

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BECK: A bill (H. R. 8823) granting a pension to La Verne Allen Brown; to the Committee on Pensions.

By Mr. BROOKS of Pennsylvania: A bill (H. R. 8824) granting an increase of pension to Matilda Devenney; to the Committee on Invalid Pensions.

By Mr. CROWTHER: A bill (H. R. 8825) granting a pension to Margaret Clune; to the Committee on Pensions.

Also, a bill (H. R. 8826) for the relief of Ada P. Sack; to the Committee on Claims.

By Mr. DUNBAR: A bill (H. R. 8827) granting a pension to Cora Harbaugh; to the Committee on Pensions.

Also, a bill (H. R. 8828) granting an increase of pension to Scott Farmer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8829) granting an increase of pension to Sophia Salyards; to the Committee on Pensions.

By Mr. FAIRCHILD: A bill (H. R. 8830) granting an increase of pension to Sherwood H. Williams; to the Committee on Pensions.

By Mr. PETERS: A bill (H. R. 8831) granting a pension to Thomas C. Jones; to the Committee on Pensions.

By Mr. RAKER: A bill (H. R. 8832) to provide for the exchange of certain lands of the United States in the Tahoe National Forest, Calif., for lands owned by William Kent; to the Committee on the Public Lands.

By Mr. RICKETTS: A bill (H. R. 8833) granting an increase of pension to Julia Cannon; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 8834) for the relief of James J. McAllister; to the Committee on Indian Affairs.

By Mr. SMITHWICK: A bill (H. R. 8835) granting a pension to Jerome B. Butler; to the Committee on Pensions.

By Mr. TINKHAM: A bill (H. R. 8836) for the relief of George Kluger; to the Committee on Military Affairs.

By Mr. VESTAL: A bill (H. R. 8837) granting a pension to Emma Hewitt; to the Committee on Invalid Pensions.

By Mr. WILLIAMS: A bill (H. R. 8838) granting an increase of pension to Sarah E. Colclasure; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8839) granting an increase of pension to Mary Barnwell; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

2813. By the SPEAKER (by request): Resolution of the board of directors of the American Society of Civil Engineers, urging that an adequate sum of money be appropriated, to be expended under the direction of the Secretary of Agriculture, for research and experimental work; to the Committee on Agriculture.

2814. By Mr. BARBOUR: Petition of residents of Shafter, Calif., protesting against the passage of House bill 4388, the Sunday observance bill; to the Committee on the District of Columbia.

2815. By Mr. DALLINGER: Resolution of the Boston Association of Retail Druggists, protesting against a further increase in the tax on nonbeverage alcohol; to the Committee on Ways and Means.

2816. By Mr. DRANE: Resolutions from Tampa (Fla.) Board of Trade, relative to barge line operated by the United States Government on the Mississippi River; to the Committee on Rivers and Harbors.

2817. By Mr. FENN: Resolution of the Men's Sunday Club of the South Congregational Church of New Britain, Conn., in favor of real disarmament; to the Committee on Foreign Affairs.

2818. By Mr. GALLIVAN: Telegrams from Paul F. Folsom, president of the Hawley Folsom Co., of Boston, Mass., and 10 others, favoring passage of Senate bill 1318; to the Committee on Interstate and Foreign Commerce.

2819. By Mr. KISSEL: Petition of Thomas & Co., shoe manufacturers, of Brooklyn, N. Y.; to the Committee on Ways and Means.

2820. Also, petition of the Metal Trades Council, navy yard, New York City; to the Committee on Naval Affairs.

2821. By Mr. MONDELL: Petition of the First Methodist Church of Douglas, Wyo., indorsing the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159) and urging its passage; to the Committee on the District of Columbia.

2822. By Mr. RAKER: Petition of Smith, Emery & Co., of San Francisco, Calif., urging the retention of the dye embargo in the tariff bill; to the Committee on Ways and Means.

2823. Also, petition of the Industrial Accident Commission of the State of California, San Francisco, Calif., urging appropriation for the continuance of the publication of the Monthly Labor Review issued by the United States Bureau of Labor Statistics; to the Joint Committee on Printing.

2824. Also, petition of the Philadelphia Bourse, of Philadelphia, Pa., urging amendment to the transportation act of 1920, and for other railway legislation; to the Committee on Interstate and Foreign Commerce.

2825. By Mr. SWING: Petition of sundry citizens of Riverside, Calif., protesting against a compulsory Sunday observance law; to the Committee on the District of Columbia.

2826. By Mr. TAGUE: Petition of the Hamilton Club, of Los Angeles, Calif., and Massachusetts members of the American Association for the Recognition of the Irish Republic, protesting against refunding of obligations of foreign Governments; to the Committee on Ways and Means.

SENATE.

TUESDAY, October 25, 1921.

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

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

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

The VICE PRESIDENT. The Secretary will call the roll.

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

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

Mr. DIAL. I desire to announce that my colleague [Mr. SMITH] is detained on account of illness. I will let this announcement stand for the day.

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

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes, and it was thereupon signed by the Vice President.

PETITIONS AND MEMORIALS.

Mr. PAGE presented a petition of sundry citizens of East Calais, Plainfield, and Montpelier, all in the State of Vermont, praying for the limitation of armaments, the payment of the foreign debt, and a reduction of governmental expenditures, so as to decrease taxation, which was referred to the Committee on Foreign Relations.

Mr. McLEAN presented a resolution adopted at a regular meeting of the Men's Sunday Club of the South Congregational Church of New Britain, Conn., favoring a real program of disarmament, particularly a drastic reduction of naval and military expenses, so as to decrease taxation, which was referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Hartford, Conn., remonstrating against any agreement on limitation of armaments between the United States and Great Britain until the World War pledges are fulfilled and the republic of Ireland is recognized, which was referred to the Committee on Foreign Relations.

He also presented the memorials of Nora Ryan, Mr. and Mrs. Real, Elizabeth Wynne, Theady Earley, W. J. Halpin, James E. Murphy, Joseph J. O'Connell, Maurice J. McMorrough Kavanaugh, Mrs. J. Stanford, Mrs. Mary Paris, Kate O'Mara, John P. Barry, Alexander Percival, Mrs. B. Gillhuly, and Miss Ellen Condon, all of New Haven, Conn., remonstrating against the enactment of Senate bill 2135 and House bill 7359, to refund the foreign debts of the United States, etc., which were ordered to lie on the table.

He also presented a resolution adopted by Robert O. Tyler Post, No. 50, Department of Connecticut, Grand Army of the Republic, favoring the enactment of House bill 7213, granting an increase of pension to certain soldiers, sailors, and marines of the Civil War and to widows of such soldiers, sailors, and marines, which was referred to the Committee on Pensions.

He also presented resolutions of the board of directors of the Connecticut Chamber of Commerce, of Hartford; the Chamber of Commerce, the Manufacturers' Association, and the Rotary Club of Winsted; and the New Haven Milk Exchange, all in the State of Connecticut, protesting against the proposed railway strike as a serious menace to the economic and business prosperity of the country and welfare of the people, and urging that the situation be firmly dealt with, etc., which were referred to the Committee on Interstate Commerce.

He also presented a memorial of sundry members of Wadsworth Chapter, Daughters of the American Revolution, of Middletown, Conn., remonstrating against the enactment of Senate bill 274, for the erection and maintenance of a dam across the Yellowstone River, in the State of Montana, which was referred to the Committee on Irrigation and Reclamation.

BILLS INTRODUCED.

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

By Mr. POINDEXTER:

A bill (S. 2623) authorizing the use of unexpended balances for improvement of rivers and harbors; to the Committee on Commerce.

By Mr. SUTHERLAND:

A bill (S. 2624) authorizing the promotion of Lieut. Col. Clyde S. Ford, retired, to the grade of colonel, retired, United States Army; to the Committee on Military Affairs.

By Mr. JONES of New Mexico:

A bill (S. 2625) for the relief of sufferers in New Mexico from the flood due to the overflow of the Rio Grande and its tributaries; to the Committee on Irrigation and Reclamation.

AMENDMENTS OF TAX REVISION BILL.

Mr. TRAMMELL and Mr. JONES of New Mexico submitted amendments, intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.

ADJUSTMENT OF WAR CONTRACTS.

Mr. KING. Mr. President, I submit a resolution which I ask may lie on the table.

There being no objection, the resolution (S. Res. 159) was read and ordered to lie on the table, as follows:

Whereas by the act entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," approved February 2, 1919, the Secretary of War was authorized to adjust, pay, or discharge outstanding agreements with the United States upon a fair and equitable basis relating to the production, manufacture, sale, acquisition, or control of equipment, materials, supplies, services, or the use of lands or property connected with the prosecution of the war; and

Whereas it is reported that many claims against the Government which were adjusted, settled, and satisfied under the authority of said act, have been and are being reopened and reconsidered by the War Department at the instance of private claimants: Now, therefore, be it

Resolved, That the Secretary of War be, and he is hereby, directed to report to the Senate the number of claims which have been filed for adjustment under said act and the number of said claims undetermined; also the number adjusted and settled and the aggregate payments made thereon; also a list of the claimants who have filed applications to reopen claims heretofore adjusted or adjusted and settled, together with a full and complete statement of the claims which have been reopened after settlement, at the request of the claimant, including the names of such claimants, the amounts severally claimed by each and the amount, if any, allowed to each claimant in each reopened case and the number of applications to reopen cases still pending.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed bills and a joint resolution of the following titles:

On October 20, 1921:

S. 2359. An act providing for an International Aero Congress cancellation stamp to be used by the Omaha post office.

On October 22, 1921:

S. 2504. An act providing for the readmission of certain deficient midshipmen to the United States Naval Academy.

On October 21, 1921:

S. J. Res. 123. Joint resolution authorizing the Secretary of War to expend from the appropriation "Disposition of remains of officers, soldiers, and civilian employees, 1922" (act of Mar. 4, 1921, Public, No. 389, 66th Cong.), such sum as may be necessary to carry out the provisions of public resolution No. 67, Sixty-sixth Congress.

HOUSE BILL REFERRED.

The bill (H. R. 8762) to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments owing to the United States of America, and for other purposes, was read twice by its title and referred to the Committee on Finance.

TAX REVISION.

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

The VICE PRESIDENT. The question is on agreeing to section 210 as amended.

Mr. SIMMONS. Mr. President, what is the pending amendment?

The VICE PRESIDENT. The Secretary will state the pending amendment.

The READING CLERK. The committee proposes to insert on page 22, after line 13, section 210, as amended, as follows:

SEC. 210. That, (a) in lieu of the tax imposed by section 210 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every individual a normal tax of 8 per cent of the amount of the net income in excess of the credits provided in section 216: *Provided*, That in the case of a citizen or resident of the United States the rate upon the first \$4,000 of such excess amount shall be 4 per cent.

(b) In the case of the head of a family or a married person living with husband and wife, the tax imposed by this section shall not exceed the sum of (1) the amount of the tax that such person would pay if his net income for the taxable year were \$5,000, and (2) the excess of his net income over \$5,000 for such taxable year.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The Secretary will report the next amendment passed over.

The READING CLERK. On page 38, line 13, the committee proposes to strike out the word "taxpayer" and the semicolon and insert the word "taxpayer," a colon, and the following proviso:

Provided, That in the case of returns made for the taxable year 1921 or 1922 there shall be allowed as a deduction interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, even though the interest therefrom is so wholly exempt.

The pending amendment is the amendment to the amendment offered by the senior Senator from Nebraska [Mr. HITCHCOCK], to strike out in line 19 the words "even though the interest therefrom is so wholly exempt."

The VICE PRESIDENT. The question is on the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. TRAMMELL. I desire to offer an amendment to the amendment.

The VICE PRESIDENT. The Secretary will report the proposed amendment.

The READING CLERK. On page 38, line 15, after the word "deduction," insert the following:

An amount equal to the difference between such interest upon obligations of the United States as is exempt from taxation and the amount of—

So the line will read:

There shall be allowed as a deduction an amount equal to the difference between such interest upon obligations of the United States as is exempt from taxation and the amount of interest paid or accrued.

And so forth.

Mr. TRAMMELL. Mr. President, as I construe the amendment proposed by the committee, it provides for a deduction of interest paid on account of indebtedness incurred for the purchase of obligations of the United States. The amendment in its present form allows that total deduction without taking into consideration the amount of interest received in return from the investment in the obligations of the United States. I can not

believe that it is the purpose of the committee that the entire amount of interest so paid should be deducted regardless of the fact that the investor receives back from the Government on account of the interest upon the Government securities a certain amount of interest equal to as much as one-half in some instances and even more than one-half in other instances of the amount of interest paid out.

The purpose and object of my amendment is to have deduction apply only to the difference between the amount of interest that is paid on account of the indebtedness and the amount received from the Government on account of the obligations held by the investor. It seems to me this is a very plain proposition and one that should commend itself. If we permit the committee amendment to stand in its present form, then we allow a deduction of the entire amount of interest paid on account of investment, and also under other provisions of the bill permit to be tax free the interest received upon the Government securities. Certainly it was the purpose and object of the committee to do that, but in the present form of the bill that would be the consequence. For that reason I propose this amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment offered by the Senator from Florida.

Mr. SIMMONS. Mr. President, I should like to ask some member of the majority of the Finance Committee whether they agree to the statement made by the Senator from Florida?

Certainly if it is true that the taxpayer is allowed a deduction on interest received upon his bonds, and is allowed a deduction of the total interest that he may pay for the money which he borrows to purchase the bonds, he will have two deductions of interest. If he paid 6 per cent on the money borrowed and his bonds carried 4 per cent interest, he would have a deduction of 10 per cent, according to the contention of the Senator from Florida. I should like to ask some Senator on the other side of the Chamber, representing the Committee on Finance, whether the committee admit that contention?

Mr. SMOOT. No, Mr. President; we admit it only as to bonds on which there is no tax whatever imposed; in other words, the 3½ and 3¾ per cent bonds were issued and were sold to the American people free from all forms of taxation; in that case, and in that case only, the statement made by the Senator from Florida could apply; but as to all the other Government bonds which are taxable it does not apply.

While on my feet, Mr. President, I wish to say that we shall ask for a reconsideration of the vote whereby the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK] was just agreed to. We might just as well strike out the entire provision as to strike out the words that have just been voted to be stricken out by the Senate. There was so much confusion in the Chamber at the time action was taken on the amendment that no Senator knew what the amendment was. The amendment was not discussed in any way, and I doubt whether there were half a dozen Senators in the Chamber who knew that it was the pending amendment.

Mr. PENROSE. Mr. President, I wish to confirm what the Senator from Utah now states. I was sitting here in my seat, and by some kind of mysterious maneuvering at the desk the amendment was passed without my realizing or knowing what was done.

Mr. SMOOT. I will ask the Senator from North Carolina if the statement which I have made was satisfactory to him?

Mr. TRAMMELL. Mr. President—

Mr. SIMMONS. Just one moment.

Mr. TRAMMELL. Will the Senator from North Carolina yield to me for one moment?

Mr. SIMMONS. Yes.

Mr. TRAMMELL. In the case as stated by the Senator from Utah [Mr. SMOOT], would not my amendment still be applicable?

Mr. SMOOT. No.

Mr. TRAMMELL. If the bonds are taxable, then there would only be such deductions made from the amount of the indebtedness incurred on account of the borrowed money as the difference between the amount received from the bonds and the amount expended in interest on account of the money borrowed for the investment. That is the plain wording of my amendment.

Mr. SMOOT. No; the Senator's amendment goes further than that. The Senator's amendment applies to all 3½ and 3¾ per cent bonds which have been issued by the Government free from all forms of taxation. The object of the committee amendment is to allow deductions—

on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917.

The Senator's amendment includes all obligations of the Government; and I certainly do not believe that he would intend such a thing or even offer such an amendment if he knew what the effect of it would be. I will say to the Senator that when the 3½ per cent bonds and the Liberty bonds bearing 3¾ per cent interest were issued free from all forms of taxation it was understood that there would be no tax imposed upon them in any way, shape, or form. This committee amendment simply allows as a deduction the interest which is paid in order to carry those bonds for the years named; in fact, it merely amounts to a notice that the purchaser of bonds under such circumstances shall not be allowed the deduction hereafter; that the interest upon all such obligations—that is, the bonds bearing 3½ and 3¾ per cent interest—shall hereafter be taxable and the deduction can not be made as it has been made in the past.

Mr. REED. Will the Senator from Utah pardon me if I ask a question?

Mr. SMOOT. I yield to the Senator for that purpose.

Mr. REED. The amendment, like many other clauses in the pending bill, can not be understood except by some one who has been administering the tax laws—and I do not say that to criticize at all—but does the Senator from Utah understand that the effect of the amendment is, if I bought a thousand dollars' worth of Government bonds and went down to the bank and borrowed the money to pay for those bonds, that I should be allowed a deduction on account of the interest and be exempted from any tax on my income on those bonds, even though they are bonds that may be subject to taxation?

Mr. SMOOT. Under the committee amendment as it was originally agreed to, even though the interest on the bonds is wholly exempt from taxation, I will say to the Senator, the amount of interest which he would pay to the bank in order to carry those bonds might be deducted in the way of an exemption.

Mr. REED. From my other income?

Mr. SMOOT. From the Senator's other income or from the income from the bonds.

Mr. REED. Now, let us follow that for a minute merely for the sake of clarity. I think we shall get along better in this way than by making speeches about it. I buy \$10,000 of Government bonds; I do not have the money to complete the purchase, and I go down to the bank and borrow \$10,000 and pay 6 per cent interest upon the loan. When I come to make my income-tax return I put in all the items of my income, and then it is proposed that I shall be allowed to deduct the 6 per cent interest that I paid to the bank for the money to buy these bonds.

Mr. SMOOT. Tax-exempt bonds?

Mr. REED. Tax-exempt bonds, but not other bonds.

Mr. SMOOT. No; other bonds are not included in the provision.

Mr. REED. So that we have this kind of a situation: I have my bonds; I get 3½ per cent interest on them; and I do not have to count that as part of my income.

Mr. SMOOT. No. I will say to the Senator that the interest from a tax-exempt bond is not included as a part of the income for the purposes of taxation.

Mr. REED. Very well. I put in my pocket the \$350 which I receive as interest on the \$10,000 of 3½ per cent bonds, and then I am allowed to deduct from my income the \$600 interest that I paid to the bank at the rate of 6 per cent on the \$10,000 which I borrowed to pay for the bonds. So that I have an exemption, first, of my bonds that are nontaxable, and then I have in addition to that a credit against the remainder of my income for all the interest that I paid to the bank to carry the bonds. Is not that almost equivalent to giving me a double exemption?

Mr. SMOOT. Mr. President, it would be a double exemption provided the man could go to the bank and borrow the money at 3½ per cent, but no one can borrow money from a bank at 3½ per cent; on the contrary, it is necessary sometimes to pay as high as 8, 9, or 10 per cent, particularly in the case of a man who purchased 3¾ per cent bonds.

Mr. REED. Let me follow that for just a moment further. What is proposed is this: Say that the 3½ per cent bond, which already is the highest rate of interest on tax-free Government bonds, except some of the old bonds that were issued before the war—

Mr. SMOOT. Interest of 3¾ per cent is the highest rate on Government bonds which are absolutely tax exempt.

Mr. REED. That is the highest rate except in the case of some of the old bonds that have special privileges. The proposition is to add to the privilege which those bonds already have the privilege to borrow money upon them for the purpose of carrying them.

Mr. HITCHCOCK. No, Mr. President; the Senator has got that wrong. I think if he will let me set forth the facts he will agree with me. In the first place, this controversy relates only to the year 1921. Heretofore any man in making his income-tax return has had the privilege of deducting all interest that he paid on all indebtedness.

Mr. SMOOT. Up to January 1, 1922.

Mr. HITCHCOCK. Let me finish—the taxpayer has had the right to deduct all interest that he paid on any indebtedness. Under that situation the House felt that he ought not to deduct the interest that he paid on a debt secured by a tax-free bond, and so the House provided that he should not hereafter be allowed to deduct interest on a tax-free bond. The Senate Committee on Finance thought that would be unfair to those who have already been borrowing during the current year on tax-free bonds under the expectation that they could deduct their interest. So the Senate committee provided that the prohibition should not go into effect until next year, but that the old law should continue during the present year. The amendment which I proposed was to strike out the words "even though the interest therefrom is so wholly exempt." Probably the effect of my amendment is to kill the amendment of the Senate committee.

Mr. SMOOT. It does kill it, as I have already said.

Mr. HITCHCOCK. I think it does kill it. So that, if nothing else is done, the House provision will remain, and anyone who has borrowed money during the current year on a security of a tax-free bond will not be allowed to deduct the interest which he has paid.

Mr. SIMMONS. Mr. President, ought he in any case to be allowed to deduct the whole of the interest? He has his tax-free bond drawing, we will say, 3½ per cent interest. Now, he borrows money with which to pay for that bond. He has to pay 6½ per cent for the money which he borrows. The 2½ per cent which he gets from the bond will offset 3½ per cent of the 6½ per cent; and it seems to me that it would be all of the concession that we ought to make if we allowed him to have free of taxation the difference between the interest upon his tax-free bond and the interest which he had to pay to borrow the money with which to purchase the bond. I suggest that to the Senator from Utah. That, it seems to me, would be the correct principle.

Mr. SMOOT. Mr. President, the existing law gives the same credit up to January 1, 1922. Under the existing law that right exists now, and the provision in the bill simply gives notice that after January 1, 1922, the deduction shall not be allowed. The bondholder, however, has made his loan under existing law and has been carrying the obligations in order to hold his bonds. The interest upon the bond is 3½ per cent, and he has been paying, perhaps, 8 per cent on the loan. Next year we give him notice that we want him to know that he has got to change his obligations as they are now or else he will not be allowed to get credit for what the law allows him to-day; that is all there is to it. It seems to me no more than fair that the American people should have some notice in relation to the change in the law affecting loans which they have made for the purpose of carrying United States obligations. I can not make it any plainer than that.

Mr. SIMMONS. As I understand the Senator from Utah now, he bases the justice of this matter upon the fact that notice has not been given that the law would be changed.

Mr. SMOOT. That is a part of it.

Mr. SIMMONS. But I am asking the Senator if he does not think that the real concession ought to be the difference between the interest received on the tax-free bonds and the interest he is required to pay upon the money which he borrowed? Why should he be entitled to more than that? It is true that during the war we seemed to have allowed him more than that. Then we were dealing with this subject in a very liberal spirit; we were trying to encourage the purchase of Government bonds.

Mr. SMOOT. And the holding of Government bonds.

Mr. SIMMONS. But we are now three years away from the war. Most of these bonds were sold two or three years ago, and I assume that the great bulk of the obligations assumed for their purchase has been paid off. As the Senator suggests to me, probably all of them, or certainly a large part of them, have passed into the hands of men of wealth, who do not have to borrow the money with which to buy them; but undoubtedly there are some still outstanding. Now, we have reached the point when we can consider this matter from the standpoint of what is fair, what is just, and what is equitable. I can not see for the life of me, if you look at the matter from that standpoint, why we should allow the purchaser of those bonds an exemption on the interest which he pays when he borrows the money of any greater amount than the difference

between the interest which he receives on the tax-free bond and the interest which he pays. If the Senator can conceive of any reason why there should be a greater exemption, I should like very much to have him discuss that phase of the matter.

Mr. SMOOT. Mr. President, I will say to the Senator that I think that if we were doing fairly we would not only go further than we have in this matter but we would follow out just the plan that is suggested by the Senator from North Carolina, and after the year 1922 we would allow the owner of these bonds a credit for the difference between the interest that he pays and the rate of interest upon the bonds; but we do not do that. We say, "You shall not have any credit after the year 1922"; but the object of it is to say to these people who are borrowing money to carry these obligations of the Government, "You must arrange your affairs now so that after the year 1922 there shall be no credit given you for the interest paid upon money borrowed to carry Government bonds." Of course this applies entirely to tax-exempt bonds.

I think that notice ought to be given, and I will join the Senator from North Carolina in an amendment to this part of the bill stating that after the year 1922 the owners of these bonds shall be given credit for the difference between the interest they pay and the interest on the bonds which they are carrying. That would be the fair proposition, but that is not what we are going to do. We are going to change the law and provide that after the year 1922 no credit at all shall be given, no matter if the interest is 7 or 8 or 9 per cent; it makes no difference; the money borrowed to carry those bonds shall not be deducted from their net income. I can not see anything in it but what would be perfectly fair and just.

Mr. REED. Mr. President, if the Senators who are interested in studying this matter will take the bill, on page 37, at line 21, they will get the context, which makes the proposition we are discussing reasonably plain. I will read it:

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

Now turn over to paragraph (2) on page 38:

All interest paid or accrued within the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities, the interest upon which is wholly exempt from taxation under this title as income to the taxpayer.

That was the House text; and under that if a man went to the bank and borrowed money on ordinary securities, when he made his income-tax return he would credit himself with the interest he had paid out. If he went down and borrowed on 4½ per cent bonds, or if he borrowed on ordinary collateral of any kind, or if he borrowed on the 3½ per cent bonds, he deducted the entire interest that he had paid out except in the case of the 3½ per cent bonds. In that case, under the House text, as I understand, he was not allowed to deduct anything. He got 3½ per cent for his bonds tax free; he was entitled to that; but he borrowed money upon those bonds at 6 or 7 or 8 per cent; and he was entitled in equity, I think, to a credit of the difference between the interest he paid and the interest that he received on the tax-exempt securities.

Now, however, it is proposed to add this language:

Provided, That in the case of returns made for the taxable year 1921 or 1922 there shall be allowed as a deduction interest paid or accrued during such taxable year and before January 1, 1922, on indebtedness incurred or continued to purchase or carry obligations of the United States issued after September 24, 1917, even though the interest therefrom is so wholly exempt.

That means that if a man has possession of a block of the nontaxable bonds he can take them to the bank and borrow money upon them, and he is exempt from any taxation upon the interest on the bonds, and then it is proposed to give him a credit for all of the interest he pays to the bank, although his net payment to the bank is in fact the difference between the interest the bank exacts and the interest he gets on the bonds. It is admitted that that ought not to continue; but it is said that it should be continued this year because people have been dealing with an understanding that it would be permitted.

Mr. President, that does not appeal to me. The Government made a contract with the purchaser of these bonds. That contract was perfectly plain. They were to have these particular bonds tax free. We keep that contract when we allow them to hold the bonds in great or in small amounts and not return as a part of their income any interest charged upon them. That has already given to those bonds such an advantage in value that although they bear a less rate of interest than the bonds subsequently issued they sell at a higher rate in the market. What contract did we make with the purchasers of those bonds which obligated us to say: "We will give to those bonds an additional advantage, namely, if you go and borrow money upon them we will allow you, first, to exempt the interest upon the bonds and then to credit yourself with the interest upon the

money you borrowed to carry the bonds." That is giving to them an additional and artificial advantage.

Mr. SMOOT. Mr. President, if the Senator will yield, in answer to the Senator I want to say that the Government of the United States not only made a contract by the passage of the law that gave the citizen that right, but in every circular that was issued by the Treasury Department of the United States appealing to the people of the United States to purchase these 3½ per cent Victory bonds they pointed out specifically that not only could the purchaser go and borrow money upon the bonds to carry them, but he would have whatever interest was paid upon his loan by way of a deduction or an exemption from the amount of his income.

Mr. REED. If the Treasury sent out a circular of that kind, I should like to see it. I should like, first, though, to see the thing we can get at, and that is the clause of the law. If that is the law, it has escaped my attention.

Mr. SMOOT. I will get a copy of the circular, and I ask that it be put in the RECORD at this time.

Mr. REED. Very well; but is there a clause in the law to that effect?

Mr. SMOOT. The law is that way to-day.

Mr. REED. Oh, no; the law to-day, the law that we passed with reference to the sale of these bonds, was that the bonds should be issued tax free; but that does not mean that you can borrow money upon them tax free, and that the interest you pay for the money you borrow to carry them shall be credited upon your income.

Mr. SMOOT. Why, Mr. President, the law specifically states that whatever interest is paid shall be deducted from the income. Here is what it says—

Mr. REED. The law that was passed at that time?

Mr. SMOOT. Yes; I will read the law.

Mr. REED. I am not familiar with it.

Mr. SMOOT (reading):

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), the interest upon which is wholly exempt from taxation under this title as income to the taxpayer, or, in the case of a nonresident alien individual, the proportion of such interest which the amount of his gross income from sources within the United States bears to the amount of his gross income from all sources within and without the United States.

Mr. REED. What is the date of that law?

Mr. SMOOT. This is the act of 1918.

Mr. REED. And these bonds were sold when—before that law was passed?

Mr. SMOOT. The Liberty bonds? Let me see if this is the act of 1918. I will see just the date of this law.

Mr. REED. I meant that as an inquiry. It sounds like an assertion in the record, but I meant it as an inquiry.

Mr. SMOOT. I will say to the Senator that this is the act of 1918, passed in February, 1919.

Mr. REED. Is it the Liberty loan act?

Mr. LA FOLLETTE. Oh, no.

Mr. REED. Is that the act under which these bonds were issued and sold?

Mr. LA FOLLETTE. Absolutely, no.

Mr. SMOOT. Why, no.

Mr. SIMMONS. No; this is the revenue act.

Mr. REED. A subsequent act?

Mr. SMOOT. Yes.

Mr. REED. I am talking about the contract with the man who bought the bonds. The Government came to the people of the United States on a certain day and said, "We must have money. Buy these bonds, and they will be tax free." The citizen bought them. The Government is under a solemn obligation that those bonds shall remain tax free, and we must not violate that contract; but if a law was subsequently passed which gave the man who was going to pay the income tax the right to put those bonds up with a bank, and then have his interest deducted, which was our contract, and then have a credit upon his income tax of the amount of money he borrowed to carry the bonds, that is not a contract; that is a benefaction subsequently conferred upon him by the law.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for just a moment?

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

Mr. LA FOLLETTE. I want to remind the Senator that that is one of the provisions which was put into the law of 1918 as the result of a controversy. Contention was made that it ought not to go in. It was in and out a number of times during the passage of that bill through the House and the Senate. It was put in in the interest of speculators, and to give an added advantage to the holders of those bonds, and it is proposed by this provision still further to extend it.

Mr. WILLIAMS. I would like to ask the Senator from Missouri a question.

Mr. REED. Certainly.

Mr. WILLIAMS. And I direct the question also to the Senator from Utah. I ask it simply for my own information. Do I understand that what is being contended for is that if a man has a tax-exempt bond upon which he draws 3½ per cent interest, he may carry that bond to somebody and borrow money at 6 per cent on it, and that then he will be allowed to exempt that 6 per cent from taxation in addition to the 3½ per cent?

Mr. SMOOT. No; not in addition to the 3½ per cent.

Mr. WILLIAMS. Wait a minute. Leaving out the words "in addition," because there might be an argument, do I understand the proposition is that if I hold, as I happen to do, some of those first bonds, if I go to a bank and borrow money and pay 6 per cent interest upon that, I am to exempt my 6 per cent as a substitute for the exemption of the 3½?

Mr. SMOOT. No; not as a substitute for it.

Mr. REED. You get both of them exempted.

Mr. WILLIAMS. If it is not an addition or a substitute, I still am allowed an exemption in some way?

Mr. SMOOT. The interest upon the bond itself is exempted from taxation, as well as the interest on the money you borrow, no matter whether it was upon the obligation or not.

Mr. WILLIAMS. Is it possible under this proposed law for me to have an exemption from an income tax upon 6 per cent that I am paying on the money I borrowed on the bonds upon the ground that the original bond which was floated at 3½ was exempt from taxes?

Mr. SMOOT. If the Senator has paid any interest upon any money borrowed for that purpose, I think that in making up his income tax return he has deducted it from his income in the past, under the law of 1918.

Mr. WILLIAMS. Of course, that is purely a personal question. I have not done so, because I did not know I had a right to do it. I probably would have done it if I had known I had the right to.

Mr. SMOOT. The experts who made out the Senator's return should have told him that.

Mr. WILLIAMS. In making out my income tax returns, I have simply failed to give any account to the Government of my income upon United States exempt bonds. I have simply stated that I held a certain number of them which were exempt, but I never have claimed as a deduction or an exemption, in any way, anything I borrowed upon the bonds, mainly because I never borrowed anything on them.

Mr. SMOOT. I thought that was probably the case.

Mr. WILLIAMS. But I would not have thought of it. I would not have known it was the law, if it is the law, and I would have considered it a very unfair thing to do. Of course, I have not paid an income tax upon that part of my income which has proceeded from the interest upon Liberty bonds, and the only way I can think of in which you would avoid paying would be by not returning them as subject to taxation. I have named them, but have claimed that they were not subject to taxation, and have deducted the interest on them from my general income.

If we are going to have a state of things under which a man can claim exemption of the 3½ per cent he gets on a Government bond, and then can also claim a reduction from his general income of the amount of money which he has paid as interest to a bank when he has borrowed money from the bank upon the strength of the bonds as security, that would seem to be eminently unjust.

Mr. SIMMONS. Mr. President, the Senator from Missouri [Mr. REED] is entirely right about this matter. This exemption is not a part of the contract. This exemption, as I said a little while ago, is a mere concession to the purchasers of these bonds. It was put into the act of 1918. In 1917, while the war was on, while our expenses were heavier than at any other period of our venture, we floated an enormous quantity of bonds. We had floated some the year before. Those bonds, it was represented to the committee, were, in the first instance, taken as a rule by the banks of the country and sold by the banks to their customers on the installment plan, the banks agreeing that they would sell so many of these bonds, and advising their depositors, for the purpose of inducing them to purchase them, that if they would purchase them they would lend them the money with which to pay and allow them to pay it back in installments.

It was said, "These installments have not been paid. The banks and the purchasers of these bonds were trying to help the Government out, and we ought to be as generous with them as possible under the circumstances." The act of 1918 was

passed for the purpose of relieving what you might call that emergency situation, because it was said that if those gentlemen were forced to pay up their indebtedness to the banks right away they would have to surrender their bonds, and their efforts to help the Government would result in loss to them. We did not scrutinize it very closely.

Mr. SMOOT. Will the Senator yield?

Mr. SIMMONS. I yield.

Mr. SMOOT. Mr. President, in looking at this amendment more in detail I see that it is simply to carry out just exactly what I said I thought would be perfectly fair after 1922. I have no objection to accepting the amendment just as the Senator from Florida has offered it and letting it apply even to the year 1921.

Mr. SIMMONS. I think that is all they can ask at this time.

Mr. SMOOT. I am perfectly willing to accept it in that way. I do not want to give these men one single penny's advantage, not a penny's advantage.

Mr. PENROSE. Let us accept it and dispose of it.

Mr. SMOOT. I am perfectly willing, if the Senator is.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose a further amendment to this section of the bill.

The VICE PRESIDENT. The Secretary will state the amendment.

The ASSISTANT SECRETARY. After the numerals "1917," in line 19, page 38, the Senator from Florida proposes to insert the following proviso:

Provided, That no deduction shall be allowed for interest on such indebtedness so incurred or continued for the purchase of or to carry obligations of the United States where the taxpayer did not pay par or more than par for the said obligations of the United States.

Mr. SMOOT. Does the Senator desire to speak on his amendment?

Mr. TRAMMELL. If the Senator from Utah desires to speak first, I will follow him.

Mr. SMOOT. No; I will not speak now, except to say that we could not accept that amendment.

Mr. TRAMMELL. As I understand the object and purpose of this amendment as proposed by the committee, allowing the deduction of interest paid upon indebtedness incurred for the purchase of United States obligations, it is that those patriotic citizens who came to the rescue and the support of the Government during the war shall be allowed the exemption of interest upon money which they borrowed for the purpose of assisting the Government through purchasing those obligations. The citizen who purchased the obligations of the United States paid par for those obligations. If we desire to allow him the deduction, and I think it is very proper, where, as a patriotic duty, although he did not have the funds with which to purchase the bonds, he went and borrowed the money with which to make the purchase, he should be allowed the deduction. We will, under my amendment, reach that class of American citizens. My amendment provides that if a man purchased the bonds at par he shall be allowed this deduction.

If we do not write into this provision a clause of this kind, what will be the result of the committee amendment in its present form? Every speculator who has gone into the bond market since the war, or who is now in the bond market, purchasing bonds at the ridiculously low price at which they are selling, if he uses borrowed capital for that purpose, will be allowed that as a deduction. He will be rewarded for his speculation in bonds at a ridiculously low price, just the same as the patriotic citizen who paid par will be recognized for purchasing those bonds during the crucial hours of the Government.

I think it is proper to treat with the citizen who borrowed money to buy bonds for the purpose of assisting his Government, as the amendment proposes; but I think it is highly improper for the Government to throw its protection around and to give its encouragement to bond speculators by saying to them, "If you borrow money to purchase Government securities, we will deduct from your income all the money you use for the purpose of borrowing that money; and, furthermore, you will be allowed the privilege of the governmental exemption on those bonds, and we also give you, as a little inducement as a speculator or as a bond shark, a credit of the money you borrowed for the purpose of carrying the investment."

I seek to have that prevented under the provisions of this bill. That is the purpose and object of the amendment.

Mr. SMOOT. Just one word, Mr. President. If the amendment was carried out, it would be a burden upon hundreds of thousands of people, I suppose, in the United States who bought these bonds originally in good faith.

I know of a man who purchased \$100,000 worth of the 3½ per cent bonds. I know he signed a note with another party at a New York bank—

Mr. REED. What did he pay?

Mr. SMOOT. I will tell what he paid. He signed a note with another party, and a demand was made by the bank upon the party, and I know that man had to sell his bonds to meet that note, and I know that the man purchased the same amount of 3½ per cent bonds about six months afterwards to replace them.

Mr. WATSON of Georgia. Who is the man?

Mr. SMOOT. I am not saying who the man is. I know he again purchased the same amount of 3½ per cent bonds, and I know that in that six months he lost in the deal, and he is carrying in the 3½ per cent bonds exactly the amount he had originally. The amendment of the Senator would cut him out entirely, and I know many men and women have been forced to sell their obligations for some special reason, and in every case of that kind, if the Senator's amendment were put into operation, there would be an absolute violation of the contract entered into between the purchaser and the Government of the United States when the bonds were purchased.

Mr. TRAMMELL. Does not the Senator also know that under the provisions of the amendment, as proposed by the committee, the speculators and the bond sharks of the country will be protected and have exemption of the interest on money that they may have borrowed for the purpose of going around and buying up the bonds at a ridiculously low price, and will also get an exemption of the interest as provided in the committee amendment?

Mr. SMOOT. No; the committee have accepted the amendment of the Senator from Florida that equalizes the difference between 3½ per cent or 3¼ per cent on the bonds and the amount of interest that the taxpayer paid, and that is ample.

Mr. REED. Mr. President, that does not meet the question at all. By way of preliminary, repeating in part what the Senator from Florida just said, when the Government appealed to the people of the country to buy these bonds and the patriotic people came forward with their money, or if they did not have money went to the banks and borrowed it, they all paid par for their bonds. The amendment of the Senator from Florida proposes to allow those people who did pay par for their bonds to have the right to borrow money to carry them and to have a credit for the difference between the interest they receive on the bonds and the interest they are obliged to pay to carry them if they bought at par.

After those bonds had been sold and the people of the country had taken them at par they began to be bought up at a discount by speculators. For a time, at least, the bonds were so greatly discounted that the interest paid by the Government of 3 and 3¼ per cent enabled the discount purchaser to realize upon his investment approximately 5½ to 6 per cent. They were bought in enormous quantities by two classes of people. One class was the bond speculator and the other was the individual who purchased the bonds because they were tax exempt and he wanted to get his money into something that did not bear any taxes. He was the man with the very large income or the very large estate.

The proposition as it now stands in the bill will allow the individual who bought the bonds at par and who had to borrow the money to collect his interest on the Government tax-free bonds and to have a credit upon his income of the difference between the interest he receives from the Government and the interest he pays the bank for carrying the bonds if he bought at par, and that would leave him so that he would come out of the transaction whole. But if he bought those bonds so that he realizes in fact a net return from the Government bonds of 5 or 6 per cent because he got them at so low a price, then that speculator is still given an advantage by the bill as amended, for he will get his 6 per cent from the Government, he will not turn in a cent of it, because it is all tax exempt, and then he will get an exemption upon the interest he paid the bank minus the 3¼ per cent interest that the bonds bear upon their face.

Now, that is not fair. The amendment of the Senator from Florida covers that kind of a case. The Senator from Utah spoke pathetically of somebody who bought these bonds and afterwards had to sell them at a discount. The man who had to sell his bonds does not have his bonds to borrow money on.

Mr. SMOOT. He does if he purchases them back.

Mr. REED. If he goes and purchases them back, of course.

Mr. SMOOT. I know of hundreds of people who did that.

Mr. REED. If he purchased them back and he did so at a discount. The way this will work out will be as follows: A man takes \$9,000 and purchases \$10,000 worth of bonds. He gets from the Government \$350 of interest and he credits that to himself and pays no tax on it. He borrows \$9,000 from the

bank to carry the transaction at 6 per cent, which is \$540, and he deducts from that the \$350 of interest he got from the Government and he is ahead in the transaction.

Now, what is there wrong about saying to the man who speculated in those bonds and who got them at a discount, "If you did that, you can not charge up an exemption. We will extend the exemption to the man who patriotically borrowed money to buy bonds from the Government and bought them from the Government at par. We will not extend it to the man who went into the market and got the bonds and took whatever advantage he could in the market of the man who had bought them from the Government. We will not give him the advantage of this exemption."

I say that the amendment of the Senator from Florida is not only wise and proper, but it is consistent with the spirit of the very amendment we have adopted.

Mr. WADSWORTH. Mr. President, the amendment offered by the Senator from Florida makes a very strong appeal to a certain sentiment which I can understand and comprehend, but I think before we pass on it we ought to view it from a broader standpoint than that related by the Senator from Florida and the Senator from Missouri.

This apparently is an attempt to discriminate between the holders of bonds. The holder or purchaser in the first instance is to enjoy a certain privilege, but if another citizen happens to be a purchaser in the second instance of the same bond, the Government will say to him, "You shall not enjoy that same privilege." Great emphasis is placed upon the terms "speculation" and "speculator."

Mr. TRAMMELL. Will the Senator permit a question?

Mr. WADSWORTH. Certainly.

Mr. TRAMMELL. If he paid par or more for those bonds subsequently, he is allowed a deduction just the same as the original purchaser.

Mr. WADSWORTH. Yes; but the fact is that scarcely any of the second or third purchasers paid par. If the bonds were not worth par, why should he pay par?

We are trying to cure an unfortunate situation resulting from a decline in the value of Liberty bonds by inserting in the tax law a discrimination between those who paid par in the first instance and those who did not pay as much as par in the second instance. I am not sorry for those who paid less than par. The person I have in mind, who should be protected under the law so far as the law can do it in consonance with sound finance, is the original purchaser. The original purchaser paid 100 cents on the dollar. The law is going to permit him to get an exemption on the money which he put up, which he borrowed to pay for that bond at the rate of 100 cents on the dollar.

The time has often come in the past, and it may often come in the future, when he is compelled to sell. If the bond market will not bring him 100 cents on the dollar, of course, he must sell at less than par. He goes to the prospective purchaser and wants to sell his bonds. The purchaser will say to him, "I can not give you as much as I could before Congress passed that law the other day, because when I buy these bonds I can not get any exemption for the money that I borrow to pay for them; therefore I will give you less than ever for the bonds for which you paid originally 100 cents on the dollar."

I fear that this will tend to decrease the value of bonds still in the hands of those who paid 100 cents on the dollar, and those are the people whom I would like to see protected.

Mr. REED. Mr. President, if the Senator from New York came to me to sell me a bond and the amendment now proposed had been adopted and was the law and I proposed to shave that bond, he would immediately say to me, "If you do not shave this bond you can go down and borrow the money and you can have a full credit for the interest that you paid to get the bond, but if you do shave the bond you can not have that advantage, and therefore you had better pay me par." So I think the argument of the Senator and the situation he states will work exactly the reverse of the way he suggests.

Mr. WADSWORTH. Yes; if the market was a seller's market, but suppose the market is a buyer's market; then the holder is helpless.

Mr. REED. Certainly he is helpless. Let us see where we end with the Senator's argument. The Senator's argument, if it is a correct one, ought to be applied not to this year, but it ought to continue throughout in order to give value to the bonds for the benefit of the poor seller. But it is not proposed to do that in the bill. It is proposed that this advantage given to these bonds shall cease at the end of a year, so that at the end of that time the poor seller will be in the very situation of which the Senator speaks as being one which he thinks might be unfortunate. His argument, if it be sound, ought to result in continuing the present law, which was passed, of course, for the benefit of those who were dealing in these bonds.

Mr. WADSWORTH. Does the amendment of the Senator from Florida apply only for a year?

Mr. REED. The whole amendment of the committee as it now stands. The committee itself proposes to end this in a year. The question now before us is what we are going to do during that year.

Mr. WADSWORTH. During the remainder of the year.

Mr. REED. Yes; the remainder of the year.

Mr. WADSWORTH. I am discussing the matter entirely from the standpoint of the principle involved, and if the principle of the Senator's amendment is sound for six weeks or two months, it is sound indefinitely. I do not like to see any discrimination made even for that short period.

Mr. TRAMMELL. Mr. President, is not the same true of the amendment proposed by the committee? If it is sound for six weeks or six months, is it not sound indefinitely? Why does the committee propose to terminate after 1922 the policy carried in the amendment? So far as my amendment is concerned, my amendment will not be necessary after 1922, because the special privilege and favoritism which is sought to be given to these money borrowers and speculators by the provisions of the committee amendment will terminate in 1922. Then they will not be allowed any deduction on account of the borrowed money.

Mr. WADSWORTH. Irrespective of the merits of the committee amendment, at least it is not guilty of discriminating between bondholders.

Mr. SIMMONS. Mr. President, I do not think it can be logically contended that there is discrimination between classes of bondholders in the amendment offered by the Senator from Florida [Mr. TRAMMELL]. This concession was granted for the benefit of the original purchasers and to induce the purchase of these bonds. The reason for granting it does not apply to a subsequent purchaser who purchases for less than par; indeed, the reason does not apply to the subsequent purchaser at all. When the reason for a law ceases to operate, then the law should cease to apply.

It seems very clear to me that, while the original purchaser of such bonds was justified in asking that concession from the Government under the circumstances which existed at the time, the purchaser of those bonds to-day, when some of them are selling in the market from 10 to 15 per cent less than their par value, certainly has no right in law, in equity, or in conscience to come to Congress and say, "You should permit me to deduct from my taxes interest that I paid upon money with which to buy these bonds at 15 per cent below par."

Mr. President, if that principle is to be recognized and this gratuity of the Government is to be granted to that class of taxpayers, it will mean that we offer an inducement to men to buy such securities at 15 per cent less than par, borrowing money for the purpose, as a means of escaping taxation, the purchaser to escape to the extent of the entire interest which he pays upon the borrowed money after having made a profit of 15 cents on the dollar upon the transaction.

I think the Senator from Florida needs to safeguard his amendment in that respect; I do not think the Senator's amendment in its present form quite safe in that particular; that is, it does not provide that the man who is denied this exemption should be some one other than the original purchaser. I suggest to the Senator that he modify his amendment by striking out the language in lines 4 and 5 and inserting in lieu thereof the words "when held by a taxpayer who purchased them for less than par." Then such relief would only extend to the original purchaser, or to a purchaser who has purchased bonds at full par value; and none of them are now being sold for par.

Mr. TRAMMELL. Will the Senator from North Carolina be kind enough again to state the modification which he proposes to my amendment?

Mr. SIMMONS. I will read the Senator's amendment as it would stand with the modification I propose:

Provided, That no deduction shall be allowed for interest on such indebtedness so incurred or continued for the purchase of or to carry obligations of the United States when held by a taxpayer who purchased them for less than par.

Mr. TRAMMELL. I think that covers the object that I had in view. I have no choice of phraseology as to the amendment. It seems to me that the modification of the amendment proposed by the Senator from North Carolina is all right, although I think my amendment also very thoroughly covers the point.

Mr. WATSON of Georgia. Mr. President—

Mr. SIMMONS. Just one word further, and I will yield to the Senator from Georgia.

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from Florida accept the suggestion of the Senator from North Carolina as to a modification of his proposed amendment?

Mr. TRAMMELL. I will hear the further explanation of the Senator from North Carolina before I accept his modification of my amendment, Mr. President.

Mr. SIMMONS. I was not going further to explain the modification of the Senator's amendment which I had proposed. I was merely going to submit a further observation.

Mr. TRAMMELL. Then, I will say that the modification of my amendment which has been proposed by the Senator from North Carolina is agreeable to me, Mr. President.

Mr. SIMMONS. Now, Mr. President, I yield to the Senator from Georgia [Mr. WATSON].

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] as modified to the amendment of the committee.

Mr. TRAMMELL. I suggest the absence of a quorum.

Mr. WATSON of Georgia. I thought I was recognized by the Chair.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

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

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

The PRESIDING OFFICER. Seventy-three Senators have answered to their names. There is a quorum present. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] as modified to the amendment reported by the committee.

Mr. WILLIAMS. Mr. President, I desire to consume about three or five minutes in uttering a thought that occurred to me upon yesterday and that I would have uttered then had it not been for Senatorial obstruction.

Mr. SIMMONS. Mr. President, I ask for order in the Chamber.

The PRESIDING OFFICER. The Senator from Mississippi will suspend until the Senate is in order. [A pause.] The Senator from Mississippi will proceed.

Mr. WILLIAMS. Mr. President, I never intended by malice prepenze to offend the Senate so far as to insist upon its being in order. I never would myself have called it to order. The natural state of the Senate is disorder, of course, and I so frequently share in that disorder that I never call the Senate to order.

I want to say something that I thought of yesterday and was prevented from saying, and I want to say it especially to my side of the Chamber. I think the country is tired of this endless Senatorial talk about this bill. The bill is a misbirth. It is pretty nearly an abortion. I doubt if there is a single Member of this body who would say upon his honor that he approved of this bill, either in its present shape or in any past shape that it hitherto has held; but at the same time, Mr. President, the American people have a right to know under what revenue laws they are going to live, right or wrong, wise or foolish, stupid or otherwise; and as one of the American people, I am getting tired with them of this constant and everlasting talkativeness about things that nearly everybody has made up his mind about.

