churches.

Still more significant is the action of the executive committee of the Federal Council of Churches held in Columbus, Ohio, in December last. This meeting, which was attended by the official representatives of the 29 Protestant denominations that comprise the Federal Council of Churches, voted without a dissenting voice in favor of an amendment to the Constitution which would permit Congress to legislate against child labor.

I might call your attention to the fact that we have been carefully studying the religious press on this matter and find it insistent and practically unanimous.

Now, I would call your attention to the fact that the churches are concerned primarily, of course, with the great moral and spiritual principles which are at stake in child labor and not with the particular method by which the evils are to be removed. We ordinarily do not presume to suggest by what particular form of legislation the desired ends may be reached. We feel that the legislators themselves, whom we have elected, are the ones who should answer the question as to what is the most effective method of carrying out in practice the moral and humane principles of the churches. But, we all thought, we find ourselves insisting unequivocally that this thing has not gone on as it should with reference to child labor, and the churches are showing that they are restive and tired of piecemeal attacks upon the evil of child labor, which may in the lapse of many years result in the cessation of child labor throughout the country.

This is too big a question to wait for that. We are therefore insisting that the way must be found by which the evil as a whole should be speedily abolished throughout the land. After having waited for many years for the evil to be abolished through other methods, the churches now insist that the problem must be dealt with in a more thoroughgoing fashion. It certainly is significant that all the church actions taken during the last three months, namely, that of the Congregationalists, the Methodist bishops, and the Federal Council of Churches referred to above, have gone on record specifically in favor of a constitutional amendment which will give Congress the power to act.

The legislatures of eight States have recently petitioned Congress to pass a child labor constitutional amendment.

PRESIDENT WILSON

President Wilson, perhaps more than any other person, was responsible for our first Federal child labor law. On page 287 of the Democratic Textbook, used in the succeeding presidential elections, we find the following:

On a very hot summer day the familiar figure of Woodrow Wilson, President of the United States, appeared in the President's room of the Capitol. His appearance was unheralded and unsuspected.

Some one said that the President had come to declare war on Mexico, some that the President wished to hold an important conference with members of the Foreign Relations Committee on matters of diplomatic importance. But in a few moments these rumors died down and the fact stood forth that the President had come to the Capitol to urge in person the passage of the child labor bill.

* * * It had been on the administration's program since 1913, had passed the House twice, and was at that moment before the Senate. Owing to the presence of the closing days of the session, this bill was in the utmost danger of being lost in the shuffle.

President Wilson knew these facts, and understood this situation. He also knew that the bill had been carefully drawn by expert sociologists to correct a grievous injustice in American industrialism. He understood the forces which were opposing it, and he believed that the most effective aid that he could give at this crisis was to make a simple, direct, personal appeal to the Senate and to the country—to let it be known by the act of traveling from the White House to the Capitol that he was putting all the weight and power of his powerful office behind this measure.

To the President's room came members of the steering committee of the Senate. Things began to happen forthwith. For a few days the opposition held the upper hand, but before the session was concluded the President had won.

The child labor bill passed the Senate on August 8, 1916, by a vote of 52 to 12. This vital piece of social legislation which had been neglected for session after session of Congress became a law. President Wilson, more than any other single individual, drove it through Congress.

Mr. Wilson, when he signed the bill, said:

I want to say that with real emotion I sign this bill because I know how long the struggle has been to secure legislation of this sort and what it is going to mean to the health and to the vigor of this country, and also to the happiness of those whom it affects. It is with genuine pride that I play my part in completing this legislation. I congratulate the country and felicitate myself.

PRESIDENT HARDING

In his message to Congress, President Harding, on December 8, 1922, said:

Closely related to this problem of education is the abolition of child labor. Twice Congress has attempted the correction of the evils incident to child employment. The decision of the Supreme Court has put this problem outside the proper domain of Federal regulation until the Constitution is so amended as to give the Congress the indubitable authority. I recommend the submission of such an amendment.

PRESIDENT COOLIDGE

President Coolidge, in his message to the Congress on December 6, 1923, said:

Our National Government is not doing as much as it legitimately can do to promote the welfare of the people. Our enormous material wealth, our institutions, our whole form of society, can not be considered fully successful until their benefits reach the merit of every individual. This is not a suggestion that the Government should or could assume for the people the inevitable burdens of existence. There is no method by which we can either be relieved of the results of our own folly or be guaranteed a successful life. There is an inescapable personal responsibility for the development of character, of industry, of thrift, and of self-control. These do not come from the Government but from the people themselves. But the Government can and should always be expressive of steadfast determination, always vigilant to maintain conditions under which these virtues are most likely to develop and secure recognition and reward. This is the American policy.

It is in accordance with this principle that we have enacted laws for the protection of the public health, and we have adopted prohibition in narcotic drugs and intoxicating liquors. For purposes of national uniformity we ought to provide, by constitutional amendment and appropriate legislation, for a limitation of child labor, and in all cases under

the exclusive jurisdiction of the Federal Government a minimum wage law for women, which would undoubtedly find sufficient power of enforcement in the influence of public opinion.

This constitutional amendment has the active support of the American Federation of Labor. It has also been indorsed by the Railroad Brotherhoods.

Miss Agnes G. Regan, executive secretary, National Council of Catholic Women, submitted to the committee the following resolution which was unanimously adopted by that national council on October 3, 1923:

Whereas the inveterate refusal of some States to enact laws for the prohibition of child labor inflicts injury upon tens of thousands of young children in these States and causes unfair hardship to employers in States which have good child labor laws, and whereas the only way in which this evil can be remedied within a reasonable time lies through national legislation: Therefore be it

Resolved, That the National Council of Catholic Women favors an amendment to the Federal Constitution which will empower Congress to enact such legislation, but which will not prohibit any State from enacting a law of higher standard than required by the Federal legislation enacted subsequent to the passing of such a constitutional amendment.

WOMEN'S JOINT CONGRESSIONAL COMMITTEE

The Women's Joint Congressional Committee consists of the accredited representatives of the following 16 national women's organizations:

Federal Council of the Churches of Christ in America.
General Federation of Women's Clubs.
Girls Friendly Society in America.
National Child Labor Committee.
National Congress of Mothers and Parent-Teacher Associations.
National Consumers' League.
National Council of Jewish Women.
National Council of Women (Inc.).
National Education Association.
National Federation of Teachers.
National Federation of Business and Professional Women's Clubs.
National League of Women Voters.
National Woman's Christian Temperance Union.
National Women's Trade-Union League.
Service Star Legion.
Young Woman's Christian Association.

It is stated in the minority report (page 5) that "very little weight is to be given to the quotations of the number of (women's) organizations" indorsing the children's amendment. Reference to the list of national women's organizations indorsing the various measures included in the legislative program of the Women's Joint Congressional Committee (see Congressional Digest, February, 1924, pp. 153–157) shows that the number of organizations indorsing any individual measure varies considerably. Of the 9 definite legislative proposals, other than the child-labor amendment, with reference to which subcommittees of the Women's Joint Congressional Committee have been appointed, 1 is indorsed by 13 organizations, 2 by 11 organizations, 1 by 10 organizations, 3 by 8 organizations, and 1 by 6 organizations. The child-labor amendment is the only measure indorsed by all of the organizations (16) represented on the Joint Congressional Committee.

It is further stated in the minority report that the indorsement of the women's organizations is "not a sufficient argument" for the passage of the amendment, since "we all know how these organizations act. A few people in each direct and announce the adhesion of the organization to some specific thing that is sought to be obtained." This is not true. I hold letters which show that the need for this amendment is recognized and its passage urgently desired, not only by the officials and leaders of these organizations but by the rank and file of their membership. All of the organizations have unanimously indorsed, either through their delegates in convention or through their executive boards or both, an amendment giving Congress the power to prohibit child labor. I hold these resolutions by the hundreds. Fourteen of the sixteen organizations, with a membership of over 8,000,000 high-minded and clear-thinking women, report action at their last conventions, and two at their last executive national board meetings. Every organization reports a widely informed and active individual membership, by whom both the principle involved and the proposed form of legislation have been widely discussed.

Is it possible that the Congress will turn a deaf ear to such an appeal? Who, more than this 8,000,000 American mothers, better know the needs of to-day's children—the American citizens of to-morrow? They, even more than we, comprehend that the child-labor problem has three sides—the physical side, the educational side, and the moral side.

I thank you for your patience. This subject is dear to me. The passage of this resolution will bring sunshine into the lives of millions of American children, now and hereafter. Every child is entitled to that. I am sure Congress will not deny it to them.

May I close by once more quoting Miss Abbott, who, when before the Judiciary Committee, said:

Is the United States not able to do for the protection of its children what most of the countries of the world have undertaken to do for their children, and have agreed to a standard that is substantially as high, and in some respects higher, than the first child labor law that we enacted? Is our Union so loose that the matter of what happens to the children of one part of the country is not of concern to the rest of the country? I think we are concerned with the children everywhere. We have poured out millions for children in other countries the world around, and it is time that we considered the welfare of our children at home, in every part of the country, all of whom will be American citizens and all of whom are entitled to what, after all, is the one thing that ought to be the birthright of every American child, the right to its own childhood, the right to health, education, recreation, and happiness. I know of no advantage in being the greatest and richest country of the world unless we can give that blessing to our children. [Applause.]

I append herewith as an extension of my remarks some comments upon the minority report. I have taken the minority report and have tried to analyze it, and have even been bold enough to go into some of the constitutional propositions it takes up. That extension is as follows:

THE MINORITY REPORT ON CHILD LABOR CONSTITUTIONAL AMENDMENT

1. OPPONENTS OF ANY FURTHER AMENDMENT TO THE CONSTITUTION

Witnesses who appeared at the hearing against this amendment urged that no amendment since the first 12 has been justifiable, and that all have been unwarranted invasions of the reserved powers of the States. The minority report, page 3, paragraph 1, says that the last four amendments—

income tax, popular election of Senators, prohibition, and woman suffrage, each of which it is believed by many sound lawyers invaded the reserved rights of the States.

Merely changing the method of electing Senators, although the method was specified in the Constitution and not left to the discretion of the States, is regarded as a dangerous encroachment upon the reserved powers of the States. As to this it should be remembered that the right of amendment was clearly specified in the Constitution at the time it was ratified, and it was because amendment was possible that its adoption was considered safe. Thus John Marshall in the Virginia Convention asked:

What shall restrain you from amending it, if, in trying it, amendments shall be found necessary. * * * When experience shall show us any inconvenience, we can then correct it. * * * (The Life of John Marshall, Vol. I, by Albert J. Beveridge, p. 418.)

And Mr. Iredell, speaking in the North Carolina Convention, which was called to consider ratification, said with reference to the amending clause:

This is a very important clause. * * * The misfortune attending most constitutions which have been deliberately formed has been that those who formed them thought their wisdom equal to all possible contingencies, and that there could be no error in what they did. The gentlemen who framed this Constitution thought with much more diffidence of their capacities; and undoubtedly without a provision for amendment it would have been more justly liable to objection, and the characters of its framers would have appeared much less meritorious. This, indeed, is one of the greatest beauties of the system, and should strongly recommend it to every candid mind. The constitution of any government which can not be regularly amended when its defects are experienced reduces the people to this dilemma—they must either submit to its oppressions or bring about amendments, more or less, by a civil war.

Happy this, the country we live in! The Constitution before us, if it be adopted, can be altered with as much regularity and as little confusion as any act of assembly, not, indeed, quite so easily, which would be extremely impolitic; but it is a most happy circumstance that there is a remedy in the system itself for its own fallibility, so that alterations can without difficulty be made agreeable to the general sense of the people. (The Constitution of the United States, its history, application, and construction, vol. 2, by David K. Watson, LL.B., LL.D. Pp. 1308, 1309.)

2. RESERVED RIGHTS OF THE STATES

(See paragraph 7, page 4, minority report)

An amendment passed in accordance with the provisions of the Constitution, as adopted, does not deprive the States who vote against it of any reserved right, because they understood and agreed to the possibility of amendment, so that any powers which were either granted or reserved were subject to the possibility of amendment. In connection with the emphasis of the rights of States as States, this quotation from Marshall may be considered:

The Government (of the United States) proceeds directly from the people; it is "ordained and established" in the name of the people; and it is declared to be ordained "in order to form a more perfect union, esablish justice, insure domestic tranquillity, and secure the blessings of liberty" to themselves and to their posterity. * * * The Government of the Union then (whatever may be the influence of this fact on the case) is, emphatically and truly, a government of the people. In form and substance it emanates from them. Its powers are granted by them and are to be exercised directly on them and for their benefit. * * * It is the Government of all; its powers are delegated by all; it represents all and acts for all. (Marshall, in McCulloch v. Maryland (4 Wheaton 316), in 1819.)

3. COERCION OF THE STATES

The minority report says:

Also to urge that because in one State a higher, and we may concede a more intelligent, treatment of the subject of regulatory legislation for child labor has been reached and adopted; that therefore that State or a group of such States having attained this position should be armed with coercive power to bring all differing sister States into adopting the same regulations is wholly unjust and unreasonable. (Par. 2, p. 6.)

The meaning of this is not clear. Certainly no one State or group of States can, nor is it proposed by anyone that they—

should be armed with coercive power to bring all differing sister States into adopting the same regulations.

Two-thirds of Congress and three-fourths of the States must concur in this proposal for it to become a part of the Constitution. If adopted, the laws subsequently enacted under the power which it would grant can not be dictated by a single State or a single group of States.

This fear of "wholly unjust and unreasonable" action is as exaggerated and absurd as the prophecies of the anti-Federalists as to the results that would follow the "centralization" provided in the Constitution. Patrick Henry's contention was that the Constitution provided for "a great consolidation of government" which would "operate like an ambuscade—destroy the State governments—swallow the liberties of the people." (Beveridge, Albert J., The Life of John Marshall, pp. 404 and 405.)

In what was called an "Address of the minority," the Pennsylvania opponents of the Constitution declared that—

The powers given Congress would produce "one consolidated government which, from the nature of things, will be an iron-handed despotism."

It also stated that—

Two coordinate "sovereignties," State and National, "would be contrary to the nature of things"; the Constitution without a bill of rights "would of itself necessarily produce a despotism"; a standing Army might be used to collect the most burdensome taxes, and with it "an ambitious man * * * may step up into the throne and seize upon absolute power." (Beveridge: The Life of John Marshall, pp. 333 and 334.)

What these opponents of the Constitution in 1789 regarded as a centralization of power which would destroy the States and the liberties of the citizens is described by the minority report as the basis of the—

symmetry and perfection of our social organization. (Sixth line from bottom, p. 4.)

That centralization is now accepted, but it is argued that if we advance one step farther and undertake to protect children from industrial exploitation then the whole balance of our system of government will be destroyed. It is expected that the cry of "centralization" will be enough to silence those who urge the right of children to their childhood, but the cry does not frighten the student of American constitutional history. Centralization, as our experience shows, can be beneficial. The opponents of this amendment have not shown that all centralization already provided for in the Constitution is good and all not there is dangerous or undesirable.

4. THE CONSTITUTIONAL REQUIREMENT OF "NECESSITY" FOR AMENDMENT

The minority report argues that an "overwhelming necessity" must exist for Federal intervention and legislation. (See page 4.) While not saying that such necessity does not exist, attention is called to the fact that the language of Article V is that Congress "must propose amendments whenever two-thirds of both Houses shall deem it necessary"; that is, Congress must pass upon the necessity of proposing an amendment, but is not required to determine before proposing it that irreparable ruin will follow its rejection. The language of Marshall was that "inconvenience" alone was a justification for amendment.

5. THE QUOTATION FROM JOHN FISKE

(Minority report, bottom of page 3)

This quotation from John Fiske's The Critical Period of American History is followed by this statement:

I do not think that the historian writing at the present day need fear any such direful calamity, for the past century has shown most instructively how, in such a society as ours, the sense of political dangers slowly makes its way through the whole mass of the people until movements at length are made to avert them and the pendulum swings in the opposite direction." (Fiske: The Critical Period in American History, page 238.)

The fact that Federal regulation of child labor has been discussed in Congress since 1906; that Congress has twice passed by a two-thirds majority laws prohibiting and regulating child labor; and that, having had experience with the law in operation, the demand for such legislation throughout the country has steadily increased, means that we can adopt this amendment without fear or misgivings as to possible dangers that follow its enactment. On the contrary, we can act with definite information as to the protection it will give those who have the right to ask protection from us—the children of the United States.

6. AS TO THE SIX REASONS MISS ABBOTT GAVE WHY THE AMENDMENT SHOULD BE ADOPTED

(Minority report, p. 6)

Mr. GRAHAM quotes from the summary Miss Abbott gave at the end of her testimony. These points had been more fully stated in the course of her argument as well as at the beginning. (See bottom of page 23 and the top of page 24 of the hearings—also in the majority report.)

(1) NUMBERS INVOLVED

(Page 6, next to last paragraph)

Why is not a statement that 11 per cent of all the children between 10 and 15 years of age, inclusive, are at work as appalling as a statement that there are "about a million?" One child out of every 12 seems to me even more impressive than 1,000,000. More than this, the proposition is very much larger in some localities. (See hearings, p. 30, last whole paragraph.) And it is for this reason that Federal action is urged.

There is an error here. Three hundred and seventy-eight thousand is the number of child workers between 10 and 13 years, inclusive—that is, 10 or over, but under 14—not between 10 and 15, inclusive, as the minority report states. This number should be compared with the total number of children of the same ages, which is 8,594,872. Hence of all the children of the ages of 10, 11, 12, and 13 years 4.4 per cent are engaged in gainful occupations.

As to the debatable question—

whether 14 years is or is not too young an average age at which to allow children to work.

(Page 7, fourth line.)

It is exactly this "debatable question" which is at issue, so that the fact that some of these children are at work lawfully is no proof that the numbers are not sufficient to warrant proposing a Federal minimum. Moreover, whether lawfully employed or not, nearly 400,000 of this 1,000,000 are under 14 years of age. What more "appealing factor" is needed?

(2) EMPLOYMENT CONFINED TO NO ONE SECTION OF COUNTRY

(Page 7, first entire paragraph)

Miss Abbott never said that "18 States" which measure up to the standards of the first and second child labor laws have "ideal regulatory laws." On the contrary, she showed that the Federal standards could not be regarded as high, and called attention to the States that give greater protection to their children.

All States permit some employment of children under 16; most of them allow any child between 14 and 16 to work, at least if he can fulfill certain requirements. The conclusion

that the employment of children in these States must be due to lack of enforcement is therefore wrong. Moreover, the inference that Federal authority could do no better "if home laws are not enforced" contradicts the argument in the next paragraph of this report that Federal control would mean the application of a "bludgeon" to the States. Evidence submitted in the majority report shows that respect for State laws and for State enforcing officials was strengthened by the two Federal laws.

(3) UNEVENNESS AND INADEQUACY

(Page 7, second entire paragraph)

The "mere fact of unevenness"—third paragraph—is not said to constitute a reason for action. It might not if the unevenness did not mean seriously inadequate protection for hundreds of thousands of children in the United States. Variations above a minimum standard of care can be defended as desirable, but inequalities which mean less protection for American children than the children in other parts of the western world are receiving can hardly be tolerated.

Where enforcement is lax, "calling attention" to violations is of little avail. Federal regulation will reenforce the efforts of those who wish to have State standards strictly complied with. (See pages 40–43 of Hearings for Methods of Cooperation.) Where the State law itself sets low requirements, child labor can not be prevented by calling the "attention" of the State authority to the matter and "instituting prosecutions." The real argument—that it is important to the Nation as a whole to guarantee minimum protection to all its children and that Federal action is necessary for such guarantee—is ignored.

The question of other inequalities in children care is not involved. Each subject must be considered from the point of view of the national advantage that would flow from national regulation.

(4) THE QUESTION INVOLVES THE CITIZENSHIP OF THE COUNTRY

(Page 7, entire paragraph)

This involves a reason for a Federal minimum standard which is not refuted by calling it a "rhetorical question." The "citizenship" referred to is the quality of the body of citizens who make up the Nation. Inasmuch as premature child labor results in lowering vitality, increasing ignorance, and delinquency, a national interest is assumed.

(5) NO STATE ALONE CAN PROTECT ITSELF WHOLLY AGAINST THE EVILS OF CHILD LABOR

(Page 7, third paragraph from end)

Miss Abbott did not suggest that free migration should be prevented but called attention to the detrimental effects of child labor from which, because of free migration, the citizenship of all the States now suffers. A State which makes ample provision for the protection of its own children, in order to improve the quality of its own citizenship, is not now protected from the migration of persons who grew up in other States without such provisions, and who bring with them the bad effects—in illiteracy or poor health, and so forth—of premature child labor.

(6) CHECKING OR PREVENTING COMPETITION

This argument is not introduced for commercial reasons, but to show that this is a matter the States alone can not control. Whether an excuse or a reason, the fact remains that it has been used over and over again to defeat State laws designed to give reasonably adequate protection to children.

(7) DIFFERENCE BETWEEN THIS AND PROHIBITION AMENDMENT

(Page 8, minority report)

In the eighteenth amendment the prohibition is contained in the amendment itself. This merely proposes to give Congress the power to legislate and any laws enacted can be readily changed. The reference in the minority report to the New England farmer's boy picking blueberries on the hill, which by the way is taken from an article, "Destroying our indestructible States," in the Atlantic Monthly—March, 1924—by Bentley W. Warren, a Boston lawyer, is absurd. No State has passed such a law and there is not the slightest reason to fear that Congress will ever enact legislation of that sort. That Massachusetts has not been converted by Mr. Warren is indicated by the fact that the Massachusetts Legislature has petitioned Congress to submit the amendment.

It is possible to picture the abuse which might occur in any grant of power. As for the power which this amendment would give, Congress has twice given an example of the use that it would make of the power. In other words, this amendment does not open to Congress a new and unexplored field of legislation.