I know, almost with vivid distinctness, how I am going to vote upon almost every proposition that has been suggested, and upon nearly every one that could be suggested. I think every Republican knows and every Democrat knows and every Independent, if there be any, knows and every Progressive—whatever that means—knows that much. I want to make an appeal to both sides of the Chamber to go to more voting and less talking, and to let the American consumers and the American taxpayers find out where they are. It seems to me that we are not only uselessly consuming time, but we are disgusting the American people with their authorized parliamentary body, with their authorized representative voice. They are tired of hearing every day little discussions between Senator A and Senator X concerning something that is the difference betwixt tweedledum and tweedledee, and they are also tired—although

that reflects upon the honor of the people rather than upon this body—of hearing discussions of right and wrong. It is a pity that the American people are tired of hearing discussions concerning right and wrong in connection with taxation matters, but they are. They are as a Nation—this "incalculable Yankee Nation," as Tom Carlyle called them—people who are seeking their business interests of some description. They ought not to be that sort of people, but they are, and, being that, they are tired of this whole thing; and although I do not agree with them in their materialistic measurement of public questions, I am tired of it, too.

I want to make an appeal, therefore, to all the Members of this body to get down to voting upon all these amendments and upon this bill, and get it out of the way, not only out of the Senate's way but out of the Nation's way, and not only out of the Nation's way but out of the civilized world's way, because all of the business earth is awaiting, to a certain extent, upon what we are purporting to do or alleging to do or pretending to do or doing, one or the other, I hardly know which.

All of this I wanted to say yesterday afternoon for the purpose of urging the Senate to "accelerate itself," as a distinguished New York politician said when he confessed that he received \$10,000 "for the purpose of accelerating public opinion." I should like to see the Senate act. Let us get through and go home and try to learn something from the people, if we are capable of learning anything from them, which is doubtful, or if they are capable of teaching us anything, which is still more doubtful; but let us get rid of the bill, get it out of the way, be done with it. We have discussed it now about three months, I believe, and I, for one, am tired of it. I am homesick, want to see my grandchildren and the flowers before the latter fade.

Mr. SIMMONS. Mr. President, I have heard it frequently said, not only in this Chamber but on the outside, that never before has a discussion upon a great bill in the United States Senate resulted in such a change of sentiment, all looking toward the improvement of the bill as originally presented.

Mr. WILLIAMS. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Mississippi?

Mr. SIMMONS. I do.

Mr. WILLIAMS. I agree perfectly with that. I think the discussion has amended this bill very much, and I think that all of us can meet it in its amended form now with votes.

Mr. SIMMONS. Mr. President, on yesterday we had discussion. We voted yesterday upon several very important amendments. This morning we opened with the presentation by the Senator from Florida [Mr. TRAMMELL] of an amendment which, when it was first presented, had in the eyes of members of the majority of the committee no merit; but after not prolonged discussion—not irrelevant discussion, but direct discussion—Senators on the other side who had originally opposed it conceded the justice of the proposition and accepted the amendment. Now we are discussing another amendment. We have devoted only a few minutes to it, and I am quite sure that as the result of the discussion Senators on both sides of the Chamber see this matter with reference to the second amendment in a different light from that in which they saw it in the beginning.

The discussions on these amendments must take place when the amendments are offered. Nobody knew that the Senator from Florida was going to offer this amendment. In this particular instance I knew it; he showed it to me; but as a general rule Senators did not know it until he presented it, and there was no opportunity to discuss it until its presentation.

Mr. TRAMMELL. Mr. President, will the Senator yield? I will state in that connection for the information of the Senator that I sent both of these amendments to the desk and had them printed, including the one presented this morning, on October 11; but this is the first opportunity we have had to reach them.

Mr. SIMMONS. That is true. There are a number of amendments on the Clerk's desk that not five Senators in this body have seen. They know nothing about them until they are presented on the floor of the Senate. They are not in order until they are reached. The amendment that the Senator now offers was not in order until this morning. No unnecessary time has been occupied in its discussion, and as we go on with this bill amendments will be offered; not only the amendments of the committee but individual amendments will be offered upon the floor of the Senate. If the amendments have merit, if the amendments present questions of dispute, surely we ought to discuss them not in a desultory way, not in an irrelevant way, but directly, and I think that is all we have been doing.

Of course, a great bill like this can not be considered without many irrelevant things being injected. Senators have the right when any bill is under consideration to get up and speak upon any subject they want to, and nobody can restrain them. I think nobody wants to restrain them.

Mr. REED. Mr. President, did the Senator ever see them stick closer to a bill than this one?

Mr. SIMMONS. I never have in all my life; and it is not our purpose and it has not been our practice here to give more than proper discussion to these matters that have been under consideration by the Senate. The discussion has resulted, first, in the majority members of the Finance Committee going into their rooms in secret and adopting forty-odd new amendments and bringing them in here. It has resulted in the majority members of the committee presenting to the Senate propositions with reference to the vital things in this bill wholly different and very much better than the propositions originally presented. I have never known a bill to be so radically changed, and we are not half through with the amendments. We are not half through with the committee amendments yet. I have never known a bill of this consequence to be so radically changed as the result of the discussion on both sides of this Chamber as this bill has been changed, and the changes in every instance have been in the interest of the people.

Under those circumstances for a Senator to stand up here and say that this discussion has been idle and futile it seems to me must be attributed to the fact that he probably has not been aware of what has been going on or has not kept up with it.

Mr. HEFLIN and Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, this is a very important amendment. It affects very vitally hundreds and thousands of people in the country who have bought bonds at par. Those who came in the time of their country's peril and purchased these bonds for the purpose of supplying to the Government the money necessary to carry on the war are entitled to consideration at the hands of the Congress. They ought to be aided by the provision suggested in the amendment of the Senator from Florida [Mr. TRAMMELL].

I appreciate the solicitude of the distinguished Senator from Utah [Mr. SMOOR] for these small bondholders, suggesting that some of them had to borrow money to pay for their bonds and finally lost their bonds. There are thousands and tens of thousands who came up from their homes in good faith and bought bonds—some of them mortgaged their homes to secure money to buy bonds—to help win the war. They were told, as I said on yesterday, that those bonds would always be at par, that they were as good as gold, that if they needed money on them they could borrow money at the banks, and there would be no trouble about it. They responded nobly and purchased the Government bonds. They supplied the necessary sinews of war, and then retired to their homes in the various sections of the country. Then what did we see, with your party in power in both branches of Congress? We saw a Federal Reserve Board that controls the money supply and credit of the country inaugurate a deflation policy that drove the bonds out of the hands of the small bondholder.

I believe that the Federal Reserve Board proceeded with that deflation policy in part for the benefit of the bond sharks of Wall Street. That is a pretty severe term to apply to them, but I am applying it. They knew what effect that policy would have; and what happened? The poor little fellow who held a bond could not borrow money on his cotton. He could not borrow money on his cattle, and he could not borrow money on his grain; and what did he do? His good wife said to him, "John, I believe I would borrow some money on your Liberty bond. You have a \$500 bond. Go down to the bank and see what you can do with it." He went down to the bank with the gilt-edged security of this Government, a gold bond, and presented it, where he was told when he purchased it that he could present it and obtain money; and what did they tell him?

They said, "The Federal Reserve Board will not allow us to lend money on Government securities. They have stopped that."

He said, "I have got to have some money. I do not want to sell my produce. It is selling now in the market for less than it cost me to produce it, and that will kill my business, and I do not want to do that if I can help it. Can you not help me get some money on my bond?"

They said, "We would be glad to, but we are tied up with loans. All the money we have is tied up, and the Federal Reserve Board has established a deflation policy which stops money from coming, and we just haven't got it. If they would let us have it we would let you have it on your cotton and your cattle and your grain, but they will not let us have it."

"Will you not lend it to me on my bond?"

"We would if we had it, but they will not let us have it on Government bonds."

Then he said, "Well, I will have to sell it."

They said, "We don't want to buy your bond. We haven't got any money to buy your bond. But there are several men in Wall Street who will buy it, and I will see what I can do for you."

So they took the matter up with them, and the Wall Street sharks sent down their statement to the effect that they would pay only \$85 on the \$100. Senators, think of that. Some of them sold for \$84 on the \$100. So those fellows whom the provisions of this bill would protect are the cruel and merciless bond sharks who already have bought those bonds for nearly \$20 on the hundred under par and are now seeking to escape through the tricky and confusing provisions to be found in this mysterious tax bill which has been brought into this Chamber.

Mr. President, I am condemning the Federal Reserve Board. I am condemning its bold and brazen robber scheme which resulted in the loss of billions of dollars to the South and the West, and I do not propose to be a party to their crime by putting a premium on their inexcusable conduct, and that is what you are doing when you let the Wall Street bond sharks escape through this provision. The legislative body is putting the stamp of its approval upon what the Federal Reserve Board did; you are hugging that board to your bosom to-day, I repeat, after it is discredited before the eyes of honest business men all over the South and West.

Now you come in and ask us to let the provision which you brought in here shield their coconspirators, the bond sharks. Do you know how it will work? These bond scalpers, or bond sharks, have already made \$16 on the hundred, as the Senator from Florida [Mr. TRAMMELL] suggested, in buying these bonds.

They waylaid the poor bondholders of the country, thousands and hundreds of thousands who helped with their means to win the war.

They said, "Do you not want to buy some bonds, Mr. Bond Shark?"

He said, "No; I will tell you what I am going to do. I got a tip that they are going to inaugurate a deflation policy a little later on, and these little fellows can not hold the bonds they are buying, they are going to be forced to throw them on the market, and I am going to stand there and gather them in, not at par, but I will buy them for about \$80 on the \$100. That is when I will buy bonds."

The vulture watching a starving animal in a drouth-stricken section waits until the power of resistance is gone out of the animal and then pounces down upon him and feeds and fattens upon the flesh and blood of the poor unfortunate and helpless animal. That is just what these Wall Street bond sharks did to the small, patriotic bondholders of the country. They were far from the battle front in time of war waiting for the day when they could, with the aid of the Federal Reserve Board, pounce down upon the small bondholders and finding them helpless feast upon their misfortune. And here you are seeking to permit them to escape taxation.

Mr. President, the amendment of the Senator from Florida is proper and it ought to be placed in this bill.

But some Senators seem to want to hurry us along. My good friend from Mississippi [Mr. WILLIAMS] wants to see the thing voted on. I do not desire unnecessarily to delay a vote, but I want the light turned on this bill; I want the objectionable and very obnoxious provisions of this bill held up to the American people so that they, whose Government this is, will know what sort of job is being put up on them by the Republican Party, now in power.

Senators, it is well for us to take the time to discuss these propositions and try to improve the bill and do our utmost to defeat its oppressive and unfair provisions.

Mr. President, if we had sat here with folded arms and sealed lips, as the Washington Post editorial of yesterday suggested and as some others here are suggesting, and allowed the majority to drive this thing through under whip and spur you would have had this thing on the statute books, you would have unloaded the tax burden upon the common man and common woman with small capital and moderate means, upon the necessities of life, and the profiteers and the big millionaires would have all escaped. You are going to accomplish that in the end, anyhow, it seems, but not without the people knowing just what you are doing.

It is all right and proper to protest; it is our duty to protest and to fight to the death a bill which we know is a mean, bad bill. Shall we remain silent because the advocates of the bill do not want its defects exposed to the American

people? Shall we remain silent and permit this tax monstrosity to be imposed upon the people of the United States?

Here is a little poem I want to read for the benefit of all who are becoming nervous and irritable about debate, and especially for the benefit of my good friend from Mississippi:

To sin by silence when we should protest
Makes cowards out of men. The human race
Has climbed on protest. Had no voice been raised
Against injustice, ignorance, and lust,
The Inquisition yet would serve the law,
And guillotines decide our least disputes.
The few who dare must speak, and speak again,
To right the wrongs of many.

Mr. WILLIAMS. Mr. President, that concluding sentence attracts my imagination, "The few who dare." In connection with this immediate discussion, it means the few Senators who dare talk. I have never found that they were few, and I have never found that it took very much courage to talk, either.

The Senator pays a distinguished tribute to "protest." Mr. President, protest is one thing. Everybody ought to protest against anything wrong, and I protest with all my being against this iniquitous, abnormal, and foolish revenue bill.

But protest is one thing, and endless gabbling is another, and endless repetition of just exactly what was said by somebody else the day before does not amount to the dignity of protest. It ought to be called repetition, and we have gotten to about the point where we are just coming to repetition of things previously said anent this bill, and nothing else.

The Senator says "if we sit here with folded arms" we consent.

He has not folded any arms, and his constant unfolding of the only two arms he has gives denial to that sort of contention. I have not folded mine, either, to any appreciable extent, and do not intend to fold them. I think this is about the most iniquitous bill that ever was offered to any legislative body, and I think there is behind it more private strategic wealth movement than ever was behind any bill with which I have been acquainted.

I am not going to allow the Senator from North Carolina [Mr. SIMMONS] to assume that he has a right, either by mental superiority or superiority of service, or by official position, to lecture me. So far as I know he has no right to do it.

Mr. SIMMONS. Nothing was further from my thoughts than to lecture the Senator from Mississippi.

Mr. WILLIAMS. O Mr. President, but the Senator did lecture me, and he lectured me in a very ex cathedra and "Sir Oracle" style—"Sir Oracle," whom nobody dares deny.

The Senator has made a mistake, and a fundamental mistake. He is speaking about my "unawareness," as he calls it, of what is going on. The Senator seems to think that a man can not have any awareness concerning a public question unless he has learned it in a committee room within the last six months. I have spent a large part of my life becoming aware of the meaning and intent of public measures. Since I was an 11 or 12 year old boy I have not done much else, and I do not have to have red-headed or black-headed or blue-eyed or black-eyed or brown-eyed experts to inform me as to the rightfulness or the wrongfulness of an amendment coming before this body in connection with a revenue bill.

My "unawareness," as he calls it, may turn out to be an awareness unsuspected by him but very much superior, by previous training, to any recent awareness he now pretends to have, and I think it will, when the people come to consider what has been done in connection with this bill.

Mr. President, I decline to be put in the position of wanting to put this bill over without discussion.

Mr. PENROSE. Mr. President, I desire to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator yield to the Senator from Pennsylvania for the purpose of asking a question?

Mr. WILLIAMS. I will yield in a moment. I have never taken the position of wanting to put this bill over without discussion. The Senator from Alabama [Mr. HEFLIN] had no right to try to put me in that attitude. The Senator from North Carolina had no right to try to do it, and they both tried it, and unsuccessfully.

I want discussion of every public measure. But after discussion has been full, after there has been enough of it, there should be a cessation. Mr. President, there is an end to everything, even life. There is an end to everything, even national institutions, and there ought to be somewhere, somehow, an end to debate, especially when it has ceased to be debate and has become mere talk.

I am not saying that there can not be a great many more things very useful to the hearers still to be said upon this bill,

nor did I mean, when I addressed the Senate a moment ago and urged that we proceed as rapidly as we could to vote, that we should cease to discuss anything. I never said so. There are amendments to this bill which ought to be discussed, which ought to be discussed as a representative body of a free governing people ought to discuss everything, with a view of arriving at the truth.

The Senator from North Carolina does not exceed me one particle in his conviction that the discussion of this bill up to this date has resulted in practical good to the common people of this country. I know it as well as he does, and perhaps I know it better; but whether I do or not, he can not originate any discussion with me upon that subject.

The bill when it came in here was, if such a thing be possible, even worse than it is now. We have improved it, and we are going to improve it some more. Most of us know how we are going to improve it. I had not intended to say that I wanted an immediate vote before discussion upon every question that came up, but I do protest that I am tired and that the American people are tired of useless verbosity, and there has been a great deal of it, and there threatens to be more of it. Senators stand here as if they thought the only object of existence was to give them a chance to talk. Senators stand here and spend hours defending fundamental Adam Smithian principles that are known to every intelligent human being on the earth and that are denied by nobody except men who want to make their pocketbooks plethoric in consequence of legislation. What is the use of all that?

Mr. President, I merely repeat what I said at first. I plead with this body to waste as little time as possible, to proceed as rapidly as we can to a vote between conflicting opinions concerning the amendments to the bill and to the bill itself.

I am a partisan Democrat. I am one of the men who never apologize for being a Democrat. I took my politics as I took my religion, by inheritance and from Thomas Jefferson. But underlying every democracy in the world is the idea that the majority party must govern if it has brains enough to govern. Wherever there is a real democracy there is a parliamentary executive which, when it shows an inability to do things, must get out of power. In our limited democracy, which is not a complete democracy because we have not full parliamentary government, we can not tell whether a man is going out of power or not until the expiration of the limited term for which he serves.

I will venture the assertion right now that if the Senator from Pennsylvania were American premier in an American House of Commons—representative on the other side—and representing this bill, he would have had to resign three or four times when the bill has been amended and will be further amended contrary to his opinion and perhaps his convictions.

But all the same, Mr. President, the Republicans are in power. They are responsible to the people. They are going to do what they are going to do. Our duty is to oppose. That is the duty of an opposition party. Our duty is to protest. But after we have opposed and after we have protested, then ordinary common sense as well as ordinary political honesty demands that we shall not uselessly consume time.

That is all I have tried to say. That is all I wanted to say upon yesterday. It would not have taken me three minutes to have said it, and upon yesterday I would not have heard any reply then from North Carolina or Alabama made to what I had to say. I am very sorry to have heard it. Nobody admires the "eloquence" of the Senator from Alabama [Mr. HEFLIN] more than I do, and nobody admires the superior "expert wisdom" of the Senator from North Carolina [Mr. SIMMONS] more than I do, and when I am sought to be "sat upon" by both of them I did feel very exceedingly small for a short while, but when I began to think just a little bit afterwards about what I know about them and what I know about public affairs I do not feel quite as small as they perhaps imagine I do.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Florida [Mr. TRAMMELL] to the committee amendment.

Mr. TRAMMELL. I ask that the amendment to the amendment be reported.

The PRESIDING OFFICER. The amendment to the amendment will be read.

The READING CLERK. On page 38, line 18, after the numerals "1917," insert the following proviso:

Provided, That no deduction shall be allowed for interest on such indebtedness, so incurred or continued for the purchase of or to carry obligations of the United States when held by a taxpayer who purchased them for less than par.

Mr. REED. On that I call for the yeas and nays.

Mr. TRAMMELL. Let us have the yeas and nays.

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

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL]. Being unable to obtain a transfer, I withhold my vote.

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Maryland [Mr. WELLER] and vote "nay."

Mr. HARRIS (when his name was called). I have a pair with the junior Senator from New York [Mr. CALDER]. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the junior Senator from Massachusetts [Mr. WALSH] and vote "yea."

Mr. KING (when his name was called). I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER]. In his absence I am compelled to withhold my vote. If at liberty to vote, I would vote "yea."

Mr. RANSDELL (when his name was called). I have a pair with the junior Senator from Delaware [Mr. DU PONT]. He is absent and therefore I withhold my vote.

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

Mr. HEFLIN (when Mr. UNDERWOOD's name was called). My colleague [Mr. UNDERWOOD] is paired with the Senator from Massachusetts [Mr. LODGE].

The roll call was concluded.

Mr. SUTHERLAND (after having voted in the negative). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Arizona [Mr. CAMERON] and let my vote stand.

Mr. EDGE (after having voted in the negative). Has the senior Senator from Oklahoma [Mr. OWEN] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. EDGE. I transfer my general pair with that Senator to the junior Senator from Pennsylvania [Mr. CROW] and allow my vote to stand.

Mr. MCLEAN (after having voted in the negative). I transfer my pair with the Senator from Montana [Mr. MYERS] to the Senator from Rhode Island [Mr. COIT] and allow my vote to stand.

Mr. CURTIS. I wish to announce that the Senator from Washington [Mr. JONES] is paired with the Senator from Virginia [Mr. SWANSON].

Mr. LODGE (after having voted in the negative). I transfer my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the junior Senator from Idaho [Mr. GOODING] and allow my vote to stand.

The result was announced—yeas 28, nays 42, as follows:

YEAS—28.

Ashurst	Harrison	McKellar	Sheppard
Broussard	Heflin	Norbeck	Simmons
Caraway	Hitchcock	Norris	Stanley
Culberson	Jones, N. Mex.	Overman	Trammell
Dial	Kendrick	Pittman	Walsh, Mont.
Gerry	Kenyon	Pomerene	Watson, Ga.
Glass	La Follette	Reed	Williams

NAYS—42.

Brandegee	Hale	Nelson	Spencer
Bursum	Harreld	New	Stanfield
Capper	Kellogg	Newberry	Sterling
Cummins	Keyes	Nicholson	Sutherland
Curtis	Lenroot	Oddie	Townsend
Dillingham	Lodge	Page	Wadsworth
Edge	McCormick	Penrose	Warren
Ernst	McKinley	Phipps	Watson, Ind.
Fernald	McLean	Poindexter	Willis
France	McNary	Shortridge	
Frelinghuysen	Moses	Smoot	

NOT VOTING—26.

Ball	Elkins	Ladd	Smith
Borah	Fletcher	McCumber	Swanson
Calder	Gooding	Myers	Underwood
Cameron	Harris	Owen	Walsh, Mass.
Coit	Johnson	Ransdell	Weller
Crow	Jones, Wash.	Robinson	
du Pont	King	Shields	

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

Mr. TRAMMELL. I desire to reserve the right to have a separate vote on this amendment in the Senate.

Mr. HARRIS. Mr. President, we often hear criticism in this Chamber of public officials. Some of it is deserved and some is not. I believe in commending faithful public officials and condemning only those who have been derelict in their duties. I agree with what the Senator from Alabama [Mr. HEFLIN] has

said about the deflation policy of the Federal Reserve Board, which has cost the farmers and live-stock raisers of the South and West billions of dollars. I believe I was the first Senator to criticize the action of this board, but I rise to-day to praise the action of able, practical, and conscientious men serving as Secretary of Agriculture and Director of the Census. Those men have saved the farmers and other people of the South millions of dollars by the reports which they have to-day sent through the press relative to the cotton crop. Ordinarily the ginning report at this date shows that about half the cotton crop in the South is ginned. Those of us living in the South and in touch with conditions know that at least four-fifths of it is ginned at this time. If the ginners' report of the Census Bureau had been sent out without a statement from the Agricultural Department as an estimate of the crop unginned, the "bears," as we call them, the gamblers on the New York Cotton Exchange, would have depressed the price of cotton 2 or 3 cents a pound and that would have cost the people in my section many millions of dollars.

Mr. President, the boll weevil, the heavy rains at times, continued drouth, and the small amount of fertilizers used has reduced the amount of cotton raised this year more than one-half. The estimate of the Department of Agriculture on October 3 was 42.2 per cent of a normal cotton crop, the lowest ever reported, the forecast being 6,537,000 bales. As there will be no other estimate of crop conditions by the Agricultural Department until the early part of December, those of us interested in cotton realized that the Census Bureau report would be misleading, as ideal weather conditions for gathering the crop has enabled the farmers to gather the crop in half the time usually required. Several days ago I took this matter up with the Secretary of Agriculture and Director of the Census. Senators HEFLIN, RANSDELL, CARAWAY, SHEPPARD, and DIAL joined me, and after explaining conditions as to the cotton crop to these officials, they granted our request to issue statements from both departments so as to show actual conditions. Had they not done so the price of cotton would have gone down after the Census Bureau report to-day, but due to their diligence this has been prevented and cotton advanced many points.

I ask, Mr. President, to place in the RECORD the statement of the Census Bureau and also that of the Secretary of Agriculture. Recently during a visit to my State I made about 40 speeches to the farmers; in all these speeches I praised the splendid work of the Secretary of Agriculture and the Director of the Census, and I am glad to say they have demonstrated to the satisfaction of everyone that they have the interest of the people of this country at heart and are not bound down by red-tape methods.

The PRESIDING OFFICER. If there is no objection, the request of the Senator from Georgia will be granted.

The statements referred to are as follows:

[Preliminary report.]

DEPARTMENT OF COMMERCE,
BUREAU OF THE CENSUS,
Washington, 10 a. m., October 25, 1921.

REPORT ON COTTON GINNING.

Number of bales of cotton ginned from the growth of 1921 prior to October 18, 1921, and comparative statistics to the corresponding date in 1920 and 1919.

State.	Running bales (counting round as half bales and excluding linters).		
	1921	1920	1919
United States.....	5,477,397	5,754,582	4,929,104
Alabama.....	426,152	281,957	383,458
Arizona.....	8,657	19,678	14,010
Arkansas.....	449,484	351,373	277,836
California.....	4,012	13,963	13,300
Florida.....	8,127	9,807	10,794
Georgia.....	637,129	728,050	1,109,878
Louisiana.....	195,115	201,619	144,810
Mississippi.....	512,007	349,777	405,674
Missouri.....	40,333	13,593	14,623
North Carolina.....	444,961	190,812	354,261
Oklahoma.....	347,146	377,312	273,153
South Carolina.....	494,261	562,097	840,587
Tennessee.....	158,660	53,619	80,609
Texas.....	1,740,766	2,596,800	999,191
Virginia.....	7,505	1,086	5,979
All other.....	3,079	2,039	941

Round bales included 99,371 for 1921, 140,099 for 1920, and 55,555 for 1919. American Egyptian 7,498 for 1921, 14,312 for 1920, and 8,890 for 1919; and sea-island 1,204 for 1921, 334 for 1920, and 1,792 for 1919. The statistics for 1921 are subject to correction. The revised total of cotton ginned this season to September 25 is 2,923,127 bales. There were 13,549 ginneries operated prior to September 25.

COTTON CROP OF 1921—ESTIMATE OF DEPARTMENT OF AGRICULTURE.

The Department of Agriculture on October 3, 1921, estimated that the condition of the cotton crop on September 25 was 42.2 per cent of a normal, the lowest condition ever reported, which forecasts a total production of about 6,537,000 bales of 500 pounds gross. Reports indicate that the crop is mostly gathered.

CONSUMPTION, STOCKS, IMPORTS, AND EXPORTS—UNITED STATES.

Cotton consumed during the month of September, 1921, amounted to 484,647 bales. Cotton on hand in consuming establishments on September 30 was 1,016,032 bales, and in public storage and at compresses 4,809,893 bales. The number of active consuming cotton spindles for the month was 33,898,415. The total imports for the month of September, 1921, were 6,362 bales and the exports of domestic cotton, including linters, were 522,839 bales.

WORLD STATISTICS.

The world's production of commercial cotton, exclusive of linters, grown in 1920, as compiled from published reports, documents, and correspondence was approximately 18,810,000 bales of 500 pounds net, while the consumption of cotton (exclusive of linters in the United States) for the year ending July 31, 1921, was approximately 15,520,000 bales of 500 pounds net. The total number of producing cotton spindles, both active and idle, is about 155,000,000.

(Press service, United States Department of Agriculture. Release for afternoon papers Tuesday, Oct. 25, 1921.)

STATEMENT OF SECRETARY OF AGRICULTURE IN REGARD TO COTTON-CROP CONDITION.

Concerning the cotton situation, Secretary Wallace said to-day:

"The cotton ginned to October 18, as shown by the census report, namely, 5,477,397 bales, running weight, is 83.8 per cent of the October 3 forecast of total production by the Department of Agriculture, which was 6,537,000 bales of 500 pounds weight.

"So far as our records go, the highest percentage of cotton ginned to October 18 was 64.3 per cent in the year 1916, when the crop was a small one. The smallest percentage ginned up to October 18 was 37.7 per cent in 1903.

"Our people in the department who are qualified to judge of such matters say that there can be no reasonable doubt that this year's cotton crop is more largely ginned to date than ever before. In the first place, the crop is a very small one, and under such conditions the percentage ginned to date would naturally be large. In the second place, the season has been unusually forward, and reports from practically all sections of the cotton belt indicate that picking has been practically completed. In Texas both picking and ginning is much further advanced than usual and about completed, except in the northwestern part of the State. In Georgia the cotton is practically all gathered. In South Carolina picking is finished, except in the northwest corner of the State. In North Carolina rapid progress in picking has been made. In Alabama picking is finished in most southern and central sections and is elsewhere well advanced, with ginning progressing rapidly. In Mississippi picking and ginning has made rapid progress. In Arkansas the cotton is all picked in some localities and three-fourths picked in other localities. In Oklahoma picking is reported as having progressed rapidly."

The PRESIDING OFFICER. The question is on the adoption of the committee amendment on page 38, beginning in line 13, as amended.

Mr. REED. Just one moment. [A pause.] I have no objection to that amendment.

The PRESIDING OFFICER. Does the Senator from Utah [Mr. Smoot] desire to move a reconsideration of the vote whereby the amendment of the Senator from Nebraska to the committee amendment was agreed to?

Mr. SMOOT. No; let the amendment be agreed to as amended.

The PRESIDING OFFICER. The question is on the adoption of the amendment as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The next amendment passed over was, on page 38, line 22, to strike out the words "States or any of its possessions or of any foreign country and" and to insert "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."

The amendment was agreed to.

The next amendment passed over was, on page 39, at the beginning of line 2, to strike out "and (b)" and to insert "(c)."

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

Mr. REED. Mr. President, I do not say this in any criticism at all, but we must have time before the vote is declared to grasp the meaning of the language of amendments. I hope the Presiding Officer will be not quite so prompt in declaring amendments agreed to, for it is necessary that Senators should have time to understand them.

The PRESIDING OFFICER. The Secretary will proceed with the statement of the next amendment passed over.

The next amendment passed over was, on page 39, line 3, after the word "property," to strike out the word "assessed" and the semicolon, quotation marks, and the period and to insert "assessed, and (d) taxes imposed upon the taxpayer upon his interest as shareholder or member of a corporation, which are paid by the corporation without reimbursement from the taxpayer."

The amendment was agreed to.

Mr. SMOOT. Mr. President, on behalf of the Committee on Finance, I desire to offer the following amendment:

On page 39, line 7, after the word "taxpayer" and before the semicolon, insert a period and the following:

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.

I will say that the amendment simply fixes a definite date on which estate and other such taxes shall accrue.

Mr. FLETCHER. Mr. President, I ask the Senator from Utah what is the meaning of the language which is found in the amendment, "provided by the law of the jurisdiction imposing such taxes"? That is rather a new expression to me and I do not quite understand it.

Mr. SMOOT. Some persons claim that the taxes referred to accrue on the day of the death, some claim that they accrue on the date on which the tax is paid, while others claim that they accrue when the tax is due. This amendment simply makes certain when the tax accrues for the purposes of this section. That is all there is to it.

Mr. BROUSSARD. It seems to me that the last clause of the proposed amendment makes the date when the tax accrues uncertain. Why not have it apply equally to all estates and provide that the tax shall accrue on the day of death?

Mr. SMOOT. Each State may have its own law.

Mr. BROUSSARD. But we are not legislating for the States; we are legislating for the United States.

Mr. SMOOT. That is true, too, but the proposition is not to interfere with State laws if there be any State whose laws specifically provide when such a tax accrues.

Mr. BROUSSARD. I do not know what is the purpose of the committee in offering an amendment of this kind. Probably no Senator here knows what the law is in any State other than his own; and certainly we are not called upon to fix a date upon which the taxes referred to in the amendment shall accrue in such a manner that the date in one State may be different from that in another State. I think that there should be uniformity in this matter. We are not legislating for the States, nor are we proposing to legislate in conflict with the laws of any State in connection with the imposition of this Federal tax. The date, in my judgment, should be definitely determined.

Mr. SMOOT. The Internal Revenue Bureau to-day has a most difficult task, and there is a great deal of objection on the part of the citizens of the various States. This amendment simply provides that whenever the date of the law as to the accrual of these taxes is fixed in the State, that law shall be conformed to in the administration of this provision in the collection of taxes by the Internal Revenue Office.

As I have before stated, some claim the tax accrues upon the date of the death, others that it accrues when due, and others when it is paid. This amendment simply clarifies the situation so that the Federal law will conform to the laws of the States.

Mr. BROUSSARD. May I inquire what is the present law on this subject?

Mr. SMOOT. There is no present law at all on the subject. In the past each case has come up to the Internal Revenue Bureau for decision, and now that bureau thinks Congress should specifically state just what course that bureau shall follow.

Mr. BROUSSARD. What I am claiming is that Congress is not making a specific provision by the amendment now proposed. That amendment provides that the tax shall accrue "on the due date thereof," or at such time as the respective States shall determine.

Mr. SMOOT. That is according to the laws of the States. I do not know how it is possible to express it in any simpler form than it is here stated. Whatever the law of a State is, the Government of the United States, as here provided, is going to follow it.

Mr. BROUSSARD. Why not say?—

For the purposes of this paragraph estate, inheritance, legacy, and succession taxes shall accrue on the date of the death of the decedent.

That would make it specific.

Mr. SMOOT. If we did that it might interfere with the laws of half of the States, and we do not desire to attempt to interfere with the laws of the States.

Mr. LODGE. Mr. President, it is a mere matter of practical convenience. We can not change the laws of the States as to inheritances. Their probate laws and inheritance laws are their own, and we can not make a universal law on the subject. Under present conditions great inconvenience is caused administrators and executors in the settlement of estates because of the conflict in dates. It would be a very great help in every State to adopt some such provision as that now pro-

posed. I know of a number of cases in my own State where it would be very helpful to have the dates determined by the Federal Government in accordance with the law of the State. It is, I repeat, a mere matter of convenience. Many cases have been brought to my attention where it would be a very great convenience if the matter could be arranged as now proposed.

The PRESIDING OFFICER. The question is on the adoption of the amendment offered by the Senator from Utah.

Mr. SIMMONS. Mr. President, I wish to say for myself in reference to this amendment that, while I had no part in the committee in framing it, I am rather inclined to think that it is an improvement upon the present system of fixing the date when the Federal inheritance tax shall accrue.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. WADSWORTH. Mr. President, before the next amendment which has been passed over is acted upon, may I call the attention of the Senator in charge of the bill to the fact that at the bottom of page 40 there is a committee amendment which has been agreed to. Upon a prior occasion I called attention to an exactly similar amendment on page 86. Both amendments have to do with the writing off of bad debts. At that time I stated that when this amendment was again reached I would bring the question up, either in connection with the amendment on page 40, which has been agreed to, or the amendment on page 86, which has not been agreed to as yet, but which is exactly like the amendment on page 40. It seems to me we might as well settle the principle involved now. For that reason I ask unanimous consent that the vote by which the committee amendment at the bottom of page 40 was agreed to may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The question recurs on agreeing to the amendment.

Mr. FLETCHER. One of the amendments referred to by the Senator from New York applies to individuals and the other to corporations.

Mr. WADSWORTH. Yes; they are exactly alike. If I am not permitted to bring the question up here I will bring it up when we reach page 86.

Mr. FLETCHER. The Senator thinks that the same principle ought to apply to individuals as to corporations?

Mr. WADSWORTH. Exactly; I can see no difference.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, my attention was diverted for a moment. I understand he is discussing the amendment on line 20, page 40?

Mr. WADSWORTH. Yes.

Mr. SIMMONS. I should like to say a few words with reference to that amendment.

Mr. WADSWORTH. I should like, first, to inquire whether the motion to reconsider the vote by which the amendment was agreed to has been adopted?

Mr. SIMMONS. I have no objection to that.

The VICE PRESIDENT. The request to reconsider has been agreed to. The question now is on agreeing to the amendment of the committee.

Mr. SIMMONS. Mr. President, I was apprehensive when we acted upon this matter before that the language—

Or, in the discretion of the commissioner, a reasonable addition to a reserve for bad debts—

Might possibly result in much abuse; but after more thorough consideration of it I am impelled to change my request at that time, and I shall not make any opposition to the amendment.

Mr. WADSWORTH. Mr. President, I addressed the Senate briefly on a former occasion, and I do not desire to do so again if there is no objection to rejecting the committee amendment.

Mr. SMOOT rose.

The VICE PRESIDENT. Does the Senator from Utah desire to address himself to this matter?

Mr. SMOOT. No; that is the course I should like to have followed.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. SMOOT. Now, Mr. President, I ask unanimous consent that the Senate may take the same course with regard to the amendment on page 86, lines 13 to 16. That language applies to corporations the same rule that is applied to individuals.

Mr. FLETCHER. The amendment on page 86 was passed over, I think.

The VICE PRESIDENT. Is there objection to the immediate consideration of the matter on page 86? The Chair hears none. The question is on agreeing to the amendment.

The amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is on page 41, after line 11, to insert the following:

(9) In the case of buildings, machinery, equipment, or other facilities, constructed, erected, installed, or acquired, on or after April 6, 1917, for the production of articles contributing to the prosecution of the war against the German Government, and in the case of vessels constructed or acquired on or after such date for the transportation of articles or men contributing to the prosecution of such war, there shall be allowed a reasonable deduction for the amortization of such part of the cost of such facilities or vessels as has been borne by the taxpayer, but not again including any amount otherwise allowed under this title or previous acts of Congress as a deduction in computing net income. At any time before March 3, 1924, the commissioner may, and at the request of the taxpayer shall, reexamine the return, and if he then finds as a result of an appraisal or from other evidence that the deduction originally allowed was incorrect, the income, war-profits, and excess-profits taxes for the year or years affected shall be redetermined; and the amount of tax due upon such redetermination, if any, shall be paid upon notice and demand by the collector, or the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the provisions of section 252.

This amendment was passed over on the request of the junior Senator from Utah [Mr. KING].

Mr. SMOOT. Mr. President, a parliamentary inquiry. Was the amendment on page 41, lines 1 to 6, agreed to?

The VICE PRESIDENT. It was; and the amendment in lines 7 to 11 was agreed to. The question is on agreeing to the amendment beginning after line 11 on page 41.

Mr. SMOOT. Mr. President, I desire to offer an amendment to that in behalf of the committee—amendment No. 10. On page 41, line 20, after the word "allowed," I move to insert a comma and the following:

for any taxable year before March 3, 1924 (if claim therefor was made at the time of filing return for the taxable year 1918 or 1919).

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. I will say to the Senator from North Carolina that that is the amendment that my colleague, the junior Senator from Utah [Mr. KING], desired to have inserted, so that no new claims could be made.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is on page 48, passed over at the request of the senior Senator from Wisconsin [Mr. LA FOLLETTE], where it is proposed to strike out lines 1 and 2 and to insert:

(a) The amount received as dividends (1) from a domestic corporation other than a foreign trade corporation, or (2) from a foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of section 217;

(b) The amount received as interest upon obligations of the United States and bonds issued by the War Finance Corporation, which is included in gross income under section 213.

Mr. SMOOT. Mr. President, there must be an amendment to this language. On line 4, I move to strike out the words "other than a foreign trade corporation." That is necessary to conform to the amendment that was disagreed to by the committee on page 5 of the bill in reference to the term "foreign trader."

The VICE PRESIDENT. The amendment to the amendment will be stated.

The READING CLERK. On page 48, line 4, it is proposed to strike out the words "other than a foreign trade corporation."

The amendment to the amendment was agreed to.

Mr. SIMMONS. Mr. President, before that is left, does the Senator propose to leave in the bill the language "from a foreign corporation"?

Mr. SMOOT. Yes; certainly. They have to pay their taxes under existing law.

The VICE PRESIDENT. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is on page 48, section 221, beginning with line 17, down to and including line 7 on page 49, passed over on the request of the senior Senator from North Carolina [Mr. SIMMONS].

Mr. TRAMMELL. Mr. President, I desire to offer a substitute for this subdivision or paragraph of the bill.

The VICE PRESIDENT. The Senator from Florida offers an amendment, which will be stated by the Secretary.

The READING CLERK. On pages 48 and 49, it is proposed to strike out all of subdivision (c) and to insert in lieu thereof the following:

(c) That where 75 per cent or more of the income of the taxpayer is received from the labor or personal service of the taxpayer, in the case of a single person, the amount of the personal exemption shall be \$1,500; or, in the case of the head of a family or a married person living with husband or wife, the amount of the personal exemption shall be \$3,000, unless the net income in the case of a single person is more than \$3,500, in which case the personal exemption shall be \$1,000, or unless the net income in the case of the head of the family or a married person living with husband or wife is more than \$6,000, in which case the personal exemption shall be \$2,000. That where 25 per cent or more of the income of the taxpayer is derived from sources other than from his or her personal labor or services, in case of a single person the amount of the personal exemption shall be \$1,000; or, in the case of the head of the family or a married person living with husband or wife, the amount of the personal exemption shall be \$2,500, unless the net income is in excess of \$5,000, in which case the personal exemption shall be \$2,000. A husband and wife living together shall receive but one personal exemption; such exemption shall be the amount heretofore set forth. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them. That the personal exemption herein provided shall not apply in the case of a single person whose net income is \$8,000 or more, nor shall the said personal exemption apply in the case of the head of a family or a married person living with husband or wife where the aggregate net income of such husband and wife is \$15,000 or more.

Mr. PENROSE. Mr. President, this amendment is practically an effort to revive the proposition of the earned and unearned incomes, and I hope the Senate will not agree to it.

Mr. TRAMMELL. Mr. President, that is in a measure the object of the amendment. I take the position that the returns from a person's labor and personal services should not be taxed until he has at least received a sufficient part of his income free of taxation to give him and his family, in the event that he is a married man, a reasonably comfortable support; and if he is a single man, as the result of his labor and his energies he should have exempt from taxation a sufficient amount upon which to live in comfort, and to try to prepare himself for the duties and responsibilities of life.

The amendment as it is proposed by the committee allows an exemption of only \$1,000 to a single person, regardless of the amount of compensation received. In most of the cities of the country \$1,000 is not sufficient upon which a person can exist. It will not pay for board, clothing, and a modest incidental expense account. That is true here in the city of Washington; it is true in almost all sections of the country, yet the Government seeks to tax the salary of a single person before the income has reached a sufficient amount upon which that person can maintain himself or herself. Two thousand dollars, in case the income is over \$5,000, is the sum exempt to a married person or the head of a family. Two thousand five hundred dollars is the amount exempt if he is the head of a family or a married person where his earnings do not amount to \$5,000. My amendment seeks to have a greater exemption to a certain limited amount where the income is the result of personal labor or services rendered by the taxpayer. It provides that where 75 per cent or more of the earnings of the taxpayer is compensation for personal labor and personal services the exemption shall be, in the case of a married person or the head of a family, \$3,000, and in the case of a single person, where at least 75 per cent of the income is the result of personal labor and personal services, he shall have an exemption of \$1,500.

The further provisions of my measure seek to throw around these features of it safeguards, in that it is provided that if the income of a single person is more than \$3,500 per annum his exemption shall be only \$1,000; in the case of a married person or the head of a family, where the aggregate income of the husband and the wife is \$6,000 or more, then the exemption shall be only \$2,000. It further provides that the exemption shall not apply in the case of a single person where his net earnings are more than \$8,000 per annum. It also provides that the exemption shall not apply at all in the case of a married person or of the head of a family where his net earnings are more than \$15,000 per annum. In this way I seek to recoup the revenue that will be lost on account of a more liberal consideration being extended under the other provisions of the amendment to the taxpayer in making a liberal exemption of earnings that he receives from his personal services.

The policy of the amendment as presented by the committee is that when the income reaches the sum of \$5,000 the exemption shall be reduced. In the case of a married person it is reduced from \$2,500 to \$2,000, showing plainly that the committee recognized as a proper policy a lessening of the exemption in the event that the income reaches the substantial sum of \$5,000 or more.

I have written that policy into the amendment presented by me, except that I have carried it to the extent of providing that after a single man's income reaches \$7,500 or more per annum

he will not be allowed any exemption at all, and that in the case of a married person or the head of a family, when his income reaches \$15,000 or more per annum he shall not receive any exemption; in other words, he would be allowed only \$2,000 exemption, and with an income of \$15,000 net per annum there is no particular reason why the Government should exempt him to the extent of \$2,000 at the rate of 4 per cent, which would be only \$80.

I see no reason why, where a person's net income is \$15,000 or more per annum, you should exempt him \$80, the same amount as you would exempt the person with an income of only \$3,000. A single man with a net income of \$8,000 per annum, a married person with a net income of \$15,000 or more per annum, neither needs nor requires an exemption amount to \$80 per annum.

I embraced this feature in the amendment with the hope and with the object in view of trying to recoup whatever revenue may be lost on account of being more lenient and more generous with the taxpayer in dealing with his earnings received from personal service and personal labor.

Mr. KING. Mr. President—
The PRESIDING OFFICER (Mr. CAPPER in the chair). Does the Senator from Florida yield to the Senator from Utah? Mr. TRAMMELL. Certainly.

Mr. KING. Has the Senator made any computation with a view to ascertaining what, in the aggregate, would be the loss or the gain if his amendment should prevail, over the loss or gain under the amendment tendered by the committee?

Mr. TRAMMELL. No, Mr. President; I have not had an opportunity to make an investigation of that subject. I dare say the loss would not exceed very much, if at all, the amount of gains, because the fact that incomes of more than \$8,000, in the case of a single person, are not subject to the exemption of \$1,000, and in the case of married persons that incomes of \$15,000 per annum and more do not enjoy the \$2,000 exemption, would in a substantial measure make up for the reduction on account of the enlarging of the exemption on account of personal services and personal labor.

Mr. KING. Mr. President, my recollection of the returns of individuals under the income-tax provision is that they amounted to about \$4,400,000 for 1918, and about \$5,246,000, as I recall, for 1919, and recalling, as I do, the tremendous number of those under the smaller brackets, if I may be permitted the expression, it occurs to me that the amendment of the Senator would entail a good deal of loss. I want to inquire of the Senator whether he has considered the administrative features and difficulties which might result from his amendment?

Mr. TRAMMELL. Mr. President, I do not think the administration under my amendment would be any more difficult than almost any administrative feature of the entire bill. The amendment for which I ask to have this substituted provides a system that is just about the same as that provided in the amendment presented by me.

Mr. KING. Mr. President, while the Senator from Florida is conferring with the expert for the purpose of ascertaining what, if any, change will be made in the revenue to be obtained under this provision, in the event his amendment is adopted, I shall occupy the floor.

I do not perceive any serious administrative difficulties in his amendment, although there are some objections to applying different rates of taxes to the same fund. However, any application of the system of graduation is subject to the same criticism. The objection, of course, is not important enough to prevent the application of the principle of graduation where the interest of the people would be subserved and when justice results. There is a disposition (and it is a proper one) to exempt from the burdens of taxation those whose incomes are scarcely adequate for the support of individuals and their families.

But there are those who have urged that no matter how small the income of an individual might be, a small contribution by him to his Government is proper, because he would feel that he was a part of the Government and that his material contribution aided in its maintenance.

I have often felt that that condition of society would be the best in which all the people enjoyed sufficient income that they might make direct contribution to the expenses of their Government. Unfortunately human governments have never developed a social and industrial condition of that standard of perfection. The question of taxation has always proven a most difficult one with which to deal. It has made and unmade political parties and lost monarchs their crowns. Perhaps no hard and fast rule can be laid down as a basis for the laying of taxes; and no concrete formula has ever been suggested that

will meet the mutations of time and the changes in the economic and social conditions of the people.

The great philosopher of India many centuries ago proclaimed, in substance, that taxes should be borne by those who were best able to bear them. Perhaps no better formula could be devised than that embodied in the words of Manu. It is not always an easy process to apply this rule to tax measures, and the difficulties are somewhat increased where the industrial life of the people is varied and the commerce and business interests are complex; and in preparing a Federal tax bill cognizance must be taken of the States and the municipalities and the very heavy burdens which rest upon them. The tax imposed by the Federal Government is not the only tax which the people are compelled to bear; indeed, the burdens of the Federal Government should be lighter than those imposed by the States and the political subdivisions therein. The responsibilities and the activities of the States, in so far as they relate to the lives of the people, are broader and deeper and more important than those resting upon the Federal Government. The Federal Government is invading the fields of taxation enjoyed by the States, and the heavy exactions of the Federal Government constitute a genuine burden upon the people.

Removed, as we are, from the war period by three years we are still bearing war burdens. Appeals for economy fall upon deaf ears, and the expenditures made by the Federal Government continue with slight diminution. The party in power made many promises before the election to inaugurate financial reforms and enact a comprehensive and scientific revenue law. It led the people to believe that the burdens of Federal taxes should be lightened and that a simplified tax measure would be enacted. Taxes have not been diminished, and the promised tax reforms find their only fulfillment in this incongruous, jumbled, and mosaic bill reported by the Finance Committee. The bill before us is unsatisfactory to the people, and it is meeting with derision from the members of the majority party in the Senate. It will confound the Republican Party when understood by the people and be a strong factor in bringing to power the Democratic Party.

A tax measure which would be suitable to a purely pastoral people can not be justified in an industrial and commercial nation, and where its industries and activities are so varied as those found in this Republic; and in those States where a large part of the wealth is concentrated in the hands of comparatively few a revenue measure, if it be fashioned along the lines of justice and equity, must carry provisions not found in tax systems where property is widely distributed and owned.

Corporate holdings in the United States are stupendous. The corporate gross income for 1918 exceeded \$80,000,000,000, whereas the personal gross income for the same year returned by those whose earnings exceeded \$1,000 was but slightly in excess of \$15,000,000,000. There are many individuals in the United States who have very limited holdings and whose earnings are less than \$1,000 per annum. In 1918 the individuals who made returns to the Government were approximately 4,400,000, and in 1919 the number of persons making income returns was 5,332,760. There are in the United States perhaps 40,000,000 of individuals who are wage earners. Of that number there were but 5,332,760 who earned in 1919 more than \$1,000. In 1919 the earnings of the people of the United States perhaps were greater than in any other year. It is quite clear that for the year 1921 the earnings of the people of the United States will be very much less than they were in 1920 or 1919 or 1918. These figures demonstrate that the great majority of the people of the United States earn less than \$1,000 per annum. With the high prices of all commodities, including rents and everything that enters into the lives of the people, it is apparent that there must be want and suffering in many parts of our land; and though there are millions whose annual earnings are perhaps around \$500, there are four or five millions of men who are out of employment.

All these facts must be taken into account in framing a revenue bill. We must not lose sight of the fact that the productive wealth of the country, aside from the farms, is controlled by corporations, and that the corporations are receiving the profits. I grant that corporate profits have been greatly reduced and that many corporations for the current year will show reduced earnings and many will show losses. But we come back to the proposition: By whom can the burdens of taxation most easily be borne? Can we impose them upon the consumer—upon the great mass of the people, whose earnings are so limited?

Manifestly, not. Many of these persons whose earnings are less than \$1,000 have small homes upon which heavy taxes are imposed by the States and the municipalities in which they reside. The State governments rely for their support largely upon the small holdings of the masses of the people. We ought

not to place further burdens upon those who are unable to bear them. It is a difficult task so to adjust taxes as not to do injustice either to the individual or to the State.

In approaching this question there should be no hysteria, no prejudice against wealth, and no feeling to penalize or punish any section or any class or any business. The important question is: What is right; what is just; how can we best meet the obligations of the Government; what are most conducive to the public welfare and to the happiness and prosperity of all the people? There must be no confiscation of property, and socialism must not be enthroned by the use of the taxing power. There are some who would destroy all property through the taxing power of the State. There are some who would repel the suggestion that they were Socialists or that they desired to destroy the private ownership of property, but who would be willing to impose such heavy taxes as to be tantamount to the confiscation of property.

Business corporations which absorb the productive wealth of the country and which enjoy annual earnings of large proportions must expect to furnish the greater part of the taxes required by the Government. The income tax must remain as a fundamental part of our taxing system. A graduated income tax should, in my opinion, always remain with us. Those who enjoy great incomes must be expected to make large contributions to the Government; and I am unable to perceive any reason why excess profits, or, as the phrase is employed by President Wilson in a message to Congress, "undue profits," should not bear a portion of the expenses of the Government.

I am opposed to the Government limiting the profits of those engaged in private enterprises, and I regard it as an impediment to proper economic development for the Federal Government to place business in a strait-jacket. A free and fair field should be opened to all individuals. The Government should play no favorites. The poor boy of to-day should feel that he has an even chance with the rich man's son to achieve commercial or financial success in life. Rewards should be held out for the provident, the thrifty, the energetic, and those possessing courage and genius.

With broad fields for activity and American genius, wealth will be produced. The history of our country is a demonstration of the wisdom of our political and economic policies. No country has exhibited such material progress as this Republic has. The door of opportunity has been opened to the humblest as well as to the rich; and the men to-day who control the great financial institutions of the country, with but rare exceptions, are those who began their careers upon the farms or in the humblest walks of life. When wealth is produced by individuals, or as a result of corporate control and management, and the earnings therefrom are important, the Government has the right to ask that from those earnings the Government shall receive contribution for its maintenance. Unfortunately, too often the men of wealth have been selfish and have sought to evade taxation. They have threatened to invest their savings and their capital in tax-exempt securities, and to refuse to make those investments essential for the industrial growth of the Nation. There are many business men in our country who are more concerned with achievement and in creating wealth than in the mere saving of wealth. They are satisfied to know that their efforts develop industry, build factories, construct railroads, and add to the general wealth, and therefore to the general prosperity of all.

During the war there were too many profiteers. Profiteers were not alone in the ranks of wealth but many in all positions of life seized every opportunity within their grasp to obtain personal aggrandizement, even at the expense of their country. Combinations were formed to maintain high prices, and associations in towns, villages, and hamlets, as well as in the centers of population, operated for the purpose of destroying competition and of maintaining high price levels.

The profits made were stupendous. Excess profits were the rule in many lines of industry. The Government acted prudently and justly in laying the strong hand of taxation upon excess profits. It is axiomatic that taxation should not destroy the fountains of production or neutralize the initiative of individuals or curb the legitimate ambitions of those who engage in industry and seek the material advancement of the country.

The bill which is now before us discourages the unemployed and those of limited resources. It will bear oppressively upon them and it will lighten beyond any standard of justice the burdens which wealth, particularly great wealth, should bear. This tax bill protects wealth and exempts it from taxation. It is not a bill suited to the times; it does not meet the economic and industrial needs of the people—and all tax bills directly relate to economic and industrial conditions—nor will it care for the demands of the Treasury, in view of the enormous appropria-

tions which the party in power have made. This measure should be redrafted along lines of simplification and in the interest of the general good. It has been greatly improved by amendments which have been offered; it will perhaps be further improved before it leaves the Senate.

In my opinion there should be embodied in the bill a provision for a tax upon undue profits. The time has not come when enormous profits should go untaxed. It is no opposition to wealth that calls for the taxation of wealth; inordinate profits are a legitimate source of taxation. The party in power will make a great mistake, for which they will be held accountable by the people, if they enact a tax law which embodies all the imperfections and vices found in the measure before us.

Mr. FLETCHER. May I interrupt the Senator with reference to two propositions he has raised. One is the question whether revenue shall be reduced, or not as much raised, under this amendment as under the committee proposition. That, of course, is largely a question for experts. Otherwise without the information from that source we merely have to guess at it and form our best opinion about it.

I take it we desire to vote for those proposals which we consider just and fair and proper without paying too much regard to the question of how much revenue is going to be raised by a particular amendment that may be offered. For instance, with reference to the point the Senator raised as to the difficulties of administration, I take it the Senator will agree that it will not be difficult for the department to ascertain what income is derived from personal services. That is a fact which can be easily ascertained from the investigation which the department may make and it will be shown by the return which the taxpayer will have to make; it will all appear on his return how that income is derived. So I can not see any difficulty of administration under the proposed amendment. The fact whether the income is derived from personal services or not would not be a very difficult matter to determine. It will be established just like the fact of being married or single.

Then the other suggestion which the Senator made was that he believes every citizen ought to contribute something to the support of the Government. Even the poor people, as they are sometimes designated, who are not called upon to pay direct taxes under this provision, do not escape the indirect taxes. Everybody has to pay indirectly something for the support of the Government, so that if those people whose incomes are less than the amount designated here should escape direct taxation, that does not mean they are not contributing to the support of the Government; but we must keep in mind the indirect taxes which they must pay.

I submit these observations for the Senator to consider in connection with his inquiry made of my colleague with reference to this particular amendment. I feel that there is merit in the claim that every man earning 75 per cent of his income by personal services would require something more than \$1,000 a year income, proposed to be raised to \$1,500 a year, in order to maintain himself, and that the proposed exemption is entirely reasonable. It would rather encourage individual effort and provide against the possible embarrassment that the taxpayer might otherwise encounter. Then where a citizen who is the head of a family, having a wife and children to support, is earning from \$3,000 to \$6,000 a year, 75 per cent of which is derived from his personal efforts, it seems to me that it is not an unreasonable position to take that he ought to be allowed an exemption for the support of his family of \$3,000, 75 per cent of which comes from his own labor. He will require at least that much for the purpose of taking care of his family and educating his children. I think that the amendment is a very important one and a very meritorious one.

As to the suggestions which come to the mind of the Senator, I believe upon reflection he will admit that if the amendment is adopted the law could be very easily administered, without any complication or difficulty, and that it does not relieve from taxation those who are allowed the exemptions provided, except only to the extent and in the respect provided. Those allowed these exemptions as to their income taxes will have other taxes which are quite burdensome enough to pay.

Mr. KING. Mr. President, I did not intend to convey the idea, though perhaps my words gave that implication, that I regarded the administrative difficulties as insuperable or, indeed, important. I suggested the inquiry to the junior Senator from Florida whether or not there were any administrative difficulties. Generally speaking, it would be better if we could have flat rates rather than irregular and graduated ones. But that is found impossible if the line of justice is followed in framing tax laws. When I made the inquiry as to the administrative problems involved I did not mean to infer that they

were so important as to warrant us in refusing to accept the amendment if otherwise it commended itself to our judgment.

I further expressed myself as being in sympathy with any provision of the law that would deal fairly and justly with those of small means. I agree entirely with the Senator from Florida that those of moderate means and those who come within the category of the poor, whom, as the Bible says, we always have with us, are burdened by indirect taxation. It has been the device of the wealthy always to impose indirect burdens upon the people rather than direct taxation. If the burdens which the great mass of the people from time to time have been compelled to bear under the guise of indirect taxation had been presented to them in the form of direct taxation they would more often have been led to revolution. So far as possible there should be direct taxation, but indirect taxation will always appear.

I repeat what I stated in the beginning—that I should like conditions to be such that all can make contributions to the expenses of the Government. There is something in the thought that those who pay taxes or aid their Government in a direct way feel a personal interest in the Government and that it is their Government.

The thought has been elaborated in many admirable essays that a small contribution paid by even the poorest to a cause seems to identify them with the cause and they take a greater interest in it by reason of such act. But I support the view that all taxation must have in mind the ability of the people to pay.

As I have heretofore said, the faculty theory of taxation has been accepted by us, theoretically at least, as the fundamental theory upon which to rest our tax system. The ability of the people to meet the burdens of government must be the basis of exactions imposed by the Government. Wealth, which is deriving benefits and protection from the Government, must now as in the past bear the burdens of taxation.

Mr. President, the Senator from Florida has returned to the Chamber, and I will not detain the Senate longer. I hope he has sufficient data to explain fully to the Senate the result of his amendment. Permit me to say in conclusion that the criticisms which I have made of this bill have not been in a partisan spirit. I feel that it is the duty of the Democrats to aid in every possible way to formulate a wise and just tax law. I regret that our Republican friends have exhibited such extreme partisanship. They have repeatedly declared that they were responsible for the Government and for legislation, and that they would pass legislation regardless of the views of the minority. This bill was framed in the House by the majority without the aid of the minority; it emerged from the Finance Committee of the Senate with the seal of the majority upon it; it was prepared by the majority, not by the minority; and the views of the minority were not sought in drafting any part of it from the beginning to the end. The bill with all its infirmities must be laid at the door of the Republicans and they will have to bear the obloquy which will attach to it.

The PRESIDING OFFICER (Mr. ASHURST in the chair). The question is on the amendment proposed by the junior Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. I ask the acting chairman of the committee if he will allow this paragraph to go over until to-morrow so that my amendment may be printed, and also in order that some other Senators may have an opportunity to read it and give it some consideration.

Mr. SMOOT. If the Senator desires to withdraw his amendment at this time and allow the amendment of the committee to be acted upon, that will not preclude him from offering his amendment in the Senate. I will say to the Senator that we have already voted upon the same principle. We want to get through with the bill some time or other.

Mr. TRAMMELL. I prefer not to withdraw my amendment. I will suggest the absence of a quorum and take a vote upon the amendment, and then I will reserve the right to have further action when the bill reaches the Senate.

Mr. SMOOT. As I remember the Senator's amendment, it strikes out the House text of the bill. Of course, if that is the case, it is not in order at the present time.

Mr. TRAMMELL. It seems to me that the entire paragraph is open to amendment, a part of the paragraph being the amendment proposed by the committee to the House text.

Mr. SMOOT. I will say to the Senator that committee amendments are now being considered.

The PRESIDING OFFICER. The Chair understands the junior Senator from Florida suggests the absence of a quorum?

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

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Harrison	Moses	Smoot
Broussard	Heflin	Nelson	Spencer
Bursum	Hitchcock	New	Stanfield
Capper	Johnson	Newberry	Sterling
Caraway	Jones, N. Mex.	Nicholson	Sutherland
Curtis	Kellogg	Norris	Swanson
Dial	Kendrick	Oddie	Townsend
Dillingham	Keyes	Overman	Trammell
Edge	King	Page	Wadsworth
Ernst	La Follette	Phipps	Walsh, Mont.
Fletcher	Lenroot	Pittman	Warren
France	Lodge	Pomerene	Watson, Ga.
Frelinghuysen	McCormick	Ransdell	Watson, Ind.
Gerry	McKellar	Reed	Willis.
Hale	McKinley	Sheppard	
Harris	McNary	Simmons	

The PRESIDING OFFICER. Sixty-two Senators having answered to their names, a quorum is present.

Mr. FLETCHER. Mr. President, a number of Senators are now in the Chamber who probably have not heard the discussion on the pending amendment. I simply wish, before the Senate votes on this matter, to have the proposed amendment stated.

Mr. SMOOT. Mr. President, the amendment is out of order at this time. We are now considering committee amendments, and the Senator's amendment proposes to strike out the whole of subsection C, which is a part of the House bill. Under the agreement heretofore reached by the Senate, an amendment of that kind is not in order at this time. I do not think, therefore, we ought to take the time of the Senate again to read the amendment. The Senator will have an opportunity to offer the amendment later. I believe that we ought to proceed in order and the amendment is not in order at this time.

Mr. TRAMMELL. Mr. President, is it the idea of the Senator from Utah to dispose of the amendment as reported by the committee, and that it will then be in order to offer a substitute?

Mr. SMOOT. No. Later on, after we get through with committee amendments, it will be in order.

Mr. TRAMMELL. After we shall have concluded the consideration of committee amendments?

Mr. SMOOT. Then the Senator from Florida may again offer his amendment as a substitute for this amendment.

Mr. TRAMMELL. Then, with that understanding, I will send the amendment to the desk and let it lie on the table and be printed, so that it may be considered later.

The PRESIDING OFFICER. That order will be entered. The next amendment passed over will be stated.

The next amendment passed over was, on page 48, line 25, after the word "personal," to strike out the words "exemption, which shall be computed on their aggregate net incomes; and in case they," and to insert "exemption. The amount of such personal exemption shall be \$2,500, unless the aggregate net income of such husband and wife is in excess of \$5,000, in which case the amount of such personal exemption shall be \$2,000. If such husband and wife"

The amendment was agreed to.

Mr. SMOOT. Mr. President, I wish to offer an amendment on behalf of the Committee on Finance. On page 50, line 20, after the letter (A), I move to strike out "interest received from foreign traders or foreign trade corporations, (B)"

Mr. KING. May I inquire of my colleague whether that amendment is not tied to the proposition for which the Senator from Wisconsin [Mr. LA FOLLETTE] was contending?

Mr. SMOOT. It is designed to perfect the bill according to the action of the Senate in striking out paragraphs 4 and 5, on page 5 of the bill.

Mr. KING. Mr. President, of course, in view of the action of the Senate with respect to the amendment offered by the Senator from Wisconsin, he having asked for a separate vote on the amendment, I presume that I ought to ask for a separate vote in this instance, unless—

Mr. SMOOT. I repeat, the amendment is to conform with the action of the Senate in adopting the amendment offered by the Senator from Wisconsin. The Senator from Wisconsin asked that the amendment be agreed to to conform with the amendment which was agreed to as offered by him the other day.

Mr. KING. My recollection was—

Mr. SIMMONS. If the Senator will pardon me for a statement, this amendment is made necessary by reason of the action of the Senate in adopting the amendment offered by the Senator from Wisconsin.

Mr. KING. Then, I am in error. I had supposed that amendment had been defeated.

Mr. SIMMONS. No; it was not defeated; it was adopted.

Mr. KING. Then I agree with the Senator.

The PRESIDING OFFICER. Does the Senator from Utah desire the question put on his amendment to the committee amendment?

Mr. SMOOT. Yes; I ask that the question may be put on it.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Utah to the committee amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. Now, on page 50, line 24, I move to strike out "(C)" and to insert "(B)."

The PRESIDING OFFICER. The amendment to the amendment will be agreed to in the absence of objection. The question now is on agreeing to the amendment of the committee as it has been amended.

The amendment as amended was agreed to.

Mr. JONES of New Mexico. Mr. President, I have an amendment to another part of the bill, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The Senator from New Mexico proposes an amendment which will be printed and lie on the table.

Mr. JONES of New Mexico. Mr. President, while on my feet I desire to call attention to an article respecting the accomplishments of the League of Nations which appeared in the Boston Herald of Sunday, October 16. It is not only a well-written article but it contains some very valuable information. If I should not be accused of filibustering against the pending bill I would take up the time of the Senate to read it; but I do not wish to delay the consideration of the bill, and, therefore, ask unanimous consent that the article may be printed in the Record in eight-point type, the same kind of type as the matter generally appearing in the Record.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico? There being none, it is so ordered, and the article will appear in the Record in the type which the Senator requests.

The article referred to is as follows:

LEAGUE OF NATIONS ACTIVE, SELF-RELIANT, AND VIGOROUS—IT IS NOT AS POWERFUL AS IT WAS EXPECTED TO BE, BECAUSE THE UNITED STATES IS NOT A MEMBER—INSTEAD OF BEING A SUPERGOVERNMENT, AS SOME HAD FEARED, IT IS A DELIBERATIVE ASSEMBLY, AND AS SUCH HAS A GOOD RECORD OF ACCOMPLISHMENT AND IS HIGHLY REGARDED IN ENGLAND AND EUROPE.

[By Paul Revere Frothingham, D. D.]

"The second annual meeting of the assembly of the League of Nations has recently come to an end. For just one month, from September 5 to October 5, daily sessions were held in the Salle du Reformation in Geneva. On occasions the assembly came together twice each day, with the exception of Sundays. And all the time the council and the various committees were conferring constantly, sometimes sitting far into the night. When the full and official report of the assembly is published it will prove interesting reading. Let us hope that it will likewise correct many false impressions in regard to the league which are prevalent in this country and elsewhere. Americans more particularly need somehow to rid themselves of certain fixed ideas which are as false as they are unfortunate. For my own part I went to Geneva an ardent supporter of the league, and I came away much more enthusiastic than I went. After staying there and studying the situation for about three weeks I became more than ever persuaded of the fact that in the league there is nothing for America to fear, and nearly everything that she ought to champion and accept.

"In the first place, the league is neither dead nor in any likelihood of ceasing to exist. It is active, self-reliant, vigorous. The attempt to spread the impression through the United States that the whole thing is a failure is so fundamentally false that it can not long continue to deceive people. The truth must finally prevail, for the 'truth is mighty above all things.'

OTHER NATIONS NOT INDIFFERENT.

"Again, we delude ourselves if we think that the other countries of the world are indifferent to the league, or have no faith in it. Such is not the case. In England, for instance, I found those whom we call 'the people' heartily in favor of the league, and standing solidly behind it. There is, to be sure, another and a somewhat disconcerting side. If one talks with a denizen of Piccadilly or Pall Mall; if the opinion is asked of a resident of Belgravia, the answer very likely will be a shrug of the shoulders, or a rather cynical expression of indifference. But in the Midlands, Yorkshire, and the North—and indeed with the middle classes generally—it is different. In short, the descendants of the men and women who stood up for the North at the time of our Civil War, and were champions

of the Union, now see in the league the promise of a larger union embracing the entire world. Take, for instance, the 'League of Nations Union,' which is a national organization which was established for the sole purpose of arousing public interest in the league and getting people to support it. The headquarters of the union are in Grosvenor Crescent, London, the president is Lord Grey, and Lord Robert Cecil is chairman of the executive committee. At the time of its foundation the union had some 3,000 members; to-day the membership numbers more than 127,000; and my recollection is that some 800 branches, or chapters, have been established in various parts of the Kingdom. The leaders of British organized labor have indorsed the cause in the following manifesto:

FRANCE SENT ABLE MEN.

"The League of Nations Union should be supported by every man and woman who has at heart the insuring of peace, the prevention of a new and greater war, the industrial recovery of Europe, the improvement of the standard of life, the continuation of our civilization, and the progress of humanity.' That is a pretty sweeping commendation for people who are supposed to be indifferent.

"I can not speak so confidently in regard to France. We are accustomed to hear it said that the French take no stock in the league. But, if such is the case, why were three of the very ablest men of France representing the country at Geneva? Leon Bourgeois, Gabriel Hanotaux, Rene Viviani were the peers of any statesmen in Geneva, and the entire French delegation was one of the very strongest that was present.

"Here is what a distinguished American, who holds a very responsible position in France and has been there since the war, told me in regard to French opinion on the subject of the league. I am not privileged to use his name, but this is what he wrote:

"I feel quite sure that the European nations took the league seriously from the beginning, and that they continue to do so. It is a mistake to regard it as a Wilson conception. It embodied in the beginning greatly exaggerated hopes, which were, as I say, serious. It embodies now saner expectations, but they are still serious. * * * The man in the street was seriously interested in the beginning, but he lost interest, as he always does, when his exaggerated hope is disappointed, and now is inclined to scoff; but I think that the interest of the statesmen, and even of the politicians, has grown, rather than diminished, now that the exaggerated notions have been sloughed off.

"That opinion in regard to the league was expressed in June, before the knotty question of Upper Silesia was referred to it for settlement; and since then, of course, it has suddenly grown in popular favor, more particularly in France. Indeed, as Wellington Koo remarked in his opening address to the assembly, the question now seems to be, What would Europe do without the league?

NOT A SUPERGOVERNMENT.

"Again, we need in America to rid ourselves of the idea that the league is in any sense a supergovernment, intended to limit the sovereignty of States. It is not that at all, but a deliberative body, allowing for endless difference of opinion and designed to encourage cooperative action. Among other Americans in Geneva attending the meetings of the assembly was a well-known diplomat of the United States. He has been an outspoken opponent of the league from the very first. I asked him one day what his opinion was now that he saw things face to face and in operation. His answer came without a moment's hesitation, and it was this:

"Of course, the league has not turned out at all what it was meant to be. It was intended to be a superstate with coercive powers, instead of which it is merely a consulting body, allowing liberty for differing points of view.

"Whether that American 'observer in Geneva' was correct in his opinion as to what the league was intended to be is open to very serious question. Most of the statesmen who were present and who have helped to shape the organization would not agree with him. There can be no question whatever, none the less, as to what the league actually is. It constitutes anything but a supergovernment, and it is difficult to see how it can possibly do any country any harm.

"Once more we need to rid ourselves in this country of the most mistaken idea that the league has accomplished nothing. The published facts entirely refute so false a charge.

HAS BORNE MUCH FRUIT.

"That it has accomplished all that we might wish is, of course, not true, but already, in the brief course of its organized existence, it has borne much fruit. We need, in all fairness, to remember how very young the institution is. It has only just begun to walk. It was born at Versailles with the ratification of the peace treaty, January 10, 1920. It came to self-conscious-

ness less than a year ago, at the first assembly meeting in Geneva. And in the course of that brief period—

"It has governed the Saar Basin since February 26 and has adjudicated on the question of Eupen and Malmédy, giving these Provinces to Belgium. It has held a financial conference of 39 States, including the former enemy States, to examine the financial and economical situation of the whole world, and has made recommendation for restoring credit and financial stability.

"At the request of Great Britain it intervened to prevent war between Sweden and Finland over the Aaland Islands. It has been successful in preventing war, and the two countries have agreed to live by the judgment that was reached.

"At the request of Poland it intervened between Poland and Lithuania in their dispute over the frontier.

"It has taken on itself the gigantic task of checking the spread of cholera and typhus in eastern Europe. It has been successful in securing the repatriation of 200,000 prisoners of war between Russia and the former Central Powers.

"It has drawn up the constitution of a permanent court of international justice, to be composed of 11 judges and 4 deputy judges, elected regardless of their nationality.

"Last, but very far from least, the league has had referred to it the dangerous dispute in regard to upper Silesia, and Europe gave a great sigh of relief when this action was suddenly and unanimously taken.

"I might go on and speak of what the league has done for Austria. Instead of a strangled Austria we now have Austria, the invalid, in the care of a group of experts representing a world organization, intent on giving aid to a suffering sister.

"All this is but a part of what has been accomplished. It is enough, however, to convince those who are open to conviction that something new has come into the world which henceforth must be reckoned with.

GROWING MORE INFLUENTIAL.

"When the cynic, therefore, scornfully inquires, 'What has the league amounted to?' it is possible to point to these achievements and to remark that these are not the signs of speedy dissolution nor of death from inanition. They are evidences rather of growing strength, of increasing confidence, and extending influence.

"All this, however, refers to what took place before September 5, 1921, when the second assembly came together.

"It is still too soon to speak with completeness or confidence of what since then has been achieved. Of one thing, however, it is possible to speak with full knowledge and conviction.

"Whatever the second assembly may have done or failed to do, this one supreme achievement at least must be set down to its credit: It has elected the judges of a permanent world court, and has thus brought into existence an 'ever-present piece of international machinery which will at last allow the nations to feel that they can bring their disputes to settlement along the lines of justice.' The world has dreamed for many years of a supreme court of the world, and now at last the tribunal has been successfully established by the League of Nations. That marks a tremendous stride in the pathway of human progress. It places an international milestone which probably will be long remembered.

MACHINERY WORKED PERFECTLY.

"When I left Geneva everyone was on tiptoe waiting for the election of the judges, which was scheduled for Wednesday, September 14. It was feared that the process would be a long one. There were those who prophesied that it would extend over a week. The machinery was untried as yet and intricate. The council and assembly had to agree. A deadlock was looked upon as possible and even likely.

"But nothing of the kind took place; the machinery worked perfectly, and in the course of the first day the 11 judges and 3 out of the 4 deputy judges were quietly and happily elected. The remaining deputy was soon agreed upon after a conference was held. I repeat, if the second assembly accomplished nothing else, this one achievement in itself is enough to render it historic.

"But there was much else. It was a wonderful assembly, both collectively and individually. It gave one a decided thrill to look down on those representatives of more than 40 nations sitting together and taking counsel in regard to world problems. I kept repeating to myself the familiar words of Scripture, 'And they shall come from the east and from the west and from the north and from the south and shall sit down in the kingdom of God.' There they were before me, three from each country, at their little tables, which were arranged in alphabetical order.

Bulgarians side by side with Canadians, Poles touching elbows with Portuguese and Persians. So another prophecy had at last come true.

NEVER ANYTHING LIKE IT.

"One day, as I was sitting in the press gallery listening to the debates, a young American, looking somewhat worn and seedy, edged up beside me. We fell to talking, and he soon disclosed his identity. It was Whiting Williams, who has made a reputation for himself by his studies of mining conditions in different countries, living as a miner, for weeks at a time, in Wales and the north of England and in various of the collieries of America. He told me how he had just come from the Saar mines and was in Geneva to make a report as to conditions, which were very favorable, to the administrative section of the league, which has the region in charge. I ventured to suggest to him that after what he had been through, this meeting in the Sallee de Reformation must seem rather tame. 'On the contrary,' he replied, 'I think this is the most thrilling day of my life.' And when I inquired what he meant, he just waved his hand over the assembly where Belgians, Poles, Danes, Japanese, British, Brazilians, French, Spanish, Italians, Greeks, Chinese, Chileans, Swedes, Swiss, Norwegians, and all the rest were seated quietly together. 'Why, this,' he said. 'There was never anything like it in the course of history.' And there never was.

"Moreover, individually as well as collectively the assembly was remarkable. The various countries did not send mediocre men to represent them at Geneva. They sent great men of international repute, men of letters, statesmen, scholars, reformers, jurists, philosophers, and diplomats. Seated side by side on that assembly floor, coming together from the four corners of the world, and representing more than three-fourths of the people of the earth, were publicists, not politicians; idealists, not opportunists; men of attainments, not aspirants for public office. This was true of Japan and Italy, of England and Belgium, of Norway, China, Chile, Spain, and Austria. I have referred to the French delegation, with its trio of great men. But not less remarkable were other countries; Norway with Nansen, who was always a conspicuous and commanding figure; China with the courteous and polished Wellington Koo; Japan with the Viscount Ishii and Baron Hayashi; Sweden with Branting; and Czechoslovakia with Dr. Benet, of whom the world will probably hear more in the days and years to come.

BRITAIN'S GREAT DELEGATION.

"The British delegation in itself was a thing to reflect upon and study. Chief of all was Mr. Balfour, the British representative to the council, urbane, influential, universally respected, a man of vast learning and broad experience in public affairs, a member of Parliament for nearly 50 years, once prime minister, at present a member of the cabinet. Seated beside Mr. Balfour at the sessions and often to be seen with him on the streets and at headquarters was the Right Hon. Herbert Fisher, also a member of the British cabinet, head of the education department, of whom it was said when he gave up his university post and accepted public office, that somehow an angel had strayed off into political affairs.

"Representing South Africa was another member of Parliament, Lord Robert Cecil, third son of the late Marquis of Salisbury, the greatest champion in England of the league, executive chief of the League of Nations union, one of the honest and most fearless men in public life to-day, and thought by many as the most likely man to be next prime minister of England.

"Last, but not least, was Prof. Gilbert Murray, the great Greek scholar of Oxford, considered by some to be the ablest member of the assembly, and with a wealth of historical knowledge to guide him in giving counsel to his associates. Those men thought the league of sufficient significance to give to its affairs a month of their precious time and strength. And they were busy in Geneva from early morning until late at night. They let it be known at once that they would accept no social engagements, and devoted all their attention to league questions and interests.

"With such men and scores of others like them enthusiastic for the cause it would seem that the future of the movement is reasonably bright. The most difficult period has successfully been passed. The general impression in Geneva was that the league is almost certain to survive. It is far from being in a moribund condition. It has rather surprising activity and vigor. Because, however, of America's attitude it has to be recognized that it is something of a cripple. It does not have the use of all its limbs. It can not, for instance, function fully nor effectively in regard to armaments. How can it when a great munition-making Nation such as we are holds aloof and is not as yet a party to any possible agreements?

"In regard to this situation there are, or may be said to be, two parties in the league. One party is headed by Lord Robert Cecil, the other by his cousin, Mr. Balfour. Cecil is the champion of an aggressive policy. He believes in going ahead, and he would have the league proceed without any thought of the United States. The tendency to look over the shoulder and to consider what effect any line of action will have on America is one in which he does not believe. 'Be bold! Strike out! Take the path that is clearly right,' is his policy of push. He is so honest, so enthusiastic for the cause, in regard to which he is almost a fanatic, that he is impatient of delay.

A LINE OF CLEAVAGE.

"The attitude of Mr. Balfour is quite different. He is naturally cautious and conservative. He holds that the league must do a little at a time. Move slowly; not attempt the impossible; gradually make its way; and adjust itself to conditions as they exist.

"There you have a line of definite cleavage. It is the young man in opposition to the older one; the cavalry leader and the commander of infantry. And between the two, it must be confessed that the compromise has for the most part been fortunate and fruitful.

"Of late, however, the indications rather seem to be that the bolder, more progressive policy is paramount. At least Lord Robert, according to reports I have seen in the press, won a rather dramatic victory the other day. It is said that he forced through committee a resolution calling for the preparation, before the next meeting of the assembly, of general proposals for world disarmament in the form of a treaty draft or some other definite plan.

"The motion, I read, was driven through in the face of opposition on the parts of England, France, and Japan, whose proposition has been to wait for developments at the Washington conference.

"I can not speak with any precision on this point, for the discussion took place after I had left Geneva, and it is wise, as well as necessary, before passing judgment to wait for the full report. In general, however, I should say that the tendency would seem to be in the direction of Lord Robert's lead. That is to say, there would appear to be a growing feeling that the league had better go ahead and grapple things without too constant thought about America.

"Moreover, that, in general, is likely to be the line along which things will probably work out in future. Perhaps I am reflecting too much my own impressions and convictions, but I have felt from the first that the only effective way in which to enlist the cooperation of America is to make the league effective. If it is seen to work, we may come in time to be wise enough to work with it. Of course, the league would be willing to come half way to meet us; but it does not seem that they feel inclined to make things too easy nor to tempt us by making every possible concession. Instead of letting down the bars and adding to our sense of self-importance, the policy would seem to be to make the field so fruitful and productive that no nation can be content to remain outside. I can not help believing, therefore, that it was good policy as well as sound principle to hold on to article 10, neither eliminating nor amending it as Canada advised. Even Mr. Balfour, according to press reports, came out the other day in favor of the famous article, contending that it constituted the very heart of the league, and that it could not properly be construed as endangering national sovereignty.

NO SACRIFICE OF SOVEREIGNTY.

"The question of national sovereignty, or the right of self-determination, is, of course, a very vital and important question. It touches America in a sensitive spot. But it should not be assumed that the other States of the world, more particularly the younger ones, are any less sensitive than we are on the subject. We can be very sure that they do not feel that they are sacrificing any of this essential sovereignty by becoming members of the league. If they did feel so, they would perhaps have remained outside. They are wise enough, however, to perceive the necessary limitations that are incident upon civilized existence. We ourselves have much to learn and a vast amount to acquire in this one respect. As I view the situation, and, of course, it is infinitely complicated, States must pass through much the same stages that individuals have passed through with the advance of population and the development of community existence. Individuals have more or less definitely learned the difficult art of living together. They have given up—they have had to give up—certain rights and privileges, first for the simple reason that life has become congested with so many contacts.

"A man, for example, may live out in Dover or Pepperell and have great freedom of action. He may carry firearms and use them; he may let his dogs run free. But when he comes to Boston and becomes a resident of Beacon Street he can not disport himself by shooting squirrels on the Common nor pigeons in the Public Gardens. He must hold his dogs in leash and conform himself to general conditions of all city life.

STATES LIKE INDIVIDUALS.

"In much the same way States must somehow come to understand that there is such a thing as a community of nations. In the words of a well-known writer in the Atlantic Monthly for October, 'the right of a nation to shoot up the world and endanger civilization should be limited, just as the right of an individual to shoot up the community in which he lives is limited.'

"Any treaty obligation is, in the sense in which the agreement has been advanced, a limitation upon sovereignty; that is, a limitation upon the power of a nation to do anything it may choose. In order to meet the requirements of such a claim, we should have international anarchy, where each nation would be subject to no law of nations, but only to its own will and to such self-imposed notions of righteousness as it might see fit to recognize and put in force.

"With all of this, the practical question which rises uppermost in all of our minds relates to the future course of action in regard to the league on the part of the United States. That is a subject on which there is violent difference of opinion, and on which not all people express their minds either with calmness or intelligence. The only point, almost, on which both sides can agree is that the situation is extremely complicated. Irrespective of how we got into the present tangle, it is certainly one from which we can not easily disentangle ourselves. 'Cutting the painter with Europe,' writes Austin Harrison, 'was a gesture, not a principle; and it has produced little but chaos, distrust, and disillusion even in America.'

"In seeking a happy issue out of our present perplexity and distress, I may perhaps be permitted to make one simple but constructive suggestion. It would appear to me that Americans can not do much better than to turn back for instruction to the ethics of Aristotle, and to call to mind what that famous Greek philosopher said so well so many centuries ago in regard to the nature and the origin of man.

"According to Aristotle, 'in considering the nature of man the most important thing to take account of is not that out of which he has come, but the thing into which he is developing; not what he is at the lowest, but what he is at the highest; not what he is born as, but what he is born for. A flower is not less a flower because it is colored in the mind.'

"It would seem that we ought to feel the same about this organization. Of what matter is it that had to do with bringing it into shape? The thing to consider is, what value has it, what can it accomplish for the world?

A DREAM AND IDEAL.

"Perhaps the Washington conference will supply an answer to that question—that conference from which we hope and pray so much will come. It may be that we must wait much longer and leave things to the healing touch of time. But at least there is no need to conceal from ourselves nor from the world the dream and the ideal which the second meeting of the assembly of the League of Nations quickened, clarified, and strengthened.

"One of the interesting sights of Geneva is what is known as 'The Junction.' A little way outside the city the blue waters of the Rhone are met by the gray and turbid waters of the Arne as they rush impetuously down from the distant mountains. For a time the two streams are distinct and separate. Far as the eye can see the blue and gray waters can be clearly traced. But at length, as they flow beneath a bridge in France, they are found to be united, and as one swift, potent stream they make their way through fruitful fields and busy cities to the Mediterranean Sea.

"We may accept one of the processes of nature as a parable and prophecy for man. In the meantime we may wisely listen to one of the most constant and discerning friends that America has ever had. Said Viscount Bryce as he was preparing to sail for home a few days since: 'Those for whom I venture to speak, workers who have nothing to do with our respective Governments, mean to persevere in supporting the League of Nations as the only plan yet launched with a prospect of success.'

The PRESIDING OFFICER. The Secretary will state the next amendment which has been passed over.

The READING CLERK. On page 50, after line 3, the committee proposes to strike out lines 4, 5, and 6, as follows:

SEC. 223. Section 217 of the revenue act of 1918 and the heading preceding such section are amended to read as follows:

The amendment was agreed to.

The next amendment passed over was, on page 50, line 7, to strike out the word "Net," in quotation marks, and insert the word "Net" without quotation marks.

The amendment was agreed to.

Mr. SMOOT. Mr. President, before the heading, in lines 7 and 8, is agreed to, we ought to strike out, in line 8, the words "And Foreign Traders."

The PRESIDING OFFICER. The amendment will be stated. The READING CLERK. On page 50, in line 8, it is proposed to strike out the words "And Foreign Traders," so that the sub-head will read:

Net income of nonresident alien individuals.

The amendment was agreed to.

The next amendment passed over was, on page 50, in line 9, to strike out "In" and insert "That in."

The amendment was agreed to.

The next amendment passed over was, on page 50, line 11, to strike out "derived in full" and insert "income."

The amendment was agreed to.

The READING CLERK. On page 51 it is proposed to strike out lines 8 and 9, and to insert:

(2) The amount received as dividends (A) from a domestic corporation other than a foreign-trade corporation, or (B) from a foreign corporation unless less than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of this section.

Mr. SMOOT. Mr. President, I move that on page 51, line 11, after the word "corporation," the words "other than a foreign-trade corporation" be stricken out, leaving the comma as it is.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The READING CLERK. On page 51, line 11, it is proposed to strike out the words "other than a foreign trade corporation."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The READING CLERK. The next amendment passed over is, on page 52, line 2, after the word "property" and the semicolon, to insert the word "and."

The amendment was agreed to.

The READING CLERK. The next amendment passed over is, on page 52, to strike out lines 3 to 6, both inclusive, in the following words:

(5) Gains, profits, and income from the ownership or operation of any farm, mine, oil or gas well, other natural deposit, or timber, located in the United States, and from any sale by the producer of the products thereof.

The amendment was agreed to.

The READING CLERK. On line 7 strike out the numeral "(6)" and insert "(5)."

The amendment was agreed to.

The READING CLERK. On line 8 strike out the word "States" with a semicolon and insert the word "States" with a period.

The amendment was agreed to.

The READING CLERK. It is also proposed to strike out lines 9 to 11, both inclusive, in the following words:

(7) Gains, profits, and income from the sale of personal property, both purchased and sold, or both produced and sold, by the taxpayer within the United States.

The amendment was agreed to.

The READING CLERK. On line 20 strike out the word "not"; on line 21 strike out "included" and insert "treated"; and on the same line strike out "within" and insert "without," so that, if amended, it will read:

(c) The following items of gross income shall be treated as income from sources without the United States.

The amendment was agreed to.

The READING CLERK. At the top of page 53 it is proposed to strike out lines 1 and 2 and to insert:

(2) Dividends other than those derived from sources within the United States as provided in paragraph (2) of subdivision (a).

The amendment was agreed to.

The READING CLERK. On line 12, strike out "formulae" and insert "formulas."

The amendment was agreed to.

The READING CLERK. At the end of line 14, after the word "property" and the semicolon, insert "and."

The amendment was agreed to.

The READING CLERK. Strike out lines 15 to 18, both inclusive, in the following words:

(5) Gains, profits, and income from the ownership or operation of any farm, mine, oil or gas well, other natural deposit or timber, located without the United States, and from any sale by the producer of the products thereof.

The amendment was agreed to.

The READING CLERK. On line 19, strike out "(6)" and insert "(5)."

The amendment was agreed to.

The READING CLERK. On line 20, strike out "States" with a semicolon and insert "States" with a period.

The amendment was agreed to.

The READING CLERK. It is proposed to strike out lines 21 to 24, both inclusive, and line 25 down to and including the word "any" and to insert:

(d) From the items of gross income specified in subdivision (c) there shall be deducted the—

The amendment was agreed to.

The READING CLERK. On page 54, line 2, strike out "or" and insert "and."

The amendment was agreed to.

The READING CLERK. On line 3, strike out "to items specified in subdivision (c), nor for" and insert "thereto, and."

The amendment was agreed to.

The READING CLERK. On line 5, strike out "and" and insert "or."

The amendment was agreed to.

The READING CLERK. On line 6, after the word "income" and the period, insert:

The remainder, if any, shall be treated in full as net income from sources without the United States.

The amendment was agreed to.

The READING CLERK. On page 54, strike out lines 9 to 25, both inclusive, and on page 55, lines 1 to 5, both inclusive, and insert:

(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 item 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 the country in which sold.

The amendment was agreed to.

Mr. HITCHCOCK. Mr. President, I should like to ask some member of the committee the meaning of the last language in the paragraph just read. Does that mean that a corporation selling goods abroad shall be construed as having made the profit abroad, and therefore shall be freed from taxation upon that profit?

Mr. SMOOT. Mr. President, this has nothing at all to do with exemptions, and applies only to foreigners, nonresident aliens. I will say to the Senator that the reason for rewriting that paragraph was that in the practice of the department they have found it almost impossible to meet the conditions arising from returns of this sort, and Dr. Adams thought as a result of the experience they have had in the department that this was the only way to arrange it so that all would be treated alike and understand the law, because the existing law is very, very hard to understand.

Mr. HITCHCOCK. It is dealing altogether with nonresident aliens?

Mr. SMOOT. Nonresident aliens.

Mr. WALSH of Montana. Mr. President, will the Senator explain to us what is the difference between the House provision and the Senate substitute?

Mr. SMOOT. It gives the commissioner more power—that is, I mean, with the consent of the Secretary. On pages 55 and 56 the Senator will find these words:

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.

That is quite a power that is given into the hands of the commissioner, but it is with the approval of the Secretary. The consensus of opinion of the department is that that is the only

way in which they can arrive at the facts of the case from these nonresident aliens; and it also settles another question by adding lines 12 to 16, reading as follows:

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 the country in which sold.

The language is rather ambiguous, but it seemed to require both specific statements so that the department would feel sure that whatever was done would act the same in either case and that the tax would be imposed, whether it was in the United States or whether it was out of the United States.

Mr. WALSH of Montana. I understand the significance of the last sentence to be that all profits made upon a purchase of property in the United States sold abroad go out, but profits made on property bought abroad and sold here go in. That is so, is it?

Mr. SMOOT. There is no exemption of taxation in this provision, but it does mean that a nonresident alien must pay a tax whether he makes a gain in the United States by the sale of goods or whether it is made from without the United States.

Mr. WALSH of Montana. That is to say, if the nonresident alien is here importing goods into the United States he pays?

Mr. SMOOT. He pays the tax.

Mr. WALSH of Montana. But if there is a man here exporting goods, he does not pay?

Mr. SMOOT. But if he were here he would not be a nonresident. He would be a resident here—a resident alien.

Mr. WALSH of Montana. Yes; he is here, but he is engaged in the exporting business and another man is engaged in the importing business. The importer pays the tax and the exporter does not? That is the situation?

Mr. SMOOT. The exporter does pay the tax, because he is not a nonresident alien. He is a resident alien, and under the law he pays the tax. This applies only to nonresident aliens, and we are going to collect a tax from them where they derive profits in this country.

Mr. HITCHCOCK. Mr. President, if this nonresident alien is selling goods in the United States, he pays his taxes here?

Mr. SMOOT. Yes.

Mr. HITCHCOCK. If he is buying goods in the United States and selling them abroad, he does not?

Mr. SMOOT. He does not.

Mr. HITCHCOCK. That is reasonable.

Mr. SMOOT. But if he is an agent here and if he is a resident here, then he must pay them.

The PRESIDING OFFICER. The Secretary will state the next amendment passed over.

The READING CLERK. The next amendment passed over is, on page 78, where the committee proposes to insert, beginning with line 21, the following:

PART III.—CORPORATIONS.

TAX ON CORPORATIONS.

SEC. 230. That, in lieu of the tax imposed by section 230 of the revenue act of 1918, there shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax at the following rates:

- (a) For the calendar year 1921, 10 per cent of the amount of the net income in excess of the credits provided in section 236; and
- (b) For each calendar year thereafter 15 per cent of such excess amount.

Mr. JONES of New Mexico. Mr. President, this is one of the most important provisions of the bill, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Hale	Moses	Simmons
Broussard	Harris	Myers	Smoot
Bursum	Harrison	Nelson	Spencer
Capper	Heflin	New	Stanfield
Caraway	Hitchcock	Newberry	Stanley
Culberson	Jones, N. Mex.	Nicholson	Sterling
Cummins	Kellogg	Norris	Sutherland
Curtis	Kendrick	Oddie	Swanson
Dial	Keyes	Overman	Trammell
Dillingham	King	Page	Wadsworth
Edge	La Follette	Phipps	Walsh, Mont.
Ernst	Lenroot	Pittman	Warren
Fernald	Lodge	Poindexter	Watson, Ga.
Fletcher	McCormick	Pomerene	Watson, Ind.
France	McKellar	Ransdell	Willis
Gerry	McKinley	Reed	
Glass	McNary	Sheppard	

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, a quorum is present.

Mr. SIMMONS obtained the floor.

Mr. SMOOT. Mr. President—

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

Mr. SIMMONS. I yield.

Mr. SMOOT. Mr. President, I simply want to make a request. The item now before the Senate is "Part 3, corporations. Tax on corporations." I take it for granted that the action taken by the Senate on this part of the bill will largely depend upon what action is taken upon the excess-profits provision. The excess-profits tax provision of the bill is found on page 130. If the excess-profits tax provision of the bill is not agreed to, then I take it that no one, even on the other side, will vote for the increase in the tax on the net profits of corporations. It seems to me that the proper way to proceed, therefore, would be to ask unanimous consent at this time to take up title 3, war-profits and excess-profits tax for 1921, found on page 130, and when that is decided, then it will be understood that we will return to page 78 of the bill, "Part 3, corporations."

Mr. SIMMONS. That is what I rose to suggest, Mr. President.

Mr. SMOOT. I have no objection, and I will ask unanimous consent that that be done.

The PRESIDING OFFICER. The Senate has heard the request of the Senator from Utah. Is there objection?

Mr. JONES of New Mexico. I understand the Senator is asking that we take up the excess-profits tax provision of the bill?

Mr. SMOOT. That is the request.

Mr. JONES of New Mexico. If we can occupy the time of the Senate with something else, I should like a short time further before we take that up. Some days ago I furnished data to the expert drafter and requested that an amendment be prepared to this provision. Owing to illness in the force of experts, the amendment which I asked to have prepared has not been drafted, and if we can just pass this over it seems to me it would be better than to go back and take up what follows, and I suggest that by unanimous consent we pass over this amendment for the present.

Mr. SMOOT. I think this is one of the vital questions in the bill, and I am quite sure it is going to provoke a great deal of discussion, so why not go on with it now? I have not any idea that it will be disposed of this afternoon.

Mr. JONES of New Mexico. I think the Senator is quite right about that.

Mr. SMOOT. Then let us get that much back of us.

Mr. JONES of New Mexico. But it seems to me that the other feature of the bill will be the one primarily discussed, and that this ought to await action upon that. There is no reason that I can see why we should not go ahead with these amendments until we reach page 130 of the bill.

Mr. SMOOT. Does the Senator mean to pass over part 3, corporations?

Mr. JONES of New Mexico. No; I do not mean that.

Mr. SMOOT. I will say to the Senator that there is another reason I might have mentioned to the Senate why I prefer to take up the excess-profits tax at this time. The Senator from Massachusetts [Mr. WALSH] has an amendment to offer to part 3, corporations, which he spoke of yesterday, and it was virtually agreed that he would have a chance to offer his amendment to that part. We can take this afternoon, I am quite sure, in the discussion of the principle of the excess-profits tax, and we can get that much behind us. I do not desire at this time to take up any other subject to conflict with the two great questions which are to be solved in these two propositions we have just been talking about.

Mr. JONES of New Mexico. I, too, had intended to call attention to the fact that the Senator from Massachusetts has an amendment to propose to this section, and offer that as a reason for passing it over. I suppose by to-morrow morning I shall be prepared with my amendment and can go ahead at that time. If there are others who wish to discuss the general provision of the bill relating to corporations at this time, I have no objection to going ahead.

Mr. SIMMONS. Do I understand that it is proposed to take up the excess-profits provision now, and that if we should finish that this afternoon we would not return to the corporate income-tax provision, but would take up the amendments lying in between those two provisions?

Mr. SMOOT. I would not want to say offhand, Mr. President; but if we take up the war-profits provision this afternoon, and decide on that, I do not think there will be any question, from the expressions I have heard from Members on the other side, that if the excess-profits tax is retained we are not going then to increase the tax on corporations.

Mr. SIMMONS. If we should finish the excess-profits tax provision this afternoon, I would not like to have the income tax on corporations taken up, because I know the Senator from Massachusetts has an amendment which provides for a graduated tax on incomes of corporations which he would wish to substitute for this tax provision.

Mr. SMOOT. I know the Senator from Massachusetts has an amendment, but let us not lose any more time. Let us go on with the excess-profits tax provision, and when we reach the other we can decide that question.

The PRESIDING OFFICER. Is there objection to the request of the Senators from North Carolina and Utah that we turn to page 130 of the bill and take up the excess-profits tax title? The Chair hears none, and it is so ordered. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 130, the first amendment suggested is to strike out line 1, "Title III.—Excess-profits tax repeal," and insert "Title III.—War-profits and excess-profits tax for 1921."

Mr. REED. Mr. President, I had to step out of the Chamber for a moment. What paragraph are we considering?

The PRESIDING OFFICER. Page 130, lines 1, 2, and 3.

Mr. REED. How much of it has been read?

The PRESIDING OFFICER. Just those three lines.

Mr. SMOOT. Will the Senator yield just for a moment while we make one little correction?

Mr. REED. I yield.

Mr. SMOOT. On page 132, line 10, the "(D)" should be "(C)."

The PRESIDING OFFICER. Does the Senator from Missouri yield for that purpose?

Mr. REED. Certainly.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 132, line 10, at the beginning of the line, to strike out "(D)" and to insert in lieu thereof "(C)."

The amendment to the amendment was agreed to.

Mr. HITCHCOCK. Mr. President, do I understand the amendment now before the Senate is to repeal Title III of the revenue act of 1918?

The PRESIDING OFFICER. The amendment before the Senate will be found on page 130, line 1, to strike out "Title III.—Excess-profits tax repeal" and to insert "Title III.—War-profits and excess-profits tax for 1921."