On the question as to whether the constitutional amendment shall grant the legislative power to the age of 18, I submit the following summary of present State laws:

Prohibitions and regulations are effective in the States specified for minors over 16 years of age (occupations vary):

A. PROHIBITION OF WORK IN CERTAIN OCCUPATIONS OR UNDER CERTAIN CONDITIONS DANGEROUS OR INJURIOUS TO LIFE, LIMB, HEALTH, OR MORALS

(Occupations specified in the laws vary. Examples of the places of employment and occupations in which work is prohibited are: Work in mines, quarries, coal breakers; oiling or cleaning dangerous machinery such as laundry machinery, power presses, crosscut saws; operating dangerous machinery; running elevators; occupations in which poisonous acids are used or in which injurious gases or dusts are produced; manufacture of tobacco; work in or about docks or wharves; erection or repair of electric wires; work which may be hazardous to morals, as employment in night messenger service; any employment dangerous to life or limb or injurious to health or morals.)

I. Minor under 21 (most of these are prohibitions of night messenger service): Alabama, Arizona, Delaware, Indiana, Kentucky, Louisiana, New Hampshire, New Jersey, Rhode Island, Utah, West Viriginia, Wisconsin, and Wyoming (13 States).

II. Minor under 18: Alabama, Arizona, Connecticut, Delaware, Florida, Indiana, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, and Wisconsin (23 States).

III. Boy under 18: Michigan, Minnesota, and New York (3 States).

IV. Girl under 18: California, Iowa, Missouri, and Ohio (4 States).

V. Minor under 17: Louisiana, Rhode Island, Texas, and Wisconsin (4 States).

VI. Girl under 21: Michigan, Minnesota, New York, Ohio, Virginia, and Wisconsin (6 States).

VII. Any female: Michigan, Minnesota, New York, and West Virginia (4 States).

B. NIGHT-WORK PROHIBITIONS

(Excluding prohibitions in night messenger service, which are included under dangerous or injurious, etc., occupation prohibitions.)

I. Minors 16 to 18: Arkansas, California, Kansas, Minnesota, Ohio, and Washington (6 States).

II. Boys 16 to 18: Massachusetts, New Jersey, and New York (3 States).

III. Girls 16 to 18: Arizona, District of Columbia, Indiana, Louisiana, Michigan, Mississippi, New Hampshire, Oklahoma, Oregon, and Pennsylvania (9 States and District of Columbia).

IV. Girls under 21: Massachusetts, New York, Ohio, and Pennsylvania (4 States).

V. Females: California, Connecticut, Delaware, Indiana, Kansas, Massachusetts, Nebraska, New Jersey, New York, North Dakota, Oregon, Pennsylvania, South Carolina, and Wisconsin (14 States).

C. HOURS OF LABOR.

I. Minors under 21: North Carolina (1 State).

II. Minors 16 to 18: Arkansas, California, Kansas, Louisiana, Massachusetts, New Hampshire, New Jersey, Ohio, Oregon, Washington, and Wisconsin (11 States).

III. Boys 16 to 18: Massachusetts, Michigan, and New York (3 States).

IV. Boys 16 to 17: Wisconsin (1 State).

V. Girls 16 to 18: Arizona, Indiana, Mississippi, Nevada, and Pennsylvania (5 States).

VI. Girls under 21: Massachusetts and Ohio (2 States).

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The committee informally rose; and Mr. TILSON having taken the chair as Speaker pro tempore, messages in writing from the President of the United States were communicated to the House of Representatives by Mr. Latta, one of his secretaries.

CHILD LABOR

The committee resumed its session.

Mr. GRAHAM of Illinois. Mr. Chairman, I yield 15 minutes to the gentleman from Maryland [Mr. HILL].

Mr. HILL of Maryland. Mr. Chairman and gentlemen of the committee, since the Civil War amendments, the thirteenth, fourteenth, and fifteenth, there have been only four amendments to the Constitution. The original amendments were part of the original Constitution. An amendment to the Constitution is the most serious thing that the American people can do. Always after every great war, during which of necessity the Federal Government has exercised autocratic and entirely unusual powers, there has been a period of centralization in which the minds of all the people of the country have been turned to the Federal Government for a remedy for any condition which

seemed to them to need remedy. It was so after the comparatively small war, the Spanish-American War. In order to carry on the war the Government at Washington exercised unusual war powers, and the whole sympathy, the whole thought, of the American people after the Spanish-American War, and in a vastly greater degree after the past war, centered on the Federal Government. It is therefore only natural that when there appear great evils of any sort throughout this country or in any portions of this country that the eyes of the American people and the thoughts of the American people should turn at this time to the Federal Government for relief. It always takes a number of years after a great war before there comes back into the minds of the American people the ordinary normal conception of the duties and obligations of municipalities and States as distinguished from the war powers and the war attributes of the Federal Government.

Mr. HERSEY. Will the gentleman yield?

Mr. HILL of Maryland. I will be glad to yield.

Mr. HERSEY. I understood the gentleman to say that the present amendment before the House has grown out of the Great War.

Mr. HILL of Maryland. I did not say that; the gentleman misunderstood me.

Mr. HERSEY. Does the gentleman claim that?

Mr. HILL of Maryland. I do not say that this amendment had anything to do with the war. I was talking about the tendency after a war for people to expect legislation from the Federal Government rather than from State governments.

Mr. HERSEY. If there had been no Great War, does the gentleman think there would be a demand for this amendment?

Mr. HILL of Maryland. I think if there had been no Great War the Federal Government would never have been asked to take up this sort of legislation. I think that if there had been no Great War the minds of the American people, in seeking a remedy for conditions which appear to exist in certain States, would be focused on their State governments and not on the National Government. Mr. Chairman and gentlemen of the committee, we, at the present time, are in an attitude of mind in this country by which people are looking to the Federal Government for relief whenever they find a difficulty. You are now called upon to pass an amendment to the Constitution, which would be the twentieth amendment to the Constitution, which is as follows:

That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

"ARTICLE —

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by the Congress."

No one can doubt, gentlemen of the committee, the sincerity and the crusading spirit of the men who advocate the passage of this constitutional amendment. No one can doubt the sincerity with which women's organizations throughout the country are furthering this question. I am not here to take up the question of child-labor conditions in the various States, but I am here to raise my voice in protest against the proposed method of dealing with such situations, and I think it is only proper to say I have on the table before me the child labor laws of Maryland, and I think it is not improper for me to say that I assisted rather materially in the campaign in 1906 that placed those child labor laws and amendments thereto on the statute books of Maryland. I am absolutely for child labor laws in the States, but there is no reason why the Federal Government should take up the question of the regulation of the hours of employment for children any more than it should take up the question of morals in a community or health in a community. There is no more reason why the Federal Government should take up the great question of the regulation of the hours of labor for children than that it should take up the question of the prevention of homicide.

Mr. TINCHER. Will the gentleman yield?

Mr. HILL of Maryland. I will yield to the gentleman.

Mr. TINCHER. I was just wondering why the gentleman was for State child labor laws and what principle is involved that makes the gentleman favor the laws of a State regulating child labor.

Mr. HILL of Maryland. I did not catch the purport of the question.

Mr. TINCHER. What principle is involved which makes the gentleman favor the State enacting legislation regulating child labor?

Mr. HILL of Maryland. If the gentleman needs instruction in reference to the protection of child life in his State, I can not enlighten him.

Mr. TINCHER. Why be in favor of leaving to the States the protection of children if the State did not want to give it——

Mr. HILL of Maryland. My State is not without protection; it has adequate child labor laws, enforcement of which is very properly carried out.

Mr. TINCHER. The child is just as good in the State where they have not adequate legislation as in a State where they have it?

Mr. HILL of Maryland. I get the gentleman's question. While I think we have satisfactory State laws in Maryland, I am not for making the Federal Government pass laws to deal with the child-labor situation in some other State on that question. I prefer to trust each State to do its own especial and appropriate duty.

Mr. TINCHER. As I understand the situation, it is a human proposition; the child is a human being and is a part of our country. If it is right for the State of Maryland to have a law of that kind, it is right for every State to have it; and if some of the States are not fair to the children, it is the duty of the United States to give those children a chance.

Mr. HILL of Maryland. I will say to the gentleman that I still stand on the principle of the Republican Party as upheld by President Lincoln and by the first platform of the Republican Party, that the States are competent to deal with their State conditions.

Mr. TINCHER. Then, you are against Lincoln and the Republican platform?

Mr. HILL of Maryland. No; I am with Lincoln and with the Republican platform, which I will read to you later.

Now, gentlemen, I notice on page 17 of the majority report that among those advocating the passage of the child labor amendment is the National League of Women Voters. Now, I take off my hat to the National League of Women Voters. I am with them in the principle of most of the things they want, but I can not agree with them in the method they now seek to follow. I hold in my hand the Baltimore Sun of this morning, from which I quote the following:

Buffalo, N. Y., April 24—

Covering a meeting of the National League of Women Voters, and here is what happened at that meeting:

A Federal amendment providing for codifying marriage and divorce laws was advocated by Miss Marion Griffin, of Memphis. She cited 49 kinds of marriage and divorce laws in the 48 States and the District of Columbia and said they were undermining the home and leading toward final breaking up of the States. In 1910, she said, one marriage in ten was broken by divorce; in 1923, one in six.

Now, my friends, there is not a man in this House and there is not a woman Member of this House who does not believe in decent marriage and divorce laws. There is no more reason in the world why you should legislate federally for child labor than that you should legislate federally for that which stands back of childhood, decent marital relations in the home; and if you pass this amendment to the Constitution you can not justify yourselves in not passing the next amendment to the Constitution, which will be offered to you, with exactly the same excellent and moral reasons. If you pass this child-labor amendment, you can not consistently refuse to pass a marriage and divorce amendment, placing under the charge of the Federal Government the closest and most fundamental relations of the home and of married life.

Mr. TINCHER. Mr. Chairman, will the gentleman yield again?

Mr. HILL of Maryland. I regret I can not yield. I am trying to finish up what I have to say.

Mr. TINCHER. I was wondering if you knew that the American Bar Association was also taking up the topic of this legislation?

Mr. HILL of Maryland. I resigned from the American Bar Association some years ago, because I did not agree with their socialistic tendencies. [Applause.]

Now, gentlemen, I said at the beginning, that after a great war the eyes of the people were centered upon the Federal Government. There is no doubt about it, and in some of the States there is trouble with child labor. There is no doubt that in some States there is grievous trouble about the subject of marriage and divorce. They are not the only ills that the States suffer from, but that is no reason for cutting down the State

governments, denuding them of their local rights and duties and transferring those rights and putting those duties upon the Federal Government, to its ultimate destruction.

I do not think it is necessary for me at this time to call upon the Members of this House on the Democratic side to sustain the doctrine which popularly is called the doctrine of State rights. In the general imagination of the people it is thought that the doctrine of State obligations and State duties, as I have preferred to call it, is essentially a principle belonging to the party known as the Democratic Party.

Mr. DOWELL. Does the gentleman oppose the eighteenth amendment to the Constitution?

Mr. HILL of Maryland. I am talking about the pending resolution, not the eighteenth amendment.

I desire to address myself in the few remaining minutes that I have to my Republican colleagues. I desire to say to them that the doctrine of State rights is just as much a Republican doctrine as it is a Democratic doctrine, and that means that it is a fundamentally American doctrine without ordinary partisan politics.

Mr. DOWELL. Is the gentleman opposed to all of the amendments of the Constitution on account of the position that he has taken?

Mr. HILL of Maryland. The gentleman is opposed to all the constitutional amendments that have come up since his service in the House. The gentleman regrets that he was not here when the eighteenth amendment was passed, which seems to appeal to the gentleman. Is the gentleman in favor of a constitutional amendment concerning marriage and divorce laws?

Mr. DOWELL. I think we should have uniform marriage and divorce laws.

Mr. HILL of Maryland. The gentleman is too wise a statesman not to know that he could not get that without a Federal amendment. Is the gentleman in favor of adopting an amendment concerning marriage and divorce laws? The gentleman is too wise to say that he would favor that amendment. When there is introduced an amendment here the purpose of which is to regulate so-called moral activities and moral relations or sexual relations throughout the States, the gentleman will have to vote for that, too.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. HILL of Maryland. Mr. Chairman, may I have two minutes more?

Mr. GRAHAM of Pennsylvania. If you promise not to allow anybody to interrupt you, I will. [Laughter.]

Mr. HILL of Maryland. I am sorry I did that.

The CHAIRMAN. The gentleman is recognized for two minutes more.

Mr. HILL of Maryland. I want to call your attention especially to this, and I say this to my Republican friends on the Republican side. On March 4, 1861, Abraham Lincoln made his first inaugural address, and here is what President Lincoln said, and this is the statement of President Lincoln and his quotation from the Republican platform, the first that the Republican Party ever adopted. On it I base my statement that the doctrine of State's rights is fundamentally Republican and that the Republican, as a party man, now has no more duty to vote for this proposed violation of the fundamental theory of the Constitution than has any other Member of the House or any other party.

President Lincoln said:

> Those who nominated and elected me did so with full knowledge that I had made this and many similar declarations and had never recanted them. And, more than this, they placed in the platform for my acceptance, and as a law to themselves and to me, the clear and emphatic resolution which I now read.

Gentlemen, here is the extract from the first platform of the Republican Party. Lincoln was the personification of the Republican Party and here is Republican doctrine:

> *Resolved*, That the maintenance inviolate of the rights of the States, and especially the right of each State to order and control its own domestic institutions according to its own judgment exclusively, is essential to that balance of power on which the perfection and endurance of our political fabric depend, and we denounce the lawless invasion by armed force of the soil of any State or Territory, no matter under what pretext, as among the gravest of crimes.

That is Republican doctrine; that is American doctrine, and if you believe in the doctrine of Abraham Lincoln, as a true American you have got to vote against this constitutional amendment. [Applause.]

If any State is not doing its duty in the matter of child labor, let all those who so powerfully urge the pending amendment exert all their influence on those backward States. Let them stir the dormant moral spirit of those States. Let them rouse all the best elements of those States for proper regulations on a subject that all agree is vital to the future of the States and the Nation.

I have three little children myself. In the vicissitudes of modern life they may be forced some day to labor in factory or shop or field, but while I urge proper State laws for them and their children, if they have them in years to come, I do not desire to undermine the strong Federal Government by putting upon it duties so extensive that they can not be performed. I do not desire to weaken that strong central Government, framed by Hamilton and preserved by Lincoln, by destroying its balance by the addition of overtopping duties that are local in character, and which in the words of the Republican platform in 1861, offered by Lincoln, are to be conducted by each State in "its own judgment exclusively."

I am, therefore, strongly against the proposed amendment in any possible form. [Applause.]

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. TILLMAN. Mr. Chairman——

The CHAIRMAN. The gentleman from Arkansas is recognized for one hour.

Mr. TILLMAN. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. JACOBSTEIN].

Mr. JACOBSTEIN. Mr. Chairman and members of the committee: In the few minutes that are allotted to me, I prefer to dwell upon one aspect of the question with which I happen to have had some personal experience. For several years I worked in an industry where we had standards of living which had been for years altogether too low throughout the United States. I refer to the clothing industry. Out of those years of experience I learned one lesson which I shall now bring to your attention. I found that the employers in my home city of Rochester, N. Y., were not more selfish than other employers and they were not more selfish than the employees, but I found they were victims of an economic system.

I found that when the question arose of elevating the working standards of the employees, the employees invariably replied: "If you can get the employers of Boston, New York, Chicago, Cincinnati, Baltimore, Philadelphia, and other cities to adopt these higher standards, then we are for them." That condition went along for many years. We had low wages in the clothing industry; we had children employed; we had sweatshops and we had tenement-house work. Then along came a new epoch. A labor union injected itself into that industry. When the labor unions came along and demonstrated to the employers of Rochester that they could enforce the higher standards upon the employers in other cities, then the employers in my home city were for those higher standards. After the new and higher standards had been in effect for a few years if you went and talked to these same employers who had originally resisted the innovation of the higher standards and asked: "Do you want to go back to old conditions? Do you want to go back to low wages? Do you want to go back and work people for 10 and 12 hours a day?" they would reply: "No; we do not want to go back to the old times and the old and lower standards."

I also remember this in my experience. I recall when the labor unions came along and said to the employers, "Let us have a minimum wage in the clothing industry." They argued back and forth about a minimum wage. Shall it be $15 a week or $18 a week, and shall it apply to girls and boys 16 years of age or 18 years of age? When we got right down to it we found that the employers were not against the minimum wage and they were not against the application of it to boys and girls of 16 years; but what they wanted, if this standard were invoked, was that it should apply to everybody in the industry.

What then is the application of this lesson from my personal experience to the constitutional amendment before us? Simply this: The diversity of laws in the many States and the total absence of laws in some States governing child labor, the disparity of standards as between the various States creates a chaotic condition. It imposes upon the manufacturers in States with high standards unfair competition with manufacturers in States where low standards prevail. The manufacturers in the most enlightened States are penalized. And this situation is unjust alike to the children that work and to the manufacturers who are forced by these economic conditions to compete with such labor. The passage of this amendment will confer upon Congress the necessary power to standardize working conditions throughout the United

States as regards the employment of child labor under 18 years of age.

I would like to remind my southern friends that in the testimony given in the hearings before the Judiciary Committee and in the majority report of this committee they will find statements to the effect that employers in the Southern States fear the unfair competition of their neighboring States. The manufacturers of Alabama and the manufacturers of Tennessee complained about unfair competitive conditions due to child labor, as shown in the following excerpts:

We are finding in our efforts in trying to enforce State child labor laws that a number of Tennessee manufacturers are complaining that they are being unjustly treated, in that manufacturers in adjoining States where they have no adequate child-labor regulations are being permitted to work children between 14 and 16 years of age longer than eight hours a day. (Excerpt from letter of Louis L. Allen, department chief, State of Tennessee Department of Workshop and Factory Inspection, Nashville, dated August 16, 1918.)

Now, it has another effect, in relation to the employers themselves. There is the fear frequently expressed of unfair competition on the part of competitors in other States. With that fear removed, there is a greater willingness to comply with standards that are reasonable. That was exemplified recently in a large meeting of cotton manufacturers in Alabama, where one leading manufacturer went on record, and so far as I could learn there was no dissenting opinion in the association, that they wanted a constitutional amendment that would make it possible for Congress to pass a law requiring a minimum basis, because cotton manufacturers in Alabama were tired of having to compete with the lower standards in Georgia. (From testimony of Mr. Owen R. Lovejoy, executive secretary National Child Labor Committee. Hearings before Judiciary Committee, p. 72.)

Mr. MONTAGUE. Would the gentleman favor a constitutional amendment fixing rates of wages?

Mr. JACOBSTEIN. No. I would federalize power over economic conditions only where it is found that the State laws and State machinery are ineffectual and actually do not operate to the best interests of the Nation as a whole.

This, then, brings me to my second reason for favoring this amendment to the Constitution. The census of 1920 shows that in that year over 1,000,000 children between the ages of 10 and 15 years were at work in gainful occupations; that is, in mills, stores, shops, factories, canneries, mines, transportation, and so forth. Children who worked at home doing housework, or who worked on odd jobs at odd times are not included in this million. One out of every 12 children between the ages of 10 and 15 were at work, and between the ages of 10 and 13, 378,063 were at work. These are conditions, and since the State governments have permitted these pernicious conditions to develop and there is every indication that they have not improved since 1920, we are justified it seems to me—in fact, we are more than justified, we are obligated to invoke the arm of the Federal Government to wipe out this stain on our vaunted civilization.

Mr. MONTAGUE. That is not true, and the figures do not show that. The figures show that a little over 1,000,000 are employed in all the industries of the country, and that over half of that number are engaged in agriculture.

Mr. FOSTER. Those were the census figures for 1920 and did not include the increases shown in the factory figures of 1922.

Mr. JACOBSTEIN. The gentleman from Virginia is correct. The figure I quoted of 1,000,000 does include child labor on farms. In fairness, however, it ought to be stated that when the 1920 census was taken the country was suffering from an industrial depression and undoubtedly many children were unemployed.

Anyone who is familiar with the labor situation knows that the law is one thing and the enforcement of it another. Lax enforcement has nullified many of the intended good features of labor legislation in general, and child-labor legislation is included in this laxness.

There is ample evidence to show that during the few years that the Federal child labor law was on the statute books the enforcement of the child labor laws in many of the States was more rigid. State Federal inspectors have testified that the Federal law made it easier for them to enforce the State laws. There is no reason to believe that the passage of this amendment and the enactment of subsequent child-labor legislation will displace State laws or State enforcement. Rather, judging from past experience, we must conclude that there will be cooperation of the Federal Government and the State governments in the enforcement of the law. Therefore, inasmuch as the Federal law makes for more efficacious enforcement of the State laws, we have an added reason for establishing Federal supervision of this important function.

In this connection it also ought to be stated that the very existence of a Federal law with fairly high standards governing child labor stimulates improvement in State child labor laws. This is borne out by the progressive improvement in child labor laws in the States from 1916 through 1921, when Federal child labor laws were on the statute books.

The principal argument against the proposed child labor amendment comes from our State rights friends. I have a great deal of sympathy for their contention that at the present moment there seems to be a tendency to build up unduly the bureaucracy at Washington. On the other hand, I wish to remind our southern friends that the States they represent helped to put into our organic law the sixteenth—income tax—amendment and the eighteenth—prohibition—amendment to the Constitution. In the case of both of these amendments our southern friends were perfectly willing to take from the States powers which in the one case affected taxation and in the other the personal habits of citizens. Are not our children as important a national asset as the collection of taxes or the liquor traffic? I fear our friends are using the State rights argument as a cloak to conceal the real motives back of their opposition to this amendment to abolish child labor.