Mr. REED. Mr. President, I do not understand the import of the language to be stricken out. I think it had better be passed over without being adopted in that way, because, as I understand its import, as near as I can make it out, it is intended to fit into the body of the provision which stops this tax with the year 1921. I desire to offer an amendment which would change the text of the bill, and I think therefore would change this title. I do not know that my amendment is in order under the practice we are following here, which seems to be to consider committee amendments, but I move at this point that on page 130, line 18, after the numerals "1921," there be inserted the words "and each year thereafter." I am proposing to amend the committee amendment.

The PRESIDING OFFICER. That is in order.

Mr. SMOOT. So that we may understand it and have the record straight, have we agreed to the committee amendment?

The PRESIDING OFFICER. No; the Senate has not taken action on the amendment found at the top of page 130.

Mr. REED. That title will not go into the bill if the amendment that I now offer is accepted.

The PRESIDING OFFICER. Does the Senator wish the amendment at the top of page 130 passed over?

Mr. REED. Yes; for the present.

The PRESIDING OFFICER. Is there objection? There being none, it is so ordered.

Mr. SMOOT. So that the issue may be raised, why does not the Senator simply move to strike out "for 1921"? Then the issue would be clear. That is the committee amendment in line 3, and an amendment to that is in order right now.

Mr. REED. The Senator is referring to the title of the section. I do not think it would be as plain as the amendment I have offered.

Mr. President, this brings the issue clearly before the Senate whether we shall deal with this form of tax or not. The present bill proposes to repeal the war taxes or to end the war taxes with the calendar year 1921, and that year ends December 31 of this year, so that the proposition is that after the 31st day of next December there shall be no further taxes of any kind levied upon excess profits. It does not make any difference

whether the profits are reasonable or unreasonable. They may be as high as 100 per cent or 500 per cent or 5,000 per cent, but they are to be tax free. I do not propose at the present time to discuss the question whether the present excess-profits tax might or might not be modified, but I desire to discuss the question as to whether we should take that tax all off or not.

Mr. President, I am going to wait until the exodus from the other side of the Chamber is completed. I do not ask any man in the Senate Chamber to sit and listen to me talk about this question, but there is going to be a quorum of the Senate maintained reasonably while we consider these important features of the bill. It may stay in the cloakrooms, but it will have to be within call. I might feel that this is personal, but it is not; it is habitual. It happens when anybody is speaking on the merits of the question, and then we are lectured by some Senators, who do not know what is in the bill at all, because we are taking time to talk about it. Incidentally, I wish to make a remark or two about these tirades that have been delivered with reference to the time consumed on the pending bill.

The bill, it was stated this morning, has been before the Senate three months. The bill has been before the Senate technically for 33 days, and during that period we disposed of the canal tolls bill and two of the most important treaties that our country has negotiated in 100 years.

Mr. POMERENE. Mr. President, may I correct the Senator? The bill was reported to the Senate on September 26.

Mr. REED. I stand corrected. More than half of the time of the Senate was occupied with the important measures to which I have just referred.

Mr. WATSON of Georgia. Mr. President, I hope the Senator will not omit to state that we also took up enough time to give Brazil \$1,000,000 to build a permanent structure, which we had no constitutional right to do.

Mr. REED. Yes; and we did many other things in that interval of time.

The RECORD will show that the bill which proposes to raise over four thousand millions of dollars in 12 months' time has been discussed very much less than the ordinary revenue bill, even some of the bills we passed during the war.

The bill of 1917 reached the Senate on May 25, was reported on July 3, and did not pass until September 10.

The bill of 1918 was passed more rapidly than most of them, because there were only a few changes made. It was a very short bill. That bill was reported on December 6 and did not pass until December 23.

The bill of 1916 reached the Senate on July 11, was reported on August 16, and passed on September 5.

The bill of 1913 reached the Senate on May 9, was reported on July 11, and did not pass until September 9.

I do not wish to encumber the RECORD by reading further, but other bills show similar periods of time consumed. I am growing a little tired of listening to lectures from men who are not considering the bill to men who are considering the bill. It is a very easy thing for a man to light his pipe in the cloakroom and then come into the Senate Chamber and indulge in a scolding operation to the men who have been sitting here working. I apprehend that none of the critics of those of us who have been working, if they were put to an examination on the bill and 100 per cent represented perfect, could pass a 10 per cent grade. It is time, Mr. President, for a little plain talk.

The bill is a difficult bill. Scarcely a more difficult problem has ever been presented to any legislative body. Every interest in the United States is seeking to have its taxes cut down. That is universal and natural. I am going to give the majority of the Senate credit for having tried to solve a great many problems, and solve them right, because questions of administration and questions of very difficult nature were presented. My quarrel with them is over two or three great propositions.

This is one of the questions: Shall we take the taxes off of those gentlemen who are engaged in profiteering upon the American people? Shall we find some other source of taxation to make up for the loss of revenue? We must raise this \$4,000,000,000 of revenue—and I am using a round number. How shall we raise it? It is admitted that we must lay the hand of the Government upon every single individual, man or woman, who has an income of more than a thousand dollars a year and upon every married man who has an income of more than \$2,000 a year. The tax proceeds from that point, gradually rising until we reach the surtax level, and that gradually rises until we reach 50 per cent upon the very large incomes.

In addition to that, we levy many other taxes, all of which are borne by the masses of the people of the country. But let us for a moment consider the case of a head of a family with an income of \$2,000 a year. Every dollar that he makes in the

world, if he gives to his family any kind of comfort, he must expend to that end. He takes that little salary and goes into the market place to buy the necessities of life. When he reaches the market place he finds that the prices which he must pay are substantially the war prices; that these prices are from two to two and a half times what they were anterior to the war. He goes to buy a pair of shoes which he could buy before the war for from four to five dollars. He inquires the price and is told that they are from ten to twelve dollars.

Mr. POMERENE. Or even \$16.

Mr. REED. Yes; they are higher, of course, in some instances. I think I have struck a very low average. He learns that the price of the hide of the steer out of which the shoes are made is about one-fourth of what the price of that hide was before the war; that it now is scarcely worth taking off the animal for the price paid; he learns that the price of nearly all of the raw materials which are necessary to the tanning of that hide have fallen; he learns that in many instances the wages of the persons who make the shoes have fallen; and yet he is compelled to pay \$12 for that pair of shoes. He then inquires why. The answer is found in the enormous prices that are charged either by the manufacturer, by the wholesaler, or by the retailer.

He goes down to pay his taxes upon the little \$2,000 income that he possesses. Standing behind him is the man who charged him two prices for that pair of shoes and who made 500 per cent on his year's business. That gentleman pays no tax upon those excessive profits.

A farmer comes up to the tax counter at the same time. The farmer has sold his wheat for 90 cents a bushel—less than the prewar price. It cost him \$1.10 or \$1.20 to raise that bushel of wheat. He is actually out of money, because he planted and harvested the crop. He has sold his wheat, his cattle, his corn, everything that he has produced, and he is out money because of his labors and his efforts. Nevertheless, he must pay taxes, and, having just marketed his hide for \$1.25, he stands beside the man who sold him some shoes made out of the hide for \$12, and sees the gentleman who profited upon him escape any tax whatever upon his excessive profits.

That is the purport of this bill in a nutshell, as described by illustration. Forty-nine per cent of the 110,000,000 people of the United States, in round numbers 50,000,000 human beings, make their living off the farms of the United States. Those 50,000,000 people are compelled to sell their goods in the depressed and bankrupt markets of the world at less than prewar prices. That is bad enough; but when they turn around to buy the necessities of life, the clothing that they must purchase for their backs, the shoes for their feet, the hats for their heads, the dresses for their women folk, the stockings, the agricultural implements, the harness, everything they buy is sold to them at a price substantially twice as high as it was before the war.

The farmer has taken his loss incident to the war, and more than taken it. The gentlemen who made enormous excess profits during the war still are realizing those profits. If they do not realize them the present law does not touch them for a penny. It is only when they make excess profits that they are required to pay a cent under the existing excess-profits tax law.

When are they required to pay an excess-profits tax? They are allowed, first of all, to deduct every expense of their business; to deduct the interest upon all the money they have borrowed; to deduct the salaries paid to all of their officers—and there seems to be no limit upon the amount of the salary which they can pay—to charge off for obsolescence and waste and depreciation almost any sum their conscience will permit, and after they have done all that, they are entitled to a clear profit over and above everything of 8 per cent upon their invested capital. If they make no more than that, under the present law, which it is now proposed to repeal, they do not have a cent of excess profits to pay. When, however, they make more than the 8 per cent net they begin to pay. I said 8 per cent. Let me correct that. It is, in fact, 10 per cent, because while the law states upon its face the figure 8 per cent, there are exemptions which, in fact, raise the profit to 10 per cent net.

After they have made 10 per cent profit net, then if they make anything above that the excess-profits tax applies. How? Twenty per cent of their excess profits up to the point where their excess profits reach 20 per cent; that is the first bracket. After the excess profits have reached 20 per cent, then, under the present law, they are to pay 40 per cent on that part of their excess profits which exceeds 20 per cent.

Mr. President, that does not mean a tax of 20 per cent on the business; that means when they pay 20 per cent of their excess profits as a tax they will have, first, 10 per cent net profit, and, second, that they shall have 80 cents left out of every dollar of

excess profits they have made up to the point where they have made 20 per cent profit; and that after that they shall have 60 cents out of every dollar of excess profits they have made, and shall keep the 60 cents. That statement is not absolutely accurate, for according to the manner in which the taxes are figured they do not run quite so high; but I do not propose to go into that detail.

As has been said upon this floor many times, the excess-profits tax which it is estimated will be paid this year will amount to \$450,000,000. The excess profits, therefore, figuring in round numbers, which will be made this year by these institutions are probably close to one and three-quarter billion dollars. That is a rough estimate which I am making as I stand on the floor.

Mr. POMERENE. What were the figures the Senator from Missouri stated?

Mr. REED. I think one and three-quarter billion dollars excess profits would realize \$450,000,000 of excess-profits taxes. We propose, therefore, to say to the farmer who has lost money, to the small income earner who is straining his last nerve to make both ends meet, "You must pay taxes wrung from you by processes of hardship, but we propose to take the tax off of those who have been successful and who have made their money by making the prices so high that they have deprived you people of a large part of your own earnings."

Mr. President, in my judgment it is the most monstrous proposition that has ever been put before the American Senate. Let us disabuse our minds, if we can, of all prejudice. Let us assume that this question is here as a matter of first instance; that we have no taxes, but we must levy them, and we are confronted with the proposition of levying that tax justly; and we learn that the great mass of the people are staggering under the burden incident to making a mere living; and we learn that here is a class of people that are exceedingly prosperous. They have made 10 per cent. Then, on top of that, they have piled up their prices and continued to pile them up until some of them have made 100 per cent, some of them have made 500 per cent, and some of them more than that; and we are asked now to place the burden of taxation. Where, as a matter of first instance, would an honest body of honest legislators place that tax? Would they put it upon the people already impoverished by the practices of profiteers, or would they put it upon the profiteers?

Mr. President, that is this case. Why is it that we are asked to take this tax off of the men who are making enormous profits and put it upon the people who make no profits and who can barely live?

I am going to talk very plainly about that for a few minutes. I think we might as well deal plainly with it.

There are two theories of government. One is—

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

Mr. REED. Yes, sir.

Mr. HARRISON. This is a very interesting subject, and there are about four Senators of the majority in the Senate Chamber. It seems to me that more of them should be here. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Harris	Myers	Shortridge
Brandegee	Harrison	Nelson	Simmons
Broussard	Heflin	New	Smoot
Bursum	Hitchcock	Newberry	Spencer
Capper	Jones, N. Mex.	Nicholson	Sterling
Caraway	Kendrick	Norbeck	Sutherland
Curtis	Keyes	Oddie	Swanson
Dial	King	Overman	Townsend
Dillingham	La Follette	Owen	Trammell
Edge	Lenroot	Page	Wadsworth
Eraat	Lodge	Phipps	Warren
France	McCormick	Poindexter	Watson, Ga.
Gerry	McKellar	Pomerene	Watson, Ind.
Glass	McKinley	Ransdell	Willis
Gooding	McNary	Reed	
Hale	Moses	Sheppard	

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

Mr. REED. Mr. President, I was saying that I intended to discuss pretty plainly the reasons that I think are back of this remarkable proposition.

There are two theories of government, broadly speaking, in this country. One of them is that if you can make business profitable, the country will prosper. The other is that you had better begin at the other end and try to have everybody prosperous, and that then business will prosper. The great business institutions of the country are entitled to respect, and they are entitled to just treatment. Nobody but a demagogue or a foolish person wants to destroy business; but I insist that you can not make the people of the United States prosperous

and happy merely by taking care of the great business institutions of the United States.

Of course, what I say is no reflection upon New York City, a great city; but there are a good many people in New York City and its vicinity who think that if they are making money in New York the rest of the country is prosperous, and every time there is a little slump in New York they imagine that the rest of the world has gone all to smash. These people hold to the theory that if you can make business exceedingly profitable, particularly their business, the rest of the country must not complain. They have been very active in politics. They paid to the Government out of excess profits, which was only a small part of what they earned by this war, a very large amount of money—I have forgotten the exact figures. Perhaps the former Secretary of the Treasury, Mr. GLASS, can inform me the amount of excess profits that was paid in 1918.

Mr. GLASS. I am sorry to say that I can not.

Mr. REED. I had the figures the other day. They are in a speech that I made here. These people naturally wanted to keep that money all themselves. They paid other large amounts, which I will put in the RECORD, in other years. They naturally wanted to keep it all for themselves, and so the cry was raised that business must organize to protect business.

"Take the burden off of business and let business prosper," was the cry, and they started about it in a very practical way. One gentleman who had an enormous fortune of his own started out to spread it around over the country, not for the purpose of convincing people that he was the best man for the office of President but, as the testimony showed, for the purpose of getting delegates by gumshoe methods.

Another prominent gentleman held a meeting with some capitalists, and in that room, by some two or three men who were there assembled, arrangements were made to raise a large amount of money. I will ask the Senator from Ohio if he can tell me how much it was.

Mr. POMERENE. I do not recall the amount, but there was raised in behalf of their candidate over \$1,700,000.

Mr. REED. In that room, where there were only two or three men present, there was an agreement made, as I recall it, to underwrite his campaign to the tune of a million dollars. If those figures are incorrect, I shall be glad to correct them when I get the record.

One gentleman, a large soap manufacturer, interested himself to the tune of about \$750,000. His soap will float, but his candidate did not.

Far be it from me to charge that the press of this country is owned. The press is not owned, but there are some very influential newspapers in this country which are owned by some very wealthy interests, and they all set to work, and they are at work to-day.

So a propaganda was begun and a concerted effort made to take care that the Congress elected should take care in turn of the men who took care of the election expenses. They were, in fact, promised, or given to understand, that if they were successful three things would be done. One was to take the tax off corporation stock, which would relieve them of \$75,000,000 of taxes, and deprive the Treasury of a corresponding amount. The second proposition was that the surtaxes on incomes were to be taken off or greatly reduced, and the third was that the excess-profits taxes should be taken off.

This bill was drawn to redeem those pledges, and it was brought into the Senate with the proposition to take off \$75,000,000 of corporate stock taxes. That is the form in which it was brought here. It was brought here with the surtaxes upon great incomes reduced to 32 per cent, which would deprive the Government of \$90,000,000 and leave that amount of money in the pockets of the extremely rich. It was brought here with the excess-profits tax cut out, and that would represent the staggering sum of \$450,000,000.

In other words, there was an honest effort made to redeem those campaign promises, which I charge were either expressly or impliedly made, to redeem them to the extent of reducing the taxes paid by the profiteer, by the ultrarich, and by the corporations, in the aggregate sum of \$540,000,000. It was all part of one scheme. The three eggs, the three very bad eggs, were all brought here in the same basket.

Then we were told that that would leave us in such a desperate condition for revenue that we must look about and find revenue from other sources to make up for those losses, and that we should cut down the necessary expenses of the Government so as to bring the expenses within the reduced revenue, and a part of that scheme was worked out in the executive department of this Government, and it was there actually proposed that the money which had been appropriated to build good roads in this country should not all be expended, that the

money which had been appropriated for the improvement of rivers and harbors should not all be expended, that other public improvements were to be arrested or circumscribed, that certain reductions should be made in the amounts of expenditure, no matter though the express will of the people was defied, and the statute law of the country set aside, and road improvements and river improvements stopped, all this so that we might take \$540,000,000 of taxes off of the people and the institutions which were able to pay them.

My attention has been called to the fact that one of the items was that we were to carry into the permanent debt of the country a large item which grew out of the so-called Pittman Act. Moreover, it was part of the plan of the Treasury, in order to carry out this scheme of reducing these taxes, that we would be asked to confer upon the Treasury the authority to issue \$500,000,000 more of interest-bearing securities from time to time.

That was the situation, when there was a revolt started among what was called the agricultural bloc of the Senate. Those gentlemen said that the surtaxes should not be reduced as proposed. They said that the corporation-stock taxes should not be taken off, and I think they originally said, in fact, I feel very sure they originally said, that the excess-profits taxes should not be taken off. Then, as I said the other day, some shrewd gentlemen got a part of that bloc together and agreed with them, and traded to them a concession on the corporation-stock tax, and a concession on the surtaxes on incomes, in consideration of the bloc conceding that the excess-profits taxes should be taken off.

Is there a man of the agricultural bloc so dense that he does not know that when that trade was made by the standpat organization they saved the part that was dearest to the great capitalistic interests the standpatters have always served? Is there anyone here who has not sense enough to see that? That is exactly what they did. The corporation-stock tax is a tax which falls so lightly that even the great corporations do not feel it. The income tax, as it was finally agreed upon, would save the big fellows and would do the little fellows practically no good. They worked that on the members of that bloc, so that it was the multimillionaire whose taxes would be reduced, and the rest of the people would not secure any substantial reduction. They gave them this reduced surtax, and in lieu of that the darling of their heart was taken care of—the profiteer.

If I belonged to the agricultural bloc and had that sort of thing imposed upon me, I would never go to a town again without somebody to go along and keep me from buying a gold brick from the gentleman who stood selling that article. Any man who was deceived by that proposition is not safe to be trusted in town alone; he is not city broke.

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER (Mr. SUTHERLAND in the chair). Does the Senator from Missouri yield to the Senator from Arizona?

Mr. REED. I yield.

Mr. ASHURST. I know that my friend, the Senator from Missouri, in his references to the agricultural bloc, does not mean to insinuate that any of the Democrats who belong to that bloc had anything to do with or knew about any scheme to aid the rich at the expense of the poor.

Mr. REED. I referred to a part of the bloc, and I am referring to the men who went into this deal. The other men have all exonerated themselves by showing that they are not in the deal; but the agricultural bloc seems to have been split in two. A crowd came to town, and the bunco steerers got part of them. The rest of them were wise enough to escape.

Mr. ASHURST. Will the Senator yield to me further? He was very kind just a moment ago.

Mr. REED. Certainly.

Mr. ASHURST. In the Chamber at this time are a number of Democratic Senators who have made a practice of going to the meetings of the so-called agricultural bloc.

Mr. REED. I do not criticize them for it.

Mr. ASHURST. At various meetings which I attended and which other Senators now sitting near me attended there was never brought forward the question of taxation, so far as I know. There was brought forward the necessity for an immediate reduction of freight rates, and I am glad to say that the day after our meeting the trunk lines of the South and the West and the Middle West reduced their freight rates immediately after our meeting. I do not know whether our meeting had anything to do with it or not, but that followed.

Mr. REED. If the Senator is so potential as that, and can affect the railroads, I hope he will have another meeting and affect the railroad magnates and the men who capitalize the

railroads, and see if they can get around to affect some of their friends in the Senate.

Mr. HARRIS. Mr. President, I wish to remind the Senator from Missouri that it was the agricultural bloc, of which my colleague and I are members, that kept the Senate from adjourning when the leader of the majority made a motion to adjourn without doing anything for those engaged in agriculture or live stock. The vote was 24 to 27, and by keeping the Senate in session we passed the Norris bill, the Kenyon-Kendrick bill regulating the Meat Packer Trust, and the War Finance Corporation bill, which gave the relief so much needed.

Mr. REED. I do not desire to be led off into a discussion of the agricultural "bloc." I have in no way reflected upon those members of the agricultural "bloc," none of them; but I particularly have no criticism for men who meet with the agricultural "bloc," and if there can be one organized here that will control the forces that have been running the majority party on the other side I will welcome it. I am just complaining because when they started out to do good work enough of them were led aside to make this deal possible.

Now, one of the things that was accomplished, too—and I wish to be fair about it—was an agreement that the tax should be taken off of transportation. That had been a part of the scheme of those gentlemen who proposed to take off these three taxes that I have spoken of. It was planned to keep a tax upon transportation, showing their desperate determination to take care of great business at any cost. What I regret is that men whose purposes I must concede are honest should have made this agreement to take the excess-profits tax off.

Mr. President, there has been talk here about nuisance taxes. That is a misnomer; but let us concede that it is a proper description. You can take every so-called nuisance tax off if you keep the excess-profits tax on. You can reduce the taxes upon small incomes and reduce them enormously if you keep the excess-profits tax on. You can have money left to carry on your road improvements if you keep the excess-profits tax on. You can take the money you are giving to these profiteers in one year and complete every river and harbor improvement now contemplated in the United States and can put upon the great streams of the country, made navigable by this money, fleets of vessels that will protect our people against not only extortionate rates but freight embargoes and other serious troubles.

But you have made this bargain. It is a shameful thing that we should take the taxes off of profiteers and levy taxes that are burdensome upon the men and women of the country who are poor or of but moderate means.

Mr. President, the argument has been made, as an excuse for taking off the excess-profits tax, that excess profits are added to the price of an article and passed along to the consumer and ultimately collected from him. It is true that many taxes, the ordinary taxes which business must bear, are passed along to a very large extent to the ultimate consumer, for manifestly if a man realizes that he must pay a thousand dollars of taxes upon his place of business at the end of a year he counts that as a part of the expense of operation, so that legitimate business institutions do add to their prices a sum sufficient to take care of their taxes.

But when we come to excess profits, and I am repeating what I have already said, we have an entirely different question to deal with. The man who is engaged in legitimate business, and only asking a legitimate profit, must add the expense of his tax in order that he is assured of that legitimate profit. But when a man is not content with a legitimate profit and wants to make 100 per cent or 200 per cent or 500 per cent, that gentleman is not controlled at all by the question of the expenses of his business. The thing that controls him in fixing the price is his ability to exact the price, and he exacts all that he can get because he is not trying to run a business to pay its expenses and make merely an ordinary fair profit. He has become a commercial buccaneer, sailing under the black flag of despoliation, his cupidity limited alone by his ability to extort. A man who will extort 1,000 per cent from his customers will not extort a single cent more because he has to pay a tax, for the simple reason that he has already extorted all he can get, so that this tax is not passed along.

I am going to repeat, for I wish to make it perfectly clear, that the claim that these men will withdraw their money from these ventures and put it into low interest bearing securities is preposterous. If a man makes 100 per cent excess profits, at the outside he keeps more than \$60 of each \$100 and still has left 60 per cent profit. When he has paid the top of the excess-profits tax, he has still 60 per cent profit. Will any man who is making 60 per cent profit take his money

out and invest it in something that is paying 4 per cent? A man has to be an awful fool to believe that. That excuse amounts to nothing.

When we get through with it all we are brought to this proposition, that in a country where the great mass of the people are having a hard time to make both ends meet, and that largely caused by a group of individuals who are making excessive profits, it is proposed to take the burdens from those who make the profits and let them keep it all. You may think you can justify that, but you can not. I do not say that that fact is going to turn the country over politically, if any one fact may do it, but it is a fact that ought to produce a political revolution in this country, and I think it will be a large contributing cause to that end.

So, Mr. President, I am offering the amendment which will preserve and continue the present excess-profits tax law, and if it is defeated I shall offer a modified proposition and so on until we finally determine whether the makers of excess profits are the masters of the Senate.

Now, Mr. President, I suppose there are many Senators who desire to talk upon the proposition. I have concluded my remarks, and in order that they may all have an opportunity to be heard I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

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

Borah	Harris	Myers	Smoot
Brandegee	Harrison	Nelson	Spencer
Broussard	Heffin	New	Stanley
Bursum	Hitchcock	Newberry	Sutherland
Capper	Jones, N. Mex.	Nicholson	Swanson
Caraway	Kellogg	Norbeck	Townsend
Cummins	Kendrick	Oddie	Trammell
Curtis	Keyes	Overman	Wadsworth
Dial	King	Page	Walsh, Mont.
Ernst	La Follette	Phipps	Watson, Ga.
Frelinghuysen	Lenroot	Pittman	Watson, Ind.
Gerry	Lodge	Poindexter	Willis
Glass	McKinley	Reed	
Gooding	McNary	Sheppard	
Hale	Moses	Simmons	

Mr. WILLIS. I desire to announce the absence of the Senator from South Dakota [Mr. STERLING] on account of illness. I ask that this announcement stand for the remainder of the day.

The PRESIDING OFFICER. Fifty-seven Senators have answered to their names. A quorum is present. The question is upon the amendment of the Senator from Missouri [Mr. REED] to the committee amendment. The Secretary will state the amendment to the amendment.

The READING CLERK. On page 130, line 18, after the numerals "1921," it is proposed to insert "and each year thereafter."

Mr. HITCHCOCK. Mr. President, speaking several days ago in favor of maintaining the present rate of taxes on large incomes, I stated that it was too early to begin reducing what had been denominated war taxes for the reason that we are still in the era of war expenditures and are required to raise revenue four or five times as great as we raised in prewar days. That seems to me true also so far as excess-profits taxes are concerned. They were war taxes; they were extraordinary taxes; but I do not believe they should be discontinued so long as we have to provide for extraordinary expenditures.

The excess war-profits tax has been criticized as being injurious to enterprise. I do not think it is. I can not see how a tax on excess profits can be criticized as destructive to business. The tax on excess profits has the same justification as has the graduated tax on incomes; the higher the income the higher the rate of taxation; and so the excess-profits tax is levied with the idea of increasing the rate of taxation as the rate of profit in a business enterprise grows.

On many occasions an attempt has been made to limit profits. There has been a moral sense in the community that there is such a thing as an excessive profit; there is a feeling that there ought to be some governmental restriction put on profits when they exceed a certain reasonable point; but no one has yet ventured to propose a governmental method of limiting profits. Probably that is not possible.

Everybody admits that capital ought to have a reasonable return when engaged in a legitimate enterprise; but is there not such a thing as imposing a governmental check on profits in enterprises where they exceed what may be considered a normal figure? Is it not reasonable, Mr. President, for the Government to say to a business enterprise, "You are protected by the Government; if you make a normal profit, a reasonable profit, in your business, your taxes shall be of a normal sort; if your business is so prosperous that you make extraordinary profits, away above the average profits of enterprise, away above the reasonable return for capital invested, you should share that additional profit with the Government which protects

you?" Mr. President, that is the theory of the excess-profits tax.

We have in the loaning of money established a certain normal rate of interest by custom; we have in bank loans established a normal rate of interest. The man who puts his money out at interest as a loan expects to get for it 5 per cent under certain circumstances, 6 per cent under certain circumstances, 8 per cent under certain circumstances, and 10 per cent under certain circumstances. Probably the man who loans his money never expects to exceed 10 per cent; but when a business enterprise is entered upon where great risk is involved it is conceded that a larger rate of return on the capital invested is proper, and we may see a business enterprise earn 8 per cent or 10 per cent or 20 per cent or even a higher rate of profit.

Nevertheless, what legitimate reason is there for not saying to business enterprises generally, "When you exceed a normal rate of profit on your business enterprises your taxes are to be graduated in accordance with the excessive profit which your business brings you?"

Mr. President, that is the theory of the excess-profits tax. Under the law as it now exists any business enterprise which earns a profit shares one-tenth of it with the Government up to a certain point; that is to say, there is a 10 per cent tax levied upon every corporation that is doing a business of profit. This we call the normal tax.

But if a corporation does a business which earns a profit of more than 8 per cent, besides paying the normal tax the corporation is subjected on the excess to a higher rate of tax. Why should it not be?

If that business is so unusually prosperous above its neighbors, above its competitors, above the average, why should it not pay an increased rate of tax on that excess?

The present law provides that if a corporation earns a profit of 8 per cent it shall pay a 10 per cent tax on its profits; in other words, one-tenth; but if it earns a profit above 8 per cent the rate of tax is then made 20 per cent on the excess. Take, for instance, a corporation with \$1,000,000 capital whose profits for a year amount to 10 per cent, or \$100,000. After all deductions and credits such a corporation pays a total tax of \$12,860. After such payment the corporation still has a net profit of \$87,140, or about 9 per cent.

If the same corporation makes a 20 per cent profit, or \$200,000, for the year's business, it pays a total tax of \$40,860 and still retains a net profit of \$159,140, or 16 per cent on its capital.

If the same corporation makes a profit of 30 per cent, or \$300,000, on a year's business it pays a total tax of \$86,860 and still retains a net profit of \$213,140, or 21 per cent on its capital.

If the same corporation makes a profit of 50 per cent, or \$500,000, on a year's business it pays a total tax of \$176,860 and still retains a net profit of \$323,140 for the year, or 32 per cent on its capital.

In other words, Mr. President, these graduated taxes, these excess-profits taxes still leave to the corporation against which they are levied a rate of profit in all cases away above the normal; and I can not conceive why a corporation that is making excess profits in its business, profits above the normal, should object to paying a tax on that excess so long as it is in all such cases still earning a profit which, after paying all these taxes, still leave it in a far more favorable situation than another corporation that is not subjected to the excess-profits tax.

Mr. President, if there is one thing which government can legitimately tax it is profits, because profits always afford the means out of which the tax can be paid. If you levy a sales tax, no matter how scientifically it is drawn, in many cases that tax is bound to fall upon business that is perhaps not profitable. You can imagine a corporation which is doing \$5,000,000 worth of business this year and doing it at a loss, as many corporations no doubt are. A profits tax on such a corporation, whether it is a normal tax on profits or an excess-profits tax, is no burden whatever in a year of its distress; but a sales tax levied against that same corporation, which may be doing business at a loss of \$100,000, simply adds \$50,000 to the losses of that corporation.

The excess-profits tax, however, affects only the profits of a corporation. It is lenient to that corporation when it has bad years, and when it has years of prosperity the Government simply enters into a fair partnership with the corporation and takes in the form of taxation a small portion of its net profit above the ordinary profit.

Mr. President, the majority party has been charged with a very consistent plan in this bill of relieving wealth from taxation, and from this side of the Chamber we have made the fight legitimately to prevent that reduction of the taxes upon wealth.

There are virtually only two ways in which the revenues of the United States Government can be raised. They must either be raised by taxes on consumption or they must be raised by

taxes upon wealth. No reasonable man ought to contend that all of the revenues of the Government should be levied by a tax on wealth, but every man who is fair will recognize that it is legitimate for the Government of the United States to raise a part of its revenues by taxing wealth. No reasonable man would insist that all of the revenues of government should be levied by a tax on consumption, because a tax on consumption comes very near to being a per capita tax. It falls with undue weight upon the man of limited means, practically all of whose income is spent to defray the cost of living of himself and his family. Apparently, however, the majority who have drawn this bill and who are putting it through the Senate have a settled purpose in this bill not only of relieving the taxes upon the wealth of the country, but in the pending schedule the majority party has determined to relieve the great, prosperous corporations of the legitimate tax upon their profits levied in past bills and which is levied in the existing law.

Mr. President, to my mind that is something which the people of the United States will resent. I can not conceive how any fair-minded man of any party will think it proper in these days of really widespread distress for the Congress of the United States to relieve from taxation corporations admitted to be making excessive profits. It is not that the people will object to corporations making excessive profits, but they have a right to feel and the right to expect of their legislators that those corporations so fortunate as to make great profits should pay taxes in proportion to their prosperity.

They are the very taxpayers upon whom the Government has the right to levy unusual taxes in unusual emergencies. If a corporation is making a profit of 50 per cent on its capital, it certainly ought to pay a higher rate of taxation than another corporation that is making only 10 per cent on its capital, and, as the Senator from Missouri [Mr. REED] has said, it is deliberately proposed in this bill by the majority party to abandon altogether the idea of levying taxes upon excessive profits. It is proposed to say that two corporations, one highly prosperous, making enormous profits, say 100 per cent on its capital, getting its capital back every year, shall pay no higher rate of taxation than another corporation barely able to earn enough profits to pay small dividends to its stockholders.

Mr. President, I say that will shock the sense of justice of the American people of all parties. The American people will not insist that the profits of a corporation shall be limited. They will not insist on any plan of fixing prices, but in my opinion the American people will resent the action of Congress in these serious times in deliberately taking off of corporations that are making enormous and unusual profits as the result of the protection of the Government all of these excess-profits taxes and merely subjecting them to the same rate of taxation that the ordinary corporation pays when it makes small profits.

I want to say to my Republican friends that when they undertake in these serious times to make that change in policy and wipe out the tax upon unusual, extraordinary profits they are entering upon a very serious step, and one that is likely to prove detrimental to the party which adopts that policy.

Mr. STANLEY. Mr. President, this determined fight on the part of a part of the majority, come what will and come what may, to relieve the profiteer is most significant. Plea after plea has been made for business after business. Interest after interest has complained, and justly complained, of the crushing burden of taxation. Indefensible tax after indefensible tax has been proposed. Many of these taxes have been so onerous, so unjustifiable, so outrageously oppressive that the gorge rose upon the other side of the Chamber, and the political colleagues of those in charge of this bill revolted, and revolted in such numbers after the calcium light had been thrown upon this bill by the Senator from North Carolina [Mr. SIMMONS] and the Senator from Missouri [Mr. REED] and others that the whole miserable thing had to be taken from the floor of this Chamber and from the light of day, carried out, and in a back room operated upon, and they bring it in here swathed in bandages; they bring it in here from their own political hospital; but the one thing that remains upon the mutilated body of infamous thing, sacred and secure, is the right of the profiteer to exemption.

Think of some of the taxes that have been proposed here—a tax of \$130,000,000 on transportation! Mr. President, a tax, a fixed charge upon transportation, must necessarily be paid by the shipper. Mr. Hines has stated that an increased freight rate is multiplied many times in the cost to the shipper and the cost to the consumer. Mr. Hines has estimated, if I am correct—and I see the chairman of the Interstate Commerce Committee here, and he will correct me if I am wrong—that every dollar you put upon freight rates represents only one-fifth of the charge paid by the ultimate consumer and by

the shipper; in other words, a charge of 20 cents will be reflected in an additional cost of \$1 a ton upon that same article to the consumer.

It is necessarily so, Mr. President. Put a tax of 10 cents a ton upon a certain classification of freight. In the making of pig iron, for instance, that tax is paid in the transportation of limestone; it is paid in the transportation of coke; it is paid in the transportation of ore; and you have three rates when you come to your pig iron, paid when you transport that pig iron from the furnace, and you have a fourth rate when you come to your steel, and so it piles mountain high. An increase of 10 cents a ton on anthracite coal recently authorized by the Interstate Commerce Committee was immediately reflected in an increased cost of 50 cents a ton to the consumer.

Yet, knowing that fact, they deliberately voted to retain one-half of this transportation tax burden upon transportation when they knew that the \$130,000,000 would be reflected in the addition of not less than \$500,000,000 to the increased cost in necessities of life to the people of the country at a time when the whole Nation is crying out in agony against a freight rate so enormous that it is literally crushing the traffic it was meant to foster and to serve.

Mr. President, that is but one instance of the character of taxation that has been authorized in order to save the excess-profits tax.

What is the trouble with this country to-day, Mr. President? We are worse off than we were during the war. The condition of labor, the condition of capital itself, legitimate business, is worse than it was the day that war closed. Why? The unprotected commodity, the unprotected laborer, the unorganized market, has gone to smash.

You can buy a hide for a dollar, but you still pay ten or fifteen dollars for a pair of shoes. Cotton has gone down; shirts stay up. Wool has gone down; cloth stays up. One of the troubles is that the profiteer still holds on to his ill-gotten gains, that the successful Shylock still has his clutch upon business, still refuses to lower his prices, and the producers of grain, of cotton, of every character of agricultural products, of every character of raw material for the mill and factory, has found his market crushed. The day laborer is getting a prewar wage, and yet he is paying war prices for the clothing upon his back, for the shoes upon his feet, for the necessities of life.

If there ever was a time when justice cried like angels, trumpet tongued, against the deep damnation of the profiteers, against the profit no longer levied upon wages paid during the war and war-time prices, but levied upon a people in the midst of depression, levied upon the want and nakedness of multitudes, levied upon 5,000,000 men in rags and in hunger, it is now. Still the profiteer will not loose his strangle hold upon the business and the industrial life of America. If he is not earning excessive profits, no excess-profits tax will attach, and if he is earning them, he should have it to pay.

Mr. WATSON of Georgia. Mr. President, I call the Senator's attention to the fact that our official reports show that the annual increase of wealth in the United States is slightly less than 10 per cent, and it is perfectly apparent that anyone who gets more than 10 per cent is leaving somebody with less. The proposition of the Republican Party is to favor the men who are making these excessive profits of from 100 to 1,000 per cent, thus necessarily leaving in the abyss of poverty the men who can not make any profit at all.

Mr. STANLEY. Mr. President, I thank the learned Senator from Georgia for his very pertinent suggestion.

For 30 years and more the Democratic Party, in victory and in defeat, has maintained, and truly maintained, that it was the champion of the great masses of the American people. From the days of Thomas Jefferson, come what would, it has stood foursquare to every wind that blew for equal rights to all and special privileges to none.

The Republican Party has denied that it was the servant and the champion of a protected and a selected class. For years it has stood as the champion of industry and of business. There was some excuse for that sort of a stand. Now, naked and exposed, it stands as the champion of privilege and plunder, of profiteering, and of the profiteer, and when they are reminded of the folly and the wickedness of such a course, we are cavalierly told, "Well, we carried the country by 7,000,000."

"Whom the gods would destroy, they first make mad." This is not the first time the champions of justice ever met defeat. They met it before there was a Republican Party, and they will live probably to meet it after that organization has gone to deserved oblivion; but never in all the checkered history of privilege, never in all the black annals of legislation for a privileged and pampered class, has anybody ever before stood for the exemption of inordinate profits at a time when the profiteer is

destroying the happiness and imperiling the security of a nation. It was bad enough during the war. Now, when an attempt is being made to readjust conditions, with 5,000,000 men out of employment, with 20,000,000 agriculturists producing at a loss, with discontent and disaster and poverty and idleness and unrequited toil everywhere, we find a few thousand men yet piling up their unearned millions, yet adding profit upon profit, 10 per cent, 30 per cent, a hundred per cent, a thousand per cent; upon what? Upon food that the hungry can not obtain, upon clothing that the naked can not wear, upon shoes that the bare-foot can not obtain, and upon homes that the homeless can not enter. Go on with your wild propaganda. Go on with your shameless proposal. In the language of the great cardinal, "Walk blindfold on; behind thee stalks the headsman."

Mr. REED. Mr. President—

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Kentucky yield to the Senator from Missouri?

Mr. STANLEY. I yield.

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

Mr. CURTIS. Mr. President, I make the point of order that there has been no business transacted since the last call for a quorum.

The PRESIDING OFFICER. The point of order is sustained.

Mr. REED. Mr. President, I desire to withdraw the pending amendment. I now make the point of no quorum.

Mr. CURTIS. The Senator can not do that without unanimous consent, and I object to the withdrawal of the Senator's amendment.

Mr. REED. The Chair gave his consent and there was no objection.

The PRESIDING OFFICER. The Chair did not understand the observation of the Senator from Missouri.

Mr. CURTIS. The Chair would not have authority to give consent, anyhow. The Senate only can give consent.

Mr. REED. I desire to offer an amendment to the amendment. In addition to the insertion of the words "and each year thereafter," in line 18, page 130, I move to amend by striking out "Title III. War-profits and excess-profits tax for 1921." I desire to modify my amendment to that effect.

The PRESIDING OFFICER. The Chair is of the opinion that that does not affect the amendment now pending.

Mr. REED. An amendment to an amendment does not change the business.

The PRESIDING OFFICER. The Chair is of opinion that the amendment offered by the Senator from Missouri does not appertain to the pending amendment, and therefore it is not in order.

Mr. REED. If the Chair will give it a little consideration, he will withdraw his remark. The amendment now pending proposes to continue the tax from 1921 on. The title which I propose to strike out limits the war-profits and excess-profits tax to 1921, and the change I suggest now should have been offered as a part of the original amendment. It relates to exactly the same subject.

But there is no rule in the Senate, Mr. President, which declares that a Senator can not put half a dozen propositions in one amendment if he wants to, and an amendment to an amendment does not have to be germane to the amendment.

We might just as well settle whether we are going to proceed under parliamentary law or not. If not, if we are to have "rough-house" methods, if I may use a slang expression, we can commence them right now, and the Senate will be in session some time before it will get to a vote on this bill. There is no disposition over here to delay it a minute, but when we are threatened with all-night sessions and Senators see fit to absent themselves from the floor, we on this side propose to insist, if they hold us here all night, that they shall be in their seats. We will try to sit up with them and be good-natured about it. I have offered a proper amendment to my amendment, and I want to know whether it is going to be entertained.

The PRESIDING OFFICER. The Senator from Missouri has offered an amendment to be inserted on line 18. That amendment is now pending before the Senate. While without doubt the Senator would have a right to perfect his amendment, it is the opinion of the Chair that the proposition which he now offers is not of a nature to perfect his amendment. It would be tantamount to the offering of another amendment, and therefore is not in order.

Mr. REED. Mr. President, I appeal from the decision of the Chair.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. REED. Having appealed from the decision of the Chair, which I think even the present occupant of the chair will regard as new business, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

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

Brandegee	Harreld	McNary	Simmons
Broussard	Harris	Moses	Smoot
Bursum	Harrison	Nelson	Spencer
Capper	Heflin	New	Stanley
Caraway	Hitchcock	Newberry	Sutherland
Cummins	Jones, N. Mex.	Nicholson	Swanson
Curtis	Kellogg	Oddie	Townsend
Dial	Kendrick	Overman	Trammell
Dillingham	Kenyon	Owen	Wadsworth
Edge	King	Page	Walsh, Mont.
Ernst	La Follette	Penrose	Warren
Fletcher	Lenroot	Phipps	Watson, Ga.
France	Lodge	Poin Dexter	Watson, Ind.
Gerry	McKellar	Ransdell	Williams
Gooding	McKinley	Reed	Willis
Hale	McLean	Sheppard	

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, a quorum is present.

Mr. WATSON of Indiana. Mr. President, I move to lay the appeal of the Senator from Missouri on the table.

The motion was agreed to.

Mr. REED. Mr. President, I congratulate the Senator from Indiana on having made a beautiful precedent, which I suppose will be cited in future years as a decision of the Senate. If ever there was a decision made on any question which can not be justified by any kind of logic, it is this particular decision by which it is held that a Senator can not offer an amendment to an amendment on the ground that it is not germane to the amendment, when, as a matter of fact, the amendment to the amendment is a part of the very subject matter. If the Senate wishes to make that sort of a record, and if we are to have motions to cut off discussion and debate, it is all right with those of us who sit on this side of the Chamber, but it will not save any great amount of time. That is not the way to save time on this bill.

There has not been an attempt to waste a moment on the bill. Every Senator who has spoken has done so in good faith. There has been a more complete adherence to the subject matter under discussion than I have ever known in the Senate and, I almost will say, than any other man in the Senate has ever observed. We have been proceeding with more than ordinary celerity in the discussion of the bill. I know one of the Senators who is absent, because he is not very strong, desires to make a speech upon this particular proposition. There are other Senators similarly situated.

It is proposed to go on to-night, I understand. We will, of course, have to be here if those in control of the Senate conclude that that is the best policy to pursue. Speaking for myself, I think it utterly unjustifiable. I have no objection, so far as I am concerned, however, if the Senate wishes to come to a vote on this amendment of mine and to proceed to a vote at this time. It only involves \$450,000,000, and, of course, is not worth spending much time on. When the vote is recorded there is not a man who has been picking the pockets of the American people through excess profits who will not be ready to congratulate his friends. There is not one of them who will not go home congratulating himself.

There is talk that this tax is passed on, but excess profits, particularly grossly excess profits, are not passed on, because the man has already charged all that he can extort. Nobody gets a 500 per cent profit unless he is in some sort of a situation where he is levying upon the necessity of the people to buy, and he levies the last dollar he can get when he charges a profit of that kind.

Mr. STANLEY. Mr. President—

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

Mr. REED. I yield.

Mr. STANLEY. At this time in our effort to readjust our conditions the public is demanding of the railroads, the great carriers, that they shall reduce their rates, notwithstanding the fact that the present rates of return could not be called an excess profit. The return is less than 6 per cent on the estimated value of those properties, at least according to the contention of the carriers. The public is demanding that the operators, 2,000,000 of them, shall submit to a reduced wage. They are not profiteering. The wage of every railroad man to-day will buy less than the wage he received before the war. The man receiving \$4.50 a day now received about \$2.50 a day before the war, but the \$2.50 would buy more than the \$4.50 will buy.

now. How can we demand of the carriers, who are not charged with profiteering, that they shall lower their rates, how can we demand of labor that it shall take less when it is really receiving less purchasing value than it got before the war, in order to adjust conditions, and then have the Senate deliberately exempt from their just burden of taxation those who have produced this condition? With what face can we do it?

Mr. REED. Yes; and with what face can we look the returned soldier in the eye and say to him, "We refused you compensation upon the express ground that we could not raise enough revenue, and the reason we could not raise that revenue was because we proposed to take \$450,000,000 of taxes off of gentlemen who are making profits above 10 per cent"? How will you look that man in the face and say with an unctuous hypocrisy that you protested that you wanted to give him his compensation, but that because the Government revenues were circumscribed you were obliged to postpone his plea for justice until some means could be devised to raise more revenue, when all the time you had it in your mind to take \$450,000,000 of taxes off men reaping excess profits which are the direct result of the war? How will Senators on the other side justify themselves to that soldier, who stands to-day without a job, who served abroad for \$30 a month and his feed, when he is told that his bill for justice and relief was referred to this very Finance Committee; that they promised it speedy attention; and that that same committee to whom his claim was referred, upon the ground that the revenue could not be received, instead of giving him attention gave the attention to the profiteers and took \$450,000,000 off the burden that the profiteers ought to pay?

How will those Senators look that soldier in the face who served abroad for \$30 a month and who comes back and walks up to a profiteer to buy a civilian suit of clothes to take the place of his tattered uniform and who has to pay that clothier a profit of 100 or 200 per cent? How will they justify themselves when they say, "We benefited you by taking the tax off the man who is reaping profits off you?" How will they do it?

I am going to meet a large body of these soldiers in two or three days; I am going to discuss the question of their adjusted compensation; and I am going to tell them the truth about this matter; that the reason that they could not have adjusted compensation was because it was proposed to take the tax off the profiteers, and that the same committee that now is sitting like a coroner's jury over the dead body of their hopes reported out a bill to take \$75,000,000 off the corporation capital tax, \$90,000,000 off the gentlemen who enjoy incomes above \$68,000 a year, and \$450,000,000 off the gentlemen who are reaping profits above 10 per cent, and that is the reason they could not get compensation; and that the men who made these profits are the men who stayed at home while they went abroad to lose their health, to lose their jobs, and some of their brothers to lose their lives.

Now, Mr. President, if there is no Senator wishes to speak on the amendment to the amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KENYON. Mr. President, before the roll is called I desire to ask the Senator from Missouri—for I have been compelled to be out of the Chamber all day in connection with the West Virginia hearing—just how this question now comes up? Is it on the committee amendment or is it on the amendment of the Senator from Missouri?

Mr. REED. Under the bill as reported by the Committee on Finance the excess-profits tax will terminate in December of this year. My amendment proposes to insert after the figures "1921" the word "and each year thereafter." If the amendment which I have offered to the committee amendment is adopted, then the excess-profits tax will continue to be levied until Congress shall hereafter change the law.

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The Secretary will call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL]. Being unable to secure a transfer, I am compelled to withhold my vote. If permitted to vote, I should vote "yea."

Mr. HALE (when his name was called). Making the same announcement concerning my pair and its transfer as heretofore, I vote "nay."

Mr. HARRIS (when his name was called). I transfer my pair with the junior Senator from New York [Mr. CALDER] to the senior Senator from Texas [Mr. CULBERSON], and vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the junior Senator from Massachusetts [Mr. WALSH], and vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Oregon [Mr. STANFIELD], and vote "nay."

Mr. RANSELL (when his name was called). I have a general pair with the junior Senator from Delaware [Mr. DU PONT]. I transfer that pair to the senior Senator from California [Mr. JOHNSON], who, if present, would vote as I am about to vote. I am, therefore, at liberty to vote, and vote "yea."

Mr. WILLIS (when Mr. STERLING's name was called). I desire again to announce the absence of the Senator from South Dakota [Mr. STERLING] on account of illness.

Mr. SUTHERLAND (when his name was called). Making the same announcement as heretofore in regard to my pair and its transfer, I vote "nay."

Mr. SWANSON (when his name was called). I have a pair with the senior Senator from Washington [Mr. JONES]. I do not know how that Senator would vote if present. I find I am able to transfer that pair to the Senator from Nevada [Mr. PITTMAN], which I do, and vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. KING (after having voted in the affirmative). I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER]. I have been unable to obtain a transfer of that pair, and therefore I am compelled to withdraw my vote.

Mr. McLEAN (after having voted in the negative). I notice that the senior Senator from Montana [Mr. MYERS], with whom I have a general pair, has not voted. I transfer my pair with that Senator to the junior Senator from Pennsylvania [Mr. CROW], and will let my vote stand.

Mr. CURTIS. I desire to announce that the Senator from South Dakota [Mr. STERLING] is paired with the Senator from South Carolina [Mr. SMITH].

The result was announced—yeas 27, nays 39, as follows:

YEAS—27.