The question has been raised as to whether the age limit in the proposed amendment is not too high. In view of the fact that most of our State laws fix the age limit at 16 and 14, the 18 years in the proposed amendment does at first blush seem a bit high. We should not, however, be unduly alarmed in regard to this, because no one expects Congress immediately or in the near future to establish 18 years as the age limit when there are so many States still to be brought up from 14 years and less to 16 years. We must bear in mind, however, that 25 years from to-day, or 50 years from to-day, 18 years may seem as natural and reasonable an age limit as 14 and 16 years now seem to us. Looking therefore to the future, the 18 years age limit seems logical and wise.

Finally, the argument has been presented in opposition to the amendment that Federal legislation may prevent children from working on the farm. Here again, it seems to me, is an unfounded fear. It has not followed where State laws are in force now that fathers and mothers are put in jail for working their children on the farms; nor is it the intention or hope of those who have been sponsoring child labor legislation to prevent boys and girls from helping their parents on the farms. This, the richest country in the world, ought to be able to pay living wages to fathers and mothers and thus make child labor unnecessary. It is unfortunately and sadly true that we can not trust the good of the children to parents who are in economic distress nor to employers who are driven by a selfish competitive system.

For this reason I shall vote for the proposed amendment and shall be glad to vote for subsequent legislation setting up reasonably high standards to prevent child labor in the United States.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JACOBSTEIN. I am very sorry I can not follow up the argument.

Mr. SUMNERS of Texas. I yield the gentleman from New York one-half minute in order that I may ask him a question.

The CHAIRMAN. The gentleman from New York is recognized for an additional half minute.

Mr. SUMNERS of Texas. The gentleman spoke of testimony being in the record to the effect that certain Southern States had complained that they had unjust competition. I do not recall that testimony.

Mr. JACOBSTEIN. I shall be glad to put it in the RECORD.

Mr. SUMNERS of Texas. Will the gentleman put that testimony in his statement?

Mr. JACOBSTEIN. Yes. Employees in Alabama and Tennessee protested against unfair competitive conditions ensuing from child labor in neighboring States.

Mr. Chairman, child labor is a form of human slavery and is a blot upon our modern civilization.

This human slavery is a product of greed, selfishness, ignorance, and brutal economic forces. It must be wiped out.

In some of our more enlightened States child labor under 16 years of age is forbidden. In other States, principally in the South it is forbidden under 14 years, and in still others under 12 years, while in some States there are as yet no restrictions whatsoever. In North Carolina to-day a girl or boy of 14 may be worked 10 hours a day and as many as 60 hours a week.

In five States there is no provision in the law to prevent night work of children.

According to figures for 1920 of the Bureau of the Census, just fresh from the press, the following are the statistics for child labor in that year:

Boys and girls under 16 were at work:	
On farms	647,369
In factories	185,337
In clerical jobs	80,140
In trade (stores)	63,368
In domestic service	54,606
In transportation	18,912
In mines	7,191
In miscellaneous jobs	4,598
Total at work for wages	1,060,858

These figures cover a period of industrial depression when many children were out of work. In normal times the figures would be much higher than this.

Over 400,000 children under 15 years of age still toil wearily in cotton mills, silk mills, woolen mills, shoe factories, coal mines, stores, and other industries. These children, by inalienable right, ought to be either out in the sunshine at play, or in school. The factory, the mine, the store is no place for a young child of tender years. Any parent who has seen these children at work, as I have, is overcome with a sense of pity and shame.

By rights the States should by this time have eliminated all the evils of child labor. Many States have done well, but some have been derelict. The States having failed to accomplish their full duty, it devolves upon Congress to assume this role. Twice, first in 1916 and again in 1919, Congress passed a law to abolish child labor. In both instances the law was declared unconstitutional by the United States Supreme Court.

The only means left was to amend the Constitution, giving Congress the power to wipe out this industrial evil, which is crippling and stunting the growth of future citizenship. Such a constitutional amendment was recently passed by the House of Representatives by more than the necessary two-thirds vote, and will now go to the Senate for approval or rejection.

This constitutional amendment is supported by the best forces in American life, represented in the following national organizations:

American Federation of Labor.
American Federation of Teachers.
American Association of University Women.
American Home Economics Association.
National Education Association.
Democratic National Committee.
Republican National Committee.
National League of Women Voters.
National Council of Women.
National Women's Trade Union League.
National Federation of Business and Professional Women's Clubs.
General Federation of Women's Clubs.
National Council of Mothers and Parent-Teachers' Associations.
National Child Labor Committee.
National Council of Jewish Women.
National Council of Catholic Women.
National Women's Christian Temperance Union.
Young Women's Christian Association.
Girls' Friendly Society in America.
Federal Council of Churches of Christ in America (commission on church and social service).
Service Star Legion.

The legislatures of six States—California, Massachusetts, Nevada, North Dakota, Washington, and Wisconsin—have petitioned Congress to take the necessary forward step in passing this amendment.

After the amendment has passed the Senate it will be submitted to the people of the various States to be voted on through their legislatures. It should be ratified without delay and unanimously by these legislatures.

When this amendment has become a part of our Constitution Congress will have the power to put on the statute books of the Nation a law forbidding child labor in any form for children under 18 years of age. The Nation will then be able to regulate not only the age limit of child labor but also the conditions under which such labor is performed. Of course, it is not to be expected that the first law will go to the extreme by using 18 years as the age limit or by forbidding labor on the farm. Not counting farm labor, over 1,500,000 children under 18 years of age were at work in the United States in 1920.

The people in the legislatures of the States should ratify this amendment because the present system is chaotic. We can not longer tolerate this system with its lack of uniformity and diversity of standards, unjust alike to the children who labor and to well-meaning employers. Employers operating in States with enlightened laws are handicapped by competing with manufacturers in States with less stringent statutes.

Nor is it merely a question of the law itself. Equally important is the enforcement of the law. In some States, even where the limit is as low as 12 and 14 years, the enforcement is lax and the law inoperative.

National legislation and national enforcement, working in harmonious cooperation with State forces, will put an end to this evil.

The bugaboo of State rights has been raised against this constitutional amendment, but that should not frighten us. These same champions of State rights voted for the sixteenth amendment and for the eighteenth amendment, which gave Congress the right to tax incomes and to regulate the liquor traffic.

Is not the growing child of at least equal importance with taxation and prohibition? What can be more important to the national welfare than throwing about the tender developing child every safeguard that the law can provide, so that the young boy and girl may grow to manhood and womanhood accumulating strength and joy?

When President Wilson signed the first Federal child labor law he penned these memorable words:

> I want to say that with real emotion I sign this bill, because I know how long the struggle has been to secure legislation of this sort and what it is going to mean to the health and to the vigor of this country and also to the happiness of those whom it affects. It is with genuine pride that I play my part in completing this legislation. I congratulate the country and felicitate myself.

No vote that I have cast in this, my first session in Congress, has given me more genuine satisfaction than the one which I cast for the constitutional amendment to abolish child labor.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield five minutes to the gentleman from South Carolina [Mr. McSWAIN].

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I yield the gentleman from South Carolina five minutes.

The CHAIRMAN. The gentleman from Pennsylvania——

Mr. McSWAIN. From South Carolina.

The CHAIRMAN. The gentleman from South Carolina is recognized for 10 minutes.

Mr. McSWAIN. Since by mere oversight the Chairman recognized me as "the gentleman from Pennsylvania," I will say that my view of this question is illustrated by my feelings the other day when for the first time I visited the capitol building of the State of Pennsylvania, and viewing that magnificent building, more ornate and more elegant than this Capitol of the Nation itself, I felt a thrill of pride that the people of that State had the power, and the privilege, and the pride, of erecting such a monument to their loyalty to the keystone sovereignty of her people.

So here, gentlemen, I see no question of constitutional law. It is purely a question of American constitutional policy, and, as I see it, it is a question, Shall we continue to augment the power that the Federal Government exercises and thus diminish and weaken the power and the consequential dignity of the State?

I take it, gentlemen, that the greatness of this Nation as a Nation is due, first of all, to the peculiarly independent, pioneer stock of our people who came here; and, second, to the wonderful natural resources of a virgin country; but, third, our power is due to the peculiar form of government that happily grew up with the people and developed amongst the people; and that form of government is not alone the Constitution of the United States, but the form of government of this country, the Constitution of all America, is first of all the Constitution of the United States and next the constitutions and governments of all the 48 States, and these all combined, this dual system of government, one set off against the other by a beautiful and well-nigh inspired system of checks and balances, is one of the three great contributing influences that has made us a power for good and a blessing to the peoples of all the earth. Therefore, I, for one, want to say that I will not be put to the dilemma of being required to answer whether or not, upon this question, I am going to vote for the child or for the factory. I insist that I shall be permitted to say that I am going to vote for America, for the future of all America. [Applause.]

I want to say in this connection that I am not the owner of a single dollar of stock in any cotton mill anywhere. I am not, and I have never been, the attorney of a cotton mill. On the contrary, I guess I have brought as many tort actions against them for injuries to employees as any man that ever practiced at my bar. Neither have I got any "Brother Archie" who is in the employ of any cotton mill or their attorney. But, gentlemen, above all questions of personal interest, above all questions of sympathy, I believe it is the duty of the people here to vote not with reference to whether or not we can come back, but to vote with reference to the future of the governmental system of America, because if we break it down, if we continue this encroaching, aggrandizing, centralizing policy that has been going on, whether it has been going on by the slow, silent, sapping process of congressional action or judicial construction or constitutional amendment; if we keep that up, then the balance will be broken and the system will be shattered and its ruins will lie where now this majestic Government is to be seen, the wonder of all the world.

Why, gentlemen, it seems to me that if I were an enemy of American institutions, I would want all of her power located at Washington because when I organized my forces, whether it be the power of imperialistic militarism, whether it be the Mussolini, or Riviera, or whether it be the bolshevistic doctrine of Lenin and Trotski, whatever the source and origin of my enemity to the free, parliamentary system of America might be, I would want that power centralized in one place, Washington, so that when I struck I would not have to strike but one blow, and I would be master of the whole situation.

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. McSWAIN. Certainly.

Mr. JACOBSTEIN. Did the gentleman vote or did the gentleman favor federalization of the income tax? Did the gentleman vote for the income tax amendment?

Mr. McSWAIN. I was not in Congress then——

Mr. JACOBSTEIN. Would not the gentleman have favored it?

Mr. McSWAIN. Why, certainly, because Congress from the very first had the power to levy taxes to carry on her business as a Government, and I think she had the power then, and she exercised that power for 100 years until a case was decided overnight by a 5 to 4 decision.

Mr. JACOBSTEIN. Did not the State rights Members also vote for the amendment in reference to liquor?

Mr. McSWAIN. Why, my friends, if that is what is the matter with my friend from New York, I will say there is no analogy between child labor and liquor. Why, South Carolina has been dry ever since I was a boy. [Applause.] I can say that I have never seen a barroom in South Carolina, much less been in one. [Applause.] But let me tell you that South Carolina could not be dry by herself because, by some mysterious process, the stuff would flow all the way from Baltimore to South Carolina. [Laughter and applause.] But the child-labor conditions in South Carolina are not affecting North Carolina and they are not affecting Georgia, much less Maryland.

Mr. LARSON of Minnesota. Will the gentleman yield?

Mr. McSWAIN. Certainly.

Mr. LARSON of Minnesota. What do you regard as the most valuable asset of this Nation?

Mr. McSWAIN. I regard the character of the people, personified by their belief in individualism, by their independent spirit, by their power to resist oppression and to defend their liberty. [Applause.]

Mr. LARSON of Minnesota. Does not the gentleman regard the children of the Nation as its most valuable asset?

Mr. McSWAIN. Yes; but the children, if they are raised under a Prussianized system of submission to drill-sergeant methods of Federal control, will be of no value to America, I do not care how flushed their cheeks or how fat their forms.

Mr. LARSON of Minnesota. Will the gentleman yield further?

Mr. McSWAIN. Certainly.

Mr. BERGER rose.

Mr. McSWAIN. I have got this other brother on the hook now. [Laughter.]

Mr. LARSON of Minnesota. This imaginary enemy of which the gentleman speaks we propose to fight by the man power of this Nation, and I want to call the gentleman's attention to the fact that he did not realize when he was looking at the great capitol of the State of Pennsylvania that when we were mobilizing the man power of this Nation to save the world for democracy and to save civilization, 55 per cent of the manhood of the State of Pennsylvania had to be discarded because they were unfit for military service, and this was because for 25 years prior thereto the State of Pennsylvania did not have sufficient child-labor laws upon its statute books.

Mr. McSWAIN. I can not allow but one speech to be made in my time. We have had a splendid speech from the gentleman from Minnesota. But I want to submit this to the House, that the very men who won the independence of this Nation were not scholars; they were men of character, paid their debts, cleared the forests, fought the Indians, and old George himself was not a very good speller. But they were some fighters. [Laughter and applause.]

It will never do to send out thousands of Federal agents into the homes and farms and factories of America, dragging persons hundreds of miles, and their witnesses, to Federal courts for trial. We people in South Carolina in the last year saw hard-boiled Prussianized Federal agents wreck a million-dollar bank and land a Christian gentleman, mayor of his city, in a Federal prison under a year's sentence.

Mr. Chairman, I refuse to permit anyone to construe my opposition to this proposal to increase Federal power, and thus increase Federal bureaus and salary-grabbing agents, and to increase Federal taxes as in any sense a favoring of improper child labor. There are many forms of labor by children that are entirely proper, even necessary for the good of the child himself. I strongly favor, as a citizen of South Carolina, that the legislature of my State shall prohibit child labor under improper conditions. I repudiate any suggestion that we Members of Congress in passing on this question of centralizing Federal power are placed in the dilemma of voting either for the children or for manufacturing industries employing children. I am voting for America and for the American constitutional system.

It is said here we must abolish "child slavery." It is charged against the parents of these working children. No child can be required to work without the full, free consent of the parents. The great need is to set the parents free economically, and as they love their own children more than they love their own life there will be no improper child labor. So-called "child slavery" results from "parent slavery" in an economic sense. If many of those who vote to increase Federal power, and Federal officers on the pay roll, and Federal taxes, will join us opposed to it by repealing the iniquitious protective tariff, whereby the masses are impoverished and the favored class enriched, and to set agriculture free and encourage its prosperity, then so-called "child slavery" will disappear with the disappearance of economic "parent slavery."

Furthermore, I feel it fair to explain my zeal in opposing this vast, revolutionary increase of Federal power. I do not own any stock in any cotton anywhere; I am not the attorney for any cotton mill, nor is anyone closely related to me by blood or marriage in the employ of any cotton mill. My zeal is due solely to my clear, long-fixed conviction that the true balance of our dual system of government must be maintained. I believe in the local self-government of the States and the people thereof. I believe the people of the States by their own legislatures should and will deal properly with this question. I believe that the greatness of America is due, next to our stalwart pioneer, racial stock, and vast, virgin, natural resources to the wonderful system of republican government that by the States has permitted laws to fit local needs and feelings, and has by the Federal Government defended and promoted interstate and international interests.

I believe that the constant enlargement of Federal power is dangerous to the liberties of the people and to the safety of America. I favor suitable laws regulating marriage by license and protecting marital relations, but I intensely oppose any Federal legislation on that subject. I favor suitable laws against all forms of crime, such as stealing, but I oppose any Federal legislation on that subject. So I favor suitable legislation regulating child labor, but these should be enacted by the States to suit local conditions, and I strongly oppose Federal intermeddling with these purely domestic, internal matters of the States.

It is a physical impossibility for the 531 Members of both Houses to attend to all international and interstate matters and also attend to the domestic affairs of the people. I submit that the 7,500 members of all the 48 State legislatures are far better qualified to deal with these close, intimate affairs of the people. I believe that the 160 members of the General Assembly of South Carolina are far better qualified to decide terms and conditions of child labor laws than the 9 Members of Congress from that State. I know those members of our State legislature love the children and feel for their mothers and fathers and will seek their welfare as well as we here in Washington.

OTHER MATTERS THAT MAY ALSO INSIST UPON FEDERAL REGULATION

There is no possible justification for a Federal amendment to enable Congress to regulate child labor within the States. All the arguments that can be made to regulate child labor can be made with equal force and merit in favor of giving Congress power to regulate marriage and divorce; to regulate the health of the people; to regulate the diet of the people; to regulate the plays and amusements of the children; to say how many hours people should sleep, because some people seem to be pale and emaciated from either lack of sleep or too much sleep; to regulate the number of times that people should eat per day, and what they should eat and how it should be cooked. One Congress would have a majority of vegetarians and pass laws prohibiting meat eating; another Congress would have a majority of meat eaters and would feed the people flesh. The same arguments could be made in favor of regulating what the people should plant on their farms and how much they should plant and when they should plant. The same arguments could be made in favor of saying how the people should dress. Some would favor high heels and some would favor low-necked dresses. The same arguments could be made to empower Congress to regulate the practice of medicine. Some physicians claim that other kinds of physicians are a menace to the public health. If the allopath were in the majority in Congress, they would imprison and punish the homeopath, and the osteopath and the neuropath and the psycopath and every other sect that sought health by a different "path." By the same token all the slaughter pens and butcher shops and meat markets and vegetable stalls and truck farms would be brought under Federal power by the same argument and for the same reason, and for no other, they would confer upon Congress the power to prescribe the use of service and nature of service of all domestic and industrial employees in the Nation. Also they would give Congress the power to fix the wages, and when the reactionaries and capitalists are in power—and it is charged that they usually stay in power whatever party may be in control—the people's wages would be kept down to the point of bare existence.

These illustrations show the absurdity of the argument sought to be made here. Because some children seem to be undernourished, and pale and emaciated, and stunted in growth, then a great principle of government is to be violated. It is claimed that only a few States are backward in suitable regulations. How vastly better would it be for these enthusiasts to expend some time and energy and money in proper education and agitation and propaganda within those States, to the end that the States themselves should adopt proper regulations, suitable to their local conditions.

EVILS OF CHILD LABOR NOT ANALOGOUS TO EVILS OF LIQUOR TRAFFIC

Then again none of the arguments that could be and were properly made in favor of the adoption of the eighteenth amendment can be made here. Practically three-fourths of the States had already adopted absolute State prohibition against the manufacture and sale and transportation of alcoholic liquors prior to the Federal amendment. But to preserve the control of the liquor traffic to those States which had prohibited it, it was necessary for the Federal Government to stop it absolutely everywhere. The reason was that liquor would not stay in the State where it was made lawfully and where it could be sold lawfully. But by an inevitable process of flux it flowed over the State limits into all the dry States, which consequently suffered from all the ills of a régime of liquor, with the added expense of a defensive police system to prevent the importation of liquor from wet States. But the condition here is far different as to child labor. If there be inadequate and improper and insufficient State regulation of child labor within any particular State, then it affects that State alone and can be corrected in that State alone and the evils do not overflow into and overlap upon other States.

JEFFERSON ON CENTRALIZATION

No political thinker, American or foreign, has ever surpassed Thomas Jefferson in clearness of perception or depth of penetration. He greatly feared that the Federal Government would become a huge bureaucratic overlord above the States and the people that we see to-day. He feared that the greatest agencies in that process of centralization and that slow but gradual absorption of power would be the executive and judicial branches. How can any disciple of Jeffersonian democracy reconcile his position to support an increase of Federal power to meet the situation that now confronts us? Here we had two efforts of even the Congress to stretch Federal power by strained construction to control the matter of child employment, reserved to the States and to the fathers and mothers of America. Yet, when the Supreme Court, which Jefferson feared, came to the rescue of the Constitution, and thus arrested those steps toward centralization, some professing to believe in the political philosophy of Thomas Jefferson now wish by express amendment to the Constitution to overcome the resistance to encroachment upon States and domestic rights and powers by even the Supreme Court. Surely the spirit of Thomas Jefferson must be disturbed.

Read Jefferson's letter to William Johnson in 1823:

There is no danger I apprehend so much as the consolidation of our Government by the noiseless and therefore unalarming instrumentality of the Supreme Court. This is the form in which federalism now arrays itself, and consolidation is the present principle of distinction between Republicans and pseudo-Republicans but real Federalists.

Again, in writing to John Taylor, he used this language:

It is a singular phenomenon that while our State governments are the very best in the world, without exception or comparison, our General Government has in the rapid course of 9 or 10 years become more arbitrary and has swallowed more of the public liberty than even that of England.

In a letter to Joseph C. Cabell he used this language:

What has destroyed the liberty and the rights of man in every government which has ever existed under the sun? The generalizing and concentrating all cares and powers into one body, no matter whether of the autocrats of Russia or France or of the aristocrats of a Venetian senate.

In writing to Nathaniel Macon, Jefferson said:

Our Government is now taking so steady a course as to show by what road it will pass to destruction, to wit: By consolidation first, and then corruption, its necessary consequence.

I also quote the following from letters to Gideon Granger:

I do verily believe that * * * a single consolidated government would become the most corrupt government on the earth.

You have seen the practices by which the public servants have been able to cover their conduct, or, where that could not be done, delusions by which they have varnished it for the eye of their constituents. What an augmentation of the field for jobbing, speculating, plundering, office building, and office hunting would be produced by an assumption of all the State powers into the hands of the General Government.

Our country is too large to have all its affairs directed by a single government. Public servants at such a distance, and from under the eye of their constituents, must, from the circumstance of distance, be unable to administer and overlook all the details necessary for the good government of the citizens; and the same circumstance, by rendering detection impossible to their constituents, will invite the public agents to corruption, plunder, and waste.

Writing to C. Hammond, Jefferson said:

When all government, domestic and foreign, in little as in great things, shall be drawn to Washington as the center of all power, it will render powerless the checks provided of one government on another, and will become as venal and oppressive as the government from which we separated.

We take the following from Kentucky Resolutions, which were drawn by Jefferson:

To take from the States all the powers of self-government and transfer them to a general and consolidated government, without regard to the special delegations and reservations solemnly agreed to in (the Federal) compact, is not for the peace, happiness, or prosperity of these States.