Ashurst	Heflin	Norbeck	Simmons
Borah	Hitchcock	Overman	Stanley
Broussard	Jones, N. Mex.	Owen	Swanson
Caraway	Kendrick	Pomerene	Walsh, Mont.
Dial	Kenyon	Ransdell	Watson, Ga.
Harris	La Follette	Reed	Williams
Harrison	McKellar	Sheppard	

NAYS—39.

Brandegree	Gooding	Moses	Shortridge
Bursum	Hale	Nelson	Smoot
Capper	Harrell	New	Spencer
Cummins	Kellogg	Newberry	Sutherland
Curtis	Keyes	Nicholson	Townsend
Edge	Lenroot	Oddie	Wadsworth
Ernst	Lodge	Page	Warren
Fernald	McKinley	Penrose	Watson, Ind.
France	McLean	Phipps	Willis
Frelinghuysen	McNary	Poindexter	

NOT VOTING—30.

Ball	Elkins	McCormick	Stanfield
Calder	Fletcher	McCumber	Sterling
Cameron	Gerry	Myers	Trammell
Colt	Glass	Norris	Underwood
Crow	Johnson	Pittman	Walsh, Mass.
Culberson	Jones, Wash.	Robinson	Weller
Dillingham	King	Shields	
du Pont	Ladd	Smith	

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

Mr. REED. Mr. President, I reserve the amendment for a separate vote in the Senate, and offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to strike out lines 23 to 26 on page 130 and lines 2 and 3 on page 131 and to insert:

Twenty per cent of the net income in excess of 15 per cent and not in excess of 50 per cent of the invested capital, and 40 per cent of the excess over 50 per cent of the invested capital.

Mr. REED. Mr. President, the present law levies an excess-profits tax on profits above 10 per cent and up to 20 per cent at the rate of 20 per cent. This amendment raises that bracket so that the excess-profits tax does not begin until 15 per cent net has been realized, and then from that point on to 50 per cent the tax levied is 20 per cent. Under the present law the minute the profits exceed 20 per cent a tax of 40 per cent is levied.

This amendment, if agreed to, will have this effect: Whereas to-day all profits in excess of 8 per cent and up to 20 per cent are taxed 20 per cent, no tax at all will be levied upon the profits until 15 per cent has been realized, and then a tax of 20

per cent will be levied upon the profits up to 50 per cent of profits. After they have reached 50 per cent profit, then a tax of 40 per cent is laid upon the profits in excess of 50 per cent.

Mr. WILLIAMS. By the bill itself?

Mr. REED. No; by this amendment. By the bill itself the 40 per cent tax began when the profits were 20 per cent. The 40 per cent does not begin under this amendment until the profits have reached 50 per cent.

Mr. KING. Mr. President, may I make an inquiry for information?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Utah?

Mr. REED. Yes.

Mr. KING. As I understand, the amendment heretofore offered by the Senator which extended the excess-profits tax to a year beyond 1921 was defeated. I want to ask the Senator whether, if this amendment were adopted, it would not be limited solely to this year, and therefore would have the effect of diminishing the tax which would be collected for this year below the levels which existing law impose?

Mr. REED. Mr. President, I am obliged to the Senator. I meant to incorporate in this amendment the amendment I just offered and make it a part of this amendment, so that the excess-profits tax will continue beyond 1921, but that instead of paying an excess-profits tax as soon as 8 per cent is realized there will be no excess-profits tax until 15 per cent has been realized and, instead of the tax being 40 per cent as soon as the profits have reached 20 per cent, the 40 per cent tax will not be levied until the profits have reached 50 per cent.

Mr. President, the amendment should be further perfected so that it will read as follows: After the word "following," in line 21, add:

After the calendar year 1921 excess-profits taxes shall be levied as follows:

Then the language which I have employed.

Mr. SIMMONS. Mr. President, where does the Senator propose to put that?

Mr. REED. I propose to insert it after the word "following" in line 21, page 130.

Mr. WALSH of Montana. Mr. President, I suggest to the Senator from Missouri, if he will pardon me, that a more appropriate place to put it would be after line 3, on page 131.

Mr. SIMMONS. I think the Senator's suggestion is correct. That is what I was about to suggest.

Mr. WALSH of Montana. That would make the paragraphs at the bottom of page 130 and at the top of page 131 applicable to 1921, and then thereafter the rates would be as fixed.

Mr. REED. I was obliged to present this amendment very hastily, and I think the suggestion is a very good one, to insert at the end of line 3, on page 131, the following:

After the calendar year of 1921 excess-profits taxes shall be levied as follows:

Then:

Twenty per cent on the net income in excess of 15 per cent and not in excess of 50 per cent of the invested capital, and 40 per cent of the excess over 50 per cent of the invested capital.

Now, Mr. President, I think the amendment is in shape.

Mr. SIMMONS. Mr. President, I suggest to the Senator that he put it in this form:

That for the calendar year 1922, and each subsequent year thereafter, the tax shall be—

And so forth.

Mr. REED. Very well; let it be put in that form:

That for the calendar year 1922, and for each calendar year thereafter, there shall be levied—

And so forth. That is the proper form.

Mr. President, I am not offering this amendment out of a mere desire to make a record; but it seems to me that the course we are pursuing is so at war with what ought to be done that it is worth while to present the question in this modified form. It may be claimed that an excess-profits tax beginning at 8 per cent begins at too low a point, that corporations ought to be allowed to make more than that percentage and still pay merely the normal tax; but when you allow them to make 15 per cent free of all excess-profits taxes, I think they are being dealt with very fairly and generously. Then the tax of 20 per cent, which under the present law begins at a 10 per cent profit and ends at a 20 per cent profit, will be levied here on the profits between 15 per cent and 20 per cent, on that small bracket; and the tax of 40 per cent, which under the present law begins at a 20 per cent profit, will under this amendment be only a tax of 20 per cent on the profits up to 50 per cent. That is to say, an institution will be free of all excess-profits taxes until it has made more than 15 per cent. Then on the difference between 15 per cent and 50 per cent it will pay only 20 per cent, and on the

excess above 50 per cent it will pay the 40 per cent which now is levied on the profits as soon as they reach 20 per cent.

I am informed by the experts that this will realize to our Government \$200,000,000. That \$200,000,000 would do many things. I need not take the time of the Senate to tell how many things it would do; but what man is there in this body who can say that after a corporation has made 15 per cent net, has paid the salaries of its officers, has paid the interest on its money borrowed, has taken out a proper sum for the depreciation of its plant, and stands there with 15 per cent net, it can not pay the small additional surtax levied by this amendment? How can Senators sit here and tell soldiers that they can not pay them a bonus when they refuse to levy a tax of this kind? How can we justify the other taxes of this bill, and, as was well said by the Senator from Kentucky [Mr. STANLEY], how can we say to the railroads that are not making excess profits, "You must cut down your freight rates regardless of that fact," and yet say, "We took the tax off the profiteers, the men who were making more than 15 per cent"?

Let somebody on the other side rise and answer. You have sat over there all day, when you sat there at all, as mum as oysters and with about the same intellectual cast of countenance. You do not defend because you can not defend.

Mr. PENROSE. Mr. President—

Mr. REED. The utmost of your endeavor is to move to lay something on the table, so that there can not be discussion.

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

Mr. REED. I yield.

Mr. PENROSE. Our countenances have been illuminated by the character of intellectual provender that has been furnished us.

Mr. REED. Mr. President, that all depends on what is back of the countenance that is to be illuminated, for you could throw the brightest light that ever glimmered in this world upon a piece of dead lead and you could not get a reflection.

Why do you not answer? What is your defense? Have you any? Well, Senators, you will have to make your defense somewhere.

Mr. WATSON of Indiana. Mr. President, I have very great respect for the Senator from Missouri [Mr. REED]. We have been personal friends for a quarter of a century, and I have always admired his ability. Whatever he may say and whatever he may do, I shall never forget the service he rendered to the Republic during the discussion of the momentous problem of the League of Nations on this floor.

He might at that time have chosen the easy course. He might have basked in the sunshine of the White House and been among the favored few admitted to those secret precincts. But he chose what to him was the path of honor, the path of courage, and the path of patriotism, and in so doing he delivered orations on the floor of this Chamber worthy of the best days of the Senate and of its most splendid traditions. Whatever he may say now in regard to the Republican Party or any of the propositions that are pending growing out of this tax question will not, so far as I am concerned, diminish my admiration for his talent or his ability.

But when the Senator from Missouri, rising in his place, proscribes that talent and that ability to personal charges against Senators on this side, he but belittles himself. When he says that we sit here like oysters, with countenances that have no reflection of intellectuality or intelligence, he but dwarfs himself and casts nothing but his littleness upon this side.

Mr. STANLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Kentucky?

Mr. WATSON of Indiana. I decline to yield.

The Senator from Missouri had better leave those little things to men of lesser talents and of more meager capacity. When he descends to make a charge of that kind it is as if a wrecking crew were ordered out, with all its mighty appliances, to lift a mouse from a railroad track.

However, I have not risen for the purpose of discussing the Senator from Missouri, but for the purpose of talking about the excess-profits tax and of saying to my friend from Missouri that he need not be alarmed about the answer we shall make to the country. We have already given that response. Not only did the Republican Party proclaim throughout the length and breadth of the Republic its belief in this proposition in the last campaign but the Senator's own party, from the day the convention met up until election time, did not fail to respond in the same way to the same demand of the American people.

The honorable Senator from Kentucky [Mr. STANLEY] said that the people of the United States, like angels, were speaking trumpet-tongued, demanding the continuance of the excess-

profits tax. Let us see who some of these trumpet-tongued angels are who have so loudly demanded the perpetuation of this tax. The Democratic platform adopted at San Francisco recited:

We advocate tax reform and a searching revision of the war revenue acts to fit peace conditions so that the wealth of the Nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditure.

To what two taxes did that refer? Inevitably to the excess-profits tax and to the higher surtaxes. It would have had no intelligent construction if it had been applied to any other feature of the existing tax law, and when they spoke, trumpet-tongued, they had in mind only the excess-profits tax and the surtax.

Why am I led to that conclusion? Because before that convention met, Senators, Secretary Glass had given his views on this question to a committee of the American Congress. He said:

The Treasury's objections to the excess-profits tax even as a war expedient (in contradistinction to a war-profits tax) have been repeatedly voiced before the committees of the Congress. Still more objectionable is the operation of the excess-profits tax in peace times. It encourages wasteful expenditure, puts a premium on overcapitalization, and a penalty on brains, energy, and enterprise, discourages new ventures, and confirms old ventures in their monopolies.

Out of the mouth of their own Secretary of the Treasury, standing upon their own platform, advocating the very thing we now advocate—that is our answer to the charge of the Senator from Missouri.

Who else has had something to say upon this proposition? Secretary Houston, likewise an honored member of the last Democratic Cabinet, urged the repeal of the excess-profits tax at the earliest day. What were his words? Listen to them, you who desire to know the campaign position of the Democratic Party on this question:

The reasons for the repeal of the excess-profits tax should be convincing even to those who, on grounds of theory or general political philosophy, are in favor of taxes of this nature. The tax does not attain in practice the theoretical end at which it aims. It discriminates against conservatively financed corporations and in favor of those whose capitalization is exaggerated; indeed, many overcapitalized corporations escape with unduly small contributions. It is exceedingly complex in its application and difficult of administration, despite the fact that it is limited to one class of business concerns—corporations. Moreover, it is rapidly losing its productivity.

He goes on and states other reasons why it should be repealed. So from the Democratic national platform and from two of its Secretaries of the Treasury come this day answers which my friend from Kentucky might well say are trumpet-tongued.

But, Senators, we are not left alone with the assertions of the Democratic platform and the assertions of these two former occupants of a Cabinet position. The Democratic candidate for the Presidency in the last campaign, supported by my friend from Missouri, supported by every man on the other side of the Chamber, echoed and reechoed the demands of the Democratic platform and in various speeches throughout the Republic reasserted the opinions of these two occupants of the Treasury portfolio. In one of his addresses, speaking of the excess-profits tax, he said:

I believe that a better form of taxation than the so-called excess-profits tax may be found, and I suggest a small tax, probably 1 to 1½ per cent on the total business of every going concern. It is to be understood that the term "business" as used does not include income received by wage earners, salaried men, agriculturists, and the small business man who should be exempt from this tax. The profiteer and some of the highly capitalized units have used the excess-profits tax as a favorite excuse for loading on the consumer by means of highly inflated selling prices many times the amount actually paid the Government.

That is the answer I make to the honorable Senator from Missouri. His own candidate for the Presidency, whom he supported; his own platform, upon which he stood; his own Secretaries of the Treasury, two of them, whom he supported—these are the answers I make to the Senator from Missouri as to why the excess-profits tax should be repealed.

Are yet other answers required? If so, they are simply these, Senators, that when we overtax capital we drive it out of business, and unless capital is invested in business labor is not employed, and if labor is not employed idleness results, and everybody understands what follows in its train. That is the all-sufficient answer to the Senator from Missouri.

But, Mr. President, I call attention to the further fact that Dr. Adams, himself a Democrat, once an honored member of the faculty of the great University of Wisconsin and now professor of economics in Yale University and the Treasury expert whose services are sought by everybody—

Mr. LA FOLLETTE. And always a Republican.

Mr. WATSON of Indiana. Is he a Republican?

Mr. LA FOLLETTE. Yes.

Mr. WATSON of Indiana. I beg the Senator's pardon; I had always thought he was a Democrat.

Mr. NEW. My colleague had better beg Dr. Adams's pardon.

Mr. WATSON of Indiana. I beg his pardon.

Mr. STANLEY. If the Senator will yield at that point—

Mr. WATSON of Indiana. No; not here.

Mr. STANLEY. The Senator need not yield at all if he does not want to.

Mr. WATSON of Indiana. My understanding has always been that Dr. Adams is a Democrat, and I think that my friend the Senator from Utah had the same opinion. So much the better if he is a Republican.

Mr. STANLEY. Mr. President—

The VICE PRESIDENT. Does the Senator yield to the Senator from Kentucky?

Mr. WATSON of Indiana. No; I decline to yield. Senators on the other side have taken up practically all the time. I want to have just a little of it over here.

What does Dr. Adams have to say about this? Hear it:

A great deal might legitimately be said, if space permitted, in favor of the excess-profits tax. But it is not enough. The tax should be repealed at the close of the year 1920. It should be repealed because it taxes corporations by an entirely different method from that applied to partnerships and individual business men, sometimes taxing one class heavier than the other, and again reversing this situation; because it penalizes conservative corporations and rewards their less conservative and less scrupulous competitors; because it exempts in whole or in part many overcapitalized trusts; because by its uncertain and unequal burdens upon business it is injuring every wage earner and salaried man, every stockholder and consumer whose interests can be adversely affected by the unnecessary bedevilment of business; because corporation taxpayers since the beginning of the war have played the game and stood the gaff, have fairly earned and may confidently ask the right to pay whatever share of taxes is decided to be their due, by a tax which is simpler, more certain and less capriciously unequal than the excess-profits tax.

When we came to investigate the facts as they were developed before our committee, every statement made by Dr. Adams, and by every other expert, as my friend from Connecticut [Mr. McLEAN] suggests, was borne out by the facts and controverted by nobody upon the witness stand from the beginning of those hearings to the very end.

Why had they ceased in productivity? In 1918 we gleaned from this source \$2,500,000,000 of revenue, enough to pay the expenses of the Government, Senators, aside from interest and the cost of wars past and present. Yet for the next year no one places the estimate at more than \$400,000,000, a decrease of \$2,100,000,000 of revenue from this source alone.

Is not the Senator from Missouri answered? There are no excess profits to tax because of this very repressive policy, and if it is to be continued in the future capital will not be invested, labor will not be employed, mines will not be opened, and factories will not run. So we shall continue to have the very condition that to-day blights the prosperity of this Republic and casts its baneful shadow athwart the highway of the future. So, Senators, we have an answer to the honorable Senator from Missouri.

Oh, he said, he is going out to speak to the soldiers soon, and he is going to say to them that because we have repealed the excess-profits tax we shall not be able to pay their pensions and to raise the revenue essential to meet the bounty that looms ahead. Why, Senators, it is not possible that the honorable Senator from Missouri will make that statement, for he knows as well as he is conscious of his own existence that these taxes are passed on to the consumer. He has said that he intends to go and say to them that we have saved the storekeeper and the manufacturer from these taxes, and that because of that fact we shall not be able to discharge the debt of gratitude in a financial way that we owe to the soldiers who served us under the flag overseas. The Senator from Missouri well knows and every other Senator knows that all these excess-profit taxes from the very beginning are passed by every manufacturer down to the consumer and all of them loaded upon his back. He knows that every man that touched every product all along the line from production to consumption put an extra tax on and that those excess-profits taxes were pyramided from the beginning to the end until they rested like a mighty mountain of excessive cost upon the backs of the people of the United States.

We propose now to lift that burden. We propose to repeal the excess-profits taxes. We propose to take the hampering and restraining influence of those excessive taxes off of the business of the United States and set it once more awork along all lines of activity in the country. That is the answer we make to the Senator from Missouri.

He need not be alarmed about how we will answer the people of the United States. We will do our own answering and will not call upon the Senator from Missouri to make reply for us when we go out to meet the people of the land. For over 60

years the Republican Party has discharged its obligations. We have carried our burdens, we have lifted the country on up the heights from success to greatness, from greatness to glory, and, if I may be excused a street expression, we have dragged the Democratic Party by the scruff of the neck up the hill behind us, and they of all people ought to be the last to charge us with doing that which is contrary to the highest interest of the people of the country or of dearest concern to its citizenship.

I am not afraid to meet the question of the excess-profits taxes. We met that in the last campaign, save that Democrats did not answer, because every Democratic speech of which I had knowledge delivered in the whole campaign echoed and reechoed the sentiments which I have expressed this afternoon, and not one voice was lifted anywhere throughout the country against the repeal of these taxes. Not until now, when we come into the Senate Chamber in the calm of the after-election period, when there is a new campaign coming on and when a new issue must be sought, have our Democratic friends suddenly discovered that the repeal of the excess-profits tax is in the interest of the profiteer and that unless repealed they will still hold the burdens and the expenses of Government upon the backs of the already overburdened poor.

Oh, no; it will not do. We will go to the people on the question, but when we repeal the excess-profits tax and when we get through this whole new tax bill our capital will be invested, our labor will be employed, the mines will be opened, and their resources will be poured out and carried to the factories, where they will be converted into forms of usefulness and beauty for the benefit of our citizens. We will thus again call out all that is highest and best in men. We will enlist their noblest instincts, their loftiest purposes, and we will again weave, just as we ever have in the past, the splendid fabric of a mighty nationality.

Mr. LENROOT. Mr. President, before the Senator from Indiana takes his seat will he yield?

Mr. WATSON of Indiana. Certainly.

Mr. LENROOT. Will not the Senator place in the RECORD in connection with his speech the table prepared by the Treasury Department showing that the burden of excess-profits tax is borne in the largest part by corporations having an average invested capital of \$61,000, while the large corporations with watered stock are escaping the payment of any excess-profits taxes?

Mr. WATSON of Indiana. That is entirely true, and I ask permission that I may incorporate—

Mr. WATSON of Georgia. Mr. President, I understood the Senator from Indiana had yielded the floor and taken his seat.

Mr. WATSON of Indiana. May I ask unanimous consent to have this little table incorporated as a part of my remarks?

Mr. WATSON of Georgia. I have no objection.

The VICE PRESIDENT. Without objection, it is so ordered.

The table referred to is as follows:

The excess-profits tax has been so thoroughly discussed that it is unnecessary to state at length the reasons which have led your committee to recommend its repeal. The time for discussion is past; and the time to repeal the tax has arrived. It may be mentioned, however, that further investigation has only accentuated the conviction that the inequalities of this tax make necessary its early repeal. Whatever may be its theoretical merits, in practice it exempts the over-capitalized corporation, falls more heavily upon corporations of small or moderate size than upon the larger corporations, penalizes business conservatism, and places upon the Bureau of Internal Revenue tasks which are beyond its strength. The fact that the excess-profits tax bears less severely upon large than upon small corporations is well illustrated in Table A. This table is based upon the latest Treasury statistics which have been analyzed in detail and covers all the corporations of the country which made full returns of invested capital in the year 1919. The weakness of the excess-profits tax revealed in this table is alone sufficient to condemn it.

Table showing average rate of excess-profits and income taxes upon corporations of different size.

[Average size of corporations (measured by invested capital) earning different rates of profit; corporation returns made in 1919.]

Per cent of net income to invested capital.	Number of corporations.	Invested capital.	Average invested capital.	Per cent of income and profits tax to net income.
Less than 5 per cent.....	10,689	\$14,104,248,246	\$1,319,511	10.99
5 to 10 per cent.....	21,839	15,925,632,944	728,229	11.93
10 to 15 per cent.....	22,684	8,962,989,034	395,111	21.60
15 to 20 per cent.....	17,388	5,482,627,463	315,311	33.99
20 to 25 per cent.....	11,987	3,251,948,290	271,200	41.51
25 to 30 per cent.....	7,743	3,785,581,785	488,904	51.22
30 to 40 per cent.....	9,050	2,421,285,621	267,545	53.38
40 to 50 per cent.....	4,807	1,232,173,122	256,329	57.58
50 to 75 per cent.....	4,911	784,254,745	159,693	62.30
75 to 100 per cent.....	1,734	205,714,478	118,653	64.24
100 per cent and over.....	2,194	133,853,470	61,009	67.40
Total.....	115,056	56,200,039,168	489,240	37.86

Mr. WATSON of Indiana. Thus showing, as the Senator from Wisconsin so well says, that these taxes fall heaviest upon the corporations of small capital and are almost wholly evaded by the largest ones in the land, which furnishes an additional reason for their repeal.

Mr. WATSON of Georgia. Mr. President, I trust the Senator from Indiana, my namesake, will not leave the Chamber while I am answering him, because the answer is going to be hot off the bat. I was once as red headed as he is, but there never was a debate in which I was afraid to let anybody interrupt me, and I am not afraid to let them do it now.

Mr. President, the Senator from Indiana quoted from his platform. He quoted some words which the American people had never heard discussed in the campaign. I ask him now to name the time and place when his candidate for the Presidency explained that plank to the people and told them that his success would mean the taking off, from the very rich, of the excess-profits taxes to the amount of \$495,000,000.

Mr. WATSON of Indiana. Mr. President—

Mr. WATSON of Georgia. I yield to the Senator from Indiana.

Mr. WATSON of Indiana. I will not do the Democratic candidate for the Presidency the discourtesy to say he did not know what he was talking about.

Mr. WATSON of Georgia. I was not talking about the Democratic candidate.

Mr. WATSON of Indiana. I have read from the hearings before the Senate committee what he said.

Mr. WATSON of Georgia. I am coming to him after a while.

Mr. WATSON of Indiana. I assume that he knew just what he said.

Mr. WATSON of Georgia. I am coming to that, and you need not doubt it. I am speaking about President Harding, the man who won. I am not talking about Gov. Cox, the worst-beaten man, perhaps, in all American political history. Perhaps the very plank which my namesake voted helped to beat him. I am asking him about what Harding said.

Mr. WATSON of Indiana. I can very readily get what Mr. Harding said about it, because President Harding on several occasions advocated the repeal of these taxes. I have not the speech here. I took it for granted that everybody knew about that.

Mr. WATSON of Georgia. Nobody knows about that, Mr. President, because it did not occur. I am going to stick to the facts myself. I read the speeches of both the candidates, and nowhere did the Republican candidate say that he meant to take \$450,000,000 of excess-profits taxes off the shoulders of those who receive the excess profits.

The Senator said there are no excess profits. Then why take \$450,000,000 off? The Senator's speech answers itself. Necessarily, there must be some immensely profitable concerns who make excess profits and who have been paying taxes on them to the extent of \$450,000,000, else there would be no tax to remove.

Mr. REED. That is the tax estimated for the ensuing year.

Mr. WATSON of Georgia. Precisely so. When and where did the Republican Party, or its candidate, its speakers, its editors, tell the people that they meant to leave the tax on the calico dress of the poor woman and lift it from the sables of the rich woman? What sort of a speech would that have been? How many votes would it have won? Would you have received your 7,000,000 majority if you had explained that to the common people? Talk about friendship for the common people! How many of the common people can buy those expensive furs from which you are taking the tax? Those who are buying those furs can afford to buy them, and can therefore afford to pay the tax.

Mr. President, the Senator from Indiana again read the report of Secretary Glass. We have been reminded of that here several times. Did they use that during the campaign? How many of the voters knew what Secretary Glass had written about the excess-profits tax?

The Senator from Indiana alluded to Secretary Houston. How many votes does he think ex-Secretary David Houston could get, if he were to run for some office? Where would he get them? Why, Mr. President, as Secretary of Agriculture he had the most loving ways to make people hate him of any official of this Government, and they hated him then and they hate him now.

Senators on the other side do not enjoy this debate. Why? They are getting the worst of it. They are going to keep on getting the worst of it. Running out of the Chamber will not help any. Taking refuge in the cloakroom will not save anybody. Mr. President, if I may be allowed the expression, they are going to catch hell next November. [Laughter.]

Mr. REED. Mr. President—
SEVERAL REPUBLICAN SENATORS. Vote!

Mr. WATSON of Georgia. I have not yielded the floor, and I am not going to be howled down, either. I have got the floor, not by the permission of any Senator, but by the recognition of the Vice President.

Mr. PENROSE. We are going to vote in a minute.

Mr. WATSON of Georgia. You will vote when I get through with my speech. This is a mere preface to a remark or two. I have learned, Mr. President, that when a Senator gets up here and says, "Just a moment," it means an hour or so; and when he says, "I want to say just three words," he means three thousand words.

We have heard of the "agricultural bloc," we have heard of the "manufacturers' bloc," but there is an "oratorical bloc" here. Although I am a junior Member of it, I want to hold up my end of the stick. It may be that the "agricultural bloc" is split up but the "oratorical bloc" is not split up. [Laughter.] It is not going to be split up or howled down.

Something was said here the other day about the unimportance of a tax measure; that the people really did not care anything about taxes. I wonder, Mr. President, if the Senators who made those remarks remembered that we owe our national independence to a fight on a very small tax on tea and paper? A tax started a revolution in the old country; a revolution was started there by an illegal imposition of ship money. John Hampden, a rich man, whose share of the tax would have been less than \$15 in our money, refused to pay it, and began an insurrection which only ended with the English revolution of 1688. In my judgment, Mr. President, if this bill goes through, relieving from taxation those who are making excessive profits, we are going to have at least a political revolution in this country. I do not believe the people will stand it.

In Mackenzie's History of the Nineteenth Century, at page 147, I find the following which may or may not interest Senators:

The vast revolution that had been in progress for half a century was at length fully accomplished. The transfer of power was complete. Fifty years ago—

The book was written in 1872—

a few great families guided the destinies of the Nation.

Not great corporations, not great banks, not the money power, but a few great, aristocratic, land-owning families.

The people had no shadow of control over the actings of their Government, and little knowledge regarding them excepting such as they gained from the taxgatherer, the policeman, or the press gang.

We have drifted into that very position. A few great corporations and a confederation of insatiable banks have gathered to themselves the monopoly of the net gain of national wealth. The figures here show it. The national gain in wealth is somewhat less than 10 per cent a year. The Government reports show that the 30,000 corporations, specially protected by the tariff and by such laws as that now proposed, get practically every bit of that national increase of wealth. When and where did a banker ever create wealth? When and where did a dollar ever become useful to any human creature until that dollar was put in use?

We have been told here again, this time by the Senator from Indiana [Mr. WATSON], that unless we allow excessive profits the men who gain them, and who want them exempted from taxation, will not employ labor. How long do Senators on the other side think labor will stand for that? Let the country learn the facts about this bill; let them learn what Senators on the other side say here, that the favored few shall be allowed to make excessive profits and to take unto themselves every year the entire increase of national wealth; go and tell the people that; tell them if you dare! The Senator from Indiana says he will tell them. I venture to say he will not; he dare not; and no other orator or editor on the other side of the Chamber will do it, either.

We have here, just issued, a statement as to the ginners' report on cotton.

The facts are startling. In the State of Georgia we have lost half a million bales of cotton, and lost half the value of what we made. What does that mean to the cotton growers of Georgia? Similar statements apply to all the cotton-growing States, including the great State of Texas, which is so ably represented here, in part, by my friend the junior Senator from that State [Mr. SHEPPARD]. Who made that cotton? Who makes the corn? Who makes the wheat? Bankers do not make it; manufacturers do not make it; the railroads do not make it. Everybody gets rich on it except the men, women, and children who make it. Do you call that statesmanship?

When a man and his wife and his boy and his girl toil from one end of the year to the other to produce crops, should they not have more than a bare living out of the product of their toil?

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

Mr. WATSON of Georgia. With pleasure.

Mr. HEFLIN. The commissioner of agriculture of the State of Texas telegraphed me that it cost 25 cents a pound to produce the cotton crop of this year. Cotton is now selling at 18 cents a pound, or 7 cents a pound under the cost of production.

Mr. WATSON of Georgia. I thank the Senator for the added information.

Mr. President, there will have to be a change. The Republican Party was sent here to make it. We are trying to help them improve their bill. We are not talking merely to consume time. We want the people to know the facts about this bill, because it is the common folk, the producers of wealth, who have to pay these taxes, and when these taxes shall have been paid not one dollar of net profit will be left to them.

A pound of cotton which sells at 18 cents when manufactured into handkerchiefs sells for the equivalent of about \$600 for the bale of 500 pounds. A pound of cotton at 18 cents, when made into a bath towel, costs anywhere from \$2 to \$5, and when made into mercerized goods a pound of cotton reaches a value of at least thirty or forty dollars. The merchant can not "water" his stock; the cattleman can not make two cows out of one; the cotton grower can not "water" his product; the farmers who raise corn and wheat can not "water" their stock; but corporations, with tens of billions of dollars of "watered" stock, require the people of this country to pay net profits on that valueless stock. When I say "valueless," I mean that it originally cost nothing at all, except for so much printing ink and paper, and yet Senators on the other side are proposing to exempt from taxation the men who issue these tens of billions of dollars of watered stock and to impose the burden upon the men who make their daily bread in the sweat of their faces.

Mr. President, Senators may not listen; but the country is listening. The country is reading, as it never has read in recent years; the explanations of this bill and the denunciations leveled against it are carrying far and wide; and when the snowstorm of the ballots begin next November, in the election of Representatives and of those Senators whose terms may then have to be renewed, that snowstorm will catch you far from shelter, and you may feel the effects of the political blizzard.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Gooding	McLean	Shortridge
Borah	Hale	McNary	Simmons
Brandegee	Harris	Moses	Smoot
Broussard	Harrison	Nelson	Spencer
Capper	Hefflin	New	Stanley
Caraway	Hitchcock	Newberry	Sutherland
Cummins	Jones, N. Mex.	Nicholson	Swanson
Curtis	Kellogg	Norbeck	Townsend
Dial	Kenyon	Oddie	Trammell
du Pont	Keyes	Overman	Wadsworth
Edge	King	Penrose	Walsh, Mont.
Ernst	La Follette	Phipps	Warren
Fernald	Lenroot	Poindexter	Watson, Ga.
France	Lodge	Pomerene	Watson, Ind.
Frelinghuysen	McKellar	Reed	Willis
Glass	McKinley	Sheppard	

The VICE PRESIDENT. Sixty-three Senators have responded to their names. A quorum is present. The question is on the amendment of the Senator from Missouri.

Mr. REED. Mr. President, I have been trying for days to get somebody on the other side of the aisle to break the painful silence that has been maintained, and give us a reason for relieving profiteers from taxes. I was able to do it only when, I fear, I employed language which was neither parliamentary nor polite. When I referred to the Senators upon the other side as sitting as mums as oysters I was entirely correct, but when I said they had about the same intellectual cast of countenance I was wrong. They look much more intelligent than oysters. That much ought to be said in the interest of history; but, of course, I do not mean to reflect upon any of my distinguished friends on the other side of this Chamber. I am willing to have it solemnly recorded now that they are not only an intellectual looking body of men but that they are an intellectual body of men; but the singular thing has been that we could not obtain from them a single reason for taking off the excess-profits tax.

I listened to the speech of my very good friend the Senator from Indiana [Mr. WATSON] with admiration for his eloquence, and with still greater admiration for the sublime nerve he exhibited. If I had a desperate case in which there was no defense whatsoever, I should try to secure the services of the Senator from Indiana; for he can disregard facts and pass lightly over obstacles with an ability which but few men in this

country possess. He is, however, altogether an admirable and charming gentleman, and whatever he does possesses an artistic finish which elicits admiration even though it may not convince the judgment.

Let me follow his argument, now, *seriatim*.

He begins by telling us that the Democratic platform promised to take off excess-profits taxes. It does nothing of the kind. It promised to equalize the burdens of taxation, and that is something that both parties professed they would do; but the singular thing is that your process of equalization as you brought it to us consisted solely in the reduction of the taxes upon the very wealthy and powerful, and did not do anything whatsoever for the men of moderate means. That may be called equalization, but it is an equalization by cutting off everything at one end.

The Senator tells us that a Secretary of the Treasury, Mr. GLASS, denounced the excess-profits tax, and that Mr. Houston denounced the excess-profits tax; and that that ends the matter; that all argument and debate is foreclosed.

I have no criticism of Mr. GLASS for his opinion. It was the opinion of one man. I have no criticism of Mr. Houston for his opinion. It was the opinion of one man. In my judgment both of their opinions were mistakes, and their opinions have no more weight than the opinion of any Senator in this body so far as I am concerned. If we are to settle this question by opinions, then we might as well go out and take a show of hands in the country, and let that determine the proposition.

When we pass from these opinions the Senator from Indiana makes several assertions and several points. The first assertion that he made here, or one of his early assertions, was that because of excess-profits taxes having been levied business had been destroyed, so that there are no excess-profits taxes to be collected.

Mr. President, if that is true, then why all this fuss? If there are no excess-profits taxes to be collected, then an excess-profits tax, however high, will disturb nobody, for it will reach nobody. But the fact is that excess profits are being collected every day. It is true that profits are not as large as they were during the war; but does the Senator mean to say that the failure to make these excessive profits to as great an extent as during the war is because there is an excess-profits tax? Is that the kind of logic that goes out in Indiana? When the war was on, when prices were mounting every day from a lower level to a higher level, when foreign Governments were willing to pay any price whatsoever for materials, when there was no limit to the prices men would pay in their necessity, profits of course were enormous, and I believe the excess-profits tax amounted at one time to nearly two billions and a half. The war being over, the world settling down to a different economic basis, of course affected the excess-profits tax to a very large extent. Does the Senator mean to say, as he did say, that it was the excess-profits tax that made these people quit making their excess profits, or will he not accord to the truth of the matter—that the closing of the war and the changing economic conditions made it impossible to reap as large profits as during the war?

But, Mr. President, excess profits are still being made notwithstanding the excess-profits tax and notwithstanding the close of the war. The estimate is that the excess-profits tax, if levied under the terms of the present law, will, during the ensuing calendar year, bring \$450,000,000 to the Treasury. That must mean, then, that there are excess profits to be realized on probably two billions of dollars by the institutions that are required to pay the excess-profits tax.

So that it is utterly idle to stand here and say in one breath that the excess-profits taxes have prostrated business so that there are no excess profits, then in the next breath to say that we must take the excess-profits tax off, when there are no excess profits to levy taxes upon, and then turn to us and say that profits have been reduced because of an excess-profits tax.

The argument might be made to a crowd of shouting partisans who would not perhaps pause to analyze it, but it is an argument which can not stand the touch of examination. There is a tax to be collected during the next year of \$450,000,000 on excess profits, and that means that excess profits are still being realized.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from Missouri yield to the Senator from North Carolina?

Mr. REED. I yield.

Mr. SIMMONS. I was going to suggest to the Senator that the returns of revenue from individual incomes have fallen off about as much as the revenue from excess profits, and if the

argument made by Senators on the other side as to why we should repeal the excess-profits tax is a good one, it would apply equally well as an argument why we should repeal the income tax upon individuals.

Mr. REED. Certainly; and they started in to do that, but they back-tracked on it.

The Senator from Indiana declared that if we levy an excess-profits tax we will drive people out of business. That is an argument that has been answered on this floor at least a score of times. The excess-profits tax does not begin to affect any business until 10 per cent net has been realized, and there is not a tax-exempt security in the United States that pays above 6 per cent. Why, then, would a man who has his business exempt from the excess-profits tax up to 10 per cent invest in those low interest bearing securities?

But the excess-profits tax begins to operate after 10 per cent has been realized. How does it operate? One dollar out of five of the excess profits collected up to 20 per cent is taken for taxes and \$4 is left in the hands of the gentleman who collects it. So that the individual who has to pay excess-profits taxes and is not making above 20 per cent nevertheless has \$80 left out of every \$100 of excess profits he makes. Would he forego that and close his business because you took one-fifth of his excess profits; or would he close down his business and put his money in 4 and 5 per cent nontaxable securities when he could make as high as 18 per cent after he had paid his excess profits? I will not say the argument is ridiculous, for I would not want to characterize anything my friend from Indiana said as ridiculous. Senators may characterize it themselves.

Again, when the profits go above 20 per cent, then the tax upon the excess over 20 per cent is 40 per cent; but in that case the man who makes profits above 20 per cent, if he makes a hundred dollars, still has left \$60 of that profit in his pocket after he has paid the excess-profits tax. The Senator from Indiana said that a man who was making that kind of a profit will cease doing business because he is not allowed to keep the entire 100 per cent.

The Senator from Indiana, proceeding, declared that this tax ought to be taken off because it is passed on to the ultimate consumer. Senators, that argument proves nothing or it proves too much. If it is sound to take the tax off the man who is profiteering and making more than 20 per cent because the tax will be passed on to the ultimate consumer, then why not take the tax off all corporations because all taxes are passed on to the ultimate consumer? The argument would do away with all taxes upon wealth, and we would levy them all upon the common masses of the producing people, because wealth is going to pass them on anyway to those people.

Mr. CARAWAY. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from Arkansas?

Mr. REED. I do.

Mr. CARAWAY. The absurdity of the argument that excess-profits taxes will drive capital out of business is apparent when one reflects that if, as the Senator from Indiana says, the tax is passed on to the consumer, capital is not impaired by the tax at all. If the excess-profits maker can pass the tax on to the consumer, as the Senator from Indiana said, it makes no difference to the profit maker how much the tax is, he still makes his profit and passes the tax on.

Mr. REED. Certainly. The Senator from Arkansas has exploded the whole theory when he makes that statement. They tell us, "You will drive men out of business if you levy an excess-profits tax." They tell us in the next breath that the man who pays the excess-profits tax to the Government does not pay it at all, that he turns right around and collects it from the people, and hence is just as well off as he was before he paid it.

The Senator from Arkansas states it all in a sentence. You can not stand here and claim that an excess-profits tax is passed on and at the same time say that an excess-profits tax is an embargo upon business, for it is no embargo if it can be immediately collected from the purchaser.

That one point was all there was to the argument of the Senator from Indiana, except that he claimed that the excess-profits tax was chiefly made by small concerns, and he presented a table that was gotten up in the Treasury Department to sustain that argument.

Unfortunately for that table and for that doctrine, Mr. President, I presented the statements of experts of the Treasury, who showed that the excess profits were very largely made, not by the very biggest concerns which were overcapitalized but by concerns of very great magnitude, concerns like great department stores, great wholesale houses, great manufacturers,

and that the greater part of this tax comes from institutions of that kind.

I grant you that the few very great concerns, like the Steel Trust, will probably pay no excess-profits tax this year; and why? Because they have issued stock to the amount of two or three times their capital investment; but because you can not get them all with an excess-profits tax is no reason why the profiteers should be allowed to escape.

We are confronted with another proposition put forward by the majority, which ran in parallel lines with the reduction of the excess-profits tax, the proposition to take the tax off capital stock. That tax did reach institutions like the Steel Trust very heavily, but they proposed to take the tax off excess profits, and at the same time to take off a tax which they knew the Steel Trust and similar combinations were compelled to pay. That was part of this scheme.

Mr. President, I have already said, and I repeat, their whole scheme was to take off the tax on capital stock, \$75,000,000, the tax on high incomes, \$90,000,000, and the tax on excess profits, \$450,000,000, and every proposition they brought in was for the benefit of the ultra rich. That was the plan devised by that part of the Republican Party represented by the Senator from Indiana.

What did they propose in lieu of that? They tell us that this tax should be taken off because it is passed on to the people. Apparently they have forgotten that they proposed in lieu of it to levy direct taxes, which reach the humblest and poorest of the land.

What were the recommendations of the Secretary of the Treasury, who does not represent big business, but who is big business, the embodiment of it, the choicest flower and fruit of it? His recommendation was to take off the taxes that I have mentioned, and then, in lieu of those taxes, which we are told should be taken off because they are passed to the ultimate consumer, to do what?

Mr. SIMMONS. The Senator should not forget that the Secretary recommended that the surtaxes be reduced to 25 per cent.

Mr. REED. Oh, yes; the surtaxes were to come down to 25 per cent as a maximum. He proposed to double the documentary stamp tax. If there is a nuisance tax in the world, that is it, and it is a tax which must be paid by everybody who transacts any kind of business.

Second, he proposed a tax of 2 cents on each check, so that every working girl or workingman who has a little account in the bank and wants to draw a check would have to pay a 2-cent tax. The most obnoxious tax that ever was levied in a free country probably is that sort of tax. You are taking off the excess-profits tax because it is paid by the ultimate consumer, and you propose to levy a tax of 2 cents on every check that is drawn by every poor man, as well as every rich man.

But he did not stop there. He suggested as a convenient method of taxation an increase of the postage rate from 2 cents to 3 cents. He wants the excess-profits tax taken off because it is passed on to the common people, and then he proposes to make every man who writes a letter and every woman who writes a letter pay 3 cents postage instead of 2 cents postage. How they love the common people!

Mr. CARAWAY. Mr. President, another wing of the party wants a gross sales tax, so that every Negro who buys cheese and crackers will pay his part of the revenue.

Mr. REED. Then the Secretary proposed a license tax on motor vehicles. That would be widely distributed, and it is not quite so bad. Then he proposed to keep the transportation tax on entirely to the close of the calendar year 1922 and to take off one-half of it in 1923, resulting, as he figured it, in a return of \$180,000,000, and that is a tax that is paid by the ultimate consumer.

Mr. STANLEY. Five times over.

Mr. REED. Yes; five times over, probably, but certainly once. It is paid by the masses of the people.

Let no man stand in this body and declare that the Republican Party, the great party of the people of the United States, which saved and made this country, is taking off the excess-profits tax in order to benefit the common people of the land, and then come forward with propositions to tax them on their mail, to tax them on their transportation, to tax them on everything they eat and drink and wear.

Mr. President, that is my reply to a speech that was well delivered and fluent in its tone, but that did not have a single sound statement of fact nor a single correct syllogism of logic in it.

Finally, the Senator from Indiana told us that the Republican Party had made this country. One would have thought, as he

heard the Senator in his oratorical gyration, as he gradually climbed the golden stair of his enthusiasm, that he really believes that the cows have calves and the hens lay eggs in the United States because the Republican Party exists; that all that the toiling millions have produced by the work of their hands, all the fruitage of our wonderful fields, all the products of our mighty mines, all the works of beauty and of art that have glorified our civilization, all the teeming thoughts that have poured from the teeming brains of the best people on earth were due solely to the Republican Party as it is organized and exists in Indiana, where they vote them in blocks of five and import them from the distant South.

The fact of the matter is that I think God Almighty had more to do with the prosperity of this country than any political party. He it was who unrolled this mighty scroll of mountain and of plain, who sent across it the wandering rivers, who covered it with verdure, who planted the forests, who filled the veins of the earth with silver and gold, copper and lead, zinc and iron, and somehow or other I think God Almighty had something to do with the creation of the human family before the Republican Party was born or thought of. This country will continue, though we may have mistakes of either party, for some time to come.

The Republican Party has not been leading the Nation at all. On the contrary, the Republican Party has been, through a good many periods of its history, so completely serving the great interests that the party split in two a few years ago and the best part of it went in revolt. You have had a rebellion here on your side of this Chamber that has compelled you to restore a part of the good that was in the old law, and my only regret is that they will not stand with us upon this proposition.

Mr. SMOOT. Mr. President, perhaps I had better apologize to the Senator from Pennsylvania [Mr. PENROSE] for rising at this time, but I propose to put into the RECORD certain facts in answer to repeated statements made upon this floor. The Senator from Missouri [Mr. REED] just made the statement that in the amendment which had been made in the surtax provision we are taking off all the equalization from one end and from the wealthy, and not one cent from the poor. Now, what are the facts?

Mr. REED. I said the bill as it was brought in, and is not that true, as the Senator believes?

Mr. SMOOT. No; I will say to the Senator that it is a mistake when he makes that statement to the bill when it was brought in.

Mr. REED. Very well; I shall be glad to have the Senator tell us just what the bill as it was brought in did in regard to that.

Mr. SMOOT. I can very quickly tell the Senator just what it did, and also what the proposed amendment is.

The highest bracket in the existing law, and that is found in the bill as reported in section 211, for the year 1921 was 65 per cent. As amended it has been reduced to 50 per cent. That is the highest bracket for the income surtaxes. That is 23 per cent discount. Now, let us begin at the beginning—

Mr. REED. But as brought in what was it?

Mr. SMOOT. If the Senator will pardon me, I wish to proceed in just the way I intended to do.

Mr. REED. Very well.

Mr. SMOOT. Now, begin at the first bracket. On incomes of \$5,000 and which do not exceed \$6,000, under the proposed amendment there is a reduction, an entire reduction between those two figures; in other words, a reduction of 100 per cent.

The next bracket is between \$6,000 and \$8,000. The rate of the existing law is 2 per cent. That has been reduced to 1 per cent, a reduction of 50 per cent.

The next bracket under existing law is 3 per cent. That has been reduced to 1 per cent, or a reduction of 66⅔ per cent.

The next bracket is from \$10,000 to \$12,000. The present law is 4 per cent. A reduction is made to 2 per cent, or a reduction of 50 per cent.

The next bracket is of incomes from \$12,000 to \$14,000. The present law provides 5 per cent. The rate agreed upon is 3 per cent, a reduction of 40 per cent.

The next bracket is incomes of \$14,000 to \$16,000. The existing law is 6 per cent. The rate proposed is 4 per cent, or a reduction of 33⅓ per cent.

The next bracket is of incomes from \$16,000 to \$18,000. The present law is 7 per cent. The proposed rate is 5 per cent, or a reduction of 30 per cent.

The next bracket is \$18,000 to \$20,000. The present law is 8 per cent. The proposed rate is 6 per cent, or a reduction of 25 per cent.

That is not all, Mr. President. I now call attention to the fact that the number of taxpayers in the United States who are within the brackets which I have just mentioned is 4,355,526 out of a total of 4,425,111. The number of taxpayers who are involved in returns of incomes above \$20,000 is 69,585. In other words, the decrease on the 69,585 taxpayers as to percentage is less than it is upon the other 4,355,526 taxpayers.

Those are the conditions. Those are the facts. That is what the income-tax section provides for.

All I wished to do was to take about three minutes to put in the RECORD exactly what the results show as to the amendments as agreed to by the Senate and passed upon by the Senate to-day, as compared with the statements that have been so often made here.

Mr. REED. The Senator has been ostensibly replying to me—

Mr. SMOOT. Not altogether to the Senator. I said it has been stated here time and time again upon the floor.

Mr. REED. The statement I made was with reference to the bill as it came in, and I said that it did substantially nothing for the man of moderate means. To make that accurate, what it did was to double the exemption for dependents and to increase the exemption to the head of a family by, I believe, \$500. Outside of that it did substantially nothing. Now, I said that after the bill had been brought in here there had been certain amendments forced to it, and the Senator has been discussing the bill as it is now regenerated and changed in the Senate. The figures he has given are not the figures pertaining to the bill as it was introduced here, but the figures as the bill has been changed by this debate.

Mr. SMOOT. Taking the same number of taxpayers, I now call attention of the Senate to the decreases that were made in the bill as reported to the Senate. Mind you, it will be up to the \$20,000 incomes, covering the same number of taxpayers that I have already stated, and this is the result: In the existing law there is a bracket of incomes from \$8,000 to \$10,000 as to which the existing law applied a rate of 2 per cent. That was reported as 1 per cent. The incomes to which a 3 per cent rate applied were reported in at 2 per cent. I shall not take the time to state all the figures in the brackets, because the Senator from Missouri has them before him and can follow me.

The next bracket was reduced from 4 per cent to 3 per cent. The next bracket was reduced from 5 per cent to 4 per cent. The next bracket was reduced from 6 per cent to 5 per cent. The next bracket was reduced from 7 per cent to 6 per cent. That takes them all up to incomes of \$20,000. Now, remember that was every bracket affecting over 4,000,000 of the taxpayers in the United States that have been reduced.

Mr. REED. While that statement may be technically accurate, yet it is very misleading. The reduction of the tax on many of those incomes was \$10 a year, and it was put in purely so that it would show a reduction. One of the experts who offered it said, "If you want to show a reduction, this is a reduction, but it is very small." There was a somewhat substantial reduction made on incomes of \$6,000 to \$8,000.

There was a reduction from 2 per cent to 1 per cent. On incomes from \$8,000 to \$10,000 there was a reduction from 3 per cent to 2 per cent; from \$10,000 to \$12,000 there was a reduction from 4 per cent to 3 per cent; from \$12,000 to \$14,000 there was a reduction from 5 per cent to 4 per cent; from \$14,000 to \$16,000 there was a reduction from 6 per cent to 5 per cent; from \$16,000 to \$18,000 there was a reduction from 7 per cent to 6 per cent; from \$18,000 to \$20,000 there was a reduction from 10 per cent to 9 per cent; from \$22,000 to \$24,000 the tax was increased from 10 per cent to 11 per cent; and from \$24,000 to \$25,000 the tax went up from 11 per cent to 12 per cent. It ran along practically without any change between the two bills, then, until we reach incomes of \$66,000, and there, under the present law, the tax continued to increase to 65 per cent. As to those incomes, which number about 12,000 and which are enjoyed by millionaires, a flat rate is fixed as the bill was reported at 32 per cent, saving to them the \$90,000,000 about which we have been talking.