In his autobiography, written in 1821, Jefferson said:

Were we directed from Washington when to sow, and when to reap, we should soon want bread.

PATRICK HENRY FORETOLD THE CONSEQUENCES OF CONSOLIDATING FEDERAL POWER

Patrick Henry, in the Virginia convention in June, 1788, at page 53, volume 3, Elliott's Debates on the Federal Constitution, used the following language:

If we admit this consolidated government, it will be because we like a great, splendid one. Some way or other we must be a great and mighty empire; we must have an army and a navy and a number of things. When the American spirit was in its youth, the language of America was different; liberty, sir, was then the primary object. We are descended from a people whose government was founded on liberty; our glorious forefathers of Great Britian made liberty the foundation of everything. That country is become a great, mighty, and splendid nation; not because their government is strong and energetic, but, sir, because liberty is its direct end and foundation. We drew the spirit of liberty from our British ancestors; by that

spirit we have triumphed over every difficulty. But now, sir, the American spirit, assisted by the ropes and chains of consolidation, is about to convert this country into a powerful and mighty empire. If you make the citizens of this country agree to become the subjects of one great consolidated empire of America, your government will have sufficient energy to keep them together. Such a government is incompatible with the genius of republicanism. There will be no checks, no real balance in this Government. What can avail your specious, imaginary balances, your rope-dancing, chain-rattling, ridiculous ideal checks and contrivances?

MEMBERS OF CONGRESS HAVE CHANGED SINCE COLONIAL DAYS; WHY IS IT SO

Huntingdon in the Connecticut convention, volume 2, Elliott's Debates, at page 199, said:

The State governments, I think, will not be endangered by the powers vested by this Constitution in the General Government. While I have attended in Congress, I have observed that the Members were quite as strenuous advocates for the rights of their respective States as for those of the Union. I doubt not but that this will continue to be the case; and hence I infer that the General Government will not have the disposition to encroach upon the States.

IMPERIALISM FORECASTED; AMENDMENT SUGGESTED TO PROTECT FREEDOM

John Lansing in the New York convention, volume 2, Elliottt's Debates, at page 220, said:

Sir, I have formerly had occasion to declare to the public my apprehensions that a consolidated government, partaking in a great degree of republican principles, and which had in object the control of the inhabitants of the extensive territory of the United States, by its sole operations could not preserve the essential rights and liberties of the people. I have not as yet discovered any reason to change that sentiment; on the contrary, reflection has given it additional force.

Influenced by these considerations, every amendment which I am convinced will have a tendency to lessen the danger of invasion of civil liberty by the General Government will receive my sincere approbation.

THE FEARS OF THE FATHERS BECOMING FACTS BY THE DELIBERATE DEED OF THEIR CHILDREN

Melancthan Smith in the New York convention, volume 2, Elliott's Debates, at page 228, said:

He considered that the great interests and liberties of the people could only be secured by the State governments. He admitted that, if the new Government was only confined to great national objects, it would be less exceptionable; but it extended to everything dear to human nature. That this was the case would be proved without any long chain of reasoning; for the government of the whole country, and might extend its powers to any and every object.

CENTRALIZATION CONDEMNED AND LOCAL SELF-GOVERNMENT DEFENDED BY HAMILTON

Hamilton, in the New York convention, volume 2, Elliott's Debates, at pages 239, 257, said:

The State governments possess inherent advantages, which will ever give them an influence and ascendency over the National Government, and will forever preclude the possibility of Federal encroachments. That their liberties, indeed, can be subverted by the Federal head, is repugnant to every rule of political calculation.

HAMILTON PERCEIVED THAT STATE AND FEDERAL GOVERNMENTS ARE MUTUAL CHECKS—IS A DOUBLE SECURITY TO PEOPLE'S RIGHTS

This balance between the National and State governments ought to be dwelt on with peculiar attention, as it is of the utmost importance. It forms a double security to the people. If one encroaches on their rights, they will find a powerful protection in the other. Indeed, they will both be prevented from overpassing their constitutional limits, by a certain rivalship, which will ever subsist between them.

THAT GOVERNMENT REMAINS CLEANEST WHICH IS CLOSEST TO THE PEOPLE—OUR TERRITORY TOO VAST AND DIVERSE FOR A CONSOLIDATED REPUBLIC.

Governor Clinton, in the New York convention, volume 2, Elliott's Debates, at page 262, said:

Another argument may be suggested to show that there will be more safety in the State than in the Federal Government. In the State, the legislators being generally known and under the perpetual observation of their fellow citizens, feel strongly the check resulting from the facility of communication and discovery. In a small territory maladministration is easily corrected and designs unfavorable to liberty frustrated and punished. But in large confederacies the alarm excited by small and gradual encroachments rarely extends to the distant members or inspires a general spirit of resistance. When we take a view of the United States we find them embracing interests as various as their territory is extensive. Their habits, their productions, their resources, and their political and commercial regulations are as different as those of any nation upon earth. A general law, therefore, which might be well calculated for Georgia, might operate most disadvantageously and cruelly upon New York.

HAMILTON DRAWS LINE OF DEMARCATION BETWEEN STATE AND FEDERAL POWERS—WHY DO HAMILTON'S DISCIPLES FOLLOW AND OBEY HIM IN SOME RESPECTS AND NOT IN OTHERS

Hamilton, in the New York convention, volume 2, Elliott's Debates, at page 265, said:

The powers of the new Government are general and calculated to embrace the aggregate interests of the Union and the general interests of each State, so far as it stands in relation to the whole. The object of the State governments is to provide for their internal interests, as unconnected with the United States and as composed of minute parts or districts. A particular knowledge, therefore, of the local circumstances of any State, as they may vary in different districts, is unnecessary for the Federal representative. As he is not to represent the interests or local wants of the county of Dutchess or Montgomery, neither is it necessary that he should be acquainted with their particular resources. But in the State governments, as the laws regard the interest of the people, in all their various minute divisions, it is necessary that the smallest interests should be represented.

If Hamilton were in Congress to-day, he surely would join Jefferson in opposing such enlargement of Federal power.

CHIEF JUSTICE JAY EXPLAINS FUNCTIONS OF FEDERAL POWERS—ALL LOCAL AND DOMESTIC MATTERS RESERVED TO STATES

Jay, in the New York convention, volume 2, Elliott's Debates, at page 283, said:

What are the objects of our State legislatures? Innumerable things of small moment occupy their attention; matters of a private nature which require much minute and local information. The objects of the General Government are not of this nature. They comprehend the interests of the States in relation to each other and in relation to foreign powers. Surely there are men in this State fully informed of the general interests of its trade, its agriculture, its manufactures. Is anything more than this necessary? Is it requisite that our Representatives in Congress should possess any particular knowledge of the local interests of the county of Suffolk, distinguished from those of Orange and Ulster?

STATE GOVERNMENTS ESSENTIAL TO FORM AND SPIRIT OF WHOLE SYSTEM OF AMERICAN CONSTITUTIONAL GOVERNMENT

Hamilton in the New York convention, volume 2, Elliott's Debates at page 303, said—

Gentlemen indulge too many unreasonable apprehensions of danger to the State governments; they seem to suppose that the moment you put men into a national council they become corrupt and tyrannical, and lose all affection for their fellow citizens. But can we imagine that the Senators will ever be so insensible of their own advantage as to sacrifice the genuine interest of their constituents? The State governments are essentially necessary to the form and spirit of the general system. As long, therefore, as Congress have a full conviction of this necessity, they must, even upon principles purely national, have as firm an attachment to the one as to the other. This conviction can never leave them, unless they become madmen. While the Constitution continues to be read, and its principles known, the States must, by every rational man, be considered as essential, component parts of the Union; and therefore the idea of sacrificing the former to the latter is wholly inadmissible.

WAS JAY A TRUE PROPHET?

The State establishments of civil and military officers of every description, infinitely surpassing in number any possible corresponding establishments in the General Government, will create such an extent and complication of attachments as will ever secure the predilection and support of the people. Whenever, therefore, Congress shall meditate any infringement of the State constitutions, the great body of the people will naturally take part with their domestic representatives. Can the General Government withstand such a united opposition? Will the people suffer themselves to be stripped of their privileges? Will they suffer their legislatures to be reduced to a shadow and name? The idea is shocking to common sense.

THIS MAN FORECASTED THE OVERBALANCING GROWTH OF FEDERAL POWER

Mr. Smith in the New York convention, volume 2, Elliott's Debates at pages 332 to 335, said—

The State governments are necessary for certain local purposes; the General Government for national purposes.

It must appear evident that there will be a constant jarring of claims and interests. Now, will the States, in this contest, stand any chance of success? If they will, there is less necessity for our amendment. But consider their extensive, exclusive revenues, the vast sums of money they can command, and the means they thereby possess of sup-

porting a powerful standing force. The States, on the contrary, will not have the command of a shilling or a soldier. The two governments will be like two men contending for a certain property. The one has no interest but that which is the subject of the controversy, while the other has money enough to carry on the lawsuit for 20 years. By this clause unlimited powers in taxation are given. Another clause declares that Congress shall have power to make all laws necessary to carry the Constitution into effect. Nothing, therefore, is left to construction; but the powers are most express. How far the State legislatures will be able to command a revenue, every man, on viewing the subject, can determine. If he contemplates the ordinary operation of causes, he will be convinced that the powers of the Confederacy will swallow up those of the members. I do not suppose that this effect will be brought about suddenly. As long as the people feel universally and strongly attached to the State governments, Congress will not be able to accomplish it. If they act prudently, their powers will operate and be increased by degrees. The tendency of taxation, though it be moderate, is to lessen the attachment of the citizens. If it becomes oppressive, it will certainly destroy their confidence. While the general taxes are sufficiently heavy, every attempt of the States to enhance them will be considered as a tyrannical act, and the people will lose their respect and affection for a government which can not support itself without the most grievous impositions upon them. If the Constitution is accepted as it stands, I am convinced that in seven years as much will be said against the State governments as is now said in favor of the proposed system.

Sir, I contemplate the abolition of the State constitutions as an event fatal to the liberties of America. These liberties will not be violently wrested from the people; they will be undermined and gradually consumed.

PHYSICAL IMPOSSIBILITY FOR A CENTRALIZED GOVERNMENT TO FUNCTION

Another idea is in my mind, which I think conclusive against a simple government for the United States. It is not possible to collect a set of representatives who are acquainted with all parts of the continent. Can you find men in Georgia who are acquainted with the situation of New Hampshire, who know what taxes will best suit the inhabitants, and how much they are able to bear? Can the best men make laws for the people of whom they are entirely ignorant? Sir, we have no reason to hold our State governments in contempt, or to suppose them incapable of acting wisely.

PREDICTIONS COMING TRUE SLOWLY

Williams, in the New York convention, volume 2, Elliott's Debates, at page 338, said:

SIR: I yesterday expressed by fears that this clause would tend to annihilate the State governments. I also observed that the powers granted by it were indefinite, since the Congress are authorized to provide for the common defense and general welfare and to pass all laws necessary for the attainment of those important objects. The legislature is the highest power in a government. Whatever they judge necessary for the proper administration of the powers lodged in them, they may execute without any check or impediment. Now, if the Congress should judge it a proper provision for the common defense and general welfare that the State governments should be essentially destroyed, what, in the name of common sense, will prevent them? Are they not constitutionally authorized to pass such laws? Are not the terms common defense and general welfare indefinite, undefinable terms? What check have the State governments against such encroachments?

THIS SOUNDS LIKE JEFFERSON OR CLINTON OR HENRY, BUT WAS ALEXANDER HAMILTON

Hamilton, in the New York convention, volume 2, Elliott's Debates, at pages 350, 353, and 355, said:

The true principle of government is this—make the system complete in its structure, give a perfect proportion and balance to its parts, and the powers you give it will never affect your security. The question, then, of the division of powers between the General and State Governments is a question of convenience; it becomes a prudential inquiry, what powers are proper to be reserved to the latter; and this immediately involves another inquiry into the proper objects of the two governments. This is the criterion by which we shall determine the just distribution of powers.

The great leading objects of the Federal Government, in which revenue is concerned, are to maintain domestic peace and provide for the common defense. In these are comprehended the regulation of commerce—that is, the whole system of foreign intercourse—the support of armies and navies, and of the civil administration. It is useless to go into detail. Everyone knows that the objects of the General Government are numerous, extensive, and important. Every one must acknowledge the necessity of giving powers, in all respects, and in every degree, equal to these objects. This principle assented to, let us inquire what are the objects of the State governments. Have they to provide against foreign invasion? Have they to maintain fleets and armies? Have they any concern in the regulation of commerce, the procuring alliances, or forming treaties of peace? No. Their objects are merely civil and domestic—to support the legislative establishment, and to provide for the administration of the laws.

BUT CONGRESS IS INVITING THE PEOPLE TO SUBMERGE THE STATES

I insist that it never can be the interest or desire of the national legislature to destroy the State governments. It can derive no advantage from such an event, but, on the contrary, would lose an indispensable support, a necessary aid in executing the laws, and conveying the influence of government to the doors of the people. The Union is dependent on the will of the State governments for its chief magistrate, and for its Senate. The blow aimed at the members must give a fatal wound to the head; and the destruction of the States must be at once a political suicide. Can the National Government be guilty of this madness?

HAS THIS TERRIBLE TIME COME

Can the State governments become insignificant while they have the power of raising money independently, and without control? If they are really useful, if they are calculated to promote the essential interests of the people, they must not lose their powers till the whole people of America are robbed of their liberties. These must go together; they must support each other or meet one common fate.

FEDERALISTS FEARED STATE AGGRESSION; "STATE RIGHTERS" FEARED FEDERAL ENCROACHMENT

James Wilson, in the Pennsylvania convention, volume 2, Elliott's Debates, at pages 463 and 503, said:

It has been said "that the State governments will not be able to make head against the General Government," but it might be said with more propriety that the General Government will not be able to maintain the powers given it against the encroachments and combined attacks of the State governments. They possess some particular advantages from which the General Government is restrained.

WILSON ADMITTED THAT A CENTRALIZED GOVERNMENT WOULD NOT SUIT NOR SERVE AMERICA

These, I think, sir, are the different descriptions given to us of a consolidated government that puts the thirteen United States into one; if it is meant that the General Government will destroy the governments of the States, I will admit that such a Government would not suit the people of America. It would be improper for this country, because it could not be proportioned to its extent on the principles of freedom. But that description does not apply to the system before you. This, instead of placing the State governments in jeopardy, is founded on their existence. On this principle its organization depends; it must stand or fall as the State governments are secured or ruined.

Governor Clinton, Patrick Henry, James Monroe, Thomas Jefferson, and others saw and foretold the overshadowing domination of Federal power. Hamilton, Madison, Marshall, Wilson, Rutledge, and others were manifestly mistaken in saying the States would resist or overthrow Federal power.

MADISON WAS MISTAKEN

Mr. Madison, in the Virginia convention, at page 96, volume 3, Elliott's Debates on the Federal Constitution, said:

But it is urged that its consolidated nature, joined to the power of direct taxation, will give it a tendency to destroy all subordinate authority; that its increasing influence will speedily enable it to absorb the State governments. I can not think this will be the case.

HENRY WAS PREEMINENTLY RIGHT

I also quote from Mr. Henry, in the Virginia convention, at page 157, volume 3, Elliotts' Debates on the Federal Constitution, as follows:

With respect to the economical operation of the new government, I will only remark, that the national expenses will be increased, if not doubled; it will approach it very nearly. I might, without incurring the imputation of illiberality or extravagance, say that the expense will be multiplied tenfold. I might tell you of a numerous standing Army, a great, powerful Navy, a long and rapacious train of officers and dependents, independent of the President, Senators, and Representatives, whose compensations are without limitation. How are our debts to be discharged unless the taxes are increased, when the expenses of the Government are so greatly augmented.

TRUTH SPOKEN BY HENRY

Continuing on page 167, supra, Mr. Henry says:

The Constitution reflects in the most degrading and mortifying manner on the virtue, integrity, and wisdom of the State legislatures; it presupposes that the chosen few who go to Congress will have more upright hearts, and more enlightened minds, than those who are members of the individual legislatures. To suppose that 10 gentlemen shall have more real, substantial merit than 170, is humiliating to the last degree. If, sir; the diminution of numbers be an augmentation of merit, perfection must center in one.

THE "SWEEPING CLAUSE" HAS NEARLY SWEPT THE STATES OFF THE BOARD

We find that Mr. Randolph, in the Virginia convention, at page 206, volume 3, Elliott's Debates on the Federal Constitution, has this to say:

The sweeping clause, as it is called, is much dreaded. I find that I differ from several gentlemen on this point. This formidable clause does not in the least increase the powers of Congress. It is only inserted for greater caution, and to prevent the possibility of encroaching upon the powers of Congress. No sophistry will be permitted to be used to explain away any of those powers; nor can they possibly assume any other power, but what is contained in the Constitution, without absolute usurpation.

JAMES MONROE DEFINES LIMITS OF NATIONAL POWER

Mr. Monroe, at page 214, supra, said:

What are the powers which the Federal Government ought to have? I will draw the line between the powers necessary to be given to the Federal, and those which ought to be left to the State governments. To the former I would give control over the national affairs; to the latter I would leave the care of local interest.

UNIFORM DOMESTIC REGULATORY LAWS IMPOSSIBLE OR UNFAIR

Continuing, at page 216, supra, we quote further from Mr. Monroe, as follows:

Are there not a thousand circumstances showing clearly that there can be no law that can be uniform in its operation throughout the United States? Another gentleman said that information would be had from the State laws. Is not this reversing the principles of good policy? Can this substitution of one body to thirteen assemblies, in a matter that requires the most minute and extensive local information, be politic or just? They can not know what taxes can be least oppressive to the people.

The tax that may be convenient in one State may be oppressive in another. If they vary the objects of taxation in different States, the operation must be unequal and unjust. If Congress should fix the tax on some mischievous objects, what will be the tendency? It is to be presumed that all governments will some time or other exercise their powers, or else why should they possess them? Inquire into the badness of this Government. What is the extent of the power of laying and collecting direct taxes? Does it not give an absolute control over the resources of all the States? If you give the resources of the several States to the General Government, in what situation are the States left? I therefore think the General Government will preponderate.

MADISON AGAIN MAKES MISTAKE

At pages 258–259, supra, Mr. Madison said:

Let us compare the members composing the legislative, executive, and judicial powers in the General Government with these in the States, and let us take into view the vast number of persons employed in the States; from the chief officer to the lowest we shall find the scale preponderating so much in favor of the States that, while so many persons are attached to them, it will be impossible to turn the balance against them. There will be an irresistible bias toward the State governments. * * *

The powers of the General Government relate to external objects and are but few. But the powers in the States relate to those great objects which immediately concern the prosperity of the people. Let us observe, also, that the powers in the General Government are those which will be exercised mostly in time of war, while those of the State governments will be exercised in time of peace. But I hope the time of war will be little compared to that of peace. I should not complete the view which ought to be taken of this subject without making this additional remark: That the powers vested in the proposed government are not so much an augmentation of powers in the General Government as a change rendered necessary for the purpose of giving efficacy to those which were vested in it before. It can not escape any gentleman that this power, in theory, exists in the confederation as fully as in this Constitution.

HENRY EXPOSES MADISON'S MISTAKES

At pages 322–323, supra, Mr. Henry said:

The State governments will possess greater advantages than the General Government, and will consequently prevail. His opinion and mine are diametrically opposite. Bring forth the Federal allurements and compare them with the poor, contemptible things that the State legislatures can bring forth. On the part of the State legislatures there are justices of the peace and militia officers; and even these justices and officers are bound by oath in favor of the Constitution. A constable is the only man who is not obliged to swear paramount allegiance to this beloved Congress. On the other hand, there are rich, fat, Federal emoluments. Your rich, snug, fine, fat, Federal officers—the number of collectors of taxes and excises—will outnumber anything from the States. Who can cope with the excisemen and taxmen? There are none in this country who can cope with this class of men alone. But, sir, is this the only danger? Would to heaven that it were! If we are to ask which will last the longest, the State or the General Government, you must take an Army and a Navy into the account. Lay these things together, and add to the enumeration the superior abilities of those who manage the General Government.

So, Mr. Chairman, this review of the opinions of the wisest, most unselfish men of that generation, which won our independence and set up democratic institutions in America, that it was justly intended that the Federal Government should never deal with such local internal matters, disturbing the homes and the relations of parents and children. History proves the wisdom of their decision. It is now manifestly unsafe and unwise to break the balance of our organic American governmental system.

Mr. TILLMAN. Mr. Chairman, I yield five minutes to the gentleman from Connecticut [Mr. O'SULLIVAN].

Mr. O'SULLIVAN. Mr. Chairman, intending to support this measure, I am not at all sure that my words may not be considered as an apology. I was trained in the school of Jeffersonian political philosophy that appears to be treated as old-fashioned and out of date, at least by certain groups of our people. Evils of unquestionable existence now seek their cure through the enactment of constitutional amendments, thus pursuing a policy quite at variance with the theories of the founders of this particular form of government. For it was a democracy they had in mind, and by their thought and action formulated, wherein the power was vested in the people who were to settle their particular problems, subject only to such limitations as arose by the grant of power to the Federal organization. Democracy's best manifestation was to be in local self-government. Yet every addition to the organic law of the land weans us away from the basic idea of our Government, in that it takes from the hands of the people an element of power proportionate to the grant bestowed. Already 19 such changes have been effected upon the Constitution, and to-day we are confronted with the very serious question as to whether another shall be added.

Through this system of procedure, we have wandered far afield from the original theory of the fathers. A mighty and powerful centralized Government has been built with authority to perform acts of a nature not to be believed in days gone by. The long arm of Government reaches now into almost every conceivable direction, assuming sway over matters from economics to morals. Bureaus of a number running into the hundreds direct the actions and activities of our people and their businesses, until it can as truthfully be said that this is as much a bureaucratic as well as any other form of government.

With a keen appreciation of the soundness of the school of thought of the drafters of the Constitution, the State of Connecticut has stood forth constantly and preeminently as the great State dedicated to local self-government and in opposition to added authority for the Federal Government. We of Connecticut have always believed we were infinitely more capable of judging of the needs of the people living within our own borders than were the people of Minnesota, or of California, or of Georgia. It is true we speak the same language as do they of those States; when the common defense is threatened, our sons respond as cheerfully and readily as do those of Ohio or Texas. But our customs are not theirs, our traditions are different from theirs, even our form of government in many instances is radically at odds with theirs. Hence it is not surprising to observe the Connecticut Yankee quite jealous of his theories, and ever recalcitrant, stubbornly so, in joining in any movement to give added weight to a Federal Government, already so top-heavy that it is not the thought of a radical in anticipating danger and trouble.

Other than the three Civil War amendments which northern States accepted in the enthusiasm of a war spirit and fervor, Connecticut boats with a pride that is pardonable that she has ratified but 2 of the 19 amendments to the Constitution. Let the South or any section talk of State rights if they will, but the one State that is a monument to the cause of local self-government is the little nutmeg State of Connecticut. [Applause.]

What is her attitude on this child-labor problem, which deals in a new field of governmental endeavor? With her record of the past, it might be expected that it would be received with the coldness of opposition. Yet, on the contrary, from every section of the State and from people in all walks of life come messages of approval for this amendment.

Mr. RATHBONE. Will the gentleman yield?

Mr. O'SULLIVAN. I will yield.

Mr. RATHBONE. The gentleman does not wish to be understood that there are only 2 of the 19 amendments that Con-

necticut ratified? There has been four since the Civil War. Did not Connecticut ratify the Bill of Rights?

Mr. O'SULLIVAN. She did not; but she has in her own constitution a bill of rights.

Is this approval of this amendment inconsistent with her past performances? Perhaps. But when you speak to the people of Connecticut of the sufferings and hardships of little tots you talk as much to their hearts as to their heads. And it seems to me that once in a while a little more heart and a little less of cold logic is a good thing for any government, or at least for the people that the government rules. Childhood is the time of molding of character and body, and what importance should we not give to such a time; for the child of to-day is the citizen, perhaps the ruler, of to-morrow. With hardly a soul to speak for them in the past, these little tots employed in sweatshop and cannery have been losing life, liberty, and happiness, that immortal trinity of inalienable rights to which we are all supposed to be heirs. The life in the shop and the mill robs them of the sweetest days that the Master bestows on his beings; it steals from them the liberty and freedom that come with the open meadow and wooded hillside; it swindles them from the memories of the happiness that dreams of childhood bring to old age.

Mr. MONTAGUE. Will the gentleman yield?

Mr. O'SULLIVAN. I yield.

Mr. MONTAGUE. What is the chief industry in Connecticut in which child labor is employed?

Mr. O'SULLIVAN. I believe it is the cotton industry.

Mr. MONTAGUE. Does the gentleman know that only 711 children are employed in Connecticut in the cotton-mill industry?

Mr. O'SULLIVAN. The gentleman has the figures before him and is more able to state than I.

Mr. MONTAGUE. I thought that the gentleman might have been magnifying the evil.

Mr. O'SULLIVAN. Yes; we want our children to enjoy the blessings of childhood, and we are glad to lend our humble hand even in the face of possible inconsistency, to bring about such a desired result.

Ours is a great responsibility in submitting to the States for their ratification this proposed amendment to the Constitution. But greater than ours is that of the States themselves. It is no idle matter to change the organic law of the land. But there are occasions, and I believe this is one of them, when justification is apparent. Possibly my heart is ruling my judgment in this matter. But I trust it is not entirely so. Whatever it is, my conscience will be lightened considerably in the thought that I can assist in adding a little more of life, a little more of liberty, and a little more of happiness to the touseled-headed tots whom greed for profit denies those memorable days of childhood. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. HAWES].

Mr. HAWES. Mr. Chairman, the House has under consideration the adoption of a new amendment to our National Constitution:

> The Congress shall have the power to limit, regulate, and prohibit the labor of persons under 18 years of age.

This amendment proposes that State jurisdiction of this subject shall be taken from the sovereignty of 48 States and placed under the control of the National Congress.

It then delegates to Congress the power, first, to limit the labor of all persons in the United States under 18 years of age; second, to regulate the labor of all persons under 18 years of age; and third, to prohibit the labor of all persons under 18 years of age.

This is a sweeping, all-inclusive power to limit, regulate, and control. It means that all State laws of every character which at any time conflict with the wishes of Congress shall be made subordinate to and controlled by the act of Congress.

Sympathetic with any State movement for the benefit of children, I have on all occasions advocated legislation for their welfare. New regulations must be placed in the statutes of our States both for the benefit of those now living and with the hope of still greater benefit for those who follow.

In the legislature of my State, my record will show a hearty and active support of all measures of this character, and it is a conspicuous fact that during my period of service the first great and comprehensive move was made for the betterment of conditions surrounding child life.

Any statement, therefore, that attributes to me opposition to child welfare legislation is without foundation and dishonest.

My opposition to this amendment is solely and exclusively upon the ground that it destroys the power of the States over a subject which is essentially local and gives jurisdiction to the National Government over a matter which it was never contemplated should be exercised by the framers of our Constitution.

In addition, it will build up a great national bureau, with thousands of police, called inspectors, who will intrude themselves into the homes, the schools, and the private affairs of the citizens of our States.

It will build up another great national bureau with an army of employees, and for these and other reasons which I shall advance I oppose this amendment, not because of the general objects it seeks to attain, but the methods proposed to be used.

Every State has the power to cover completely and in detail everything this amendment is intended to do, excepting to provide a new army of Federal officeholders.

Specialized propaganda of small minority groups is daily driving Congress to extremes in the matter of national regulation.

Carried away by an excess of zeal, the fundamental things in our own Constitution are assailed in proposed laws. What we shall eat, what we shall wear, what we shall read, how we shall work, when and how we shall play, and who shall be permitted to be idle are attempted to be controlled by national law rather than by personal inclination and State statute.

We are not only trying to regulate the local habits and appetites of our people but are now engaged in the mischievous occupation of trying to regulate the habits of the rest of the world.

Movements are under way in Washington to control our speech, our food, our clothes, our education, our marriage, divorce, our church, our brains, and our pocketbooks.

It is proposed that Congress shall assume direction and control of every intimate thing in life; in fact, even before life itself, premarriage inspection is proposed. National control of marriage, national control of children, national control of dress, national control of morals, national control of divorce, national control of education, all to be regulated and directed by meddlesome bureaus in Washington.

The laws to control these things are not written in express and understandable language; they are usually delegated to some department clerk who writes regulations which in effect become laws and control the conduct of our people. This is the usual slipshod, easy way of delegating power.

There are 48 separate States, each State with a governor elected by its own people and with a legislature elected by its own people.

It was intended that these legislatures and governors should, under the direction of the people of the State, regulate and control the local affairs of the State.

We have from the State of Missouri 16 Members in Congress, whose time and attention are devoted to Federal and national questions. They do not pretend to deal with State questions. Their training and attention are devoted to Federal and national matters. Their opportunity to investigate questions of national character is limited because they frequently have before them, during a single session, as many as 10,000 bills, and it is not physically possible for them to even read, much less discuss and analyze, these various national enactments.

This constitutional amendment, if it means anything, means that the 16 Congressmen from the State of Missouri have better judgment, greater knowledge, and better opportunity for studying local problems of State than have the 142 members of the legislature and the 34 members of our State senate, who devote their time and attention exclusively to local problems.

It is proposed that these 16 Congressmen from my State shall take from the governor of the State and the legislature of the State the power to control this matter and arrogate to themselves an exclusive power on the subject by depriving the State representatives of their judgment and their opinions.

Do Members of Congress assume they are wiser, better, more humane, or better qualified than men and women elected by the States for the express purpose of directing local government?

A Federal law must be uniform in its application for all States. No distinction can be made for the various States or unusual conditions in those States.

In writing its law the Federal Government would control the farmer boy as well as the boy in the city.

It has been stated that over 61 per cent of those persons under 18 years of age who are to be regulated under a proposed law made by Congress live upon farms. They are farmer boys.

The logic of this amendment is that every time a State fails to do the things some other States believe it ought to do we should amend the Constitution and make the subject a Federal matter and take from the State its local control and, instead

of handling the matter by local authorities, delegate that authority to an overburdened Congress.

This amendment proposes to give Federal control over the machinery of 48 States and over approximately 3,000 counties composing those States, numerous cities, towns, and villages, all supported by State and local laws and State and local taxes.

It presents the direct issue of whether the regulation shall be made by people who know their local situation and conditions or by an official living many thousand miles away. Our local sheriffs, constables, and police officers are to be supplanted by national detectives, national police, national inspectors, national prosecutors, national judges, national jails, and national penitentiaries.

Where is the line to be drawn before national regulation shall begin? Is it always to start where some one, two, or three States fail to do the things some other State believes they ought to do?

If spitting on the sidewalk spreads disease and disease causes death, and the local or State government fails to prevent this being done, shall we give the National Government charge of the local sidewalk?

Should sewers and cesspools be inspected by the National Government?

Shall buildings which are unsanitary and factories that are unsafe be remodeled by Federal officials?

Shall local playgrounds, local parks, and State buildings come under Federal control?

Shall we have two sets of regulations for everything, two sets of rules, and two sets of officers, two sets of laws, all relating to the same subject, and, of course, two sets of job holders, paid by the same taxpayers, part into the National Treasury and part into the State treasury?

This is not a small country. Its very size increases the difficulty of the problem of national control.

There can be one, and only one, valid excuse for this change in the Constitution, and that is to force the people of some States to do something they do not want to do. Half of the States may force the other half to prohibit all work of all kinds of all persons under 18 years of age.

Congress will have the power to do this, and Congress has not always acted wisely, especially in these days of specialized propaganda, and experience has shown wherever Congress has been given the maximum power it always ultimately exercises it to the maximum.

A law upon this subject might be very satisfactory to Massachusetts but very unsatisfactory to Missouri. The question is, Should the Massachusetts idea be forced upon the unwilling citizens of Missouri, without their consent or approval?

The people of a State should know their own local requirements better than the citizens of a far-distant State.

Federal enforcement of a foreign idea not supported by the public opinion of a State is always followed by discord and resentment.

State legislatures meet every two years, and they can change State laws to conform to local opinion with reasonable rapidity or, so far as that is concerned, to conform to national opinion upon the subject.

Congress has before it over 10,000 bills relating to every conceivable subject. It can not give to the wishes of a State the time, consideration, or thought necessary to conform national enactment to the public sentiment of each State.

The subject of child labor has been passed upon by 46 of our 48 States, and within the last 10 years tremendous strides have been made in the matter of child-labor reform.

There are 12,502,582 children between 10 and 15 years of age. Of this number 11 per cent are employed between the ages of 10 and 15.

It would appear that child workers between 10 and 15, inclusive, are about 378,000 out of the total of 12,500,000, or about 3.03 per cent of children under 16 years.

It is stated that of the 1,000,000 children between the ages specified—10 to 15 years—87 per cent are engaged in agriculture, 2 per cent in the extraction of minerals, 2.5 per cent in manufacturing and mechanical industries, 0.5 per cent in transportation, in trade 4.6 per cent, professional service 0.2 per cent, domestic and general services 3.2 per cent, clerical occupations 1.8 per cent.

The census of 1910 disclosed that practically 2,000,000 persons under 16 years of age were being employed in this country. These amounted to 18.4 per cent of all children, to practically 25 per cent of all boys.

Note the improvement in 10 years! All done by the States. Why not have additional confidence in the judgment of the governors and legislatures of States for still further improvements?

In 1920, 1,060,858 persons under 16, or 8.5 per cent of all, are recorded, and, as in the former census, it is shown that these were employed largely on farms and mainly home farms. Of this number only 413,549 were reported as employed in urban occupations, carrying or selling newspapers, clerking in stores, serving apprenticeships to trades, or working regularly in mines, mills, or factories.

This is not a satisfactory improvement, but it is a remarkable record of change in 10 years, which was brought about by State legislation without the assistance of the National Government.

Why not trust the States to continue the work?

If conditions were growing worse instead of better, there might be some basis for action, but the steady record of improvement under State direction is encouraging.

Our Nation was founded on the principle that the unit of government is the family; that it extended from the family unit to the county, from the county to the State, and the States delegated to the National Government certain agencies for national government, but reserved at all times the control of the personal, intimate things of local concern.

Now, shall we change this theory because progress does not move fast enough to satisfy the impatience of some of our people?

Shall the people of a great agricultural State be permitted to direct the local affairs of a great manufacturing State, or the people of a great manufacturing State be permitted to dictate the local laws of a purely agricultural State?

We do not want men and women from outside of Missouri, who do not live there, who have no interests there, no local reputation, and who have nothing to lose in the way of local esteem or local reputation, to be sent to our State to direct or regulate matters that are of purely local concern.

We do not want a United States inspector in each schoolhouse or school district. We can do our own inspecting with our own people, elected or selected for that purpose by the people of the State or neighborhood.

Congress can not give the time to consider the local affairs of each State. Members are clamoring for a few minutes to discuss this amendment. They can not be given the time.

How much less consideration can be given to local affairs when the power is given to Congress to regulate the lives of all our children under 18 years of age in each of our 48 States?

The great Government at Washington can not systematically or sympathetically handle the personal things of the people of each of our States.

The old worn-out excuse for answering special propaganda is to give the States the opportunity to act upon an amendment. That is not the correct position, because each Congressman here must honestly accept the responsibility of pushing this amendment so States are forced to act upon it. He can not shirk the responsibility of this specialized propaganda by passing it on to the governors and legislatures of different States.

We must remember that if this amendment becomes effective and our States suffer the ill effects of congressional legislation, the responsibility must rest upon our shoulders, because we put into motion the wheels that make it possible for some other State to force its will upon the citizens of your own State.

The basis of this bill is that States have failed and that State legislators and State governors are incompetent; that Congress can legislate more wisely upon State affairs than can the legislatures of the States.

If the Federal Government shall control our children, then the Federal Government should also provide orphan asylums and support the indigent of the various States. It should appoint the guardian and control the ward. It should regulate the schools, the clothes, and the habits of our children. It can not accept part of the responsibility without ultimately assuming all of it.

When the Federal Government assumes the power and takes charge of this subject, the power and responsibility of a State decreases to that extent and a correspondingly increasing responsibility rests upon the National Government.

If Congress assumes control over the local affairs of each community, it will have to remain in session continuously.

It does not to-day handle national business before it with that degree of care, investigation, and celerity which is necessary for proper legislation; and if we add to this many State and local functions, it could not properly and intelligently perform its supervision over both.

Can we no longer trust the people of the States and the legislatures of States to control the local affairs of States?

Have State governments, State courts, and State police been so faithless to their trust that Congress must now take from them jurisdiction of their own affairs?

Is Congress, with its multiplicity of duties, better able to judge and decide home affairs than are those representatives who were elected solely for that purpose?

Is each State to be placed in the same situation as the District of Columbia, where Congress governs and the local people have no control over their local affairs?

Breaking down the great fundamental of local control in one direction is always followed by new assaults in another direction.

Once we take from the State police control over its affairs on one subject, we will follow by taking national jurisdiction of another subject.

Soon there will be a demand for national control of our police, and then we will have a movement for a national constabulary of police with a national chief of police appointed by the President, who will direct and control the constables, sheriffs, and police officers of our States and cities.

It is but one step removed from national control of our children.

In the past, when Congress has been given the power to do a thing, experience has shown it has always exercised that power to the limit.

It may not do so at first, but ultimately we will have a national law prohibiting the labor of all children under 18 years of age without regard for the wishes or convictions of the people of half the States.

Congress will go to the extreme in this direction, but will probably leave the expense of caring for children in poorhouses and orphan asylums to the people of the State, to be paid for by the levy of State taxes.

We hear little discussion about working children upon the farm.

I was interested in reading the statement of the very able and well-informed representative of the National Farm Bureau, Mr. Gray Silver, who stated before the committee hearing this bill that his organization does not approve of the national limitation proposed and that it does not receive favorable response from the farmers. He states that, because of the diversity of employment, this is one of the matters which can be regulated most efficiently by the States.

He further stated that of the 1,060,959 children under age regularly employed, 647,309 were employed on farms, and he naturally assumes that if 61 per cent of those affected by this national law work upon farms it will be impossible to prevent the extension of national inspection and national police on the farm.

A NEW BUREAU

Congressmen are very eloquent on the subject of local control and opposition to the creation of a new bureau.

This amendment not only creates a new bureau with enormous cost, which will be followed by clerk-made laws, called "bureau regulations," but it takes from the power of the States and adds to the power of the Nation.

It is one big step in the direction of centralization, and centralization ultimately means monarchy.

The quiet toleration with which the encroachment upon the power of States has been going on has ceased. There is a rising tide of protest, and this protest is coming from the thinking men and women of America, from the great newspapers, the great educators, and the men who are entitled to the designation of thoughtful statesmen.

The day of political reckoning is coming. There is a distinct reaction against Federal encroachment. The special propagandists for Federal law have reached the zenith of their power.

Do not assume that it is good politics to advocate congressional control, for it is not. With the advent of Federal police and Federal inspectors the men in Congress who put the machinery in motion to bring them in will have to answer to their neighbors and their constituents. They will not be able to hide behind the special pleader, but must accept the responsibility for putting the movement into motion which brought the Federal inspector and the Federal policeman into the home and into the privacy of the family.

The time has come when Congress must give account of its stewardship.

Each individual Congressman who votes for a new bureau, or a constitutional amendment which creates a new bureau, must accept the responsibility of his vote.

The cost of these new bureaus is simply enormous. It is startling. If it reduced the cost of State activities and the taxes paid for the conduct of State and municipal affairs there might be some excuse, but the costs of State and local government continue and these new bureaus of the National Government are piling up costs at an alarming rate.

In 1871 the cost of Government, excluding the Army, Navy, and interest on public debt, was $62,777,666, an average tax of $1.58.

The cost of the Federal Government in 1921, excluding all costs of war or the expenses of war and excluding disbursements for Federal railroad control, reached the total of $825,968,057, or $7.64 tax per capita, five times the cost of 50 years ago.

Civil-service employees have increased from 53,900 to 560,863. It is due largely to the extension of national jurisdiction.

First we have a bureau, then the bureau asks to be made into a department, and then the department asks for a place in the President's Cabinet.

In 1889 the appropriation for the Department of Agriculture was $1,134,480. The current year it will be $85,000,000.

The Federal Trade Commission, established in 1914, had an appropriation of $75,000. This has been increased to $995,000, thirteen times the original amount.

The Children's Bureau, created in 1912, was given $25,640, with a staff of six persons. At the end of its second year it had 76 people on its pay roll, and its appropriation was $164,000. In 1923 it cost $1,240,000.

It is proposed that we have a national marriage bureau and a national divorce bureau. These will start with a small beginning and then run into millions each year.

We have under consideration a national education bill proposing a national educational bureau, with a place in the President's Cabinet, to cost $100,000,000 a year.

It is proposed that we have a social welfare bureau, with another Cabinet minister at its head.

Many of these objects are worthy, but are matters which should be controlled by the States.

States are already spending enormous sums for the same projects.

The duplication of national effort will not supplant the work done by States; it will simply result in two sets of officers trying to do the same thing, with interference, confusion, and friction.

If men want to destroy State government, why not be honest about it? Wipe out all the State lines and substitute one central government. Do away entirely with the duplication of government.

A vote for this amendment is a move in that direction which will soon be followed by others of a like character.

It is a breaking down, step by step, or, more properly speaking, measure by measure, of the functions of State government.

We have too many laws, too many regulations, too many restrictions.

The word "Verboten," which is a favorite sign in Germany, is now being seen all over America.

Over 10,000 bills trying to regulate the conduct of the people and the affairs of our Nation are now before Congress.

Nearly every one of our States have laws that relate to every conceivable subject.

An attempt is now being made to duplicate all these State laws by national laws, creating new employees and simply duplicating the cost of government.

We are having government by bureaucracy.

We have bureaus investigating business, bureaus controlling commerce, bureaus dealing with every phase of American life.

In 1916 we had 438,057 Government employees. In 1924 it has been increased to 550,607. We pay this civilian army $3,800,000,000 a year.

We can only guess what the cost of this new bureau would be, but if it is effective, it will run into millions. If it is not made effective, it ought not to be put upon the statute books.

I have heard of no demand for the passage of this amendment by the governors of States or the legislators of States. On the contrary, there has been a record of improvement which promises well for the future, and finally we must remember and emphasize the outstanding fact that this amendment will ultimately place under Federal control all persons under 18 years of age.

The amendment will not affect the rich; it will affect the poor.

The rich man's home will not be invaded by the Federal policeman and inspector. It will be the poor man who again comes under national regulation.

It will not be the rich man's boy who will be controlled. It will be the son and daughter of the poor man.

For these I plead some individuality of judgment, some of the rights of home, and some of the liberty that was handed down to us.

Those men and women who believe in one central government, who believe that all power should be vested in Washington, will be consistent in the advocacy of this measure.

Those who believe in local self-government, in the control of certain affairs by the State; who are opposed to bureaucracy; who do not want a duplication of State effort by national effort; who do not want an increase in useless Federal employees; who do not want an increase in Federal taxation, will not be justified, because of a special well-organized propaganda, in supporting this bill.

Union labor will be the first to suffer under its provision, because it means one more extension of Federal power, an extension which will ultimately lead to a great national constabulary of police, controlling all affairs of our people, with its directing head in Washington appointed by the President.

We must remember that one dollar in every eight is now used for the purpose of National, State, and local government. Six and a half per cent of the net income of the Nation is spent for this purpose, and we must in addition remember a vote for this amendment is a vote to substitute a remote and distant authority for local authority which is at home and in direct contact with the matters to be regulated.