Senators on the other side were forced through the debate to raise the tax from 32 per cent to an aggregate of 50 per cent. Hence the figures which the Senator from Utah [Mr. SMOOT] has just been giving may be said to be true with reference to the bill to-day, but they were not true with reference to the bill which the committee sought to put down the throats of this country without even one word of explanation as to what it meant. They brought it in here and sat down silently, hoping, apparently, to pass it without criticism.

Mr. SMOOT. Mr. President, the Senator from Utah made no statement that the figures were based upon the bill as reported to the Senate; but I wish to say this to the Senator: He may

not think that there is any substantial reduction where the rate has been reduced from 2 per cent to 1 per cent; but I call his attention to the fact that that amounts to a 50 per cent reduction; that it makes the income tax of every individual in the bracket affected just 50 per cent less; I do not care whether it is \$10 or \$100, or what the amount may be, the reduction is 50 per cent. It is about that we are talking.

Mr. REED. Mr. President, let us see how much it amounts to. I have the figures here. The gentleman who has an income of \$6,000 saves \$10 under the bill as reported.

Mr. SMOOT. Then he was only taxed \$20.

Mr. REED. That gentleman saves \$10 on the bill as reported.

Mr. SMOOT. Then, he will pay but half of what he previously paid.

Mr. REED. Then the next taxpayer, on an \$8,000 income, previously paid \$50 and his tax is reduced to \$20; on an income of \$10,000 the tax was \$190, and it is reduced to \$120; on an income of \$12,000 the tax was \$290, which is reduced to \$200; on an income of \$14,000 the tax was \$410, which is reduced to \$300; on an income of \$16,000 the tax was \$550, which is reduced to \$420; on an income of \$18,000 the tax under the present law is \$710, which is reduced to \$560; on an income of \$25,000 the tax was \$1,200, and it is reduced to \$1,100.

See how entirely the two measures now commence to run together. On an income of \$30,000 the tax was \$3,410 and it is reduced to \$3,400—a saving of \$10. From that point on the taxes are all substantially the same until we reach the bracket of 32 per cent, which was levied on incomes of \$68,000. From there up under the present law the tax continued to increase to 65 per cent. Under the bill, as introduced, it was reduced to a flat rate of 32 per cent, and, as I showed here in my first speech, it meant a saving to some of these gentlemen of over \$1,000,000 a year. So I say that the crumbs that fell from the table of Senators on the other side for the benefit of those who were enjoying the lesser incomes were so small that they need not be considered in connection with the loaf that they handed the millionaire.

Mr. HEFLIN. Mr. President, the Senator from Utah [Mr. SMOOT], who has had some difficulty in explaining this measure, speaks about 4,000,000 people who have had their taxes reduced. I wondered while the Senator was speaking what arrangement was being made to give fair treatment to the other 106,000,000 American people. I have insisted from the outset that Senators on the other side of the Chamber intended to unload this tax burden upon the masses of the country; that they intended to shift the burden from the shoulders of those most able to bear it to the shoulders of those least able to bear it. I am more convinced of that to-night than I have ever been before.

A wonderful argument was made here this afternoon by one of the Republican leaders, the Senator from Indiana [Mr. WATSON], who undertook to convince this body and the country that the big excess-profits tax was paid by the consumer. Mr. President, the Republican Party never in all its history undertook to take any tax off the consumer. If the excess-profits tax had been paid by the consumer those gentlemen who make excess profits would have been here to-day clamoring for its continuance upon the statute books. The Senators on the other side of the Chamber would never put into the provisions of this bill a clause repealing the excess-profits tax, because if there is anything on the face of the earth which delights the stand-pat Republican it is to impose a tax burden upon those out amongst the masses and to relieve the money lords, the tariff barons, and the trust magnates of the country.

The pending measure, it seems to me, is constructed for the purpose of letting the big rich men out. We may just as well speak frankly here and be fair with one another. The bill ought to be written, so far as it is possible, with fairness and justice to the great taxpaying masses of the people. We ought to apply the principle that Christ himself announced; I have referred to that before, but I will do so again for the benefit of the Republican Senators. He demanded more of the man of 5 talents than he did of the man with 2 talents. Certainly that is a good principle to apply in government. Certainly we ought to demand more taxes of those who have most and less taxes of those who have least; but what are the Republicans doing in this bill? They are doing what I said in the outset they would do. They have brought in here a stalking horse in the amendment suggested by the Senator from Utah [Mr. SMOOT] providing for a manufacturers' tax; and this morning the Washington Post contained an article stating that the Republicans would ultimately fall back upon a sales tax and that the consumer would pay it at the counter. That is what I said on yesterday before that article was written. The sponsors for the bill are coming to that, and while there are some here who yet dare to speak for the people let us hold

up to them the unfair and obnoxious provisions that the Republican majority are proposing to put into the bill.

The excess-profits tax paid by the consumer! Nearly half a billion dollars that Senators on the other side are preparing to take out and give over to the profiteers of the country.

Mr. President, these men were exceedingly good to the Republican Party last fall when that party expended more money in corrupting the ballot and obtaining the election than ever was expended in a presidential campaign in all the history of this great Government. These men were lavish with their funds; they unloosed their purse strings; they contributed to the campaign fund generously and now they are demanding their toll; they are asking that the Republicans return to them legislative favors for the favors they granted to them last fall.

The first thing the Republican Party does when it organizes a campaign is to begin to look out to ascertain where it is going to get a campaign fund, while the first thing the Democratic Party does is to say, "Let us write a platform that is fair and just, and let us show to the country the record of our party, its record of loyalty to the interests of the masses of the people." No boss controls the Democratic Party; it is free and unfettered; it is the brave and free champion of the masses. The Republican Party, on the other hand, is not free; it is hampered and hog tied by the interests. That party can not pass a bill, its leaders will not even bring one in here, that has not been O. K'd by the special interests.

Mr. President, I am going to make a charge against the other side now, and I want some Senator on that side to respond. I make the assertion that there is not a Republican Senator in this body who can take this bill and explain intelligently every provision in it; and yet Senators on the other side are clamoring for a vote on this monstrosity and asking that we quit discussing it and let it go upon the statute books. There is not one of them who can get up here and explain the bill provision by provision, and yet they are asking Senators to vote for it and give it their solemn sanction. [Applause.] I hear no response to my challenge.

Mr. President, one expert, not a Member of the Senate, has a fund of information on one item in the bill; another expert has information on another item in the bill; and still another expert has information upon another item in the bill; and those experts come up and whisper that information into the ears of a Senator who is supporting some provision of the bill. Then the expert retires; he goes back to his seat; he sits down; and in two hours' time the Senator has forgotten what the expert told him, and the situation is something fearful. Yet Republican Senators are asking us to come here and vote on this bill that affects the purse of the people of this country and solemnly to place it on the statute books of the Nation.

Mr. President, I submit that time ought to be given to examine into the provisions of the measure. We objected to the bill as first brought in here, and by discussing it created so much objection to it amongst the intelligent people of the country, men and women, until, as the Senator from Kentucky [Mr. STANLEY] said, we made you withdraw it and take it out of this Chamber; and now you have come back with a new bill, and it is nearly as bad as the other one.

It is our duty to call attention to the defects of this bill, and we are doing it. You ought to cut out some of the terrible provisions of this bill. By the fight we have made, by the time we have consumed, and by the light we have shed upon this bill, we have saved some money to the taxpayers of the country and we have shown to the people what it is that you are trying to do.

Senators, let the people have fair treatment. They are entitled to that. This Government does not belong to a few bond sharks in Wall Street and tax-dodging profiteers. This Government does not belong to a few money kings who have no pleasure in this world except in counting their accumulated coin, whose hearts never beat in sympathy for the mass of mankind. They live in an atmosphere away from the great throbbing heart of humanity; and I do not intend to sit here and permit you to put in these provisions which will be burdensome to the people—unfair and unjust to them—without entering my solemn protest.

Mr. TRAMMELL. Mr. President, in view of the fact that there are so few Senators present—I believe that out of the 96 Members of the Senate only about 12 are present—and there are very important matters to be transacted, I suggest the absence of a quorum. I think that on an important matter of this kind we ought to have more than a dozen Senators present.

The PRESIDING OFFICER (Mr. WADSWORTH in the chair). The information of the present occupant of the chair is that no business has been transacted since the last quorum was called.

Mr. TRAMMELL. Mr. President, I move that when the Senate adjourns to-night it adjourn until 9 a. m. to-morrow, and upon that question I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida.

The motion was rejected.

Mr. TRAMMELL. Now, Mr. President, I suggest the absence of a quorum.

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

Ashurst	Gooding	Moses	Smoot
Borah	Harris	Myers	Spencer
Brandegee	Harrison	Nelson	Sutherland
Broussard	Hedlin	Nicholson	Swanson
Bursum	Hitchcock	Norbeck	Townsend
Capper	Jones, N. Mex.	Oddie	Trammell
Caraway	Kenyon	Overman	Wadsworth
Cummins	Keyes	Page	Walsh, Mont.
Curtis	King	Penrose	Warren
du Pont	Lenroot	Phipps	Watson, Ga.
Edge	McKellar	Ransdell	Willis
Ernst	McKinley	Sheppard	
Fernald	McLean	Shortridge	
France	McNary	Simmons	

The PRESIDING OFFICER. Fifty-three Senators have answered to their names; there is a quorum present.

Mr. PENROSE. Mr. President, it had been my purpose to endeavor to continue this session until as late an hour to-night as possible in order to expedite the passage of the pending bill; but I recognize the fact that considerable progress has been made to-day, and if I can get a unanimous-consent agreement on this excess-profits question I shall be content to ask for a recess of the Senate until 11 o'clock to-morrow morning.

I therefore now ask unanimous consent that the Senate will vote on the question of the excess-profits tax and all amendments relating thereto and all questions connected therewith not later than 4 o'clock on to-morrow.

Mr. SIMMONS. The Senator means that not later than 4 o'clock to-morrow we shall begin to vote without further debate?

Mr. PENROSE. Yes; without further debate.

Mr. SMOOT. Will not the Senator limit debate?

Mr. PENROSE. That is another question; and that prior to that time no Senator shall speak on the question more than—

Mr. LA FOLLETTE. Do not put that in.

Mr. PENROSE. I am not anxious for that part of it.

Mr. SMOOT. Then, will we have a chance to offer amendments after 4 o'clock without debate?

Mr. SIMMONS. Without further debate.

Mr. PENROSE. Yes; I think so.

Mr. SMOOT. I simply want to have that understood.

Mr. PENROSE. My request is for a vote on the main question and all amendments pending or offered not later than 4 o'clock.

Mr. HITCHCOCK. Does that include the whole of Title III?

Mr. LA FOLLETTE. No; that is just the excess-profits tax.

Mr. PENROSE. Yes.

Mr. HITCHCOCK. That is what I want to find out—how far it extends.

Mr. SMOOT. I want to say to the Senator that the Senator from Colorado has an amendment to offer to this section.

Mr. PENROSE. Well, let him offer it.

Mr. SMOOT. If the Senator will limit it to excess profits, I know of no amendment except that one.

Mr. PENROSE. That is what I did limit it to.

Mr. SMOOT. I know the Senator did, but later it was suggested that the whole title be included.

Mr. PENROSE. I make the request as I put it originally, confining it to the question of the excess-profits tax and all amendments pending or offered. I ask that the vote be taken not later than 4 o'clock without debate.

Mr. WALSH of Montana. Mr. President, I wish to inquire whether it would not be agreeable to the Senator from Pennsylvania to provide that the Senators tendering amendments after 4 o'clock may have five minutes within which to explain the nature of the amendments? I have observed that when we make such an arrangement to vote on amendments, frequently amendments are tendered with no explanation whatever as to their nature, or what the significance of them may be. I am very sure it would not delay the matter.

Mr. PENROSE. I do not believe it would, Mr. President, although I must say that it does not arouse any enthusiasm in my breast; but, still, I will agree to have that put in. Now I ask to have the Secretary state the agreement, and if it is entered into I intend to ask the Senate to take a recess until 11 o'clock to-morrow.

Mr. CURTIS. Mr. President, I will ask the Senator to let us have a short executive session.

Mr. PENROSE. Let us agree to this unanimous-consent proposal if we are going to do so.

The PRESIDING OFFICER. The Secretary will state the proposed unanimous-consent agreement.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that at not later than 4 o'clock p. m. on the calendar day of Wednesday, October 26, the Senate will proceed to vote without further debate upon any amendment that may be pending or that may be offered to the committee amendment known as the excess-profits tax: *Provided*, That any Senator proposing an amendment after the said hour of 4 o'clock p. m. may explain the same for a period not exceeding five minutes.

The PRESIDING OFFICER. Is there objection?

Mr. JONES of New Mexico. Mr. President, I should like to inquire of the Senator if that includes also the discussion of the so-called 15 per cent normal tax?

Mr. PENROSE. No; it does not affect the normal tax.

Mr. JONES of New Mexico. I mean the corporation tax, the flat tax on corporations.

Mr. PENROSE. No; it has nothing to do with it.

Mr. SIMMONS. Nothing except the excess-profits tax.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

Mr. PENROSE. Now, Mr. President, I move that when the Senate has carried a motion for the consideration of executive business and disposes of it the Senate will take a recess until 11 o'clock to-morrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION.

Mr. PENROSE. I now 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.

FUNERAL CEREMONIES FOR UNKNOWN AMERICAN SOLDIER.

Mr. WADSWORTH, from the Committee on Military Affairs, reported the following resolution (S. Res. 160), which was considered by unanimous consent and agreed to:

Resolved, That the Senate accept the invitation transmitted by the Secretary of War in his letter of October 15, 1921, addressed to the President of the Senate; and be it further

Resolved, That on Friday, November 11, 1921, the Senate shall meet at 8 o'clock and 20 minutes a. m., and that immediately thereafter it will adjourn in order that Senators may proceed to the Rotunda of the Capitol, there to join the President and the members of his Cabinet in escorting the body of the unknown American soldier.

RECESS.

Mr. CURTIS. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 7 o'clock and 53 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, October 26, 1921, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate October 25 (legislative day of October 20), 1921.

UNITED STATES DISTRICT JUDGE.

John A. Peters, of Maine, to be United States district judge, district of Maine, vice Clarence Hale, retired, effective January 2, 1922.

RECEIVER OF PUBLIC MONEYS.

Pedro Romero, of Newkirk, N. Mex., to be receiver of public moneys at Fort Sumner, N. Mex., vice Raymundo Harrison, deceased.

PROMOTIONS IN THE REGULAR ARMY.

MEDICAL CORPS.

To be captains.

First Lieut. Charles Augustus Pfeffer, Medical Corps, from June 4, 1920. [Capt. Pfeffer was nominated February 4, 1921, and confirmed March 2, 1921, with rank from June 20, 1920. This message is submitted for the purpose of correcting an error in the date of rank of nominee.]

First Lieut. David Loren Robeson, Medical Corps, from October 8, 1921.

VETERINARY CORPS.

To be lieutenant colonel.

Maj. Jules Henry Uri, Veterinary Corps, subject to examination required by law, from October 9, 1921.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

AIR SERVICE.

First Lieut. Hobart Reed Yeager, Coast Artillery Corps, with rank from October 6, 1919.

First Lieut. Ronald Austin Hicks, Cavalry, with rank from November 4, 1919.

FIELD ARTILLERY.

Capt. John Taylor Henderson, Infantry, with rank from December 29, 1917.

Capt. Oliver Grant Brush, Air Service, with rank from July 1, 1920.

COAST ARTILLERY CORPS.

Capt. Haskell Clark Billings, Infantry, with rank from July 1, 1920.

POSTMASTERS.

CALIFORNIA.

Clarita Welch to be postmaster at Windsor, Calif. Office became presidential July 1, 1921.

Janet D. Watson to be postmaster at Tahoe, Calif. Office became presidential January 1, 1921.

Elmer G. Crofts to be postmaster at Penryn, Calif. Office became presidential April 1, 1921.

Joseph W. Maust to be postmaster at Macdoel, Calif. Office became presidential July 1, 1921.

William W. Ackerman to be postmaster at Gerber, Calif. Office became presidential April 1, 1921.

Huron B. Brown to be postmaster at Denair, Calif. Office became presidential April 1, 1921.

Alva O. Horton to be postmaster at Le Grande, Calif., in place of Merle Kroh. Incumbent's commission expired March 16, 1921.

COLORADO.

Charles A. Buckland to be postmaster at Walsen, Colo. Office became presidential April 1, 1921.

Gertrude Powell to be postmaster at Rockvale, Colo. Office became presidential January 1, 1921.

CONNECTICUT.

Nellie A. Byrnes to be postmaster at Pomfret, Conn. Office became presidential July 1, 1921.

Helen O. Gatchell to be postmaster at Andover, Conn. Office became presidential January 1, 1921.

Moses G. Marcy to be postmaster at Falls Village, Conn., in place of M. G. Marcy. Incumbent's commission expired March 16, 1921.

DELAWARE.

Clarence T. Esham to be postmaster at Frankford, Del., in place of A. J. McCabe. Incumbent's commission expired June 2, 1920.

GEORGIA.

Rois A. Martin to be postmaster at Milner, Ga. Office became presidential January 1, 1921.

INDIANA.

Nellie C. King to be postmaster at Larwill, Ind. Office became presidential July 1, 1921.

IOWA.

Ruth E. Corr to be postmaster at Salix, Iowa. Office became presidential April 1, 1921.

Clyde E. Dickinson to be postmaster at Soldier, Iowa. Office became presidential April 1, 1921.

KANSAS.

Solomon L. Crown to be postmaster at Agra, Kans. Office became presidential July 1, 1920.

LOUISIANA.

Albert Boudreaux to be postmaster at Thibodaux, La., in place of Albert Boudreaux. Incumbent's commission expired March 16, 1921.

Sallie D. Pitts to be postmaster at Oberlin, La., in place of S. D. Pitts. Incumbent's commission expired January 23, 1921.

Lester L. Bordelon to be postmaster at Marksville, La., in place of L. L. Bordelon. Incumbent's commission expired January 23, 1921.

Marian E. Thomas to be postmaster at Grand Cane, La., in place of M. E. Thomas. Incumbent's commission expired January 23, 1921.

Charles C. Subra to be postmaster at Convent, La., in place of C. C. Subra. Incumbent's commission expired January 31, 1921.

Frank J. Maricelli to be postmaster at Campiti, La., in place of F. J. Maricelli. Incumbent's commission expired January 23, 1921.

MICHIGAN.

Fred E. Heath to be postmaster at Plainwell, Mich., in place of John Blair. Incumbent's commission expired February 25, 1920.

George D. Mason to be postmaster at Montague, Mich., in place of G. D. Mason. Incumbent's commission expired June 23, 1920.

MINNESOTA.

Christopher Bjorgen to be postmaster at Rothsay, Minn., in place of R. S. Cowie. Incumbent's commission expired July 27, 1920.

George H. Tome to be postmaster at Pine Island, Minn., in place of T. H. Bunn, removed.

Erna H. Benjamin to be postmaster at Kasota, Minn., in place of A. J. Lamberton, resigned.

Clara O. J. Holtey to be postmaster at Hendricks, Minn., in place of T. A. Holtey. Incumbent's commission expired February 25, 1920.

Henry W. Koehler to be postmaster at Hector, Minn., in place of E. J. Butler. Incumbent's commission expired March 22, 1920.

Julius L. Jacobs to be postmaster at Franklin, Minn., in place of C. A. Desmond. Incumbent's commission expired March 16, 1921.

William O'Brien to be postmaster at Eden Valley, Minn., in place of C. I. Cashman. Incumbent's commission expired July 11, 1920.

Chris N. Nesseth to be postmaster at Deer River, Minn., in place of G. D. Heinrich, resigned.

Fred A. Shipman to be postmaster at Chokio, Minn., in place of P. H. McNally. Incumbent's commission expired July 21, 1920.

Edward H. Hebert to be postmaster at Bricelyn, Minn., in place of E. J. Hebert. Incumbent's commission expired January 6, 1920.

Ross Knutson to be postmaster at Bird Island, Minn., in place of Joseph Hagggett, resigned.

Bernard McGrath to be postmaster at Barnesville, Minn., in place of P. H. Kiefer, resigned.

Otto W. Peterson to be postmaster at Audubon, Minn., in place of O. W. Peterson. Incumbent's commission expired March 16, 1921.

MISSISSIPPI.

Charles N. Briggs to be postmaster at Shelby, Miss., in place of N. B. Rose. Incumbent's commission expired March 16, 1920.

Henry F. Clarke to be postmaster at Amory, Miss., in place of W. L. Bourland. Incumbent's commission expired July 21, 1921.

MISSOURI.

Orville H. Hamstead to be postmaster at Walnut Grove, Mo., in place of V. L. Looney. Incumbent's commission expired January 13, 1921.

Washington D. Barker to be postmaster at Shelbina, Mo., in place of E. W. Jewett. Incumbent's commission expired June 23, 1920.

George H. Applegate to be postmaster at Keytesville, Mo., in place of G. H. Applegate. Incumbent's commission expired March 16, 1921.

Joseph Volle to be postmaster at Harrisonville, Mo., in place of H. F. Clark, resigned.

Edward Beall to be postmaster at Eolia, Mo., in place of Edward Beall. Incumbent's commission expired December 20, 1920.

Henry E. Martens to be postmaster at Concordia, Mo., in place of Anthony Thoreson. Incumbent's commission expired June 23, 1920.

Walter A. Brownfield to be postmaster at Calhoun, Mo., in place of W. P. Steger. Incumbent's commission expired December 20, 1920.

Ira M. Brown to be postmaster at Appleton City, Mo., in place of W. N. Watkins. Incumbent's commission expired July 21, 1920.

NEW MEXICO.

Jose C. Garza to be postmaster at Willard, N. Mex. Office became presidential July 1, 1921.

NEW YORK.

Jefferson C. Davison to be postmaster at North Creek, N. Y., in place of H. V. Kenyon. Incumbent's commission expired March 28, 1920.

Robert H. MacNaught to be postmaster at Hobart, N. Y., in place of C. R. Dixon. Incumbent's commission expired February 15, 1920.

Laurance C. Baker to be postmaster at Comstock, N. Y., in place of T. C. Sullivan. Incumbent's commission expired March 15, 1920.

Ferdinand S. Hull to be postmaster at Berlin, N. Y., in place of F. H. Munson. Incumbent's commission expired March 22, 1920.

Daniel F. Griggs to be postmaster at Adams, N. Y., in place of J. W. Cain. Incumbent's commission expired June 27, 1920.

NORTH CAROLINA.

George H. Hodgkin to be postmaster at Ramseur, N. C., in place of C. G. Foushee. Incumbent's commission expired January 8, 1921.

NORTH DAKOTA.

Mathew Lynch to be postmaster at Lidgerwood, N. Dak., in place of J. B. Wagner. Incumbent's commission expired April 19, 1920.

Elmer W. Wetherbee to be postmaster at Fairmount, N. Dak., in place of Minnie Clabaugh. Incumbent's commission expired March 23, 1920.

OHIO.

Samuel F. Davis to be postmaster at Mendon, Ohio. Office became presidential October 1, 1920.

Martha J. Jennings to be postmaster at McClure, Ohio. Office became presidential January 1, 1921.

Henry F. Longenecker to be postmaster at Rittman, Ohio, in place of R. E. Faber, removed.

Godfrey Gesen to be postmaster at Massillon, Ohio, in place of H. B. Sibila. Incumbent's commission expired July 21, 1921.

Samuel E. Denison to be postmaster at Hubbard, Ohio, in place of J. W. Farrelly, removed.

Effie L. Moore to be postmaster at Cleves, Ohio, in place of F. M. Carlin, deceased.

PENNSYLVANIA

William D. Ghrist to be postmaster at Uniontown, Pa., in place of Harry Hagan. Incumbent's commission expired August 7, 1921.

SOUTH CAROLINA.

Hattie J. Peebles to be postmaster at Varnville, S. C., in place of H. J. Peebles. Incumbent's commission expired January 2, 1921.

SOUTH DAKOTA.

Benjamin A. Williams to be postmaster at Aberdeen, S. Dak., in place of J. F. Kelley, resigned.

CONFIRMATIONS.

Executive nominations confirmed by the Senate October 25 (legislative day of October 20), 1921.

UNITED STATES DISTRICT JUDGES.

George F. Morris to be United States district judge, district of New Hampshire.

Thomas Blake Kennedy to be United States district judge, district of Wyoming.

UNITED STATES ATTORNEY.

W. A. Maurer to be United States attorney, western district of Oklahoma.

UNITED STATES MARSHALS.

Jacob D. Walter to be United States marshal, district of Connecticut.

Daniel F. Breitenstein to be United States marshal, northern district of New York.

PROMOTIONS IN THE ARMY.

Charles Henry Martin to be brigadier general.

Edgar Russel to be brigadier general.

Ralph Stuart Granger to be colonel, Field Artillery.

Evan Harris Humphrey to be colonel, Cavalry.

William Richie Gibson to be lieutenant colonel, Quartermaster Corps.

William Samuel Rumbough to be captain, Signal Corps.

William Sawtelle Kilmer to be captain, Field Artillery.

Walter Bogardus McCaskey to be lieutenant colonel, Infantry.

William Frederick Pearson to be major, Quartermaster Corps.

Carl C. Terry to be captain, Ordnance Department.

Walter Wilton Warner to be captain, Ordnance Department.

Henry Jay Ward to be first lieutenant, Ordnance Department.

Hugh Mitchell to be captain, Signal Corps.

Robert Milton Eichelsdoerfer to be first lieutenant, Cavalry.

William Holt Peek to be major, Field Artillery.

William Henry Webb to be first lieutenant, Coast Artillery Corps.

Thomas Randolph McCarley to be captain, Medical Corps.
Earl George Gebhardt to be captain, Dental Corps.
Alvin David Dannheisser to be captain, Dental Corps.
Howard Moore Williamson to be captain, Medical Corps.
John Richard Ludwigs to be first lieutenant, Veterinary Corps.

POSTMASTERS.

ALABAMA.

Robert H. Mangum, Selma.

ARIZONA.

Walter J. Kowalski, Springerville.

CONNECTICUT.

Manley J. Chepey, Milford.

IOWA.

Don A. Preussner, Manchester.
William H. Jones, Sioux City.

KANSAS.

Mary E. Lee, Buffalo.
Jesse Rayl, Copeland.
Gladys N. Dull, Herndon.
Harry E. Simpson, Jennings.
Eunice B. Pontius, Udall.
John E. Scruggs, Kincaid.

MICHIGAN.

Ellis A. Lake, Colon.
John A. Semer, Escanaba.
Ellen L. King, Morley.
John H. Nowell, Amasa.
Arthur J. Gibson, Central Lake.
Asa H. Aldrich, Harrison.
Eugene C. Edgerly, Rudyard.

MISSOURI.

Lea K. Glines, Cainesville.

NEBRASKA.

Fred C. Armitage, Kenesaw.
William L. McClay, Lincoln.
Mary E. Krisl, Milligan.

NEW HAMPSHIRE.

Benjamin H. Dodge, New Boston.
Albert A. Bennett, Center Harbor.
Frank J. Aldrich, Pike.

NEW JERSEY.

Frederick W. Borough, Zarephath.

NEW MEXICO.

Emmet Wirt, Dulce.

NORTH CAROLINA.

Henry R. Vroom, Pinehurst.
Justus E. Armstrong, Belmont.

NORTH DAKOTA.

Florence D. Powell, Brinsmade.
Elmer H. Myhra, Wahpeton.

OHIO.

George H. Meek, Lakeside.
Elvey E. Ely, Mount Orab.
Lizzie F. Williamson, Seaman.

PENNSYLVANIA.

Jimmy R. Bethune, Langeloth.
Edwin F. Miller, Mohnton.
Thomas J. Langfitt, Washington.

TENNESSEE.

Allison Z. Hodges, Bethpage.
Robert B. Sharp, Coal Creek.

WASHINGTON.

Regina E. Blackwood, Bellevue.
Mark Harris, Brush Prairie.
John A. White, Toppenish.
Richard H. Lee, Wilsoncreek.

WEST VIRGINIA.

Joseph C. Le Sage, Huntington.

WISCONSIN.

Fred L. Sheldon, Hixton.
Wallace H. Pierce, Menasha.
Bernice M. Gregersen, Wauzeka.

HOUSE OF REPRESENTATIVES.

TUESDAY, October 25, 1921.

The House met at 12 o'clock noon.
The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, O how great and marvelous is Thy goodness, which Thou hast laid up for them who love and fear Thee! Turn, O turn, Thy favoring eye and give us the token of Thy presence. Great is our need, but greater far is Thy loving power. Remind us that no good thing wilt Thou withhold from him who walks uprightly. May the heavenly harmony of peace and good will break everywhere, until all men and all nations shall be drawn to Thy feet. Bid us be of good courage; lead us in a plain path and never leave nor forsake. In the name of Jesus, our elder Brother. Amen.

The Journal of the proceedings of yesterday was read.
Mr. GARRETT of Tennessee. Mr. Speaker, I notice in the RECORD of yesterday, when the gentleman from Alaska submitted a report on the bill H. R. 7948, to provide for agricultural entries on coal lands in Alaska, that the RECORD fails to show that I reserved a point of order. Does the Journal show that fact?

The SPEAKER. The Journal shows the fact.
Mr. GARRETT of Tennessee. Very well, if the Journal shows it.

The SPEAKER. Without objection, the Journal as read will stand approved.

There was no objection, and the Journal was approved.

REPRINT OF HEARINGS—INDIAN AFFAIRS COMMITTEE.

Mr. SNYDER. Mr. Speaker, I ask unanimous consent for a reprint of the hearings of the subcommittee in the matter of the Indian tribes of California. The print is entirely exhausted, and I ask that 500 additional copies be printed.

The SPEAKER. The gentleman from New York asks for a reprint of the hearings before the Indian Affairs Committee on the subject referred to. Is there objection?

Mr. WINGO. Mr. Speaker, reserving the right to object, what is the subject?

Mr. SNYDER. I am asking for a reprint of the subcommittee hearings on the matter of the claims of all of the Indians of California. The number printed originally has been exhausted. There is a very great interest in the matter, and we have a great call for them.

Mr. WINGO. What does the Committee on Printing say? I find great difficulty in getting one copy of the hearings, and I have requests for 183 from my district.

Mr. SNYDER. I am asking unanimous consent for a reprint of the hearings. If the gentleman desires to object, it will be agreeable to me. I want to supply the gentleman in his demands, if the House desires that we shall have them.

Mr. WINGO. I hope the gentleman will not be ill-tempered about it.

Mr. SNYDER. Oh, I am not ill-tempered about it.

Mr. WINGO. I asked the gentleman a courteous question, and I am endeavoring to get information.

Mr. SNYDER. I have not asked the Committee on Printing. I am asking the House for unanimous consent. It is a matter of slight importance to me, but the people of California seem to be very greatly interested in it, and I have a desire to supply them with the information.

Mr. WINGO. What kind of claims are they?

Mr. SNYDER. They are claims for lands that have been taken away from them, something like 100 years ago. There is a great interest in the matter all over the State.

Mr. CANNON. Mr. Speaker, I hope the gentleman will withhold his request and consult the Committee on Printing. I do not understand that this is a request to print this in the RECORD?

Mr. SNYDER. Oh, no. I am submitting a request for unanimous consent to have a reprint of the hearings. I want to have 500 of these pamphlets reprinted. It is a matter of 130 pages.

The SPEAKER. Is there objection of the request of the gentleman from New York.

Mr. CANNON. I have objected to the consideration of that legislation time and again.

Mr. SNYDER. Oh, I am opposed to the legislation myself, I will say to the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from New York. [After a pause.] The Chair hears none, and it is so ordered.

CALL OF THE HOUSE.

Mr. STAFFORD. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Wisconsin makes the point of order that there is no quorum present. Evidently there is not.

Mr. STAFFORD. Mr. Speaker, I move a call of the House. The motion was agreed to.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant-at-Arms will notify absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Almon	Edmonds	Kitchin	Rhodes
Anderson	Elston	Klecza	Riordan
Anson	Fenn	Knight	Robertson
Bacharach	Fess	Kreider	Rossdale
Barkley	Fields	Langley	Rucker
Beck	Fish	Lee, Ga.	Ryan
Begg	Flood	Lee, N. Y.	Schall
Blanton	Poster	Linthicum	Sears
Bond	Eree	McArthur	Shreve
Brand	Freeman	McClintic	Siegel
Britten	French	McCormick	Sinclair
Brooks, Pa.	Fulmer	McFadden	Slemp
Brown, Tenn.	Gahn	McKenzie	Snell
Browne, Wis.	Garner	Madden	Stiness
Buchanan	Goldsborough	Magee	Strong, Pa.
Burdick	Gould	Maloney	Sullivan
Burke	Graham, Pa.	Mann	Tague
Burtness	Griest	Mansfield	Taylor, Colo.
Cantrill	Griffin	Mead	Ten Eyck
Carter	Hadley	Michaelson	Thomas
Chandler, Okla.	Hayden	Morin	Tilson
Classon	Hays	Mott	Tinkham
Copley	Herrick	Mudd	Underhill
Cramton	Hicks	Murphy	Upshaw
Crowther	Hutchinson	Nelson, John M.	Vare
Cullen	Jeffers, Nebr.	Nolan	Volk
Curry	Johnson, S. Dak.	O'Brien	Ward, N. C.
Dale	Johnson, Wash.	Ogden	Wason
Dempsey	Kahn	Paige	White, Me.
Denison	Kelley, Mich.	Park, Ga.	Williamson
Doughton	Kennedy	Perlman	Wise
Drewry	Kiess	Peters	Woods, Va.
Dunn	Kindred	Bainey, Ala.	Young
Echols	King	Rainey, Ill.	

The SPEAKER. Two hundred and ninety-five Members have answered to their names; a quorum is present.

Mr. MONDELL. 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.

EXPULSION OF A MEMBER.

Mr. MONDELL. Mr. Speaker, I offer a privileged resolution.

The SPEAKER. The gentleman from Wyoming offers a privileged resolution, which the Clerk will report.

The Clerk read as follows:

Whereas THOMAS L. BLANTON, Representative from the seventeenth district of the State of Texas, did on October 4, 1921, ask unanimous consent to extend his remarks in the CONGRESSIONAL RECORD "upon the improvements in the Government Printing Office," which consent was granted by the House; and

Whereas under such permission the said THOMAS L. BLANTON did insert and cause to be printed in the CONGRESSIONAL RECORD for Saturday, October 22, 1921, grossly indecent and obscene language, unworthy of a Member of the House of Representatives, contrary to the rules of the House, derogatory to its dignity, and in violation of its confidence: Therefore be it

Resolved, That the said THOMAS L. BLANTON, by his conduct as aforesaid, has forfeited all right to sit as a Representative in the Sixty-seventh Congress, and is hereby expelled and declared to be no longer a Member of this House.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman from Wyoming yield?

Mr. MONDELL. In just a moment. Mr. Speaker, the gentleman from Texas [Mr. BLANTON] did not answer to his name on the roll call. I do not see the gentleman from Texas [Mr. BLANTON]. Is he present? Mr. Speaker, this is a very serious matter, and while the office of the gentleman from Texas [Mr. BLANTON] was notified this morning that this resolution would be offered it does not appear to me seemly that we should proceed to the consideration of the resolution in his absence. I desire to give notice that the resolution will be called up immediately upon the convening of the House to-morrow morning, and in order to make that possible without the two-thirds vote necessary to dispense with Calendar Wednesday business I ask unanimous consent that the business in order under the rule on Calendar Wednesday may be in order instead on Thursday.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that the business regularly in order to-morrow on Calendar Wednesday may be made in order on Thursday. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, would it be agreeable to the gentleman from Wyoming to permit the consideration of the resolution offered to go over until Thursday? I do not know whether Mr. BLANTON is in the city or not. I have had no communication whatever with him.

Mr. MONDELL. If the gentleman from Tennessee makes that request, I shall not object. Therefore, on the request of the gentleman from Tennessee—I understand that to be his request—

Mr. GARRETT of Tennessee. I think it would be better from every aspect.

Mr. MONDELL (continuing). I withdraw my request relative to Calendar Wednesday, and give notice that the resolution will be called up immediately after the reading of the Journal on Thursday.

The SPEAKER. The gentleman withdraws the resolution—

Mr. MONDELL. Mr. Speaker, I did not withdraw the resolution, but I shall not press it for consideration at this time.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit a privileged resolution from the Committee on Rules.

Mr. MONDELL. If the gentleman from Kansas will withhold that for one moment—

Mr. CAMPBELL of Kansas. I do.

Mr. MONDELL. While our rules do not require it, in order that there may be no question as to the service of notice on the gentleman from Texas of the resolution which I have just presented, I shall ask the Sergeant at Arms to deliver him, or his secretary in his absence, a copy of the resolution at the earliest possible moment, and notice that it will be taken up Thursday.

INTERNATIONAL CENTENNIAL CELEBRATION, RIO DE JANEIRO.

Mr. CAMPBELL of Kansas. Mr. Speaker, I offer a privileged resolution from the Committee on Rules.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Mr. CAMPBELL of Kansas, from the Committee on Rules, offers the following resolution:

"Immediately upon the adoption of this rule it shall be in order to take up for consideration S. J. Res. 114 under the general rules of the House."

Mr. CAMPBELL of Kansas. Mr. Speaker, the effect of this rule is to make in order the consideration of the Senate joint resolution providing for the participation of the United States in an exposition at Rio de Janeiro. The question will come up under the general rules of the House under the rule that has just been offered. I have nothing to submit further unless there may be some questions.

Mr. BYRNS of Tennessee. I would like to ask the gentleman a question.

Mr. CAMPBELL of Kansas. I will yield.

Mr. BYRNS of Tennessee. I want to say in advance that I am in favor of the United States accepting the invitation to participate in the exposition at Brazil. I understood the gentleman to say—I did not hear the resolution read at the desk—that this rule makes in order the Senate resolution.

Mr. CAMPBELL of Kansas. The consideration of the Senate resolution.

Mr. BYRNS of Tennessee. As I understand, the Senate resolution makes an appropriation of \$1,000,000 for the purpose of participating in the exposition. That \$1,000,000 was appropriated under the Senate resolution without any estimate upon the part of any department officer of the Government in violation, if I may use the term, of the express provisions of the budget law, and also in violation of the Rules of the House which require estimates to be submitted in accordance with the law.

Now, I have wondered whether or not the gentleman proposes by this resolution to make the entire Senate resolution in order or whether or not it is proposed to strike out the proposition of making an appropriation and simply make an authorization?

Mr. CAMPBELL of Kansas. Under the rules the House will have control of the entire matter and may make such changes or modifications as it sees fit.

Mr. GARRETT of Tennessee. I will say to my colleague that it technically makes the Senate bill in order, and what is actually before the House is the one amendment, a committee amendment, which strikes out all of the Senate bill and substitutes the House bill, which merely carries an authorization.

Mr. BYRNS of Tennessee. And not an appropriation?

Mr. GARRETT of Tennessee. And not an appropriation.

Mr. BYRNS of Tennessee. I want to repeat, Mr. Speaker, with the permission of the gentleman from Kansas [Mr. CAMPBELL], that I have no objection to the resolution in so far as authorizing the Government to accept the invitation of the Brazilian Government is concerned, nor have I any objection to

a proper appropriation, and it may be that a million dollars may be necessary for that purpose, but I certainly think we ought to have an estimate of the amount that is to be appropriated and know exactly how it is to be expended before an appropriation is made.

Mr. CAMPBELL of Kansas. This is but another evidence that there are men doing business under the dome of this Capitol who will have to find out something about the rules of the House and of the constitutional rights under which appropriations originate.

Mr. BYRNS of Tennessee. I will say to the gentleman that his opening remark was that this made in order the Senate resolution. I submit to the gentleman, if he has read that resolution, he knows it makes an appropriation. The gentleman did not make the explanation that was made by the gentleman from Tennessee [Mr. GARRETT], which has cleared it up.

Mr. CAMPBELL of Kansas. The resolution carries the Senate title and the Senate number, but the Senate resolution has been stricken out, and, as stated by the gentleman from Tennessee, the House substitutes—

Mr. BYRNS of Tennessee. If the gentleman had made that statement, I would not have interrupted him.

Mr. STAFFORD. Will the gentleman from Kansas yield?

Mr. CAMPBELL of Kansas. For a question.

Mr. STAFFORD. Under the pending resolution, reported from the Committee on Rules, the Senate joint resolution is up for consideration, not the Senate joint resolution as reported by the committee with the House amendment.

Mr. CAMPBELL of Kansas. The only difference between what the gentleman from Wisconsin recites and what the facts are is that the Senate joint resolution will have to be read.

Mr. STAFFORD. There is much more difference than that, I will say to the gentleman.

Mr. CAMPBELL of Kansas. And the consideration will fall on the amendment submitted.

Mr. STAFFORD. There is much more difference. It does not bring up for consideration the amendment in the nature of a substitute as reported to the Senate joint resolution.

Mr. CAMPBELL of Kansas. The consideration falls upon the amendment.

Mr. BUTLER. Will the gentleman from Kansas yield?

Mr. CAMPBELL of Kansas. I will.

Mr. BUTLER. If we adopt this rule, does it bind us to pass that Senate resolution?

Mr. CAMPBELL of Kansas. It binds us to consider the House amendment to the Senate resolution.

Mr. STAFFORD. It binds us to consider only the Senate resolution. That is the matter that is up for consideration, and not the substitute recommended by the Committee on Industrial Arts and Expositions.

Mr. CAMPBELL of Kansas. That is the title of the resolution, and is the customary way of dealing with matters of this kind.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The gentleman from Kansas moves the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution. The resolution was agreed to.

Mr. BLAND of Indiana. 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 Senate joint resolution 114, and pending that I would like to have some agreement in reference to time. Would the gentleman from Texas [Mr. LANHAM], the ranking member on the minority side of the committee, agree to an hour on a side?

Mr. LANHAM. I think that will be satisfactory.

Mr. BLAND of Indiana. Then, pending the motion, I would like to submit a unanimous-consent request that the time for debate on the resolution be limited to two hours; that one half of that time be given to the gentleman from Texas [Mr. LANHAM] and the other half to myself.

The SPEAKER. The gentleman asks unanimous consent that general debate be limited to two hours, half to be controlled by himself and half by the gentleman from Texas [Mr. LANHAM]. Is there objection?

Mr. STAFFORD. Reserving the right to object, I believe it is a fact that both the gentleman from Indiana [Mr. BLAND] and the gentleman from Texas [Mr. LANHAM] are in favor of the Senate joint resolution providing for an appropriation of a million dollars for the exhibit at Rio de Janeiro. I wish to inquire whether there can be any time extended to those who are opposed to this?

Mr. BLAND of Indiana. I will try to provide the time.

Mr. STAFFORD. I think at least three-quarters of an hour should be granted to those who are opposed to the bill.

Mr. LANHAM. I will say to the gentleman that I am not in favor of the Senate resolution, but I am in favor of the House resolution.

Mr. STAFFORD. There is only this much difference between the Senate and the House, in that the Senate resolution provides for three commissioners and the House resolution provides for five.

Mr. LANHAM. There are other differences also, and I think that the gentleman will find that the difference between the House and the Senate is not one of great importance when the details are understood. And with reference to yielding time to those opposed to the resolution, it is my intention to yield to those opposed to the resolution if the motion is agreed to.

Mr. STAFFORD. Reserving the right to object, I would like to have some understanding before that as to how much time should be granted to those opposed to the resolution.

Mr. LANHAM. It is my purpose to grant reasonable requests for time to those in opposition to the resolution as well as to those in favor of it.

Mr. STAFFORD. Regardless of the political affiliation?

Mr. LANHAM. Yes. Well, if the gentleman on that side can make the same statement with reference to that side, perhaps it will take care of the situation.

Mr. STAFFORD. I made the suggestion to the gentleman from Indiana [Mr. BLAND] that I think at least one-half of the time on this side should be extended to those in opposition to the bill.

Mr. BLAND of Indiana. Oh, there are so many that are in favor of the bill and so few who are against it that I do not think it would be fair to give the opposition one-half.

Mr. STAFFORD. I speak for those that are opposed to it.

Mr. BLAND of Indiana. If there are a number sufficient to justify the taking up of that time, I should favor giving it.

Mr. STAFFORD. I think that one-half of the time should be used in opposition to the bill.

Mr. BLAND of Indiana. When there are only a few in opposition to the proposition presented, I do not think it would be fair to give them one-half of the time.

The SPEAKER. Is there objection to the request of the gentleman?

There was no objection.

The SPEAKER. The question is on agreeing to the motion that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of S. J. Res. 114.

The motion was agreed to.

The SPEAKER. The gentleman from New York [Mr. HUSTED] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922, with Mr. HUSTED in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the resolution (S. J. Res. 114), which the Clerk will report by title.

The Clerk read as follows:

Joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922.

Mr. BLAND of Indiana. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the resolution.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the first reading of the resolution be dispensed with. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Indiana [Mr. BLAND] is recognized.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield to a question before he begins his statement?

Mr. BLAND of Indiana. Yes.

Mr. HUDSPETH. Is this resolution the same as the House joint resolution? Are we considering the Senate joint resolution or the House resolution?

Mr. BLAND of Indiana. We are to consider the Senate joint resolution. I will explain the difference in a moment. There is quite a difference between the Senate resolution and the House resolution.

Mr. Chairman and gentlemen, the history of this legislation is something like this; A number of months ago—I will not undertake to say just when—we were officially invited to par-

ticipate in the exposition to be held at Rio de Janeiro in September, October, and November next year, and were given a definite time in which to accept. Of course, the reason for assigning a definite date of acceptance was for the purpose of holding for us the ground upon which we were to exhibit if we cared to participate. The time expired. Nothing was done, and they extended the time. They have now extended the time to October 31, which I understand to be the third extension of time.

The committee is unanimous in its report that we ought to accept the invitation. There are many impelling reasons.

With the acceptance of the invitation, of course, comes the corresponding obligation to our country to furnish an exhibit and really make some showing at this centennial of that great Republic. The Secretary of State, Mr. Hughes, first wrote to the committee a very strong letter setting up what I believe to be indisputable reasons for our taking part in this exposition. Aside from that he sent a representative of the State Department, Mr. Carrell, to testify before the committee, and that representative gave most conclusive reasons for our participation.

I want to deal somewhat briefly with those reasons. I have found very little objection to this resolution in Congress. I think the only reason that is assigned by anyone for not participating would be on the ground of the expense entailed. Brazil is the greatest Republic in the world except the United States. They have 25,000,000 people. They belong to the Western Hemisphere. They are progressive, they are active, and they are going to take a great place in the history of affairs in the near future.

It may be recalled that 10 years ago there were but probably 14 or 15 American citizens in Rio de Janeiro. To-day, by the cultivation of the splendid feeling existing between North America and South America, there are 1,500 American citizens, citizens of the United States, in Rio de Janeiro alone, and the United States is taking its place in the commerce of that great Republic. We have two great banking institutions down there. One of those institutions represents 20 American banks. Brazil has recently floated a loan of \$12,000,000 with the United States in order to carry on this great centennial exposition. England, Japan, and all the Governments I have heard from have taken or are taking part in this exposition.

The relationship between Brazil and the United States is most cordial. Those folks are Latin people down there; they speak the Portuguese tongue. They are very friendly to us. When we declared war they declared war. They are using our Supreme Court decisions as their guide in legal jurisprudence. Their constitution is modeled after ours. They admire the American Republic. Eight times has Brazil come to the United States and taken part in our expositions. At the St. Louis Exposition \$600,000 was expended by that Republic, which at this date has only 25,000,000 people. She built a wonderfully fine building there. That building was taken down, moved down to Rio de Janeiro and reconstructed, and it now stands on one of the main streets of that beautiful city of 1,000,000 people and is called the Monroe Palace, named after our President of that name, who is honored as the father of the great Monroe doctrine.

I understand that those people are somewhat sensitive over the fact that we have not accepted the invitation before now. This committee went carefully over the whole situation and unanimously arrived at the conclusion that if it was purely a matter of investment we could not afford to fail to appropriate \$1,000,000 and go down there and make a splendid showing. Furthermore, as a matter of reciprocal friendship, it would be unspeakable for us not to accept this invitation from Brazil. To-day Germany, France, and England are striving for the commerce of that great Republic.

Fortunately she produces what we do not produce, and we produce what she does not produce, and we have a splendid exchange of products, and out of her friendship for us she has given us a 20 per cent advantage in her tariff duties. You remember when Secretary Root went down there. He helped to establish a wonderful relationship with those people, and the late Secretary Colby went there also and was entertained wonderfully. We are established upon such a splendid friendly basis with those people that we do not dare to risk endangering it.

Something may be said about the size of the appropriation requested. The Secretary of State has asked for \$1,000,000. It has been estimated that it will cost \$500,000 to build the building. Some one has said, "Why do you not get the plans and specifications of the building?" We do not know anything about what kind of a building ought to be built there. The commission will build the building, and already I am informed that it has

been suggested to the United States Government that if we will build the building with a permanent foundation and use steel, it will be easy to sell it to those people when we are through with it, and I am sure that can be done.

The little Republic of Uruguay to the south of Brazil has appropriated \$100,000 to take part in this celebration of her Pan American sister, and this great rich Nation of ours can not make much of a showing with \$1,000,000; but the committee thought it was best to put certain limitations on the salaries, and just there comes the amendment that the House committee has made, different from the Senate bill.

The bill as originally written by the State Department and introduced by Senator Lodge in the Senate provided for five commissioners, and it had no limitation on the salaries to be paid. It had no provisions with respect to future appropriations. The committee decided that we ought to put a limitation upon salaries in order that we might avoid any abuses as to the amount of salaries paid to any individual. Therefore, the committee in its bill, which was referred to the Committee on Industrial Arts and Expositions and reported favorably, provided that there should be a limitation of \$15,000 for any salary, and that not more than one person should receive a salary greater than \$10,000, and that only three persons should receive salaries between \$7,500 and \$10,000.