Mr. HAWES. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN (Mr. COOPER of Ohio). The gentleman has that right.

Mr. TAGUE. Mr. Chairman, at the direction of the gentleman from Arkansas [Mr. TILLMAN] I yield five minutes to the gentleman from Georgia [Mr. UPSHAW].

Mr. UPSHAW. Mr. Chairman and gentlemen, my concept of loyalty to the Constitution is not violated in my support of this amendment. The very preamble of that document declares that this Government was ordained and established partly for the purpose of promoting the general welfare. In Article V of the Constitution it is declared that Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to the Constitution.

Mr. LARSON of Minnesota. Will the gentleman also state by whom and for whom it was established?

Mr. UPSHAW. It was so plainly established by our fathers for the good of people yet to come that I hardly think it necessary to develop that idea.

Mr. Chairman, this House deemed it necessary to pass a child labor law in, I believe, the Sixty-fifth Congress. That law was declared unconstitutional. The law was passed because it had been found out that State government had not proven adequate. It was impossible to produce a nation-wide concert of action for the protection of the children, and because this House failed in its effort to keep upon the statute books the law that was passed to promote the general welfare, the friends of childhood come now and ask that the Constitution shall simply grant the Congress the privilege of passing a law for the protection of the children that will stay on the statute books.

I remember that the gentleman from Maryland [Mr. HILL] glanced admiringly at the galleries and said that he found himself unable at this time to be on the side of the women voters. I am reminded of the little hopeful who was wonderingly interested in the first visit of his paternal grandmother. She said to him, "I am your grandmother on your father's side and have come to stay awhile with you." He replied, "If you expect to stay long around here you'd better get on mother's side." [Laughter.] The thing that concerns me is not the fact that these women ask for this measure, but it is because in asking for this measure they are gloriously right from their concept of a love for the child that even the father can not understand. [Applause.] I think I have spoken to more children perhaps than any man on the floor of this House, nearly 4,000,000 of them, during my visits among the schools of America. I wish I could adequately explain to you the difference between the children who have been most of the time in the factories and those who have had opportunity to be outside of them.

Because of an engagement made long ago to speak in New York Saturday night on "Americanism on the job," and because I feel that that kind of talk is needed in New York right now, I will be compelled to miss the vote on this measure, but I want to go on record as favoring this and every other kind of legislation that gives the benefit of the doubt to that childhood from which the stalwart citizenship of America's future must spring. Frankly, I am opposed to the 18-year limit. I think it is too high and I would vote for an amendment to cut the age limit to 15 or 16, for I believe in the old-fashioned doctrine taught me by my sane old-fashioned father that every boy ought to know how a tired man feels.

But between the avarice that would coin wealth out of depleted childhood and that child that has a right to be well born and well developed, I take my place on the side of the children. I am standing for the roses on their cheeks and the luster in their eyes. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield three minutes to the gentleman from Texas [Mr. LANHAM]. [Applause.]

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I yield the gentleman five minutes.

The CHAIRMAN. The gentleman is recognized for eight minutes.

Mr. LANHAM. Mr. Chairman, I claim for myself that same sympathetic interest in the welfare of children which every normal person must feel, and am in hearty accord with all proper legislation, State and National, which would safeguard and improve their conditions both of work and play, but I do not believe that these purposes will be best served by this measure or that the necessity exists to adopt it. There are to-day child labor laws in 46 States of the American Union. Under the progress of State government the number of children engaged in gainful occupations has decreased 50 per cent in a single decade. Of the 1,060,858 now at work, 647,309 are found in agricultural pursuits, the great majority of whom assist their parents with the crops. Aside from the fundamental objections to centering all governmental power in Federal bureaus in Washington, can it be faithfully contended that a real necessity exists for this constitutional amendment in the light of the wonderful reduction in child labor in the States already so rapidly made? The Constitution should not be lightly or unnecessarily amended. The great improvement of the States under laws and agents of their own choosing negatives the necessity of authorizing an additional army of bureau agents at public expense to visit from Washington the people of the country and tell them how to run their homes.

In the section where I live it is often difficult for the farmer to make ends meet even with the proper help of his children. We are asked now to vote for a measure which would give to the Federal Government the power to limit, regulate, and prohibit the labor of persons under 18 years of age. Three-fifths of the children who are working to-day are on the farms of our country. There may be some good reason to deprive the farmer of the services of his 16 or 17 year old boy, but I must confess that I for one am unable to find it. Such labor is performed at a season when it does not interfere with the duties of school, and certainly those will not be found lacking who will rightfully contend that wholesome work in the open air is helpful in promoting both the physical and mental welfare of the growing lad. Surely the agricultural States may be relied upon to solve their problems in the best interest of their people.

In the old days we were told that the Government was founded on its homes. New teachers have now arisen who advise us that the homes are founded on Government agents. And so this proposal seeks to follow this new philosophy and send to our firesides these guardian angels from Washington. The principal complaint with reference to child labor seems to be directed against those who work in agriculture, and the outstanding purpose seems to be to make of Federal agents the lares and penates of the rural home. They are to be the godfathers to the farmers' children. I want to picture in the brief time allotted me the visit of one of these Washington agents to the farmer's roof under the operations of the pending proposition. And let it be understood in this connection that my remarks have reference only to those unnecessary officers that this proposal would create and not to men and women now engaged in a faithful performance in the States of proper functions of the Federal Government.

Let us suppose that the bureau officer arrives conveniently just before supper. Of course, he takes no scrip for his journey, for the fearing farmer will furnish him with his daily bread and his nightly bed. He is greeted with that show of hospitality which his authority naturally insures. His wards, the children, are graciously allowed the privilege of packing his grip to the best room, and the rules are also sufficiently relaxed to permit them to fill his car with water and oil and gas.

And so he enters the farmer's humble home with that commendable display of condescension which royalty can sometimes manifest when visiting obliging subjects. An appreciation of his importance is brought to his attention as he enters the door, for there, above the fireplace, where used to hang the old familiar motto, "What is home without a mother?" is another in its stead, which reads, "What is home without a Federal agent?" And over the door he observes with complacency another prayerful one, "Bureau officer, bless our home."

[Laughter.] What a fitting recognition of his supremacy! And then, the more to add to his comfort and to inspire a friendly concern for the welfare of the dependent household, the larder is emptied for the evening meal and he feeds on the best that the humble family can afford.

I see the group gathered after supper in the combination sitting and bed room—the agent, the father and mother, John, the fine, strapping son of 17 summers, and Jim, his equally hearty 16-year-old brother. For their delectation the distinguished guest kindly monopolizes the conversation and glibly descants upon the vast extent of his power, his importance, his prestige at the Capital. The attentive auditors listen in admiration and terror, eyeing with awe this Federal being so wonderfully and fearfully made.

At length arrives the hour for the usual nightly devotion. Of course, the Federal agent is glad to conduct it, but he does not read, to be sure, from the good old family Bible on the table beside him, which through all the years has been "a lamp unto our feet and a light unto our path," and ever should be. It does not teach quite the lesson he wishes to impress. So he substitutes for it an illuminating volume of his own, embodying the forceful precepts of the bureau. And these are the inspiring passages which his wisdom selects:

Consider the Federal agent in the field; he toils not, neither does he spin; and yet I say unto you that even Solomon in all his populous household was not arrayed with powers like one of these. [Laughter and applause.]

Children, obey your agents from Washington, for this is right.

Honor thy father and thy mother, for the Government has created them but a little lower than the Federal agent. Love, honor, and disobey them. [Laughter.]

Whatsoever thy hand findeth to do, tell it to thy father and mother and let them do it.

Six days shalt thou do all thy rest, and on the seventh day thy parents shall rest with thee. [Laughter.]

Go to the bureau officer, thou sluggard; consider his ways and be idle.

Toil, thou farmer's wife; thou shalt have no servant in thy house, nor let thy children help thee.

And all thy children shall be taught of the Federal agent, and great shall be the peace of thy children.

Thy children shall rise up and call the Federal agent blessed. [Laughter.]

These are the new and strange doctrines which he would preach.

Quite naturally, after the solemn contemplation of such novel instruction, the children of the company seek diversion in song, and quite as naturally the Federal agent leads them. The songs are the old ones, to be sure, but changed sufficiently to conform to the new conditions. First they sing the grand old tunes about father.

What's the matter with father? He's all wrong.
The Federal agent told us so and modified this song.
"The old man has to work," said he,
"But you just pattern after me."
What's the matter with father? He's all wrong.

And then that other old favorite:

Nobody works but father;
And we hang 'round all day,
Feet in front of the fire,
Spending our time in play.
Mother helps a little;
So does Sister Ann;
But the guy that works at our house
Is our old man.

[Laughter and applause.]

After these helpful melodies the children gladly join in a dear old modern song about mother:

Sure, I love the dear silver you dream of by day,
And the brow that is furrowed from drawing your pay;
I press the dear fingers that meddle with me;
O, there ne'er was a mother like Agent McGee.

[Laughter.]

Then they warble that plaintive old air of the Spanish-American War days, "Just break the news to mother." It has been appropriately altered, of course, and the tender term of "bureau man" has been substituted for the more prosaic word of "mother." It is true the alteration hinders somewhat the rythmical flow of the original lines, but is there not adequate compensation for this in the added strength of the sentiment?

Just break the news to the bureau man;
He loves me as no other can;
Just tell him not to wait for me
For I'm not coming home.
He is the only other
Who's dearer than my mother;
So kiss his dear, sweet lips for me
And break the news to him.

Finally, the group breaks up for the night. The agent, the cynosure of all eyes and the observed of all observers, uncomplainingly remains in the choicest quarters to muse further on the blessings of his supremacy; the father and mother, hopeful but bewildered, slowly wend their mystified way to the cottonseed bin, for lack of the spare room they have longed for, there to doze and meditate hazily upon this new order of creation; the big, stalwart boys betake themselves to their accustomed places, marveling at the wisdom and authority of their governmental parent and purposing firmly in their hearts some day to be themselves wonderful Federal agents.

The next morning the agent and the boys slumber peacefully on until father and mother apprise them that by their joint efforts the breakfast is ready. At length it is over and the parents must offer their humble apologies to their guest and depart, for it behooves father to leave for the cotton fields to pick the fleecy staple from the bolls, perhaps accompanied on the cotton rows by his wife; but for the further entertainment of the Federal visitor the strapping John is left at home to pick a fleeting tune on the zither, accompanied on the organ by his brother Jim. [Laughter.]

Is it not a beautiful picture? Who would not help speed its happy realization by voting for this measure?

Oh, what a marvelous creature is the Federal agent. Oh, how the people love him. I can not cite the following instances with approval, and refer to them facetiously, of course, but they are indicative of the regard in which the Federal agent has heretofore been held in some quarters. To those who have expressed the fear that Government agents may not be able to make themselves at home and grow accustomed to the new locations to which they may be assigned, let me bring it to their remembrance that in the old days some of the Federal agents, who have ventured into the mountains of Kentucky and Arkansas and Tennessee to regulate the labor of some of the citizens, have become so permanently attached to the local soil that they will leave it nevermore. [Laughter.] Let us hope for a happier fortune for those whom we now arrange to create.

Where and when, my friends, will the establishment of Federal bureaus end? This proposal plans to take their agents to our very homes. Washington is to direct all our energies and tell us what to do. Individual incentive and effort and zeal are to be no longer necessary. Our emotions will be prompted from the Federal Capital. If we continue this course, some day we may reach the time when we may appropriately paraphrase the familiar verse and say:

Breathes there the man with soul so dead,
Who never to himself hath said,
"This is my own, my bureau land!"

[Applause.]

Mr. TILLMAN. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. TAGUE].

Mr. TAGUE. Mr. Chairman of the committee, a great deal has been said here to-day by the opponents of this bill that it constitutes an assault on the age-old institution of State rights. The matter of sustaining and maintaining State rights is not a matter to be lightly set aside, and I am generally in full accord with the safeguarding of the sovereign rights of the several States of our Union. However, a more important matter, in my opinion, is safeguarding the futures of the children of the country who will some day direct the destinies, government, and interests of the States. Their rights precede the rights of States, and this bill proposes to give every child in the United States the protection of its National Government against the avarice of big business.

If it appeared at all possible, perhaps it would be best to leave this all-important matter in the hands of the governments of our States, but that has already been tried without success. There is such a wide variation in the standards of child labor by the various States that there is need for uniform laws whereby a child resident of one State will have the same opportunities, the same protection, as the children of other States. Under our present condition it is not true "that all men are created equal." Only 18 of our 48 States

now have child labor laws to equal or surpass the two Federal child labor laws which have been in operation during the past decade. One State has set no minimum working age for children; 46 States fix it at 14 years or higher for boys and girls in factories or stores and canneries. One State does not regulate the working day for children in any way; 17 States allow children under 16 to work 9, 10, or 11 hours a week; and only 30 States limit the working day for children under 16 years to 8 hours a day. Four States have no prohibition of night work for children under 16; 1 State prohibits night work for children under 14 years 6 months; 5 States prohibit night work for children under 16, with exemptions for certain favored industries; and 36 States prohibit night work for children under 16. Fifteen States allow the employment of children under 16 in mines and quarries and 7 States prohibit in mines but not in quarries. Seven States prohibit night work for children under 16, with exemptions, and 26 without exemptions. Thirty States have no street trade laws applying to boys, and only 10 States have state-wide laws.

Several days ago we considered a restrictive immigration bill and it was passed by this House, and subsequently by the Senate. During the hearings on that bill before the Committee on Immigration and Naturalization much stress was laid on the illiteracy of the inhabitants of some sections of the country. When that bill was being considered in the House I stated that I desired no controversy with the compilers of those statistics, but assuming the figures presented are correct there is presented a very good argument for the enactment of a child labor amendment to the Constitution. Most of the illiteracy found in the United States should be laid at the doors of the State legislatures which have failed to enact State laws requiring the school attendance of minors. Eighteen States have no definite educational requirement for children leaving school to go to work; only 12 States require the completion of eighth grade before issuing employment certificates, and in some of these the enforcement of such laws is neglected and inadequate.

Speaking for myself, there is no element of sectionalism in my desire for the enactment of this bill. While the Southern States have a larger percentage of child labor than any other section of the country because of the predominance of agriculture in the South, the New England States have a larger proportion of child labor in nonagricultural work than any other section. Pennsylvania has a larger number of children employed in manufacturing than any other State. So, while some of my colleagues may feel this bill is directed against their particular section of the country, this is not true. The census of 1920 shows that there are 1,060,858 children between the ages of 10 and 15, inclusive, employed in the United States. Six hundred and forty-seven thousand three hundred and nine are employed in agricultural pursuits, 7,191 in mining, 185,337 in manufacturing, 18,912 in transportation pursuits, 63,368 in trade, 1,130 in public service, 3,465 in professional service, 54,006 in domestic and personal service, and 80,140 in clerical occupations. All of these figures represent children engaged in gainful occupations at an age when they should be at school. In some States absence from school of large numbers of children when seasonal activities are at the highest point is common. Harvesting crops, canning, and other activities in which children can be employed profitably attract the children away from schools. There is urgent need for regulation—uniform regulation—of this menace to the man and woman of generations to follow ours. The census of 1920 shows nearly 5,000,000 illiterates in the United States. The continuance of the existing laws regulating child labor will not diminish this figure proportionately, and it is for Congress to act to require every child to have a measure of education sufficient at least to remove him from the class of illiterates. Under this bill this can be done.

The House Committee on the Judiciary has favorably reported this bill—House Joint Resolution No. 184—and recommends its passage. It should pass, for it is legislation for remedying an evil which threatens the future prosperity of our country. Previous attempts have been made to remedy this evil of child labor by statutory law, and they have failed because of their failure to conform with the provisions of our Constitution. On September 1, 1916, the first child labor law was adopted and became operative one year after. On June 3, 1918, the United States Supreme Court by a vote of five to four declared that act unconstitutional on the ground that it was not a legitimate exercise of congressional power to regulate interstate commerce. On February 24, 1919, Congress included in the revenue act of 1918 a provision for a 10 per cent tax to be imposed on establishments employing children in violation of the age and hour standards provided by the act of September 1, 1916. This last law became operative April 25, 1919, and was in effect until May 15, 1922, when it was held to be unconstitutional by the United States Supreme Court on the ground that it was not a valid exercise of the right of Congress to levy and collect taxes. These setbacks which this type of legislation have received appear to have acted as an incentive for the further employment of children in gainful occupations, and passage of these two laws by Congress have really done more harm than good. It now requires that we utilize every means at our disposal to prevent further infringements on the twice expressed intent of Congress. There no longer is any middle ground; we have our duty set squarely before us. We must recognize the equal rights of every child in the United States to his hours of schooling and his hours of playing. Exploit of children in industry is profitable for stockholders in manufacturing, mining, and agricultural pursuits, but it constitutes a serious loss to the welfare of our country.

In conclusion I am just as willing that the provisions contained in this act be imposed on Massachusetts as I am for them to be imposed on Mississippi. I feel confident that this act if presented for the approval of the Massachusetts Legislature will be approved almost unanimously. I hope the legislatures of every other State in the Union will do likewise.

Mr. SUMNERS of Texas. Mr. Chairman, I yield two minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Will the gentleman from Pennsylvania give me three minutes?

Mr. GRAHAM of Pennsylvania. Mr. Chairman, in recognition of the gentleman from Texas, who so frequently interrupts when we are trying to pass some legislation, I yield him three minutes.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, until a short time ago I thought that I would support this amendment, but I have been giving serious thought to the question during the past few days, and the more I think about it the more convinced I become that I should vote against it.

If this power to control all children under 18 years of age is once given to the Federal Government by the States, it will be given for all time to come, and there will be no getting it back. The Federal Government never gives up any of its power. Twenty-five States might sadly repent of such action, yet they would be powerless to rectify the mistake.

Some of our colleagues seem to imagine that fathers and mothers are so very cruel to their children that it is necessary to give over their management and control to the Federal Government, in order that they may receive just treatment. They seem to assume that there is no harshness and nothing cold-blooded in the Government's attitude toward children. Very fortunately we have in our minds some very sad experiences now to guide us, for until just recently the Government has had the authority to go into every home in our Republic, and in peace time, without the knowledge or consent of the mother and father, through the blandishments of slick-tongued recruiting officers, induce young boys to run away from home and enlist in the Army and the Navy.

And if these young boys happened to be 18 years of age, their parents had no way on earth to get them out. These young boys have been placed down in the hold of a ship, and forced to shovel coal in furnaces, dirty, black, and perspiring under heat so intense that few men unaccustomed to it can stand it. They have learned that their promised fairy trip of pleasure and sight-seeing around the world was but a dream, and that the reality was drudgery a hundred times worse than any they had ever imagined they were suffering in healthful work on their father's farm, and they pined with intense longing for home and mother and farm again. And they would get letters stating that their mother was distracted and sick; that their father was unable to carry on the work; that the mortgage would soon become due, and that unless they could come home their mother might lose her mind. But when application for discharge was made they learned that none of those facts were sufficient, and they would have to serve out their term of enlistment. We have learned something about the mild treatment our Government accords young boys.

And we know from experience just how very hard it is to break loose the Government's hold on young boys, once it has gotten control of them. We know just how long and just how hard a fight it took for Members of this Congress to break that hold and pass a law that hereafter no boy under 21 years of age shall be taken from his home into the Army or Navy during peace times without the written consent of his father and mother.

Thank God such a law was passed by this Congress. But it took many years to do it. Members have raised the question every year in every Congress since I have been here, but would be met by a determined fight against such emancipation each time. For years it seemed to many of us that it was almost impossible to break loose this strangle hold our Government had upon the young boys of this country. But this Congress finally broke it. And thenceforth no boy under 21 years of age can be taken into the Army or Navy during peace times against the wish of his parents.

State legislatures are directly responsible to the fathers and mothers they represent. Only one forty-eighth of the Congress are directly responsible to the parents of a particular State. From what I know about Congress I am not willing to believe that it will pass only wholesome measures. I have seen it get into a mood and record votes that seemed absurd and ridiculous.

I have seen brute force exerted on this floor. I have seen steam rollers operate, when it would be impossible even to discuss a pending measure. I have seen bills with over 100 printed pages reported by committees for passage which had not been read by committee, and I have seen numerous Members vote on important measures when they hurriedly inquired of the Doorkeeper as to what issue was up just before casting their vote. I have seen Congress under "spells," and I am unwilling to transfer to it all control over the Texas boys and girls of my native State. I much prefer that the legislature of Texas should handle this question for the people of Texas.

I was very much impressed by the speech of the gentleman from Missouri [Mr. HAWES]. He spoke of his legislature out in Missouri, a house of 144 members, and a senate of 44 members, and a governor, being better able to decide the question for the State of Missouri than a bureau here in Washington. I believe that the legislature of the State of Texas is better able to handle this question for the boys and girls of my State than is Congress. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman from Pennsylvania use some of his time?

The CHAIRMAN. Does the gentleman from Pennsylvania care to use some more of his time?

Mr. GRAHAM of Pennsylvania. I will yield 10 minutes to the gentleman from Maryland [Mr. LINTHICUM].

The CHAIRMAN. The gentleman from Maryland is recognized for 10 minutes.

Mr. LINTHICUM. Mr. Chairman, I am opposed to this amendment to the Constitution which gives to Congress the right to limit, regulate, and prohibit the labor of persons under 18 years of age. I realize, of course, that it will be argued that the States are protected by section 2, which says:

> The powers of the several States are unimpaired except that the operation of State laws are suspended to the extent necessary to give effect to legislation enacted by Congress.

Thomas Jefferson said:

> I am for preserving to the States the powers not yielded by them to the Union, and I am not for transferring all the powers of the States to the General Government.

No one can successfully deny that this amendment, if adopted by the States, will place it in the power of Congress to control all the activities of persons under 18 years of age. I know of no grant of Federal power which more deeply affects the activities of our people and which centralizes in the Federal Government a greater power than does this proposed amendment. The very rooftree of the home is invaded.