Mr. CONNELL. Does that include their personal expenses also?

Mr. BLAND of Indiana. Oh, no. Now the Senate struck out the word "five" and inserted the word "three" as the number of the commissioners. The House committee was informed that the probabilities were that two of the commissioners would be men who would be appointed for the social end of the affair and probably would serve without pay. The committee is inclined to accept the Senate amendment as far as I have been able to ascertain, and I am going to offer an amendment later to the effect that the two commissioners over and above those provided in the Senate resolution shall not receive any compensation. I am informed by those most interested that two persons can be obtained who will serve efficiently without pay.

Mr. MONTAGUE. That is two out of the five.

Mr. BLAND of Indiana. Two out of the five.

Mr. DENISON. Will the gentleman from Indiana yield?

Mr. BLAND of Indiana. I yield to the gentleman from Illinois.

Mr. DENISON. I may have misunderstood the gentleman in his statement about the \$15,000. What was it the gentleman said?

Mr. BLAND of Indiana. Under the House amendment, only one person could receive a salary between \$10,000 and \$15,000, and that would be the commissioner general.

Mr. DENISON. Is it necessary that we pay a salary of \$15,000 to a man to go to Rio de Janeiro?

Mr. BLAND of Indiana. The testimony before the committee shows that at the Santiago exposition the commissioner general was paid \$20,000, and there have been other expositions where the commissioner general has been paid \$40,000 or \$50,000, and the committee thought that was too much. We did not want that to happen. But, if you understand, this service is for only about three months, and to get a real man who can fill that job you would have to pay him proportionately, at least, to \$15,000.

Mr. LANHAM. Will the gentleman yield?

Mr. BLAND of Indiana. I yield to the gentleman from Texas.

Mr. LANHAM. Is it not true also that the commissioner general of this exposition would have pretty much the same standing among those Latin-American people that the ambassador from the United States would have, and is it not true that the ambassador from the United States receives a salary of \$17,500?

Mr. BLAND of Indiana. I thank the gentleman for the suggestion. That is absolutely true. The ambassador receives \$17,500, and the commissioner general will have more expenses than the ambassador, and will be there for only three months.

Mr. ACKERMAN. I notice that section 4 provides—

That the Shipping Board is authorized to give the commission such assistance as may be necessary and to make special rates and special sailing schedules for the transportation of governmental and private exhibits and participants to and from the exposition.

I wish to ask the gentleman if the expense of making those special rates and sailing schedules is to come out of the \$1,000,000 that may be appropriated, or would that be in addition to the \$1,000,000?

Mr. BLAND of Indiana. There is a reason for putting that section in the bill that I do not think it would be advisable to state on the floor of the House, but I am quite sure that some

charges will come out of this fund. The cost of passage from New York to Rio de Janeiro at the present time is \$450 one way, and that is entirely too high, and something must be done to make them come down on their charges, or else the United States will have to transport her own exhibits down there.

Mr. ACKERMAN. It seems to me, if I may be permitted to make the suggestion, that the expense of this Shipping Board at the present time is a very serious question in the minds of the people of the United States; and if there is to be something in addition to the \$1,000,000 incurred in the passage of this bill, it seems to me that the voters of the United States ought to know what it is.

Mr. BLAND of Indiana. I think the gentleman ought to be satisfied with the answer that the Shipping Board can make a rate that will make competitors come down in their rates.

Mr. PADGETT. Will the gentleman yield for a moment?

Mr. BLAND of Indiana. Certainly.

Mr. PADGETT. I just want to call attention to one matter. The preamble states the purpose of the resolution. Ordinarily in passing a resolution we strike out the preamble. Following the resolving clause the first words of the resolution are—

That said invitation is accepted.

Now, if the preamble is stricken out, that sentence will be meaningless or without proper significance.

Mr. BLAND of Indiana. The preamble is not stricken out.

Mr. PADGETT. I know it is not stricken out now, but usually when a resolution with a preamble passes the House the preamble is stricken out the last thing when the resolution is adopted.

Mr. BLAND of Indiana. It is certainly not the intention of the committee that the preamble shall be stricken out.

Mr. PADGETT. If you followed the usual custom of striking out the preamble, then the words—

That said invitation is accepted—

would be meaningless.

Mr. BLAND of Indiana. I am glad the gentleman called attention to it, because I hope the preamble will be retained; and I know of no good reason why it should go out.

Mr. PADGETT. It has been the usual and customary practice to strike out the preamble.

Mr. BLAND of Indiana. That is done ordinarily by motion.

Mr. PADGETT. Yes; it goes out on motion.

Mr. BLAND of Indiana. Now, gentlemen of the committee, the committee also thought that it was proper to serve notice at the end of section 8 by a proviso that no indebtedness shall be incurred hereafter in excess of the amount herein authorized to be appropriated. The legal effect of that does not amount to anything, because, of course, Congress could appropriate more money if it wanted to, but it is the sense of the committee that those in charge of the fund should limit themselves to the amount appropriated. Congress serves notice on those charged with the expenditure that they do not intend to appropriate any more. We spent \$1,500,000 at the Paris exposition, and we spent over \$1,000,000 at San Francisco. I know of no exposition that we could invest a million dollars in that would bring in such splendid returns as the exposition we are now considering. I am in favor of historical expositions commemorating the great deeds in history, but to-day we are striving to capture some of the trade of the world to aid our industries, take care of the merchant marine, and employ the unemployed. You can not do it unless you get foreign trade, and you can not get foreign trade in some portions of the world unless you have friendly relations with the people you deal with, and that is particularly true of Latin America. The President in his letter specifically requests that this amount be appropriated, and the Secretary of State has also requested it. Mr. Chairman, I reserve the balance of my time.

Mr. LANHAM. Mr. Chairman and gentlemen of the committee, as has been indicated by the gentleman from Indiana [Mr. BLAND], it is necessary that expeditious action be taken with reference to the pending resolution. The time heretofore set for the acceptance of the invitation from Brazil expired on the 30th day of September, but, owing to the fact that the House of Representatives was then in recess, an extension of time was made until the 31st day of the present month. It is for this reason that this measure is now presented under a rule, the importance of it being stressed also by communications from the President of the United States and the Secretary of State, who necessarily and naturally are interested in and informed about our foreign relations and affairs.

The provisions of this resolution have been briefly explained by the gentleman from Indiana. We have sought in the House committee to limit expenditures and so to provide in the terms of the measure that there may be no call for deficiency appro-

priations. It is designed to forestall the recurrence of certain contingencies that have characterized some expositions of the past. The committee has sought to eliminate extravagant salaries by proper restrictions. It has inserted also a further provision that expenditures are to be made with the approval of the Secretary of State, and to him I think we may look for the exercise of reasonable diligence in scrutinizing them.

Brazil is a country in territorial extent approximately of the same size as the United States, with a population of 25,000,000 people. It is regarded by many as the political and economic key to the whole South American Continent. It plans beginning in September of next year and continuing until some time in November a centennial exposition for the purpose of promoting through proper exhibits from the foreign countries of the world, the farming interests, the cattle industry, fisheries, mining and mechanical industries, transportation, communication, science, and fine arts, special emphasis to be placed upon forestal and manufacturing industries. Because of the nature of this exposition there are certain features of the pending measure drawn to meet specific needs in regard to these various things I have mentioned.

Now, with reference to the amount authorized to be appropriated, there appeared before the committee a representative of the State Department, and also Mr. Momsen, of Rio de Janeiro, an American citizen who has the high distinction of being the only American who has ever met the requirements for admission to the bar and been licensed to practice law in Brazil, and who gave assurance that with a million dollars, and likely for not much less than a million dollars, the United States could have an exhibit which would be creditable to this country and one comparable to those contemplated by other nations that will accept this invitation. So a lump sum, or so much thereof as may be necessary, is authorized to be appropriated, with restrictions on its expenditure, requiring the approval of the Secretary of State, in order to obviate the likelihood of any deficiency, and with restrictions with reference to salaries, which are such as may be expected to prevent a recurrence of some of the extravagant expenditures which are reported in this regard in the exposition at Paris.

The acceptance of this invitation is, it seems to me, prompted by considerations of courtesy and commerce, one largely a matter of the heart and the other largely a matter of the head. Brazil, upon our invitation, has had eight different exhibits here. In this connection, I wish to quote what the Secretary of State, Mr. Hughes, had to say in his communication of June 24, 1921, to the President:

Moreover, on the invitation of the Government of the United States, Brazil has liberally participated in the large expositions held in the United States, notably at Philadelphia, Chicago, St. Louis, and San Francisco, and it would seem that the extension and acceptance of the invitations which by the authority of Congress were issued to the Government of Brazil to participate in those expositions would involve the reciprocal acceptance by the Government of the United States of a similar invitation from the Government of Brazil to participate in the Rio de Janeiro exposition.

The people of Brazil, through their appropriations, have spent in those expositions here between three and five million dollars. As has been stated, they took their building at the Louisiana Purchase Exposition, for which they appropriated originally \$600,000, and then, I understand, a deficiency appropriation afterwards, carried that building to Brazil and reerected it in Rio de Janeiro and gave it the name of the Monroe Palace, and that edifice to-day houses the House of Deputies of the Republic of Brazil, which corresponds to our National House of Representatives. Now, for the first time in our history this sister Republic of the Western Hemisphere, which, as I say, has appropriated between three and five million dollars to exhibit at our expositions in this country, asks us in good faith, with a reciprocal courtesy, to make an exhibit there, and it seems to me that every consideration of fair dealing prompts the acceptance of it. It is true that our expenditures with reference to expositions in South American countries heretofore have not approximated separately the sum of \$1,000,000, but it is also true that at those expositions, with reference to the one in Ecuador, for instance, and the one in Chile, we went no further than to authorize the attendance of commissioners from this country, and that exhibits were not had. That accounts for the relatively smaller appropriations for the South American expositions which have heretofore been held.

It has been stated that Brazil is a friendly nation. Gentlemen will recall the recent visit of the President of the Republic of Brazil, Dr. Pessoa, whom we sought to honor in this Chamber.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. DENISON. Can the gentleman state to the House whether or not this Government owns an embassy building in Rio de Janeiro?

Mr. LANHAM. I am not advised as to that. Perhaps some one from the Foreign Affairs Committee can give the gentleman the information.

Mr. DENISON. If it should happen that we do not have an embassy there, if the Republic of Brazil could move from this country its exposition building and reerect it in the city of Rio de Janeiro and use it, why could not any building which we may erect there be afterwards used to construct a useful and beautiful embassy for our Government in Rio de Janeiro?

Mr. LANHAM. That is a splendid idea and perhaps a practical one. The gentleman from Indiana [Mr. BLAND] has stated that there have already been certain overtures, unofficial perhaps, leading us to believe that the Brazilian Government itself might desire to purchase this structure in case our own Government does not care to use it after the exposition is over.

Mr. DENISON. I take it that the committee might be consulted by, or have occasion to consult with, the State Department on this matter in case the bill becomes a law, and I think it would be a useful suggestion if the committee could discuss that phase of it with the State Department after the bill has been enacted into law.

Mr. LANHAM. I think that is a very practical suggestion. Of course it is a matter to be dealt with after the passage of the pending resolution, but certainly it is worthy of serious thought.

Mr. Chairman, I was making reference to the friendly attitude and relationship existing between this country and the Republic of Brazil, and I wish to quote in this regard the language used by Mr. Momsen when he appeared recently before the committee. He said:

One striking incident of her friendship is the fact that in 1876, on the occasion of our Centennial Exposition in Philadelphia, Dom Pedro II, then Emperor of Brazil, was the only foreign chief of state to attend that exposition, and that at the time when the American Navy in Philadelphia hoisted the flag in celebration of the one hundredth anniversary of our Republic, a Brazilian warship was the only foreign battleship present on that occasion. Brazilian admiration for American precedence and custom is shown by the fact that when the Republic of Brazil was proclaimed in 1889 it was made the United States of Brazil. Her constitution was modeled after ours, with a Senate and House of Deputies, her courts followed very closely the American plan, and the decisions of our Supreme Court were given unusual consideration by the Supreme Court of Brazil.

I wish also to call attention to the fact that the Brazilian Government has given a preferential tariff to this country. Quoting now from page 12 of the hearings, which contains the testimony given before the committee by Mr. Momsen, I read:

I might mention that Brazil has granted a special preferential tariff of 20 per cent on a long list of articles to the United States, which the United States alone for a great many years has enjoyed against all other nations, enabling it to compete with the European countries who could produce these products on a cheaper basis. Last year, Brazil extended this preferential to Belgium, which everyone heartily agreed to, with the idea of trying to rebuild that country which was devastated during the war.

Then we recall also Brazil's participation in the war—and I mention these things in order to show that not only are we closely associated by reason of the fact that we are both in the Western Hemisphere, but because the ideas, the principles, and the ideals of the two countries are largely similar. To quote again from Mr. Momsen:

I might mention Brazil's participation in the war. Shortly after our declaration of war, Brazil broke her neutrality, declared war on Germany herself, sending a fleet of destroyers to Europe to patrol the coast, supplied us with a large portion of the manganese which we used in this country and which was indispensable in the manufacture of guns and ammunition, supplied the Allies with meats, cotton, beans, and many other commodities, which prior thereto she had not even produced in sufficient quantities for her own consumption.

So I say, gentlemen, in the light of this history and this mutual relationship, in view of the fact that even the territorially small country of Uruguay has appropriated \$100,000 for an exhibit at this exposition, in view of the fact that the Brazilian Government has eight times exhibited here at our request and has expended between three and five million dollars for that purpose, in the light of the establishment at our very Capital of the Pan American Union and the spirit of harmony it fosters, surely every consideration of a reciprocal courtesy demands that on the occasion of this first request we should have a proper and a creditable exhibit in Brazil.

Another consideration that urges favorable action in this matter is one that is perhaps somewhat more sordid: It is one which is very practical, and yet I am reluctant to stress specially from this standpoint the acceptance of this invitation, because I think it ought to be a matter of the heart rather than a matter of the head and the pocketbook which prompts our acceptance in good faith.

I refer now to commerce. We have emphasized in this House the matter of the necessity for markets, especially for farming and other products, for the exhibition of which this

exposition in Brazil is primarily designed. The Secretary of Commerce has called our attention to the prime importance of developing foreign markets for our goods. We have been overloaded with a surplus in this country, and we have seen domestic prices depressed by reason of the fact that no markets have been available for our surplus products. The tariff bill, we are informed, has been deferred in its final enactment until we can study further this prime requisite and ascertain whether or not we can find greater opportunities for marketing our products abroad. So if we reduce it to the somewhat mercenary consideration of commerce, then we are urged to accept this invitation. For the last two years the trade balance between Brazil and this country has been in our favor, largely by reason of that friendly feeling which the people of that country entertain for the people of this country. It has been shown by the testimony of the representative of the State Department before the committee that the other nations of the earth are going to exhibit very creditably, and shall we now say to Brazil, "We do not want your commerce; we will not exhibit at your great centennial exposition, although you have done so eight times at expositions of ours"? The Secretary of State, Mr. Hughes, had some very pertinent things to say in this regard. He said:

I am inclined to the view that in these days of commercial rivalry, when American products are seeking foreign markets and foreign Governments are zealous and active in promoting the export trade of their nationals, every opportunity should be availed of to secure to American industrial interests equal opportunity with the industrial interests of other countries to bring their products to the knowledge of foreign buyers and to obtain the advantages which may accrue from competition in this way with their foreign rivals.

Permit me also to quote a further statement from another communication from the same source:

Another important reason why the United States Government should participate in this exposition is that it should do all in its power at the present time to assist in maintaining our commercial standing in Latin American countries during the present period of business depression. During the past few years American finance and commerce have made important gains of a permanent nature in these countries. This new business is, of course, at the present time suffering from the after effects of the war. Every effort is being made by our foreign competitors to establish themselves in Latin American countries, with the encouragement of their own Governments, and it is understood that the latter are making elaborate plans for participation in this exposition. The least this Government could do for our business interests at this exposition would be to have an exhibit there consistent with the importance of the position that we now occupy and intend to maintain in Latin American affairs.

In view of the fact that this exposition is to be devoted so largely to farming and agricultural pursuits, surely it is time that we turn aside for a moment from the expenditure of more than 90 cents of every dollar of governmental revenue for purposes of war to the 8 or 10 cents that we devote to the pursuits of peace, and try to build up our crippled commerce with these South American countries, in order that it may be commensurate with the friendly spirit of relationship that now exists between us. Shall we not authorize a million dollars, or so much thereof as may be necessary, for the pursuits of peace, to be expended under the safeguard of the approval of the Secretary of State, who urges us in our foreign affairs to look to the competition in commerce of our foreign rivals across the seas?

Should those of us who come from the agricultural sections of the country, where we are anxious to find foreign markets for our surplus crops, antagonize this measure? An expenditure is frequently economical. A man may let his insurance policy lapse and say the payment of the premium is an expenditure, that it is more economical not to make that expenditure, but if he does not make it his insurance lapses and he loses the corpus of his prospective income. And just in the same way, regarded simply from the sordid aspect of commerce, here we are putting, perhaps, a million dollars as an insurance premium upon the continuation and development of our business with the South American countries, who are linked with us in this Western Hemisphere through the Monroe doctrine and through all those interests that bind us together in a common tie. And so I say, gentlemen, that from considerations of the heart, of reciprocal courtesy and good faith, from considerations of the head, the demands of commerce and the national pocketbook, and from the consideration of the development of our trade in the relief of the producers of this Nation, we are urged to an acceptance of this invitation. [Applause.]

Mr. Chairman, I reserve the remainder of my time.

Mr. BLAND of Indiana. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, from the arguments advanced by the two previous speakers we would be led to believe that our diplomatic relations and our trade relations with Brazil hinge on the voting of a million dollar appropriation for a building that will be of no use to the United States—a building

in which to house the exhibits for a seven weeks' exposition at Rio de Janeiro. The fact that in similar centennial expositions of Ecuador, Chile, Peru, and Argentina we did not make any exhibits, but merely appropriated some \$30,000 or \$40,000 to pay the expenses of a commission to represent our Government, is argument sufficient that that position is not well taken. It is proposed by this bill to spend as much money within \$100,000 as was expended by our Government at the San Francisco exposition, which lasted, not seven weeks, as proposed by this exposition, but for nearly eight months. We expended at the San Francisco exposition a total of one million one hundred and odd thousand dollars—\$500,000 for a building, a spacious structure—and that was a real international exposition. This exposition is proposed to open on September 7 and run to November, a period of seven weeks. Only three Governments have agreed to exhibit there—only three Governments to date. I am not very much opposed to our exhibiting; in fact, I am in hearty agreement to accept the invitation of Brazil; but the question is what is a seeming representation and exhibit on the part of our Government, when you consider that this is just a limited affair of seven weeks to celebrate a centennial of the freedom of Brazil. Never before have we seen an appropriation bill for an exposition coming to the House with such a lack of information. There is no regular estimate as to the building that is required. It is proposed by the great American Chamber of Commerce of Brazil that there should be erected by the Government of the United States a building for exhibition purposes of the dimensions of 245 by 108 feet, of steel superstructure, and with permanent foundations. Some gentleman proposes that large, spacious barn, after its construction at the expense of \$500,000, should be used for an embassy building. Of course, the mere statement of the size of the building needs no further argument as to its unfitness for embassy purposes.

Mr. DENISON. Will the gentleman yield?

Mr. STAFFORD. I have not much time, and my time is running.

Mr. DENISON. Of course, the bill does not require a steel building.

Mr. STAFFORD. This bill is predicated entirely upon the report of the American commercial representative in Brazil—the gentleman has not read the report or the hearings; I have.

Mr. DENISON. I have.

Mr. STAFFORD. Instead of accepting the space set aside by the Brazilian Government for a building to accommodate our own Government exhibits at an exposition lasting less than two months, it is proposed for the first time to depart from the policy that we have followed and erect an immensely large building to house as well all the exhibits of American manufacturers.

Mr. BLAND of Indiana. If the gentleman will yield, I beg the gentleman's pardon. There is nothing contemplated in this building that some one has said might be built for \$500,000—

Mr. STAFFORD. The gentleman stated in his opening remarks that this had the support of the President of the United States, and there is nothing in his letter to warrant any statement—

Mr. BLAND of Indiana. I will ask the gentleman not to misquote me; I never said the Treasury—

Mr. STAFFORD. I do not intend to misquote the gentleman.

Mr. BLAND of Indiana. I said the Secretary of State and the President of the United States favored it.

Mr. STAFFORD. There is nothing in the hearings or in the report to warrant—will the gentleman in his own time present anything that shows the President of the United States did anything more than say that we should be represented? There is nothing in the hearings to show that he approved of a separate appropriation of \$500,000 for a building. The President stands for economy.

Mr. BLAND of Indiana. Will the gentleman yield to me to answer in his time?

Mr. STAFFORD. If the gentleman will yield me additional time.

Mr. BLAND of Indiana. I can not. The gentleman told me to answer in his time. If the gentleman will look at page 1 he will find a letter of the President of the United States transmitting a letter of the Secretary of State saying it is highly important to consider and accept this invitation, and in the letter which he transmits he sets out all these facts.

Mr. STAFFORD. Accept the invitation—nothing to substantiate the statement of the chairman of the committee that the President favors this appropriation which he mentioned in his opening remarks.

Mr. LINEBERGER. I want to call the gentleman's attention to the wording of the President's letter, on page 2 of the report, where he says:

To the recommendations of this report I give my hearty approval.

And therein he includes a letter of the Secretary of State in which the \$1,000,000 appropriation is specifically mentioned. This shows that the President had knowledge of the matter.

Mr. STAFFORD. I very much doubt if the Secretary of State, in sending this letter, had gone over the matter in detail. He has been too busy with other matters. The Secretary of State, in the letter which he signed, much of which has been read by the gentleman from Texas [Mr. LANHAM], uses this language:

Furthermore, adequate provisions were made by Congress for United States participation in the centennial exposition held in Quito, Ecuador, in 1909, and at Buenos Aires, Argentine Republic, in 1910. Equally favorable action in the case of the Rio de Janeiro Exposition would seem to be called for.

What was our policy in the expositions referred to in Ecuador and Argentina? Nothing more than the sending of a delegation to represent the United States and also sending some works of art for exhibition at those expositions. Now, if we are going, whenever a centenary occurs in the annals of the history of these South American Republics—and there are many of them—and when an invitation is received to make an exhibit at an exposition in honor of the occasion, to adopt a policy to spend as much money as we have spent at expositions held at different times in this country, I think we are going to be carried far afield in the expenditure of money. There are four tracts of land to be used in this exposition—one for Government buildings, where a small space was reserved for the United States Government to simply erect a Government building for governmental purposes exclusively. But these men in Brazil, who are not charged with the control of the purse strings of the Government, send up here a request that they want a building 245 by 108 feet for the housing of all the exhibits of American concerns, when the Government of Brazil is going to provide adequate housing facilities for the exhibits not only of America but of all countries. Their proposal, if you will examine the hearings, is to erect a permanent building of steel and stone construction not required by the occasion or by the requirements of American exhibitors.

Mr. WALSH. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. WALSH. I make the point of order there is no quorum present.

The CHAIRMAN. The gentleman from Massachusetts makes the point of order that there is no quorum present, and evidently no quorum is present.

Mr. STAFFORD. I did not yield to the gentleman from Massachusetts for that purpose.

The CHAIRMAN. The Clerk will call the roll.

The roll was called, and the following Members failed to answer to their names:

Almon	Doughton	Kless	Rainey, Ill.
Anderson	Drewry	Kindred	Rhodes
Anson	Dunn	King	Riordan
Anthony	Edmonds	Kitchin	Rossdale
Bacharach	Elston	Klecza	Ryan
Bankhead	Fenn	Knight	Sabath
Barkley	Fess	Kreider	Schall
Begg	Fields	Langley	Scott, Mich.
Blakeney	Flood	Lee, Ga.	Sears
Blanton	Frear	Lee, N. Y.	Shreve
Bond	Freeman	Longworth	Siegel
Brand	French	Luhning	Sinclair
Brinson	Fulmer	McArthur	Sinnott
Britten	Gahn	McClintic	Slemp
Brooks, Pa.	Garner	McKenzie	Snell
Brown, Tenn.	Goldsborough	Madden	Stedman
Brown, Wis.	Gould	Magee	Stevenson
Burdick	Graham, Pa.	Maloney	Stiness
Burke	Green, Iowa	Mann	Strong, Kans.
Burrheads	Greene, Mass.	Mansfield	Strong, Pa.
Burtness	Greene, Vt.	Mead	Sullivan
Cable	Griest	Merritt	Sweet
Campbell, Kans.	Griffin	Michaelson	Tague
Cantrell	Hadley	Montoya	Taylor, Colo.
Carter	Harrison	Moore, Ill.	Ten Eyck
Clague	Hays	Morin	Thomas
Classon	Herrick	Mott	Tillman
Cockran	Hicks	Mudd	Tilson
Codd	Himes	Murphy	Tincher
Copley	Hoch	Nolan	Tinkham
Crago	Houghton	O'Brien	Treadway
Cramton	Humphreys	Ogden	Upshaw
Crisp	Hutchinson	Osborne	Vare
Cullen	Johnson, S. Dak.	Paige	Volk
Curry	Johnson, Wash.	Park, Ga.	Ward, N. C.
Dale	Kahn	Parker, N. Y.	Wason
Davis, Minn.	Kelley, Mich.	Perlman	White, Me.
Dempsey	Kendall	Peters	Woods, Va.
Dickinson	Kennedy	Rainey, Ala.	Young

Thereupon the committee rose; and the Speaker having resumed the chair, Mr. HUSTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in the international exposition to be held in Rio de Janeiro in 1922, and finding itself without a quorum, he had

directed the roll to be called, whereupon 172 gentlemen answered to their names, a quorum, and he presented a list of the absentees to be entered in the Journal.

The SPEAKER. One hundred and seventy-two gentlemen—a quorum—have answered to their names. The names of the absentees will be published in the Journal. The committee will resume its session.

Thereupon the committee resumed its session.

The CHAIRMAN. The gentleman from Wisconsin [Mr. STAFFORD] is recognized for 11 minutes.

Mr. STAFFORD. Mr. Chairman, the question before the committee is whether we should launch into a departure, so far as concerns expositions to be held in connection with the centenaries of South American Republics, celebrating the one hundredth anniversary of their independence. So far as concerns the centenary celebrations of Ecuador, Chili, Peru, and Argentina, all that the United States Government did was to vote an appropriation of \$40,000 or \$50,000 for the expenses of a commission.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Not at present. Here it is proposed to authorize the expenditure of a million dollars. And for what? For a large building, 248 by 108 feet, in which to house the exhibits of American manufacturers, when the Brazilian Government is going to provide ample space for the exhibits not only of American manufacturers but those of all countries. What is more, it is to be a two-story building, of steel construction, on private land. Permit me to read to you the only report upon which this estimate is based, that from Mr. W. L. Schurz, our American commercial attaché in Rio de Janeiro:

Dimensions space reserved for United States Government building exhibit, 245 by 108 feet. Largest and best location available. * * * Foundation Co. estimates cost of two-story building and equipment \$500,000. * * * Part of land reserved owned by individuals, who offer use of lot on condition that we put in permanent foundation and steel frame. Agree to pay difference between cost of temporary and permanent material. American Chamber of Commerce discussed plans for acquiring exhibition buildings as permanent buildings for club consulate headquarters of chamber. American Chamber of Commerce requests I recommend total appropriation of \$1,000,000, all expenses of exhibit, including \$100,000 toward cost of monument to be given Brazil.

We hear so much of economy these days, and here is the time when you have the chance to economize. You can save several hundred thousand dollars to the Treasury of the United States, several hundred thousand dollars, and still be recognizing Brazil in a fitting manner becoming this great Government. We should not launch upon a policy which, so far as estimates are concerned, is urged only by the American commercial attaché.

At the Paris exposition the cost of our Government building was only \$500,000. That was an eight-months' international exposition. This one begins on September 7 and runs to November, a seven-weeks' exposition, and we are called upon in these piping times of economy to vote \$1,000,000—\$500,000 for a steel structure building on private land, to be turned over to the private owners after it is used.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I can not yield now.

The CHAIRMAN. The gentleman declines to yield.

Mr. STAFFORD. To be turned over to the private owners or to permit arrangements with them for its transfer under certain conditions; and \$100,000 for a monument to be given to the Brazilian Government. Perhaps it may cost \$100,000 for our Government exhibit. Here perhaps as much as \$300,000 may be expended; \$300,000 for expenses of the commissioners and the Government clerks in waiting at the exposition.

Oh, do you know who, according to the hearings, were in favor of this? The hearings were very brief. Well, there was this commercial attaché, on whose estimates the Secretary of State bases his recommendation. In addition to this was Mr. Richard B. Momsen, formerly of Milwaukee, who some years ago was secretary to one of my colleagues from Wisconsin, a gentleman who later took a position as consul in Brazil. A bright young man who naturally is enthusiastic as to this venture. The third person who urges it is Mr. D. C. Collier, a distinguished Californian, who tells us that if we appropriate this money he will be a candidate for the position of director general that will pay \$15,000—

Mr. BLAND of Indiana. Between \$10,000 and \$15,000.

Mr. STAFFORD. No. The language of the resolution is—

That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than \$15,000 per annum, and not more than one person shall receive a salary in excess of \$10,000 per annum.

Taking the language as it is, I will warrant that he will receive the maximum of \$15,000. Then these other five additional Representatives are to receive \$7,500 each. The Senate provided for only three, thinking that the two additional could perform the social duties down there without pay. Now, because Brazil happens to have expended \$600,000 at the St. Louis Exposition and has spent some other hundreds of thousands of dollars at real international expositions lasting for months and months we are called upon for the first time to adopt a different policy from what we took in the cases of Argentina, Ecuador, Peru, and Chile, and instead of merely voting \$40,000 or \$50,000 for the expenses of a delegation to represent our Government at their centennial expositions, we are now going to vote to authorize a million dollars, of which \$100,000 is to be for a monument to be donated and \$500,000 is to be for a two-story building of structural steel and of ornate stone construction, according to the hearings, that is to be left there for private use after the seven weeks' great international exposition in Brazil concludes. I ask you, is that consistent with a policy of economy under existing conditions? The country is clamoring that the expenses of the Government should be curtailed. What is the reasonable thing to do? Of course, we want some representation down there. We want to accept the invitation of Brazil. We have never declined to accept the invitations of these other South American countries to participate in similar celebrations; but as a matter of policy, can we vote an appropriation for a building, as much as was expended in San Francisco? Why, all we expended in San Francisco for a building was \$500,000, and the total expenditure at San Francisco for the entire seven or eight months of the exposition was only \$1,174,000. Are we not going a little bit wild in our expenditures? In Paris we spent only \$500,000 for a building, and our total expenditure for that eight months' exposition was \$1,400,000, of which \$593,000 was for salaries.

Let us be a little bit reasonable. Let us get our bearings. Of course we want to retain the friendship of Brazil. Of course we want to retain the friendship of all the South American countries; but if we provide for a reasonable Government building, where our Government exhibits may be properly housed, if we adopt a policy under which our American exhibitors can place their exhibits in the building to be erected by Brazil, rather than to erect a building exclusively for American manufactures, are we not going, even then, pretty far? How can we justify before the eyes of the country the voting of \$1,000,000 or the authorization of \$1,000,000, when \$100,000 of it is for a monument to be turned over to Brazil and \$500,000 for a two-story building of steel and stone construction? The building that we erected in San Francisco was not a two-story building. Most of the Members here were at the San Francisco exposition. The building there was merely a one-story structure. Just because the commercial attaché, who reflects perhaps the wanderlust of some of these commercial representatives of the Government, wishes to make a very ostentatious showing down there at this exposition of seven weeks from September 7 next to November, we should not be called upon to vote money so freely and without any warrant, as is proposed by this bill. [Applause.]

Mr. Chairman, I reserve the remainder of my time.

The CHAIRMAN. The gentleman from Wisconsin reserves one minute.

Mr. BLAND of Indiana. I yield five minutes to the gentleman from Kansas [Mr. LITTLE].

Mr. LITTLE. Mr. Chairman, the gentleman from Wisconsin [Mr. STAFFORD] very aptly observed that the question now is whether we shall make a radical change in our attitude toward South America. Between the Rio Grande and Puntas Arenas are the richest undeveloped natural resources in the world. There is no place on earth where the United States has such a chance by a little advertising to cement the friendship of a people and open up a line of business that will bring back to us such a return of untold wealth. I am in favor of making a radical change in our attitude toward the South American countries and am in favor of going after that business. [Applause.] The time has come, gentleman, when we ought to quit wasting our money on purely idle expenditures to send diplomats to foreign countries for mere social and ornamental purposes and when we ought to be able to present a plan of expenditure that will bring something back for it. Twenty-five or thirty years ago Gov. Tom Osborne, of Kansas, had been for four or eight years minister to Brazil. A young man from our State was appointed to the diplomatic service elsewhere, and he went down to see old Tom and asked him, "What did you have to do?" Gov. Tom said, "Not a thing." He used another little word in there, but in view of recent occurrences I will not put it in. [Laughter.] The young man asked him again, and he said,

"Not a thing." I think it is time, gentlemen, that our representatives to a South American Republic like Brazil, the next to the biggest Republic in America, should have something to do. Right now Brazilian opportunity is knocking at our door. Rio de Janeiro simply asks reciprocity for the millions they expended when we made a similar call on them. The ships rotting in our harbors could readily establish a line to Brazil, to continue until this world's exhibition closes. We pay men \$10,000 a year and more who are mentally overtaxed if they count our mighty navies once a year—mere depositories for squandered salaries. Why not start something, gentlemen, that has a chance to win and send these ships for a time on round the Horn to Valparaiso, Callao, Guayaquil, Panama, and home again? We could hardly spend much more than we are losing now, and we might achieve incomparable and unsurpassed results of conquering the commerce of a continent. Here is a chance to present to the people of Brazil the resources of this country which are at hand to supply all their necessities, a chance to develop trade and to advertise to our biggest sister Republic the vast mercantile and manufacturing enterprises, which should be transforming and shipping to the four quarters of the globe our mining, stock, and farm products. "Let's go!"

The world's fair at Chicago and the world's fair at St. Louis did more to advertise this country than any thousand books that were ever written about it. They gave the people of the world a better idea of what we could do, and gave us a better idea of the people of the world whose trade we want here than we could have secured in any other way. Similar results will be attained if we go to Brazil and make a good advertisement there.

Mr. KNUTSON. Is it not a fact that we spent \$1,400,000 at Paris, and that the exposition at Rio de Janeiro offers to us an infinitely better opportunity to enlarge our trade?

Mr. LITTLE. Certainly. Every dollar that we sent to Paris was as much wasted as if it had been poured into the ocean, as far as practical results were concerned. Every dollar that we send to South America will bring us back 1,000 companions if it is intelligently used. If you went to the world's fair at St. Louis, you saw that every country represented there exhibited to you something that challenged your attention to its resources and opportunities. That is what we must do in Brazil. We have never done it. We need a radical change in that regard. We need to reach out and get in touch with them. We need to make them see that we are their friends, that they can do business with us, and that there is something in it. I wish we would maintain a permanent exhibit at the capital of each Spanish-American Republic. That would pay in dollars and in cents. If you went to the world's fair at St. Louis, you saw that the most magnificent feature of all that grand exhibition was the German Empire's wonderful display of all its people could do and all it had to offer the world for a price. The Kaiser spent millions of dollars there to show the people of this country what they had in Germany that we could use, and they built up more trade out of it than any other country in the world has ever built up with another nation in the same length of time. Advertising pays. Getting in touch with your neighbors and customers pays. We could not spend a million dollars better than in going to Brazil and showing its people all that our mines and factories and merchants and farms can furnish them at reasonable rates, and in convincing them that here they would find the friendliest market, the squarest deal, and the best customers for what they have to sell, and to teach them to come and buy from us and for us to go and sell to them as this opportunity affords. I hope that we will build a \$100,000 monument there. I hope we will glowingly picture on it America's invitation to them to come here and get acquainted with us, and I pray it may stand there a thousand years to tell the people of Brazil that Americans are interested in them and want to do business with them. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield to the gentleman from Tennessee [Mr. DAVIS] such time as he may desire.

Mr. DAVIS of Tennessee. Mr. Chairman and gentlemen, no country has been more consistently and cordially friendly toward the United States than has Brazil. In establishing their Republic and adopting a constitution, Brazil very closely followed the Constitution and form of government of the United States. Brazil has manifested her friendship and admiration for us in many ways. For instance, she remained neutral with respect to the World War until the United States declared war, when she promptly followed suit, taking her place beside the United States, as did most of the other South American Republics. Brazil has accepted the invitation of the United States to participate in eight different American expositions, at an aggregate cost of more than \$3,000,000. Now that Brazil, the largest republic in South America, has invited our Government to participate in an international exposition to be held in Rio de

Janeiro for the purpose of commemorating the centenary of the independence of Brazil it occurs to me that we should accept the invitation and make provisions for an appropriate exhibit.

When President Monroe very properly enunciated his famous "Monroe doctrine," now universally recognized and respected, we took the young republics of South America and Central America under our paternal care and protection. They have since been our friends, and it is highly important from political and military standpoints, as well as from a commercial standpoint, for us to maintain friendly relations with all the republics of South and Central America. This is all the more important, in view of the fact that by deserting our allies in making peace we have at least cooled the ardor and friendship of the European nations.

However, it is useless to undertake to maintain cordial relations with the South American Republics and to hope to continue trade relations and friendly intercourse with them if we are to build such a high tariff wall around this country that our South American friends will be unable to trade with us. They can not and will not buy our surplus products unless we will and can buy some of their surplus products. They produce many commodities which we need, and we produce and manufacture many commodities which they need. However, if we are to pursue the policy embodied in the Fordney tariff bill, their trade will all turn to Europe. Our trade with South America should be fostered instead of destroyed. Until recently our trade balance with South America was in our favor, but it is being materially reduced by the so-called emergency tariff law and by the prospect of the passage of the Fordney tariff bill. The South American countries are deeply resenting a policy of this kind on the part of the United States, as has been manifested in numerous cases. Along that line I submit a letter received from one of my constituents inclosing a letter from a large firm of exporters inclosing memoranda, all of which are self-explanatory, to wit:

TULLAHOMA, TENN., October 5, 1921.

HON. EWIN L. DAVIS,
Member of Congress, Washington, D. C.

DEAR MR. DAVIS: We are inclosing herein a copy of a letter from our export representatives, W. J. Kingsland & Co. (Inc.), of New York.

The writer knows from his personal visit to Argentina, Uruguay, and other countries that W. J. Kingsland & Co. are very reliable, conservative, and a long-established firm in these and other countries. So we feel sure that the views reflected by their representative is expressive of their true feelings and the conditions in Argentina, so we respectfully call your attention to same. When conditions are normal we ship quite an amount of goods to Argentina, Uruguay, South Africa, Australia, and other foreign countries, and the development of this business is dependent to a great extent upon the feeling in these various countries, which is sometimes very strongly aroused by legislation in the United States regarding tariffs against their goods, etc. We merely offer this for your consideration, and are not trying to tell you just what is the best policy, as you, doubtless, have more and better information than we have; but we, along with other exporters, would like to see the United States hold and develop the foreign trade which we feel is justly ours when we go after it without hindrance or opposition aroused by Government policy.

The writer saw a wonderful field for many classes of American goods in these South American countries in 1917, and knows that by friendly cooperation and good Government policy the United States can derive great benefits from this territory.

With kindest regards, we are,
Very truly,

CAMPBELL & DANN MFG. CO.,
Per D. B. CAMPBELL.

NEW YORK, September 19, 1921.

CAMPBELL & DANN MANUFACTURING CO.,
Tullahoma, Tenn.

GENTLEMEN: We beg to inclose herewith extract of cable from the Argentina-American Chamber of Commerce, as well as extract of letter from Mr. Ebersole, received by last mail, which we thought would be of general interest to you.

Yours, very truly,

W. J. KINGSLAND & CO. (INC.),
M. E. KINNEY, Secretary.

CABLE MEMORANDUM FROM THE ARGENTINE-AMERICAN CHAMBER OF COMMERCE, BUENOS AIRES.

General situation: The high price of the dollar coupled with the high tariff policy of the United States, is furnishing a basis for regular and strong attacks on American business in Argentina. A small section of the press is constantly occupying itself with what it terms "The downfall of American commerce in Argentina."

The alleged unfriendly customs policy of the United States is also furnishing an opportunity for these assaults. Such writers assume that American business men here will find further trade impossible as a result of such legislation as the Fordney law.

To enable American business to continue to expand in Argentina, La Nacion, which is usually friendly to American interests, states that the following factors are of vital importance: First, the organization of channels for complete trade information; second, the study of economic conditions; third, the facilitation of credits; and fourth, a friendly customs policy which will eliminate risks and serious variations in exchange rates.

EXTRACT OF LETTER FROM MR. EBERSON, BUENOS AIRES, REFERRING TO VISIT TO ROSARIO.

I recently visited Rosario. There is little to report concerning conditions there that are any different from here. Everybody has the same complaint to make and everything American is tabooed. You are received with scant courtesy, and only the many years' relationship we have had gives us a little more polite treatment (although with apparent irony everywhere).

The feeling is to do Americans and their interests in every way possible that is short of murder. Goods, though, are getting short, and things will change, but words are just wasted in an effort to induce business at this time for the States. Little by little this will be overcome by dire necessity, but meanwhile the animosity shown Americans is enough to make one swear, and no one can appreciate the present conditions unless on the spot.

The frame of mind of the citizens of Argentina is typical of the attitude of the citizens of other South American Republics. They treat the tariff legislation referred to as not only destructive of their trade with the United States, but also as a manifestation of hostility.

At this point I wish to insert in the RECORD a letter from the Casey-Hedges Co., of Chattanooga, Tenn., explaining the effect of the Fordney tariff bill upon our trade with Cuba:

CHATTANOOGA, TENN., October 10, 1921.

Hon. EDWIN L. DAVIS,

The House of Representatives, Washington, D. C.

DEAR CONGRESSMAN DAVIS: As manufacturers exporting normally about 40 per cent of the products of both our boiler shop and gray-iron foundry to the island of Cuba, we are more than apprehensive at the tremendous increase proposed in duty on sugar shipped from the island of Cuba into the United States, and as Cuba is a protégé of the United States, we feel that no legislation should be passed that would in any way stifle the marketing in a profitable manner of her largest source of income, which, as you are aware, is sugar.

At least 90 per cent of the heavy sugar and other machinery that was previously furnished by England, France, and Germany (up until a few years ago) is now exported from the United States, which is loaded in cars in the yards of the respective American manufacturers and goes through direct in original cars to all points on the island of Cuba via the Flagler ferry system from Key West, with daily sailings from Key West.

We understand that the Fordney bill proposes to increase the tariff rate on Cuban sugars not less than 60 per cent, which will make a material increase in the cost of sugar to every American household.

Eliminating any personal, selfish reasons against the proposed increase, our company has approximately \$125,000 outstanding on the island of Cuba, and not a single one of our customers can raise sufficient ready cash to pay the interest on these obligations. In consequence, we feel that the sugar tariff should be put back where it was previous to the passage of the emergency bill, viz, 1 cent for Cuba.

Asking that yourself and associates kindly give these recommendations extraordinary consideration, we are, with continued regards,

Very sincerely, yours,

THE CASEY-HEDGES CO.,
T. H. JOHNSON, General Manager.

It is needless to state that the Cuban Government and people are bitterly protesting against the high tariffs imposed by the Fordney bill in so far as it affects Cuba.

It is a matter of common knowledge that our good friend Canada, one of our very best customers, is likewise bitterly protesting against the Fordney tariff bill.

The policy of the Fordney tariff bill is to increase our trade by sandbagging our customers. I do not subscribe to any such doctrine, and it is quite evident that our customers and late friends do not appreciate such a policy.

Mr. LANHAM. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. SWANK. Mr. Chairman and gentlemen of the committee, I believe in an economical administration of the affairs of government, and the people are demanding economy as never before, but they do not ask unwise economy. They want the products of America advertised and demand access to the markets of the world. They are overburdened with taxes, and in some sections, where they felt the blight of the boll weevil, many are wondering where they will get the money with which to pay their taxes. My record on economy will compare favorably, I think, during this session of Congress, with that of any other Member. We must cultivate friendly relations with the other nations of the world and not lose any of our friends. The products of our farms and factories are more than we consume, and we must find an outlet for these goods and create greater markets. We can not isolate ourselves from the other nations if we continue our leadership in the affairs of the world. Isolation leads to barbarism and cooperation to civilization and progress. Large sums of money are contributed and expended through the churches of this country for the purpose of sending missionaries to foreign lands to spread the doctrine of Christianity among other people, and it is money well spent. It enlarges the influence of the church. These missionaries do not isolate themselves at home, but brave the dangers of the savage and disease to carry out their work. By thus enlarging

the sphere of their activities they increase the usefulness of the church and bring good cheer and better living to many places which otherwise would be left alone to suffer and advance further in their idolatry and barbarism. These churches also spend large sums of money to maintain schools in these foreign fields, cultivate the minds and morals of these people, and teach them our methods of living. They are doing a wonderful work, not alone for the church but for their Government as well.

I am supporting this bill because I believe it means much good for the United States. Brazil is the largest country in South America and the most important, politically and economically. It has an area about the same as our own country. Its population is about 30,500,000 and it is a country with great possibilities for themselves and our own people as well. Our Constitution is the basis for their fundamental law and they have always been our friends. Soon after we entered the World War Brazil declared war on Germany and sent battleships to Europe. They are great believers in the Monroe doctrine and appreciate our assistance to establish their own form of government. We can not afford to offend this great country when they have gone out of their way to cultivate our friendship. Our export trade with Brazil is growing all the time, and for the years from 1911 to 1920 is as follows:

1911	\$28,853,819
1912	40,591,519
1913	39,901,203
1914	23,275,894
1915	33,952,551
1916	47,669,050
1917	66,157,952
1918	57,391,417
1919	114,696,309
1920	156,740,365

The principal articles of export from the United States to Brazil for the calendar year 1920 are as follows:

Agricultural implements	\$1,268,357
Brass plates, sheets, etc.	696,320
Corn, corn meal, flour, and cereal preparations	76,086
Wheat and wheat flour	16,597,974
Automobiles and parts	11,097,081
Railroad cars and parts	768,835
Cement	1,555,124
Chemicals, dyes, drugs, and medicine	1,404,025
Medicinal and pharmaceutical preparations	863,020
Clocks and watches	398,395
Copper	1,747,972
Manufactures of cotton	5,082,705
Electrical machinery and appliances	4,952,652
Leather	5,052,955
Condensed and evaporated milk	545,325
Phanos	257,682
Spirits of turpentine	648,817
Mineral oil	12,724,257
Books and paper	3,493,532
Lumber	1,438,532
Manufactures of wool	437,271
Iron and steel	43,378,131

The Committee on Industrial Arts and Expositions has conducted hearings, and the amended bill was reported out unanimously. We heard the author of the bill [Mr. LINEBERGER], who has visited extensively in the countries of South and Central America. We also heard other men who had an extensive acquaintance in that country, as well as a representative of the Department of State of our own country. The committee carefully considered the bill and thought it should pass as amended. At the end of section 2 the committee inserted in the original bill the following:

Provided, That the executive department of the Government may designate officials or employees of their respective departments for service in connection with said commission, but no such official or employee so designated shall receive a salary in excess of the amount which he has been receiving in the department where employed, plus such reasonable, additional allowance for expenses not now authorized by law as may be deemed proper by the Secretary of State in view of the fact that service is to be performed in a foreign country: *Provided further*, That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than \$15,000 per annum, and not more than one person shall receive a salary in excess of \$10,000 per annum, and not more than three persons shall receive salaries in excess of \$7,500 per annum.

The committee also inserted a provision at the end of section 9 as follows:

Provided, That no indebtedness shall be incurred hereunder in excess of said amount herein authorized to be appropriated. This is notice to the departments that Congress expects all expenses of this exposition to be paid from this appropriation and will not stand for a deficiency appropriation.

Mr. Chairman, I am not for the passage of this bill simply for the reason that the Department of State and the President want it enacted, but, like the other members of the committee, I think that it would be very unwise at this time for the bill to be defeated. We all have our own opinions, and I give every person this right as I exercise myself at all time. I find no fault with any person who thinks he should not support this

bill just because the committee recommended the same. I am always willing and glad to cooperate with the President and the departments in the enactment of good and useful measures. I think that a failure to pass this bill would be a false economy. Its passage means much to our Government, our people, and will be worth many times the cost. When we first met to consider the bill some of us thought that \$1,000,000 was too much and that we should get along with a less amount, but if we were going to make an appropriation for this exposition we did not want the amount stunted. The original bill left the fixing of the salaries of the commissioners to the Secretary of State. We thought the amounts should be fixed in the bill. I believe the committee realizes the fact that the commissioner general will naturally be required to spend a lot of money from his own pocket. He will be a special representative of the Department of State of this Republic and will be received as such in the Republic of Brazil. The salary will run but a short time.

At the Louisiana Purchase Exposition the Republic of Brazil spent \$600,000, and she has appropriated something like \$2,500,000 to be represented in the United States at our various expositions. She did this for the purpose of cultivating closer relations with us, to bind the ties of friendship more closely, and for the further purpose of advertising her products and increasing her trade.

This bill will do much good in this country in addition to strengthening our relations with Brazil. Most of the money appropriated will be spent in this country, and we certainly need more in the country at this time. It will assist in creating a market for our products, will help to furnish labor for some of our people as well as aiding the work of the factory and the shop. The bill authorizes the Secretary of Agriculture to collect and prepare suitable specimens of the agricultural and forestal products of the several States of the Union for exhibition at the exposition. This will show the people of Brazil our leading agricultural products and will stimulate the market there for these products. The Secretary of the Interior is authorized to collect and prepare an exhibit of the mining industry of the United States, and that will advertise the products of our mines. The other great nations of the world will be there with suitable exhibits, and we should be surpassed by none, especially at a time when there is a great race for the markets of South America as well as a greater cultivation of their friendship.