Human relations, whose regulation was reserved to the States and their people, are by this measure vested in the National Government. If Congress assumes the right under this proposed amendment to legislate as to what work can be performed by children under 18 years of age, it has likewise the right to prescribe under what conditions and under what educational facilities they may work.

If it has power to prescribe the educational facilities necessary for work of children under 18 years of age, it has like power to prescribe when, where, and under what conditions they may be educated. You may say this is far-fetched, is carrying to the extreme, and so forth, but who is there before me to-day who dreamed that under the eighteenth amendment, which presumably was limited to "intoxicating liquor for beverage purposes," ever imagined that Congress would go so far as to define one-half of 1 per cent as intoxicating, or would regulate the manufacture of industrial alcohol and the various other ramifications which are possible under the Volstead Act, carrying the eighteenth amendment into effect, which everybody believed meant what it said and said what it meant when it was adopted. Who can define to what extent laws are possible through this innocent-looking child-labor amendment now under consideration?

I feel that in matters purely local, where conditions are different in almost every State of the Union, State matters should be left to regulation by the States. The people of Maryland are self-reliant and self-respecting. They have no desire to further enlarge the powers of the Federal Government and to it designate those things which they can better perform through their State legislation. The Federal Government is already burdened with innumerable affairs, diversified interests, and overhead expenses.

Why should Maryland or any other State desire to give to men from all parts of the Union the right to legislate as to what the children in the respective States may do? Why should they desire to interfere or meddle in any way with our domestic relations when we are fully competent to perform that service, and have by splendid legislation fully protected the children of our State? Our Federal Government was not framed nor created to be a social government or to regulate people's private or family affairs, but solely for common defense and common trade. It is true it has been stretched by construction and grant until it is actually becoming an unwieldy bureaucracy. We can not experiment with amendments; no Federal grant of power once made has ever been recalled. The Federal Government has by amendment, construction, and grant centralized about itself almost all powers of government, and if this grant is made, there will be little left of our much-vaunted State rights, or local self-government, for which our ancestors fought in the Revolution, and which they thought had been forever preserved to their posterity, as recited in the preamble to the Constitution.

A great rent was made in this charter of liberty by the eighteenth amendment, but I verily believe this proposed child-labor amendment will go further into the domestic and personal relations of our people.

The regulation of child labor is very essential and should be performed by the States themselves. The people should not allow themselves to become divorced from it and delegate the responsibility therefor to the Federal Government, far removed from the wants and wishes of the individual. We should not allow ourselves to become so obsessed with the regulation of this important detail as to lead us to permit an attack upon our American principles and to destroy the purport of the Constitution.

This amendment wounds it in a vital spot. There would be little to say after this breach. We will be well on our way toward centralization, which has brought about the disruption of so many nations of history.

The amendment, if adopted, will not be through the vote of the people, but "by legislatures" which perhaps have not been elected with reference to the amendment or perhaps elected before the amendment was proposed, or perhaps called into special session for its adoption. Certainly if this amendment is to be submitted it should be by conventions elected for that purpose, which would at least give it the sanction by vote of the people so far as can be had under the Constitution.

We can not afford to abandon our solemn obligation to preserve local self-government and all the rights and cherished privileges which the people reserved for themselves when they entered into contractual relations in the beginning of our Government when we ordained and established the Federal Constitution. For me I am willing to legislate for all powers granted under the Constitution, but am opposed to further extensions thereof. [Applause.]

The State of Maryland and its people should be foremost among the guardians of our Constitution. It is a noteworthy incident that it was the Maryland-Virginia convention which met at Annapolis that called the convention to meet in Philadelphia in 1787, at which latter convention the present Federal Constitution was framed, discussed, and finally adopted.

The Constitution written at Philadelphia was submitted to the various States, and had been pending before them for ratification for more than six months when the convention of the State of Maryland met for the purpose of taking action on the subject. In several States it had been under close investigation and had been ratified by some. The question had been raised in their several conventions and it was thoroughly understood, that upon the ratification of the Constitution by nine States or more it was certain that several amendments would be proposed to that instrument securing certain reserved rights to the States. It was manifest to Maryland that these amendments would be proposed and agreed to by the mutual consent of the States even though the Constitution had been already ratified.

It was plainly agreed and understood by the Maryland convention as the debates will show that no power was to be relinquished except that which was delegated by the terms of the Constitution. The convention of Maryland by resolution ratified the Constitution by a vote of 63 to 11, with the plain understanding and obligation that the amendments proposed by Governor Hancock and Samuel Adams, of Massachusetts, and Thomas Jefferson, of Virginia, would be ratified by the States thereafter. The great Marylander, Luther Martin, had laid his views before the convention and the people of Maryland, and after giving due consideration to all that he had said, and the things said and done in the other conventions, Maryland gave her consent to the Constitution upon the sole ground that she delegated only certain powers and reserved all others to herself. Little did the fathers dream of the incursions which are being made upon their compact resulting in the vast centralization of power in the Federal Government. [Applause.]

I yield back the balance of my time, Mr. Chairman.

The CHAIRMAN. The gentleman from Maryland yields back one minute.

Mr. TILLMAN. Shall I yield time, I will inquire of the gentleman from Pennsylvania?

Mr. GRAHAM of Pennsylvania. Yes.

Mr. TILLMAN. Mr. Chairman, I yield three minutes to the gentleman from Indiana [Mr. COOK].

The CHAIRMAN. The gentleman from Indiana is recognized for three minutes.

Mr. COOK. Mr. Chairman and gentlemen of the House, if we are to take literally that which several gentlemen have stated here, it would appear as though we were enacting a law to prohibit boys and girls from working upon the farms. That is not the proposition at all. And it would appear further as though by our action here we would be taking from the States certain rights that now belong to them. I recognize those rights of the States, and also the rights of the Federal Government. We are doing nothing whatever of that kind. All that this body can do is to propose the amendment and the States will decide whether they will surrender their rights and let the Congress regulate this question. That question will rest upon the judgment of the several States. [Applause.]

This Congress can not take the power to regulate child labor from the States without the States voluntarily surrendering that authority. Therefore all that we are doing is to propose it.

This question has been discussed in the country for 25 years. The Democratic Party while in power passed the first child labor law, which was held unconstitutional. Then later on another child labor law was passed and that was held to be void. The question has been agitated for all of this time, so that the question has been discussed to such an extent that it has certainly become a national question, and the people of the States are entitled to an opportunity to express their opinions thereon.

That is all we are doing. I recognize the rights of the States. But that is not the question here. It is for the States themselves to say whether they will surrender these rights or not. I respect the wisdom of our fathers. If we are to listen to some of the arguments here one would suppose that our fathers intended to put into the Constitution a declaration that we never should amend it.

Why, the very first Congress which assembled after the Constitution was ratified proposed 10 amendments; then we had 2 more; then we had 3 more growing out of the Civil War; then the Democratic Party proposed 2 more and made a fight for amending the Constitution as to the income tax and the election of Senators by the direct vote of the people. Gentlemen talk about surrendering the rights of the States. As a matter of fact, the States must first voluntarily surrender those rights before this amendment can become a part of the Constitution. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MERRITT].

The CHAIRMAN. The gentleman from Connecticut is recognized for 10 minutes.

Mr. MERRITT. Mr. Chairman, this proposed amendment to the Constitution is most difficult to discuss, especially for one who finds himself unable to support it. Its very name carries with it a sentimental appeal which affects everyone, and an implication that anyone opposing it favors child labor. Of course no one wishes to have children or children's labor exploited in any direction or by anyone and everyone naturally feels that children must be protected by any necessary legislation. Therefore, as to the objects to be attained I suppose there is no difference of opinion, but the question is how, in the end, the children of this Nation are best to be protected; what is necessary legislation; and where should such necessary legislation be enacted. During the past 20 years there has been a great awakening in this country and throughout the world to what is called social justice. The results have in many cases been beneficial. The motives of all associations looking toward social betterment are good and they are fostered by good and public spirited men and women. It happens almost universally, however, that these associations want immediate improvement of the conditions concerning which they complain, and they generally desire that these improvements shall be accomplished by law. There is a curious and mistaken notion in the minds of most people, and especially American people, that if you pass a law embodying good motives the evil is automatically cured. They fail to remember that in a democracy, where every individual is a part of the government, the only possible way to produce real reforms is first to educate and reform the individual units. They fail to bear in mind that no democratic government in any respect can be better than the average public opinion of its units. In these times, therefore, when so many so-called reform movements are under way, it is particularly important to base one's judgment on the consideration of fundamental social and economic law and to bear in mind that real reforms must come slowly because they must, in the end, depend upon enlightened public opinion, which must in turn depend upon the education of the individual. And in this country it is especially important to bear in mind the fundamental political structure of the Government. It is of little force to cite what other countries such as England or Germany or France do or have done in the matter of education or social welfare, because those countries are relatively small in extent and have grown from an entirely different base.

We must remember that this country is continental in extent, with a heterogeneous population, with the widest variety of physical and climatic conditions, and the widest variety of industrial conditions. We must remember also that the States were in existence before the United States, and that it was the States which, by surrendering certain definite parts of their sovereignty, formed the Union, and each State reserved all its rights not specifically surrendered to the United States. This was no mere form of words, but throughout the entire history of the country it has been recognized that the States and their sovereignty are absolutely essential to the life of the Government. Many statesmen have declared from time to time that to carry on our Government properly the States, if they had not existed, must have been created, because it is not possible under existing conditions in our country properly to regulate social affairs through any central agency.

Mr. LARSON of Minnesota. Will the gentleman yield?

Mr. MERRITT. I must decline, because I have very limited time.

The States in forming this Union surrendered of their sovereignty only what was necessary for the purposes for which the new Government was adopted. Those purposes are thus described by Hamilton in No. 23 of the Federalist:

> The common defense of the members; the preservation of the public peace, as well against internal convulsions as external attacks; the regulation of commerce with other nations and between the States; the superintendence of our intercourse, political and commercial, with foreign countries.

And the statement of the powers reserved to the States is set forth by Madison in Nos. 45 and 56 of the Federalist:

> The powers reserved to the several States will extend to all the objects which in the ordinary course of affairs concern the lives, liberties, and properties of the people and the internal order, improvement, and prosperity of the State. * * *
>
> By the superintending care of these (the States) all the more domestic and personal interests of the people will be regulated and provided for. With the affairs of these the people will be more familiarly and minutely conversant.

If the separation and distinction of powers above set forth were important when the Union was founded, how much more important are they when the country has extended itself across the continent and has grown from a handful of people to a population of more than a hundred million. Meanwhile, the variety of interests and the complexity of social relations, compared with colonial days, have increased a hundredfold. The truth of this statement is emphasized by the fact that of the States which have already adopted child-labor legislation, or which are endeavoring to legislate wisely and with the interest of the child in view, nearly every one has made exceptions and special provisions to cover conditions peculiar to that State. It is obviously impossible, even if this constitutional amendment should be passed, for any central authority here in

Washington, whether the Congress or a bureau, to make laws and regulations which shall provide for the differing population and differing conditions in the several States as wisely as these States can provide for themselves. If the reply is made that these variations can be taken care of by bureau regulations, then you will have a government of men and not of law.

There has been of late years a strong tendency for the United States to absorb more and more of the so-called police power of the States. We have the Interstate Commerce Commission running our entire transportation system. We have the Federal Trade Commission, with its strong arm reaching out to affect every commercial business and enterprise. We have United States tax commissioners sending their agents into every office and every probate court and every home. And we have a United States prohibition commissioner attempting to guard, in one direction at least, the morals of our citizens.

I am not arguing now whether some of these activities are not necessary or whether some of them may not be beneficial, but I am pointing out that this tendency and this legislation have had the effect of turning the eyes of the country in all cases where any wrong is supposed to exist or where any improvement in existing conditions is desired, not to the State legislature, not perhaps to their own city or town government, but to Washington. This tendency has the result of diminishing the feeling of personal responsibility and municipal responsibility and State responsibility. Any man or any community feels more interested and more concerned in anything for which he himself is responsible and in which he himself has a part. Washington is so far away and the United States has so many millions of people in it that it is difficult for any individual or any community to feel either much responsibility for governmental activities or to feel that what that individual or community does can have much effect on the general result.

The secondary effect of this feeling is a lack of interest, a lack of responsibility, and to that extent the weakening of democratic self-government. If I am right in these general observations, it would seem to be clear that, if it can be done, it will be better for the communities and better for the children themselves if their special communities can feel their responsibility and have the actual care of their welfare.

In the hearings Miss Abbott, head of the Children's Bureau of the Department of Labor, was asked how long there had been definite progress in the United States with reference to the improvement of conditions of child labor, to which she replied as follows:

> Well, of course, the whole theory has completely changed in 100 years. One hundred years ago child labor was thought to be a good thing and was advocated. In that 100 years there has been a complete change of public opinion with reference to it. That change of opinion came slowly, but before the Civil War five or six States had started toward regulation and control. Most of the regulation and control, however, has come in the last 20 years, since the census of 1900.

And later in the same hearing she was asked whether the agents of the bureau found any general drift of opinion in the States in favor of improving conditions, and she replied as follows:

> I think very great improvements have been made in a number of directions in the last 20 years. If we include the whole range of child welfare—dependent, neglected children and delinquent children, child health, and all sorts and kinds of public undertakings for children—great improvement has been made.

It seems clear, therefore, from this testimony—and I think it is within the knowledge of every man in this House—that the States are gradually, and indeed rapidly, not only appreciating the importance of protecting growing children from exploitation but they are legislating effectively in that direction. It will be found in the hearings that there are practically no States now without some beneficial child legislation and very few States where the conditions are said to be really bad.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. MERRITT. May I have five minutes more?

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I yield the gentleman five additional minutes.

The CHAIRMAN. The gentleman from Connecticut is recognized for five additional minutes.

Mr. MERRITT. Many statistics and figures are given in the hearings to show how many children throughout the country are engaged in gainful occupation, but when these are sifted it will be found that nearly all of them are engaged in agriculture in one form or another, that practically all are engaged only part time and during their school vacations, and they entirely fail to show that any considerable number are injured by the work which they do. Gentlemen in favor of this amendment have stated that they are moved by the principle involved, and not by the particular number of children affected. But I think that the statistics affect the principle in this way, namely, that they show, and Miss Abbott's testimony shows, that local sentiment is gradually taking care of this question. If the principle of self-reliance and initiative and interest in the Government is the principle on which this country has grown and on which it must rely not only for its growth but for its very life; if these characteristics are important, then I say that United States control of the social life of the family and the individual as permitted by this child labor amendment will do the present generation and coming generations of this country in the aggregate more harm than good. They will see and their parents will see United States inspectiors, directed from Washington, in every farm and in every factory and in every family from Maine to California and from Florida to Oregon. They will feel that the real power and the real responsibility in this country is in Washington, and not in their own State and their own community, and this feeling, in my opinion, will do more to weaken the feeling of civic responsibility and civic pride, and therefore in the end do more harm to these children and their descendants than any possible good which can come out of this child labor amendment. Remember that every good which can come out of it is already accomplished by State action in nearly all the States, and will in the very near future be accomplished in all the remaining States.

A generation is not a long period of time in the life of a nation, but the blighting effect of taking away the police power of the States and centralizing it in Washington will be perpetual. In an address before the American Bar Association in August, 1922, Mr. Coolidge, then Vice President, said:

> In a republic the law reflects rather than creates a standard of conduct. To dragoon the body when the need is to replenish the soul will end in revolt.

Mr. Coolidge was not then speaking of any specific law or of any specific movement, but what he said was of very general and important application. Applying it to the matters covered by this amendment it is of supreme importance that what Mr. Coolidge speaks of as the standard of conduct should be created in the different States and communities by enlightened local opinion, and that it should not be forced upon them by any central authority,-whether constitutional or otherwise.

I do not like to inject into a discussion of a question of this sort the question of appropriations, because, while the expense of Government and Government bureaus is important, it is not so important as the principle involved. But it is perfectly evident that if this amendment passes and the Children's Bureau, or whatever bureau has charge of the carrying out of this law, begins to function, the growth of its activities and the number of its employees will surpass the greatest expectation or fears, as the case may be, of any Member here. It was shown in the hearings that the Children's Bureau began in 1915 with an appropriation of $25,000, and that to-day, less than 10 years later, its appropriation is $1,400,000. In 1900 there were in the United States administration, outside of the regular departments, three independent establishments with an annual appropriation of $820,000. In 1920 there were 33 independent establishments for which the appropriation was $650,000,000, which is $200,000,000 more than was required in 1900 to operate all the departments of the Federal Government.

Mr. FOSTER. Will the gentleman yield? The gentleman should state that those figures include the amount to enforce the maternity law.

Mr. MERRITT. I can not yield. The gentleman can correct my statement in some other way.

Practically all of the States which have legislated on this subject have confined their legislation to children up to 16 years of age. This amendment proposes to give Congress the right to legislate up to 18 years of age. I do not know the reason for this, but I think that most of those who listen to me will agree that when a boy gets to be 16, certainly with the help of his parents or friends he can quite as well determine what is best for him to do as some bureau chief in Washington can determine for him. I do not see why, if the Congress is to control a boy or girl up to 18, the control should not continue up to 28, and if it is to have power to regulate employment up to 18, why it should not have power to regulate all other personal and family relations? If this amendment carries it will undoubtedly be followed later by other encroachments of the United States in other directions, so that in the

end the different States will be like the Departments of France or like the different parts of the German Empire and will be governed or practically governed by commissioners from Washington.

The whole question was admirably summed up during the hearings by my able friend from Texas [Mr. SUMNERS], when he said that the two views—

represent a conflict between the two ideas of government. One is that you should have government come up from the people; and the other is that the Federal Government, with an elected personnel of less than 600 and between five and six hundred thousand appointed officials should substitute its will and government for the will and government of the people of the States or citizens of the States.

To picture all the youth of this country, boys and girls, legislated into idleness for the first 18 years of life is startling, and yet if you pass this amendment it is quite possible. Who can tell what effect on future Congresses the zeal of bureaus and their agents and the propaganda of well-meaning societies may have? If you pass this amendment one can easily picture a Federal agent standing guard on a farm to prevent the children from 18 down from helping their father in his work. There is now a general complaint that young people do not want to work. Is it likely that these complaints will diminish if, by law, you prevent all of them, even those who want to work, from working for 18 years?

It may be said that no Congress will enact a law so fantastic; but why should we, even by constitutional amendment, give opportunity for such fantastic legislation? Gentlemen, it is a solemn thing to amend our Constitution, and it is a solemn thing to take away from the State, the town, and the family direct responsibility for their children. Consider well before you vote to do it.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BEGG, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House Joint Resolution 184 and had come to no resolution thereon.

WORLD WAR FOREIGN DEBT COMMISSION (H. DOC. NO. 243)

The SPEAKER laid before the House the following message from the President of the United States, which was read and with the accompanying papers referred to the Committee on Ways and Means and ordered to be printed.

To the Congress of the United States:

I am submitting herewith for your consideration the report of the World War Foreign Debt Commission, dated April 25, 1924, together with a copy of the agreement referred to therein, providing for the settlement of the indebtedness of the Kingdom of Hungary to the United States of America. The agreement has been executed on April 25, 1924, with my approval, subject to the approval of Congress, pursuant to the authority conferred by act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923.

I recommend the approval and authorization of this agreement.

CALVIN COOLIDGE.

THE WHITE HOUSE, *April 25, 1924.*

INTERNATIONAL EXPOSITION AT RIO DE JANEIRO (S. DOC. NO. 98)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Industrial Arts and Expositions.

To the Congress of the United States:

I transmit herewith a report by the Secretary of State, forwarding, in conformity with section 9 of the joint resolution approved November 2, 1921, providing for participation by the United States in the international exposition which was held in Rio de Janeiro in 1922–23, the departmental reports called for by sections 5, 6, and 7 of the joint resolution.

While not required by the resolution, the Secretary of State submits also, merely for the information of Congress, the report of the commissioner general to the exposition in two forms, namely:

1. The report in five volumes containing illustrations; and
2. The report in two volumes without illustrations.

The attention of Congress is invited to the request of the Secretary of State that Congress will not, by any legislation, require that the expense of printing and binding of this report in either form should be charged to the appropriation or allotment of appropriation for the printing and binding of the Department of State for the current fiscal year, notwithstanding the provisions of Public Resolution No. 13 of March 30, 1906.

It will be observed that the Secretary of State states that there is an approximate balance of $200,000 in the appropriation of $1,000,000 provided in the deficiency act approved December 15, 1921, for the expenses of taking part in the Rio de Janeiro exposition, against which balance it would be perfectly proper for Congress, should it so desire, to order the printing and binding of the report to be charged.

CALVIN COOLIDGE.

THE WHITE HOUSE, *April 25, 1924.*

CHILD LABOR CONSTITUTIONAL AMENDMENT

Mr. GRIFFIN. Mr. Speaker, I am in favor of amending the Constitution in order to enable Congress to pass appropriate legislation safeguarding the life, the health, and the future of the children of our land. There is, however, no necessity to give to the Federal Government a greater grant of power over the individual States than the economic conditions of the Nation require.

The need for some enlargement of Federal powers is obvious, but in the excess of our zeal we should not ask the States to surrender any more of their jurisdiction than is absolutely necessary to accomplish our benevolent purpose.

What is that purpose? It is to prevent the childhood of the land from being exploited and ruined in health by enforced labor in arduous and dangerous employments.

No one will contend that helping his father to do the chores around a farm will endanger a boy's health; nor selling papers, nor helping the butcher, the baker, or the grocer in delivering parcels after school hours. Yet, under House Joint Resolution 184, which has been reported out of committee, it would be put within the power of Congress to prohibit any child under the age of 18 from engaging in such useful, harmless, and profitable employments.

The proposed amendment gives Congress the power "to limit, regulate, and prohibit the labor of persons under 18 years of age."

That, in my opinion, places the limit of age too high. Congress ought to have the power to regulate and control the conditions of labor of children, but it should not be vested with the power to prohibit entirely their employment at any age except, perhaps, under 16.

What are we to do with our youth after they have finished their primary education? Some are not fitted for college education. Is it not better to have them engage in useful work which will help their parents and at the same time encourage habits of thrift and industry, than to bring them up in idleness, lead them into temptation, and ensnare them in the meshes of vice?

My concept of the proper scope of a constitutional amendment on the subject of child labor is as follows:

I. Congress should prohibit the labor of persons under 16; but only in dangerous or hurtful occupations, as in mines, quarries, mills, canneries, workshops, factories, or manufacturing establishments, and only regulate and control it in other occupations.

II. It should not prohibit the labor of persons over 16 anywhere.

III. But it should regulate and prescribe the conditions of labor in dangerous or hurtful occupations for the benefit of persons over 16, whether men or women.

In conformity with those principles I have introduced the following House joint resolution:

Joint resolution (H. J. Res. 223) proposing an amendment to the Constitution of the United States relating to child labor.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as a part of the Constitution:

ARTICLE —

"Congress shall have power to prohibit the employment of persons under 16 years of age in mines, quarries, mills, canneries, workshops, factories, or manufacturing establishments, and to prescribe the conditions of such labor therein of all persons over the age of 16 years."

My amendment gives the power to Congress to prohibit the labor of children under 16 in certain hazardous, dangerous, or unhealthful occupations, coupled with the power to regulate the conditions of labor of all persons, men and women alike, over 16 years. This is as far as we ought to go. It will be amply sufficient to meet the evils complained of. To give Congress larger latitude would unnecessarily hamper the free-

dom of the individual States to meet local conditions. The evils aimed at by this constitutional amendment are materially less than when this movement began. To-day 46 States have child labor protective laws.

The only excuse for Federal intervention now it seems to me is to lay the foundation for a large and expensive Federal bureau with its supervisors, inspectors, and enforcement officers ensconced in fat jobs all over the land. We have already gone far enough on the pathway of Federal interference, and it is time to call a halt.

Let us vest in Congress the power, and only the power, that it actually needs in view of the Supreme Court decisions; but beyond that it is unsafe and unwise to go, if we are at all concerned about preserving the initiative and self-respect of the individual States.

I fear the inroads of the Federal Government not because I am a Democrat, but because I am an American, revering the basic principles upon which our Government was founded.

State sovereignty is just as vital to the preservation of our system of government as local home rule. The basis for both is only an enlargement of the concept of individual liberty. Liberty and equality are the foundation stones of this Republic. That a man's home is his castle has become a maxim firmly embedded in English and American law. There can be no true freedom where the rights of the individual are hampered, controlled, regulated, and harassed by petty legalistic restrictions. There can be no true freedom where cities, towns, and villages are coerced and dominated by State laws. Where they are so dominated their status soon becomes that of a conquered province. Such a relationship between the smaller and the larger units of government does not make good citizenship. It excites resentment and stirs up the spirit of revolt. The same result follows from the usurpation by the Federal Government of restrictive and meddling powers over the individual States. There can be no true union of the States where the social and economic conditions in the separate States are ignored or flouted. To coerce a State by objectionable Federal legislation is just as immoral and unwise politically as for a State to harass a city, town, or village or for a municipal unit to harass an individual.

These are general but vitally fundamental maxims of government in a republic. They are maxims naturally flowing from and collateral to the basic principles of free government that the rights of minorities should always be respected and protected.

The series of checks and balances ingrafted on our Constitution were mainly devised to conserve and protect those rights. It was upon that principle that even the smallest of the Colonies was assured of always having two Senators in the United States Congress, irrespective of its population. It was upon that principle that the presidential veto was established, and it was in consonance with that principle that the Supreme Court, basing its authority on the intent of the founders as evidenced throughout the warp and woof of the Constitution, undertook to pass on the constitutionality of the acts of Congress. The underlying and, indeed, the paramount thought was the protection and conservation of the rights of the minority, whether of the individual, of the municipality, or of the State.

To disregard this fundamental law or principle of our national existence is only to invite disaster to our institutions and substitute in place of a wrecked and abandoned Constitution a tyranny of the majority and the reign of mob law.

There is nothing in any of these propositions which endangers the supremacy of the majority. There is no suggestion here that we should lessen our loyalty to that other fundamental maxim of government that the majority should rule. But that rule should be one of law and not of caprice. It should be a domination softened by the golden rule, which prescribes that we shall do unto others what we would have them do unto us.

Thomas Jefferson has wisely laid down the true distinction between majority rule and tyranny in the following terse statement:

> Though the will of the majority is in all cases to prevail, that will, to be rightful, must be reasonable; the minority possess their equal rights, which equal laws must protect.

Mr. SWOOPE. Mr. Speaker, a million children are to-day toiling at hard and nasty jobs in the United States because the United States Supreme Court declared the child labor law unconstitutional. They are missing school, stunting their growth, losing their chance in life, becoming undersized, weak, and vicious. There has been a startling increase in child labor since the Supreme Court decision. There are 38 per cent more children working this year than there were last. Even in Pennsylvania, where there is a strict child labor law, Pittsburgh reported 127 per cent increase in child labor.

STATE LAWS CHAOTIC

The States can not be depended upon to enact sufficient child labor laws. Of the 48 States only 8 have improved their child labor laws since the Federal child labor law was found to be unconstitutional. In most of the States there is no limitation beyond the requirement that a child must be able to read and write before going to work.

The condition of State legislation on this subject is chaotic and unsatisfactory. Two States, Utah and Wyoming, have no age limit. Twenty-seven States have the 14-year-age limit in the occupations named in the law, and 21 States for factories and canneries, but allow many exemptions in certain industries and at certain times of the year.

ECONOMIC EFFECTS OF CHILD LABOR

The economic effect of this chaotic condition of the child labor laws is to give the States where the laws do not protect children a supply of cheap labor, and this enables them to obtain a temporary advantage in manufacturing over those States that have higher and stricter standards. While by our strict immigration laws we try to protect our labor from competition with the cheaper labor of Europe and by our tariff laws to protect our manufacturers from competition with the cheaply produced goods of Europe, we permit our labor at home to be struck in the back by the cheap labor of helpless and unprotected children.

EVIL RESULTS TO THE CHILDREN

But the most serious effect of child labor is that it prevents the children from getting an education and from attaining their proper physical development. Among the many cases reported by the Child Welfare Association I abstract the following:

> In one flat of three small rooms and a kitchen in Jersey City lived a family of mother, father, and seven children. There were also 4 boarders, 2 cats, and 12 chickens in the flat. The sanitary conditions were unspeakable. During the months of the present summer, when the children of this family have not been compelled to attend school, they have been made to sit all day fastening pieces of tin in cheap toys destined for the play of happier boys and girls. The children who were thus employed were undernourished and predisposed to tuberculosis, four in the family having died before the age of 4 years. The combined earnings of the children augmented their parents' income by about $6 a week.

In a survey by the Children's Bureau of 1,350 children working in oyster and shrimp canneries on the Gulf coast illiteracy was found to be as high as 25 per cent, while for children of the United States as a whole it is only 4 per cent. The work is done in wet, cold, and drafty sheds, and the children suffer numerous accidents.

> Cuts from the oyster shells, sores resulting from running shrimp thorns in the hands, rawness of the flesh from the shrimp acid, burns, and infections are frequent among the small workers.

In the cotton fields of Texas children, we are told, often work 10 or 11 hours a day. On the truck farms of New Jersey, Maryland, and Virginia many of them begin work before the age of 10. But these pictures drawn from the Children's Bureau are cheerful, it is said, when compared with those of children in the coal-mining regions:

> There the hideousness and dreary remoteness of the mining camp form a sordid background for the boy who begins work on the breakers and in the mines, sometimes before he is 14, often before he is 16.

Industry invades even the domestic sanctuary. In many States home work comes under the child labor laws, and permits are required for children from 14 to 16, while younger children are forbidden to work at all. But it is almost impossible to control work in the homes, and in some of the States enforcement of the law is lax. And when the enforcement becomes lax, says Harold Cary in Collier's Weekly, packages for home work will come shooting in by parcel post. There is no Federal law to stop it. And—

> You in Wyoming or Florida, in Maine or Arizona—

He writes—

> can still get your pretty nightgowns and your milk tags handled by diseased tenement children, straining and wearing out their eyes, denied the right to an education and the right to play and develop into real human beings.

When the Army draft figures showed us that 29 per cent of the men were physically unfit we cried, "We have not taken care of our children." And whenever statisticians tell us that

illiteracy is highest in those States where child labor is highest, that only 17 per cent of our children of school age are enrolled in any school, that we are a Nation of fifth graders, or that a million children leave school each year for work we admit freely that it is a serious and shameful thing for us.

OBJECTIONS TO THE AMENDMENT

Yet when we come down to the particulars of Federal control or of State child-labor standards we are never quite so sure. We mention State rights and overcentralization, which is the basis of the argument against the child labor amendment in the minority report of the committee.

Many of the opponents of the child labor laws have said openly that they dislike constitutional change. Many of them are strong believers in State rights and would prefer more power rather than less to go to the States. Yet in this case they are agreed that child-labor regulation is right, but should be by the States.

Some people dislike all amendments. Speaking of the proposed twentieth amendment a paper sarcastically says, parodying the words of Lincoln:

Half a century hence some President will begin a noted address, "Fourscore and seven amendments ago"—

And so forth.

NECESSITY OF THE AMENDMENT

But the amendment is necessary. It is the only way to clear up the situation and make uniform standards for the whole country. There may be objections to its operation and it may cost money, but the present conditions are intolerable. "It is a condition, not a theory, that confronts us." Technical objections must not be allowed to prevail against necessity.

A speaker at a minister's meeting told the story of a negro clergyman, who so pestered the bishop with appeals for help that it became necessary to tell him that he must not send any more appeals. His next communication was as follows: "This is not an appeal; it is a report. I have no pants."

So the children are crying for help, and an amendment to the Constitution is the only way to help them. The children, in the eloquent appeal issued in their behalf by the Child Welfare Association, demand the abolition of child labor in America.

Industry is never justified in thriving on children. Child labor does not destroy poverty; it only reproduces it.

The abolition of child labor does not throw the children onto the streets; it puts them in the schools.

This much is certain:

A minor under 16 should not be economically an industrial unit in esse, but an industrial unit in posse. In other words, the end society ought to aim at is child development, with wages, if any, regarded as an incidental matter.

Under the American flag, the standard of liberty, fraternity, and equality, of freedom under the law, there must be no child slavery. We have secured the rights of man and the rights of woman by constitutional amendments. Now, we must secure by the twentieth amendment the rights of unprotected childhood.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WELLER, for five days, on account of a funeral.

ADJOURNMENT

Mr. GRAHAM of Pennsylvania. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p. m.) the House adjourned, in accordance with the order previously made, until to-morrow, Saturday, April 26, 1924, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GIBSON: Committee on the District of Columbia. H. R. 8055. A bill providing for a comprehensive development of the park and playground system of the National Capital; without amendment (Rept. No. 571). Referred to the Committee of the Whole House on the state of the Union.

Mr. HOCH: Committee on Interstate and Foreign Commerce. H. R. 7762. A bill to provide for the method of measurement of vessels using the Panama Canal; with amendments (Rept. No. 573). 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,

Mr. CURRY: Committee on the Territories. H. J. Res. 226. A joint resolution for the relief of special disbursing agents of the Alaskan Engineering Commission, authorizing the payment of certain claims, and for other purposes, affecting the management of the Alaska Railroad; with amendments (Rept. No. 572). Referred to the Committee of the Whole House.

Mr. WAINWRIGHT: Committee on Military Affairs. H. R. 5661. A bill granting permission to Col. Harry F. Rethers, Quartermaster Corps, United States Army, to accept the gift of a Sevres statuette entitled "Le Courage Militaire," tendered by the President of the French Republic; without amendment (Rept. No. 574). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HUDSON: A bill (H. R. 8880) to provide relief for the inhabitants of the Virgin Islands, and for other purposes; to the Committee on Insular Affairs.

By Mr. HULL of Tennessee: A bill (H. R. 8881) amending section 1 of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

By Mr. LEAVITT: A bill (H. R. 8882) authorizing the construction of approach roads to national parks and monuments; to the Committee on Roads.

By Mr. GRAHAM of Pennsylvania: A bill (H. R. 8883) to amend an act entitled "An act authorizing insurance companies or associations and fraternal beneficiary societies to file bills of interpleader," approved February 22, 1917; to the Committee on the Judiciary.

By Mr. QUAYLE: A bill (H. R. 8884) to amend the war risk insurance act to provide compensation and vocational training for civilian employees who served overseas during the World War; to the Committee on World War Veterans' Legislation.

By Mr. HASTINGS: A bill (H. R. 8885) to amend section 11 of the Federal highway act, approved November 9, 1921, by including nontaxable Indian lands in the class with unappropriated public lands; to the Committee on Roads.

By Mr. McKENZIE: A bill (H. R. 8886) providing for sundry matters affecting the Military Establishment; to the Committee on Military Affairs.

By Mr. McFADDEN: A bill (H. R. 8887) to amend an act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918; to amend section 5136 as amended, section 5137, section 5138 as amended, section 5142, section 5150, section 5155, section 5190, section 5200 as amended, section 5202 as amended, section 5208 as amended, section 5211 as amended, of the Revised Statutes of the United States; and to amend section 9, section 13, section 22, and section 24 of the Federal reserve act, and for other purposes; to the Committee on Banking and Currency.

By Mr. HAWLEY (by request): Resolution (H. Res. 269) to pay Samuel W. Hardy additional compensation as assistant janitor to the Ways and Means Committee; 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. BEGG: A bill (H. R. 8888) granting a pension to Mary Pfaff; to the Committee on Pensions.

By Mr. COLE of Ohio: A bill (H. R. 8889) for the relief of William Henry Greek; to the Committee on Military Affairs.

By Mr. HILL of Maryland: A bill (H. R. 8890) granting a pension to Mary A. Johnson; to the Committee on Pensions.

Also, a bill (H. R. 8891) granting a pension to Otto Miller; to the Committee on Pensions.

By Mr. HUDSON: A bill (H. R. 8892) granting a pension to Mary Smith; to the Committee on Invalid Pensions.

By Mr. HUDSPETH: A bill (H. R. 8893) for the relief of Juana F. Gamboa; to the Committee on Claims.

By Mr. HULL of Tennessee: A bill (H. R. 8894) granting a pension to Jane Herron; to the Committee on Invalid Pensions.

By Mr. KEARNS: A bill (H. R. 8895) granting a pension to Annie E. Lamb; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 8896) for the relief of the owners of the French bark *France*; to the Committee on Claims.

By Mr. MERRITT: A bill (H. R. 8897) granting an increase of pension to Sarah A. Bryan; to the Committee on Invalid Pensions.

By Mr. ROBSION of Kentucky: A bill (H. R. 8898) granting a pension to Mary H. Vincent; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8899) granting a pension to Sarah Hall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8900) granting a pension to Carolina Brown; to the Committee on Invalid Pensions.

By Mr. ROMJUE: A bill (H. R. 8901) for the relief of Robert T. Jackson; to the Committee on Claims.

By Mr. SHREVE: A bill (H. R. 8902) granting a pension to Ella Shiner Davis; to the Committee on Invalid Pensions.

By Mr. THOMPSON: A bill (H. R. 8903) granting a pension to Eva Dora Fuller; to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 8904) granting a pension to Zachary T. Anthony; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2524. By Mr. CRAMTON: Petition of the Ladies' Library Association, Port Huron, Mich., urging an appropriation of necessary funds to enable the President to send representatives to the coming International Conference on Narcotics; to the Committee on Foreign Affairs.

2525. By Mr. CULLEN: Petition of New York Chapter, Military Order of the World War, favoring the adoption of the Star-Spangled Banner as the National anthem; to the Committee on the Judiciary.

2526. By Mr. GALLIVAN: Petition of Baker Extract Co., Springfield, Mass., protesting against enactment of House bill 6645, which proposes to place the supervision of industrial alcohol under the prohibition enforcement officers; to the Committee on the Judiciary.

2527. By Mr. GARBER: Petition of members of Woman's Christian Temperance Union of Lamont, Okla., opposing any modification that would weaken the eighteenth amendment; to the Committee on the Judiciary.

2528. Also, petition of Mr. E. K. Gaylord, general manager of the Oklahoma Publishing Co., Oklahoma City, Okla., opposing increase in rates on second-class mail matter; to the Committee on the Post Office and Post Roads.

2529. Also, petition of citizens of Jet, Okla., urging the enactment of a child labor law to protect the children of this country; to the Committee on the Judiciary.

2530. Also, petition of Oklahoma City Lodge, No. 417, Benevolent Protective Order of Elks, Oklahoma City, Okla., urging that sufficient appropriations be made to carry out the provisions of the national defense act of 1920; to the Committee on Ways and Means.

2531. By Mr. KINDRED: Petition of the New York Chapter, Military Order of the World War, favoring the adoption of House Joint Resolution 69, proposing the adoption of the Star-Spangled Banner as the national anthem; to the Committee on the Judiciary.

2532. Also, petition of Abraham Lincoln Council, A. A. R. I. R. demanding the release of Eamon de Valera; to the Comtee on Foreign Affairs.

2533. Also, petition of the legislative committee, Association of American Clinical Thermometer Manufacturers, of New York City, N. Y., indorsing House bill 7997, a bill to bring about the registration and standardization of clinical thermometers; to the Committee on Interstate and Foreign Commerce.

2534. Also, petition of Dr. Chevalier Jackson, favoring House bill 7822, requiring proper labeling of lye preparations; to the Committee on Interstate and Foreign Commerce.

2535. Also, petition of the Merchants' Association of New York, favoring House bill 6357; to the Committee on Foreign Affairs.

2536. By Mr. KVALE: Petition of members of the Minnesota Cooperative Creameries Association, urging the enactment of legislation providing a higher import duty on dairy products, particularly butter, and urging enactment of an adequate automatic tariff based strictly on American values; to the Committee on Ways and Means.

2537. By Mr. LINDSAY: Petition of the members of the Harry Boland Council of the American Association for the Recognition of the Irish Republic (details attached), and for the release of Eamon de Valera; to the Committee on Foreign Affairs.

2538. By Mr. MOREHEAD: Petition of sundry members of the various Bible classes of Lincoln, Nebr., protesting against any modification of the Volstead Act authorizing the sale of light wine and beer; to the Committee on the Judiciary.

2539. By Mr. PHILLIPS: Affidavits to accompany House bill 8876, granting a pension to Margaret A. Robinson; to the Committee on Invalid Pensions.

2540. By Mr. TAGUE: Petition of the meeting of the council of the Bar Association of the city of Boston, on April 12, 1924, opposing enactment of the bills (S. 624 and H. R. 3260) to amend practice and procedure in Federal courts; to the Committee on the Judiciary.

2541. By Mr. WELSH: Petition of the Philadelphia Board of Trade, opposing the enactment as law of House bill 2702, being "A bill to relieve unemployment, etc."; to the Committee on Naval Affairs.

SENATE

SATURDAY, *April 26, 1924*

(Legislative day of Thursday, April 24, 1924)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal clerk called the roll, and the following Senators answered to their names:

Adams	Fernald	Keyes	Ransdell
Ashurst	Ferris	King	Reed, Pa.
Bayard	Fess	Ladd	Sheppard
Brandegee	Fletcher	Lodge	Shields
Brookhart	Frazier	McCormick	Shipstead
Broussard	George	McKellar	Smith
Bursum	Gerry	McKinley	Smoot
Cameron	Glass	McNary	Stanley
Capper	Gooding	Mayfield	Stephens
Caraway	Hale	Moses	Sterling
Copeland	Harris	Norbeck	Trammell
Cummins	Harrison	Norris	Wadsworth
Curtis	Heflin	Oddie	Walsh, Mont.
Dale	Howell	Overman	Warren
Dial	Johnson, Minn.	Pepper	Watson
Dill	Jones, N. Mex.	Phipps	
Edge	Jones, Wash.	Pittman	
Ernst	Kendrick	Ralston	

Mr. CURTIS. I wish to announce that the Senator from Wisconsin [Mr. LENROOT] is absent on account of illness. I ask that this announcement may stand for the day.

Mr. McNARY. I was requested to announce that the Senator from Idaho [Mr. BORAH] and the Senator from Virginia [Mr. SWANSON] are detained at a hearing before a special investigating committee of the Senate.

The PRESIDENT pro tempore. Sixty-nine Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker of the House had signed the enrolled bill (S. 1609) to fix the time for the terms of the United States District Court in the Western District of Virginia, and it was thereupon signed by the President pro tempore.

PETITIONS AND MEMORIALS

Mr. WARREN presented a telegram in the nature of a memorial from sundry citizens of Casper, Wyo., remonstrating against any immediate amendment of the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

Mr. FLETCHER presented a memorial of sundry citizens in the State of Florida, remonstrating against the imposition in the pending tax-reduction bill of a 10 per cent tax on radio apparatus, sets, and parts, etc., which was referred to the Committee on Finance.

Mr. LODGE presented a petition of sundry members of the bar in the State of Massachusetts, praying for the adherence of the United States to the Permanent Court of International Justice established by the League of Nations, with the so-called Hughes reservations, which was referred to the Committee on Foreign Relations.

Mr. WADSWORTH presented a petition of sundry citizens of New York, N. Y., praying an amendment to the Constitution granting equal rights to women, which was referred to the Committee on the Judiciary.

REPORTS OF COMMITTEES

Mr. FLETCHER, from the Committee on Military Affairs, to which was referred the bill (S. 3026) authorizing the Secretary of War to permit the city of Corinth, Miss., to construct, op-