Yes, Mr. Chairman, I am for economy, but will not vote to stint appropriations that will assist greatly in developing our trade. I believe in liberal appropriations for the Departments of Agriculture and Commerce, as I do for good roads. Who would oppose an appropriation for good roads on account of economy?

The Department of Agriculture is the department of the farmers and producers of the country. Some time ago we passed the budget bill and made an appropriation of \$225,000 for the purpose of administering the law. It carried a large appropriation, but we thought it best for the Government and also thought that much money would be saved by the enactment of the law and a proper administration of the same. That bill was not a political measure, and on the final vote 344 Members voted for the bill, 9 against its passage, and 76 not voting. I do not believe any Member of Congress would have voted for the budget bill just for the purpose of giving some politician a job, but I believe they voted for the bill as a measure of economy.

The first bill I introduced when this session of Congress convened April 11 was the farmers' warehouse bill, which carried an appropriation of \$100,000,000. Farming is the basic industry in this Republic, and when it is benefited all the people feel the results. Much can be done to stimulate agriculture. Mr. Chairman, we can live without factories and even without railroads, but we can not survive without the necessities of life, which come from the farm. We could well afford to clip \$100,000,000 from that \$500,000,000 appropriation to the railroads, which passed the House a short time ago, and use that amount for the purpose of building these warehouses I mention and authorize and direct the Federal reserve banking board to loan money on the warehouse receipts. Some Members might vote against such a bill by reason of economy, but I will always vote for the interests of agriculture as I see the right. While this warehouse bill carries an appropriation of \$100,000,000, it is indorsed by more than 125 farmer organizations in my State of Oklahoma, by the president of the Farmers' Union in Oklahoma, and also by the president of the union in the State of Arkansas. It also has the indorsement of many professional men who see the need of something to be done for this greatest of all enterprises. Some measures should not be opposed on the grounds of economy, and the bill now under consideration

is one of that nature. While I can not oppose this bill from the standpoint of economy, neither will I oppose it because the administration, which is different politically from the party to which I belong, desires its passage. When the administration is right, then I will support its measures and always hope for success to be the crowning achievement in public as well as private life. This is not a political question, but one for the judgment of the House and the individual Members.

This measure if enacted into law will do a great deal for agriculture and the business interests of the country, and we must at all times look after our interests in foreign countries. With our foreign relations reestablished, the channels of commerce opened abroad, and the freight rates reduced to a reasonable basis, we will then see a new era of prosperity. Mr. Chairman, permit me here to digress for a moment to say that the most pressing need in this country at this time is a reduction in our freight rates. It is impossible for business to rehabilitate with the excessive freight rates now in force. When the railroads charge more for freight than the selling price of the shipment amounts to, then something is wrong. The Interstate Commerce Commission should reduce the rates, and reduce them now. If the commission refuses to act, then Congress should take charge of the matter at once. The Interstate Commerce Commission is a creature of Congress and subject to its orders. Gentlemen of the committee, Congress should see that something is done and not delay. It lies within the power of Congress. If freight rates were reduced to a reasonable extent we would see the products of the farm moving, the railroads would be loaded with freight, the factory and shop would begin to hum with work and activity, work would be ready for the unemployed, and prosperity and happiness would again reign in this land. The farmers, laborers, business people, and all the public would realize that Congress is a potent body, able to function and to control to the fullest extent the creatures of its powers. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. PARKS].

Mr. PARKS of Arkansas. Mr. Chairman, I desire to use the few minutes allotted me to voice my protest against the unnecessary expenditure of \$1,000,000 for an exhibit at the international centennial celebration to be held at Rio de Janeiro some time in 1922.

I recognize that the quickest way to become unpopular in this House is to oppose the appropriation of the public money. However much I am opposed to this measure, and how thorough is my conviction that it is wrong to spend \$1,000,000 in this way, still when I sit under the spell of the delightful oratory of the lovable gentleman from Texas [Mr. LANHAM] I feel like the king of old when he said "Almost thou persuadest me." But when I recall the watchword of America, and the battle cry of the world is "economy," I can not give my consent to the passage of this bill that will waste \$1,000,000 of the country's money on a frolic in South America.

It is significant that the President of the United States is moved to ask Congress to spend this money and is supported in his request by the United States Chamber of Commerce, and I call your attention to the fact that this United States Chamber of Commerce is the same organization that arrogated to itself the right of leadership in bitter opposition to a bill providing for adjusted compensation for ex-service men, and while both the President and the Chamber of Commerce balked at spending money to the end that recognition of the services of our soldiers might be brought about, still they both urge Congress to appropriate \$1,000,000 for a useless purpose.

The principal argument urged in favor of the passage of this bill is that we may advertise our timber, agricultural, fisheries, and mining interests. In fact, whatever offense is committed in the waste of the public money is always laid at the feet of the farmer.

It is a well known fact that our forests have become so depleted that the situation is alarming and we are now compelled to go to Canada to get timber to supply the paper manufacturers and other users of timber. Then why advertise it?

Is it to make the demand for coal greater that the price may be higher to the consumer that we want to advertise our minerals?

Do we desire to make an exhibit there that will make the demand for fish greater when recently the testimony given before one of the committees of this House showed that the depletion in the supply of our fish, both shell and finny, is so great that the Government must take measures immediately, not only to protect the available supply, but to supplement it by restocking the waters to preserve a valuable article of food?

The Democrats of this House might with some consistency, though without justification, support this measure, but surely

no Republican can advocate advertising our resources and inviting the trade of any foreign country, and be consistent. When we spend a million dollars of the people's money inviting Brazil to buy our products they can not forget the fact that the Republicans of this House have recently passed a tariff bill that if enacted into law will exclude from our markets the products of the outside world. In one breath we invite Brazil to buy from us, and in the next breath we say to them that we will not buy from her. One minute we hand to Brazil a million-dollar invitation to come and buy of us, and the next we build a tariff wall around this country that forbids them to sell to us.

The gentleman from Michigan [Mr. FORDNEY] recently boasted from the floor of this House that he cared nothing for the foreign market—that he desired only to keep the home market, and if that be true then why should we spend a million dollars to advertise our products in South America in a bid for foreign markets? The truth about the whole matter is that the question of advertising is secondary. If we really wanted to advertise our products, and if we desired to show the rest of the world that we desired friendly relations with them, the best way to do it would be to enact such low tariff legislation that the markets of the world would be open to the American buyer as well as to the American seller.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman yield?

Mr. PARKS of Arkansas. With pleasure.

Mr. BLAND of Indiana. The gentleman knows that most of the products produced by Brazil we can not produce and most of them are on the free list, and also he knows the fact that that country gives a 20 per cent preferential tariff on the things that we ship them. Does the gentleman not think that we ought to cultivate that friendly feeling?

Mr. PARKS of Arkansas. And because of that 20 per cent preferential tariff you want to go into the pockets of the American people and take \$1,000,000 to be spent down there, mostly in high salaries.

I want to call the attention of the gentleman who has just preceded me, who comes from the great Empire State of the South—Texas—to the fact that in supporting this bill he advocates the payment of salaries of \$15,000 and \$10,000 and \$7,500 per annum to those who shall be selected to represent us at this centennial celebration, while the governor of his great State serves for a salary of \$4,000 a year; the governor and the chief justice of my State are willing to serve for \$4,000 a year and stand the expense of a campaign; the judges of the Federal court, the United States Senators and Congressmen draw no more salary for their services than the cheapest man to be hired at this exposition. The Chief Justice of the Supreme Court of the United States and the members of the President's Cabinet receive a salary of \$12,000 a year only and deem it sufficient. But when the Congress of the United States creates an office to be filled by appointment it provides for a salary of \$15,000 per annum.

A few days ago a gentleman stood here and asked, "What is a million dollars?" and that seems to be the spirit that pervades the atmosphere of this House when we begin to spend the people's money. It is true a million dollars is nothing to you gentlemen who have grown accustomed to spending a billion dollars without batting an eye, but to the overburdened taxpayer of this country a million dollars is worth saving.

This Congress was called together in extraordinary session to provide some relief from the iniquitous war-time tax measure under which we are now living. For eight months we have been here doing worse than nothing, creating jobs at enormous salaries and adding to the burden of the people, and yet no measure has been passed for the relief of the taxpayer. We are participating in a saturnalia of spending, and this Congress will go down in history as the greatest spenders ever assembled under the dome of the Capitol.

I sat appalled and was one of 15 who voted against an appropriation of half a billion dollars to build the greatest Navy that ever floated upon the sea, and that at a time of profound peace and when every other great nation of the world was crushed by an indebtedness and by the devastation of a terrible war that made it impossible for them to engage in another one for a generation to come. Not satisfied with that, you turned again to the Treasury and took \$75,000,000 and gave it to the Shipping Board, that had already spent more than \$3,000,000,000 of the people's money, with little to show for it. And you gentlemen on the other side of the aisle, with an overwhelming majority, claiming to have been elected on a platform of economy, created jobs in this Shipping Board, to be filled by appointment, with salaries of \$35,000 per annum.

You did this in the face of the testimony of the chairman of the Shipping Board that he did not know whether the Shipping Board would ever be profitable or not. I say to you, Mr. Chairman, that if we must blindly appropriate, not millions but billions of dollars for the maintenance of the Shipping Board, that we had better take these ships out to sea and sink them and go out of the shipping business forever.

I might in normal times make no complaint about the spending of a million dollars for a "show" in Brazil, but we must remember that we owe over \$25,000,000,000 that the American people must pay—that the ultimate consumer must pay. With this gigantic debt hanging over us like a pall, I marvel that men who come here from the people are willing to fritter away a million dollars of the people's money on a social function in South America under the plea of international courtesy.

Surely after we engaged in a war for the sole purpose of keeping the torch of civilization burning in the rest of the world, when we have given to the world's cause our boys and our billions, when we have said to the rest of the world through the Monroe doctrine that we are willing to give our men and our resources in order to keep inviolate the boundaries of the South American countries, it is not now necessary to give a million dollars to convince them of our friendship. It has been urged here that this must be done in order to continue on friendly terms with Brazil. Mr. Chairman, if a million dollars is the price of Brazil's friendship, I want to say to you that I am quite willing that Brazil may be dropped from our calling list. If America has not already given enough to the world to insure us the friendship of all nations, then we are not able to do it by the spending of more money.

No man can say that this extravagance will bring to the people generally any return in dollars and cents. Of course when we have taxed our people to build a half million dollar house on land that we must lease at a high price, we will have a splendid palace in which to house and exhibit the products of the automobile manufacturers, the products of the International Harvester Co., the packers, and other multimillionaire manufacturers who may desire to exhibit their wares at the expense of the taxpayer; but I am certain there will not be a corresponding return to the taxpayer.

And again, Mr. Chairman, I am inclined to think that when we levy a tax for any purpose we should have constitutional sanction for it. Nowhere in that sacred instrument do we find that Congress is authorized to levy a tax to bring in a fund to be spent on a "party" in Brazil or elsewhere; or that we can spend \$15,000 per annum for the salary of a commissioner to hobnob with the nabobs of Brazil in the name of the people. But what is to be expected of this "economical" Congress which, with a blare of trumpets, marches forth in a pretended defense of the rights of the taxpayer, holding aloft with one hand a banner inscribed "economy" and with the other reaching down into the Treasury of the United States and taking out \$500,000,000 of the people's money and turning it over to the railroads of the country—and this, too, at a time when millions of men were unemployed, when hunger and want stalked abroad like grim specters, when the laborers of every class were deeply concerned about the continued high cost of living, when the taxpayers from every section of the United States were lifting their voices in unison to Congress in an appeal for relief? You are answering their cries to-day by placing upon their backs the additional burden of a million-dollar donation to Brazil.

There is an old, old adage that if you save the pennies the dollars will take care of themselves, and I say to this House if you will save the millions the billions will take care of themselves. It is easy to spend somebody else's money, but if you gentlemen had seen the heroic struggle the average man in my State has made to bear his part of the burdens placed upon him by this terrible war; if you had gone into his home with him and enjoyed his hospitality; if you had seen him as he was compelled to send his children into the field to work instead of into the schoolroom to be prepared for the battle of life; if you had seen him deny his family many of the comforts of life that he might meet the demands and discharge the obligations that have been put upon him by those who are authorized to levy the national tax and spend the Nation's money as I have, his plea for economy and for relief would strike a responsive chord in every breast here, and this "show" in South America would be forgotten.

It may be, Mr. Chairman, that I have not caught step in the march to the Treasury and wasting the people's money has not yet become a habit with me, or it may be that I can not appreciate the grandeur and the splendor that this million dollars

may bring, but until the voice of the impoverished, struggling taxpayer ceases to ring in my ear in protest; until the picture of the heroic sacrifice of a splendid people struggling to discharge a war debt and to provide for those dependent upon them is blotted from my memory I shall continue to lift my voice in protest against wasting the people's money in any such manner.

Mr. BLAND of Indiana. Mr. Chairman, I yield five minutes to the gentleman from Maryland [Mr. HILL].

Mr. HILL. Mr. Chairman and gentlemen of the committee, the great port of Baltimore, largely located in the third congressional district which I represent, is vitally interested in the South American and especially in the Brazilian trade. Baltimore City is now spending \$50,000,000 of its own money in the development of its docks and shipping facilities. I have consistently voted for strict national economy, and I am against all needless expenditure, but the fostering of foreign trade was a chief purpose of the Constitution of the United States. To-day we need certain expenditures to foster our trade, and such expenditures are proper national economy. Trade revival is vital to-day.

Baltimore City will hold next summer a trade exposition itself, and it has a great and growing trade with Brazil. I am for this bill and I feel it a duty to my district to work and vote for it.

I am greatly influenced by what Secretary Hughes wrote the President. Among other things, he said:

I am inclined to the view that in these days of commercial rivalry, when American products are seeking foreign markets and foreign Governments are zealous and active in promoting the export trade of their nationals, every opportunity should be availed of to secure to American industrial interests equal opportunity with the industrial interests of other countries to bring their products to the knowledge of foreign buyers and to obtain the advantages which may accrue from competition in this way with their foreign rivals.

Moreover, on the invitation of the Government of the United States, Brazil has liberally participated in the large expositions held in the United States, notably at Philadelphia, Chicago, St. Louis, and San Francisco.

Again, to the gentleman from California [Mr. LINEBERGER] Secretary Hughes wrote:

I request, therefore, that a resolution be passed authorizing the United States Government to participate in the International Centennial Exposition to be opened in Rio de Janeiro, Brazil, on September 7, 1922, by exhibits to be displayed by various departments and branches of the Government; authorizing the appointment of a special commission to consist of a commissioner general and five commissioners, to have charge of arrangements for the participation of this Government and to represent at the exposition; and an appropriation to meet the expenses of the commission and of the United States Government's participation of not less than \$1,000,000.

The gentleman from Indiana [Mr. BLAND] in the committee report says:

The exhibit of Brazil at St. Louis Exposition cost \$600,000 to make and the deficiency appropriation was made of several thousand dollars to finish the work. The Brazilian building at the St. Louis Exposition was esteemed by many visitors as the finest building on the ground. The highest compliment ever paid the United States of America by a foreign country was when Brazil took down her building at St. Louis and removed it to Brazil, there erected it on the most prominent site in Rio de Janeiro, named it the Monroe Palace, and dedicated it to the Monroe doctrine.

So, gentlemen of the committee, I hope the bill will pass.

Mr. Chairman, it is interesting to hear statements in respect to economy, but this is a case of spending 5 cents to make \$1.

I yield back the remainder of my time.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. LANHAM. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, I am a member of the committee that reported this bill, and I am glad to say that we reported it unanimously. The gentleman from Texas [Mr. LANHAM], who is the ranking Democrat on the committee, discussed the matter with his fellow Democrats, I thought, in the proper spirit. We recognize that each administration has certain obligations that it has to meet; and we, as Democrats, take the position, which is an old historical position with the Democratic Party, that when it comes to matters of foreign affairs we let politics cease. If any Democrats have any doubt as to the wisdom of this then I say to them, try to put yourselves in the attitude of President Harding and Secretary Hughes. This invitation was extended to us, and we can not measure a question of this kind by dollars and cents any more than you can measure the social obligations of everyday life, the people you are thrown with, and their invitations by dollars and cents. There are two considerations now that make me in favor of this bill. We forget the partisan part of it, because I shall be frank and say that as a Democrat I adhere to the traditions of my party to always stand for that which is constructive. I do not want my party to sit like a feisty dog at

the side of the road barking at everything that passes by. I want it to have some constructive reason for everything that it does.

There are two considerations that move me and the other Democratic members of the committee to support the demand of the administration for this measure. One is sentimental and the other is a cold-blooded selfish one. From a sentimental standpoint, every man who has studied history and knows something about human nature knows that it is exceedingly wise in a free Government to foster a spirit of reverence for and a spirit of celebration of events that are historical in their nature, and to reciprocate in the celebration of those historical events.

When the centenary of the American Government was celebrated in Philadelphia, this great sister Republic of South America was not merely content to make a great exhibit there and send their commissioners there, but she paid us the compliment of sending the head of that great nation to meet the head of our Nation in the celebration of that historic event. Now, when they have reached the centennial celebration in Brazil, certainly the least that this great sister Republic can do is to first accept her invitation and provide for a proper representation down there and for a proper exhibit. To do less than that would be to fail in the ordinary courtesies which should control the relations of nations, and we would show a disrespect, a lack of comprehension of the courtesy that she showed us when she attended our centennial celebration. I do not care to put my Nation in that attitude.

Then when you come down to the selfish consideration, the future is not altogether settled, so far as international politics are concerned. I believe, and it is a cardinal doctrine of the foreign policy of America, in the Monroe doctrine, which has to do with South America. We all know that there have been certain efforts made by our competitors, to use a mild term, to stir up a feeling of suspicion amongst the South American Governments with respect to the Monroe doctrine. We all know that the line of development, economical and political, for the United States in the years that lie before us is to the south, in that great undeveloped continent of South America, and we all know that we are facing problems, whether we want to or not, and that interwoven with the future political complications of these great nations are South American politics.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, will the gentleman grant me five minutes more?

Mr. LANHAM. Mr. Chairman, I yield five minutes additional to the gentleman from Arkansas.

Mr. WINGO. Now, as a selfish proposition we are interested in maintaining the closest political relations with South America. Is there any man so little versed in the pending political complications of the earth who would challenge that statement? This is the key to South American politics; it is the great Republic of Brazil; it is the Empire of South America; it is the imperial State in that group of States; and, gentlemen, it would be an unwise policy for this Government deliberately to close the door in the face of the political key to the South American political situation for the purpose of economizing to the extent of a million dollars. Are you going to do that? I want to say to you that I was not willing, either as a representative of my people or as a representative of my party on committee, and least of all as an American citizen, to put myself in that attitude. Oh, you say, I care nothing about future political complications in which are involved the destinies of the United States; I care nothing about that except to build battleships, to build munition factories upon one hand representing one school of thought or else have a league of nations or an international association representing the other school of thought.

There is a further cold-blooded, selfish argument, and that is that this Nation has reached the point where it is going to realize the changed world's economic condition, and the increased rate of production which we discovered we were capable of in the exigencies and necessities of this late war. We have an overflow that is different from the problem that confronts a great many of the other nations. A great many of the other nations say, Where can we find territory for our overflowing population? That is the cardinal motive that is back of the Japanese foreign policy; that is the problem that confronts other nations. But it is just the opposite with us—not where we can find an outlet of an overflowing and overcongested population, oh, no; but where can we find an outlet for the surplus products of farm and factory upon which depend the economic happiness and prosperity of the whole American people? Whether you take the cotton mills of the eastern seaboard, whether you take the manufactures of Pennsylvania, whether you take the cotton fields of Texas and Arkansas or the wheat

fields of Iowa and Kansas, or the wonderful fruits of California and Florida, you have got to find an outlet for the surplus products of the farm and the factory. Down yonder to the south there is our natural, congenial, most profitable market. For God's sake, let us not blind our eyes with a theory of petty economy to the wonderful business possibilities of developing and cultivating that great market that lies down there. And it is ours if we but recognize the Latin sentiment, recognize their peculiar thoughts, customs, and ideas. There is a market there that will bring to the American taxpayer in profit and money a thousand times the paltry million that you spend there. That is the attitude, gentlemen, of one who thinks in a constructive way of the future of this great country. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BLAND of Indiana. Mr. Chairman, I yield five minutes to the gentleman from California [Mr. LINEBERGER].

Mr. LANHAM. Mr. Chairman, I yield the gentleman also five minutes.

The CHAIRMAN. The gentleman is recognized for 10 minutes.

Mr. LINEBERGER. Mr. Chairman and gentlemen of the committee, after the full and comprehensive manner in which this bill has been discussed, not only by those who are in favor of it but also on the part of the apparently small minority who are opposed to it, there is very little that I can add in the way of argument. In résumé of the capable arguments already presented by my colleagues in favor of the bill, however, there are certain points which I would like again to bring to the attention of the House. The letter of the President of the United States under date of June 27, 1921, quoted on pages 1 and 2 of the report of the committee, I think should go into the RECORD. That letter is as follows, and speaks for itself:

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

I transmit herewith for the consideration of Congress a report from the Secretary of State concerning the desirability of the Government of the United States participating in an international centennial exposition which is to open in Rio de Janeiro, Brazil, on September 7, 1922.

To the recommendations of this report I give my hearty approval. I trust the Congress will view the matter favorably and will make timely provisions to enable the United States suitably to participate in the exposition.

WARREN G. HARDING.

THE WHITE HOUSE, June 27, 1921.

Gentlemen of the committee, this puts before you in a very clear and succinct manner the attitude of the Chief Executive of the Nation. As has been said by those who have preceded me, this in no sense is a partisan question. The Presidents of the United States from time immemorial, charged, as they are, with the looking after of our domestic as well as our foreign affairs, have traditionally taken the position that in order to further our commercial and political influences in the nations of the world, particularly in those nations of South America who have adhered historically to the doctrine which has been mentioned here to-day—the Monroe doctrine—it is necessary that we recognize the rules of international comity and participate from time to time in expositions of this character. As I say, the traditional policy of the Executives of the United States, backed by the legislative body of the Government, is to participate in expositions such as this. It is my great pleasure to have spent 10 years of my life below the Rio Grande living in and traveling in Latin American countries, and I feel I know something of the psychology and temperament of the Latin American people, something of their spirit to emulate us and advance along commercial and political lines as established by this country.

The Brazilian people particularly have been our friends down through the years. As has been mentioned here to-day they sent their Emperor, Don Pedro the First, to the Centennial Exposition at Philadelphia in 1876 to represent them there, and they have from time to time taken part in every subsequent exposition of importance in this country since that time, having spent from three to five million dollars in erecting buildings, in transporting exhibits, and in adequate representation. Comity, courtesy, and reciprocity constitute the triumvirate of reasons which should stimulate us to take part in this exposition. Now, there are distinguished gentlemen here who have taken the opposite side of the question, men who no doubt are analysts of world affairs, gentlemen who will not for one minute dispute the fact that it is necessary for the United States for reasons of sentimental, commercial, and political considerations, both now and in the future, to take part in world affairs, and to participate properly from time to time in expositions of this character. Those gentlemen, sincere though they may be, I feel are acting under a misapprehension. I do not wish to mention anything or to even suggest an attitude which would rise to plague these gentlemen, or some of them at least, on account of their attitude

on this bill. But from the records I find that the sum of \$400,000 was appropriated in the no-distant past to the Provincetown and Tercentenary Expositions at Plymouth. I only regret I was not a Member of this House at that time in order that I might have given my vote to such a proposition. As a red-blooded American I approve of it. But strange to say, as was stated many years ago in this House in reply to the great economist Holman, then a Member, who objected to certain appropriations for matters of this kind, he was reminded, as I now remind my friend from Massachusetts [Mr. WALSH], "that the watchdog's bay grows faint as he nears home." [Laughter and applause.] I do not believe that this House should consider this matter from any standpoint other than a national standpoint. It is certainly not partisan, and should not under any circumstances whatsoever be considered from a provincial standpoint.

The President of the United States undoubtedly would be greatly disappointed, the American people would be greatly disappointed, and, most of all, our own interests would suffer the greatest detriment should this bill as recommended by the House committee not be passed. It is a matter not only of sentiment but of business—cold-blooded business, if you please—because if we do not do our part, do not authorize a sufficient appropriation to cover the expenses of adequate representation there, it will be held against us by the Brazilians and provide a powerful weapon of criticism for our competitors.

I understand that other great powers are to participate, namely, England and France among others. England, so I am reliably informed, is to spend 200,000 pounds sterling upon this exposition. Only yesterday we were discussing the vital question of the refunding of our national debt, and what I am about to say I do not say in depreciation of our friend and recent ally, Great Britain, but despite the fact that the great nation to which I refer owes us billions of dollars to-day, she still sees fit—and I think it a proper action from her viewpoint—to spend £200,000, or \$1,000,000 approximately, in order to participate in this exposition, and no doubt the results which she expects to achieve will operate to our detriment financially as well as politically if we do not take part in the exposition on a scale equally commensurate with our resources and prestige as a great Nation.

Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. LANHAM. Mr. Chairman, I yield the remainder of my time to the gentleman from Texas [Mr. JONES].

The CHAIRMAN. The gentleman from Texas [Mr. JONES] is recognized for 13 minutes. [Applause.]

Mr. JONES of Texas. Mr. Chairman, during the past few years we have been regaled with numerous discussions of the merits of nitrate plants in general and of one in particular. These speeches have ranged from panegyrics to lamming criticisms. In between we have had some very learned and informing discussions of the subject. Not knowing much about the arc, the Haber, or the cyanamic process, I have listened to the debates with a great deal of interest. I would listen to one side and come to the conclusion that the safety of the Nation depended upon Muscle Shoals and that the seat of the farmers' hopes was located on the banks of the Tennessee River. Then some opponent would so juggle the technical and scientific facts as to make it appear that the whole scheme was one of public waste and extravagance.

One of the most persistent critics of the entire Tennessee River or Muscle Shoals project has been the gentleman from Ohio [Mr. LONGWORTH]. He has been bitter, vitriolic, bellicose, and belligerent. On September 14, 1917, in speaking on the subject in this House, he used the following language:

The project involved the most uncalled-for and indefensible waste of the public money that I have ever known since I became a Member of Congress. (Sept. 14, 1917.)

That kind of language was calculated to make one think that the gentleman was very much in earnest and that safeguarding the Public Treasury was his supreme and first concern.

Again, on April 4, 1918, the gentleman made another speech, from which I take the following:

I myself have come to hate the words "Muscle Shoals" almost as much as I hate the word "camouflage," though I am bound to confess there is in certain phases of this proposition a distinct relationship between the two terms. The conditions are that the more or less patriotic landowners in the vicinity of Muscle Shoals are trying to hold up the Government. Not satisfied with the fact that something over \$125,000,000 is proposed to be expended in that locality, they are engaged now in profiteering, and if there is any meaner kind of profiteering than holding up this Government in the purchase of land around military posts I have yet to find it. (Apr. 4, 1918.)

That language does not indicate that the gentleman had changed his mind. In fact, one would gather that he felt that if he could just save the United States from the danger of this awful enterprise his happiness would be complete, and if he

could just lift from the shoulders of the Nation the grinding load of Muscle Shoals his place in the sun would be earned. But again he had something to say on February 25, 1921, from which I quote as follows:

Now, it does not make any difference whether they expend \$10,000,000 for the dam or \$12,500,000 to equip the plant. The two things are the same. They are both entering wedges for the expenditure of one-quarter of a billion dollars of the people's money to furnish cheap water power for a few select individuals. That is all—this thing amounts to. [Applause.] (Feb. 25, 1921.)
I will do everything in my power decently to help the South, but I balk at doing it indecently. (Feb. 25, 1921.)

In the meantime, with some misgivings, I had supported the project; but after hearing this last philippic I could almost imagine myself floating down the Tennessee River a political shipwreck, without chart or compass, hopeless and helpless, all because of that vote.

But on July 2, like a bolt from the clear sky, that manufacturer of flivvers, that genius of finance, that organizer par excellence, Henry Ford, made the Government a proposition that he would take the whole thing off the Government's hands by paying, during a period of 100 years, the sum of \$214,000,000, which included an annual rental of \$1,200,000 for the entire hundred years. When I heard—

Mr. CLARKE of New York. Will the gentleman yield?

Mr. JONES of Texas. I will.

Mr. CLARKE of New York. Do I understand you intend to connect up Muscle Shoals with the Rio de Janeiro exposition?

Mr. JONES of Texas. Not in the least. But we heard so much of the discussion concerning Rio de Janeiro I thought a little surcease from it would constitute relief. I do not wonder that some people do not like to listen to a discussion of Mr. Ford's proposition, but I am sure the gentleman from New York does not come within that classification.

When I heard of this offer I thought here is a chance for the Government to get rid of this perennial contest and to finally settle one big issue. The one man among the opponents who had fought this proposition from the beginning, who proudly boasted of the fact that he had fought every appropriation in connection with it for a period of 10 years, and who I thought would rush to the floor with a maddening speech, urging that the proposition be accepted before the ink was cold, was the gentleman from Ohio. During all these years he had had one nervous rigor after another when commenting on the awful burden which had been placed upon the United States Treasury, and when he contemplated the increased expenditures of the future he grew purple with rage. Time after time he had frantically protested that the whole proposition would be a bundle of junk on the hands of the Government and that it would be a millstone about the neck of this growing Republic.

Mr. LINEBERGER. I am very much interested in the gentleman's talk, and I would like to know to what gentleman from Ohio he refers?

Mr. JONES of Texas. The gentleman from Ohio, Mr. LONGWORTH. I thought everyone knew he had been combating this enterprise. In the complex business of this House there are not many things that are certain, but one thing seemed as certain as the sunrise, and that was that one of the flaming advocates of ridding the Government of this whole proposition would be the gentleman from Ohio, but for some reason he has been strangely silent. During the long weeks that have widened into months not one word has escaped his eloquent lips. When one recalls the bitter words he used from time to time with reference to this project, the natural thing to expect was that he would jump at an opportunity to rid the Government of even a small part of the expenditure or even at an opportunity to throw away what had been appropriated heretofore if the prospective appropriations could be eliminated. Yet here was a chance for the Government to get back everything with a guarantee for the future. The ordinary thing to expect not only from him but from all of the opponents of the proposal would have been an urgent insistence that the proposition be immediately accepted. But the outburst of oratory has not occurred; the flaming advocate has not spoken; the eloquent tongue has been silent. Oh, consistency, thy name is not Nicholas!

One must search elsewhere for a reason for the sudden cooling of the ardor of these gentlemen. Surely it can not be the financial side of the proposition, for here is a man who is financially responsible, who has the habit of putting things over, and who makes the Government an offer that almost staggers the imagination. Then what is the reason? Can it be that the little phrase that is couched in the body of the contract by which the company undertakes to guarantee that it will sell fertilizer to the farmer at such a price as to give assurance that the company will not make more than a profit

of 8 per cent on the investment, frightens those who have been selling fertilizer to the farmers?

Surely it could not be this, and yet not one other institution engaged in this line of business has ever offered to make such a limitation. Mr. Washburn, the president of the American Cyanamid Co., is authority for the statement that if Mr. Ford's proposal is accepted it will probably mean that the farmer will get his fertilizer hereafter for about one-half what he is paying at the present time. If that be true, not only would the Government be benefited by the acceptance of the proposition but the producers of the country's basic wealth would be favored. Under any circumstances the operation of this property by the Ford Co. could not increase the cost to the farmer. So, since the Government is so handsomely protected by the offer, why not do something that at least gives promise of reducing the expenses of producing the elemental wealth of the Nation?

For many years it has been the custom of men in public life and the habit of political parties to throw bouquets at the farmer. They have proudly referred to him as the backbone of the country, as the stay of the Nation, the hope of the Republic. Here is a chance and an opportunity to make good on these protestations, for Mr. Ford's offer contemplates evidently not only the permanent operation of this plant but the establishment of other kindred industries which will further develop and enhance and enrich the undeveloped resources of a large part of the United States.

Not only is this true, but there is embodied in the contract also a stipulation that in the event of war the plant is to be turned over to the Government. Now one of the lessons that we learned in the war that has just closed is that chemistry plays a large part in the carrying on of a modern war. We spend great sums of money on the Army and the Navy, which do not produce anything except protection to the country. They are not intended to be money-making propositions. But here is a project that a man who is a successful business man suggests, in connection with which he makes a tempting offer to the effect that he will maintain the plant in perfect condition so that in the event of war the plant will be ready to manufacture a vital war necessity. In the meantime he offers to maintain the plant in full operation and without any expense to the United States Government.

I can see no real reason for a delay, at least of action on this proposition. In the nature of things it could not be expected to stay open indefinitely. In fact, the offer asks that early action be taken. This is the first proposition that I know of where the Government has a chance to come out in one of its institutions, and at the same time to benefit a large number of citizens of this country.

There are those who balk when it comes to enacting legislation that has for its primary purpose the furtherance of the interest of agriculture. There are those who smile knowingly and even cynically when anyone assumes to speak in behalf of the producers of the basic wealth of the Nation. But I want to say to you that all the boasted industrial wealth of the United States, all the wheeling spindles of the factories that sing by the streams of this broad, big country, all the skyscrapers that mark the prosperity of the Nation are alike dependent upon the ultimate success of the producer. If he fails all must suffer. If he goes down your industrial smokestacks will rust in idleness; the bats will occupy your factories and gloom will settle over the commerce of the Nation. The prosperity of the farmers and the manufacturers are inextricably interwoven with the success of the Nation. If the producer prospers the entire country will ultimately flourish and success will crown the efforts of those who are industrious. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLAND of Indiana. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. FAIRFIELD].

The CHAIRMAN. The gentleman from Indiana is recognized for five minutes.

Mr. FAIRFIELD. Mr. Chairman and gentlemen of the committee, Brazil has already spent in the aggregate \$3,000,000 in expositions that have been given by the United States Government. The comity of nations would require that we make some appropriation for the purposes of the exposition to be held in Rio de Janeiro. I think that no man would say that it would be good economy to deny a recognition of a request by the Brazilian Government. The only problem is as to whether the appropriation shall be held so close in amount that it will barely come under what may be denominated as respectable, or whether you are going beyond, that we shall make an investment in Brazil in making an appropriation that will adequately represent the important commercial relationship which we do sustain and which may be largely increased. It is not pri-

marily an expense; it is an investment, and I would be glad if the appropriation were large enough, so that when the people of the various cities of Brazil come to Rio de Janeiro their imagination would be struck by the character of the buildings, by the character of the commission, by the largeness of the representation of our business men, until they would actually feel that the great Republic of the north recognized them as equal and worthy of every attention that we could pay them. It is a matter of good, hard business sense when we go beyond the limit of what mere decency would require.

I had occasion just recently to have in my home as a guest one of the commanders of the American Navy who had recently been in South America and in one of those little countries down in Central America which had been celebrating its independence. His ship had been ordered there to represent the Government. Those people in the smaller country felt that this Government was not adequately represented. They were sensitive, and Brazil will be sensitive when its representatives realize that, after having expended \$3,000,000 on expositions in this country, the American Congress would not appropriate \$1,000,000 to meet them on an equal plane. I think there is no reason indeed, gentlemen, why this bill ought not to pass. [Applause.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. STAFFORD. Mr. Chairman, I yield back one minute remaining to me to the gentleman from Indiana [Mr. BLAND].

The CHAIRMAN. The gentleman from Indiana is recognized for one minute.

Mr. BLAND of Indiana. Mr. Chairman, I merely wanted to correct one or two statements that have been made in this debate. The gentleman from Wisconsin [Mr. STAFFORD] made the statement that the President is not in favor of this resolution, or, rather, that there is nothing in the hearing that would indicate that he is in favor of it. I am sure the gentleman will correct that statement after looking over the RECORD, because clearly the President and the Secretary of State favor the passage of this measure, and have said so in language that can not admit of misunderstanding. The unanimous approval of the committee has been given to this bill; and surely if there were any serious objections to it some member of the committee would have withheld his support.

With reference to the \$1,000,000 appropriation, gentlemen, I want to say that the Committee on Appropriations will pass upon this authorization, because this bill will not appropriate; it merely authorizes. The Committee on Appropriations will have the power to make it less but not more than \$1,000,000. I am sure that the gentleman from Wisconsin [Mr. STAFFORD], who, with the exception of one other Member, is up to this time the only one who has shown hostility to the bill, would not have it understood that it is cut and dried that there will be a \$500,000 steel structure erected down there. There is nothing in the hearing to indicate that that is what they are going to do. There was a suggestion in the hearing that it cost \$500,000 to build the building at Paris. It has been suggested in the hearing, I think, and also in my statement here, that if we build a steel structure with a concrete foundation we can sell it and get something for it after we get through with it, and that overtures have been made to this Government along that line. That, however, is a question for the commission to determine; and I am sure that if you will pay the right kind of men sufficient salaries you can get men who can cause to be built down there a structure to the advantage of the United States. This committee has deemed it advisable not to pay excessive salaries. Something has been said here about the salary of the governor of Texas being only \$4,000. This service down there is for two or three months in the fall of the year, which is their spring. A man has to quit his business and go down there. It takes 17 days to travel to Rio de Janeiro and 17 days to return. Would you ask a poor man capable of being a commissioner to go for two months for less than one-sixth of \$7,500? It is most absurd to talk about breaking this Nation financially with such expenditures as this. The salaries last for only a short time.

Mr. JOHNSON of Mississippi. How much are the salaries?

Mr. BLAND of Indiana. The salary of the commissioner general, according to the amendment that the committee proposes, would be between \$10,000 and \$15,000, and the amount is left up to the Secretary of State within those limits. If you gentlemen are fortunate enough to know the Secretary of State, you will probably share the idea with me that nobody is going to get by with any very large salary.

Mr. JOHNSON of Mississippi. I have a very high regard for the Secretary of State.

Mr. BLAND of Indiana. The expenditure of this money is left up to him entirely.

Mr. LAYTON. Will the gentleman yield for a question?

Mr. BLAND of Indiana. I yield to the gentleman from Delaware.

Mr. LAYTON. As a matter of fact, in addition to the length of time that the commissioner may have to be present down there, will it not take really great business ability and sagacity and a great part of the time for a year in advance in order to assemble an exhibit commensurate with the dignity and resources of this country?

Mr. BLAND of Indiana. The commissioner, whether he is appointed in advance or not, will have the advantage of the assistance of the department heads, especially of the Department of Agriculture and the Departments of Commerce and Interior, as well as the other departments that expect to make an exhibit on behalf of this Government. I will say along that line that this bill authorizes the department heads to assign men on their regular salaries to this duty of getting up these exhibits, and I am sure that the talent already in the employ of the Government will be taken advantage of as much as possible.

The CHAIRMAN. The time of the gentleman has expired. All time has expired, and the Clerk will read the bill for amendment under the five-minute rule.

Mr. BLAND of Indiana. I ask unanimous consent that the committee amendment be read in lieu of the Senate bill.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the committee amendment be read in lieu of the original bill. Is there objection?

Mr. GARRETT of Tennessee. Mr. Chairman, reserving the right to object, let us see if we can have a full understanding about it. Does the gentleman desire the amendment to be read as though it were the original?

Mr. BLAND of Indiana. It is my idea that the committee amendment should be read instead of the Senate bill, because the committee recommended that the Senate bill be stricken out and the amendment substituted.

Mr. GARRETT of Tennessee. The thought that lies back of the question which I am asking the gentleman relates to the parliamentary situation. I think myself the amendment might very properly be read as though it were the original bill and be open to amendment as though it were the original bill. As the matter now stands, if I understand the parliamentary situation correctly, there are some amendments to be offered. At least the committee has one amendment.

Mr. BLAND of Indiana. The committee has one amendment. Mr. GARRETT of Tennessee. Of course that would be an amendment in the second degree, and any amendment to the committee amendment would be an amendment in the third degree and therefore not in order. I would like to see the bill read as though it were the original, and open to amendment as though it were the original bill.

Mr. BLAND of Indiana. Does the gentleman suggest that I change the form of my request to include the words that it be open to amendment the same as though it was the original Senate bill?

Mr. GARRETT of Tennessee. I think that would be better.

Mr. BLAND of Indiana. I make that change in my request.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that the amendment to the bill of the Senate be read as an original bill and open to amendment as the original bill would otherwise be. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read the committee amendment.

The Clerk read as follows:

Resolved, etc., That said invitation is accepted.

Mr. LANHAM. Mr. Chairman, I recall that the question was raised by the gentleman from Tennessee [Mr. PADGETT] that in the event of the passage of this measure the preamble, the whereas clause, should appear as a part of the resolution. I rise to a parliamentary inquiry, as to the manner in which the preamble, which states the purpose of this exposition, can be incorporated in the measure as finally passed.

The CHAIRMAN. The Chair will state that it is his information that the preamble is usually amended only after the completion of the reading of the bill.

Mr. STAFFORD. It may or may not be stricken out.

Mr. BLAND of Indiana. I think it would be proper to submit a request for unanimous consent that it be made a part of the resolution.

Mr. LANHAM. I should like to present that request.

Mr. STAFFORD. Mr. Chairman, no one can forecast what the body of the resolution will be until after the amending stage is past, and that is the reason for the rule which is cited by the Chair for postponing action on the preamble until the passage of the measure itself.

Mr. LANHAM. Then I will reserve my request and make it later.

The CHAIRMAN. The Clerk will continue the reading.
The Clerk read as follows:

SEC. 2. That the President is hereby authorized to appoint a commissioner general and five commissioners to represent the United States in the proposed exposition, the amount of whose compensation shall be determined by the Secretary of State. The said commissioner general shall, under the direction of the Secretary of State, make all needful rules and regulations in reference to the contributions from this country and to control the expenditure incident to the installation and exhibit thereof, the pay of the commissioner general, commissioners, officials, and employees, and the preparation of the reports of the exposition, and the general results thereof; and he shall make all arrangements necessary for the preparation, transportation, installation, display, and proper care of the exhibits of the Government of the United States, with the cooperation and assistance of the various executive departments, institutions, and branches of the Government that may participate in the exposition, as well as to furnish such information service to private exhibitors and prospective exhibitors as he may deem necessary and feasible: *Provided*, That the executive departments of the Government may designate officials or employees of their respective departments for service in connection with said commission, but no such official or employee so designated shall receive a salary in excess of the amount which he has been receiving in the department where employed, plus such reasonable additional allowance for expenses not now authorized by law as may be deemed proper by the Secretary of State, in view of the fact that such service is to be performed in a foreign country: *Provided further*, That no person appointed or employed by virtue of the provisions of this act shall receive a greater salary than \$15,000 per annum, and not more than one person shall receive a salary in excess of \$10,000 per annum, and not more than three persons shall receive salaries in excess of \$7,500 per annum.

Mr. BLAND of Indiana. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 5, line 15, after the word "State" insert: "*Provided*, That two of the said commissioners to be designated by the President shall serve without compensation or allowance for expenses."

Mr. BLAND of Indiana. Mr. Chairman, I can not say that that is a committee amendment although those members of the committee with whom I have talked favor it. This amendment has been suggested to me by an amendment of the Senate striking out two of the commissioners. Now, these two commissioners are quite important, especially in Latin America, from a social standpoint. I am sure there can be obtained without salary men who are willing to serve. I am sure there are Americans there in Brazil who would be willing to serve, and men here who would be willing to serve without a salary, and it clearly meets the objection as to expenses. I believe the adoption of the amendment will put us in better shape, and I would like to see it adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken, and the amendment was agreed to.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last word. I want to ask the gentleman from Indiana a question. How many of these officers are to receive a salary of \$15,000?

Mr. BLAND of Indiana. It says—

Mr. CONNALLY of Texas. Oh, I know what it says, I want to know how many will receive \$15,000?

Mr. BLAND of Indiana. If the gentleman has read it intelligently, he will see that no one can receive over \$15,000, and only one who can receive between \$10,000 and \$15,000.

Mr. CONNALLY of Texas. How many can receive \$10,000?

Mr. BLAND of Indiana. Not more than three shall receive a salary in excess of \$7,500.

Mr. CONNALLY of Texas. And that three includes the other two?

Mr. BLAND of Indiana. The other one. I think a fair interpretation is that one salary is between \$10,000 and \$15,000, and three between \$7,500 and \$10,000.

Mr. CONNALLY of Texas. The amount is left to the discretion of the Secretary of State?

Mr. BLAND of Indiana. Yes; we say the other two shall serve without pay, even expenses.

The CHAIRMAN. Without objection, the incorrect spelling of the word "United" in line 13 will be corrected.

There was no objection.

Mr. WATSON. Mr. Chairman, I move to strike out the last two words for the purpose of asking the chairman a question. How long are the salaries to be paid?

Mr. BLAND of Indiana. The best information we can get is that the exposition will start on September 22 and last during the spring months, through September and October and up to a little while in November—probably only two months. Most of the employees would only serve two months and get a proportionate part of the year's salary.

Mr. WATSON. They would not be paid one year's salary?

Mr. BLAND of Indiana. No; I think you could leave that to the Secretary of State.

Mr. WATSON. We are providing to give the employees so much per annum, and if they worked 13 months, would they get an additional year's salary?

Mr. BLAND of Indiana. There would be nothing for them to do that long.

Mr. WATSON. Is the gentleman sure of that?

Mr. BLAND of Indiana. Yes.

Mr. WATSON. Then it should be so provided in the bill.

Mr. BLAND of Indiana. We can not state the time that the exposition shall end.

Mr. WATSON. There should be a provision that the employees should not receive another year's salary.

Mr. BLAND of Indiana. The gentleman's alarm is unwarranted; it could not extend more than a year.

Mr. WATSON. I think it ought to be limited in the bill so that we would be on the safe side.

The Clerk read as follows:

SEC. 5. That the Secretary of Agriculture is hereby authorized to collect and prepare suitable specimens of the agricultural and forestal productions of the several States of the Union for exhibition at the exposition, and accompany the same with a report respecting such production, to be printed in the English, Spanish, and Portuguese languages, the expense of the same to be paid out of the appropriation hereinafter provided for.

Mr. FISH. Mr. Chairman, I move to strike out the last word. Mr. Chairman, it seems to me that this is most meritorious legislation, to participate in the centenary of the Republic of Brazil. Owing to the conditions that arose from the war our relations with Europe have been emphasized to the disadvantage of our time-honored friendship for our sister Republics on the American continent. I think it is an opportune time for us to cultivate the friendship of Brazil and the other great South American countries. The United States gained nothing out of the war, we asked for no indemnity or reparations, and we asked for no territory. On the other hand, England and France secured large additional domains. Should we not at this time look after our own interests by cultivating the good will of the South American Republics? Why should we not all combine and ask the European nations to withdraw from their possessions in the Caribbean Sea? The Monroe doctrine is safeguarded and protected to-day in South America because Brazil and Argentina and Chile are able by their own individual efforts to drive any foreign force out of South America. Is it not time for us to extend the Monroe doctrine? We should have put in a provision yesterday in the refunding bill by which the commission could have liquidated a part of the foreign loans by taking over the West Indies. These islands, stretching from Florida to the northern coast of South America, are all slightly within our sphere of influence, yet a large part of them fly the British flag. Is it not time to consider our own interests which are paramount in the West Indies both geographically and commercially?

The islands, such as Porto Rico and Cuba, which came under our influence at the end of the Spanish War have flourished, whereas the European islands have languished. The control of these islands in the West Indies is a constant source of annoyance and irritation in our diplomatic relations with South America. In order to show our good faith to the South and Central American Republics we should buy up British Honduras, British, French, and Dutch Guiana, and either give them self-determination or turn them over to the neighboring Republics. Such action would allay forever any fear that these Republics might have of encroachment by the United States Government in South or Central America.

While Lloyd-George is opposing the establishment of an Irish republic on the ground that it might provide a base for lurking submarines, it is well for us to consider the same possibilities for the protection of the Panama Canal. I have no fear of an armed conflict with Great Britain, as she has too much to lose and nothing to gain. Canada is the best insurance policy for the maintenance of friendly relations between the two great English-speaking nations. I take this occasion to ask your consideration to help build up our friendship with the South American Republics, for the simple purpose of extending the Monroe doctrine, so all of this hemisphere will belong to the American people, and I see in the not far distant future a Pan American combination of Canada, the United States, Brazil, Argentina, and Chile to make the American hemisphere safe for Americans by seeking the withdrawal of all foreign influences and control over the West Indies and territory in South and Central America.

The Clerk read as follows:

SEC. 8. That in order to defray the necessary expenses above authorized, including the salaries of commissioners and employees, the cost of preparing the various Government exhibits, transportation, installation, display, and return of exhibits, construction and equipment of building, and acquisition, preparation, and maintenance of site and grounds, the sum of \$1,000,000, or so much thereof as may be necessary,

is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, to be immediately available for use by the commissioner general for the purposes of this resolution, and to remain available until expended or no longer required, all expenditures out of said appropriation being subject to approval by the Secretary of State: *Provided*, That no indebtedness shall be incurred hereunder in excess of the amount herein authorized to be appropriated.

Mr. STAFFORD. Mr. Chairman, I offer an amendment to strike out, in line 19, page 8, the sum of \$1,000,000 and substitute in lieu thereof the sum of \$500,000.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 8, line 19, strike out the figures "\$1,000,000" and insert in lieu thereof the figures "\$500,000."

Mr. STAFFORD. Mr. Chairman, not once during the entire debate has there been advanced anything that justifies the authorization of \$1,000,000 unless it is predicated upon the policy of our Government spending \$500,000 for a building, \$100,000 for a monument, and \$300,000 for the social expenses of numerous clerks. The argument has been advanced that the cost to-day of building is greater than when we voted \$500,000 for the building at Paris, and \$500,000 for the building at San Francisco. I direct the attention of the committee to a fact that has not been referred to before. This money is going to be expended in Brazil and at the present rate of exchange, which is less than one-half against Brazil, the \$500,000 in American money to-day is equal to \$1,000,000 in Brazilian money. I have before me a copy of the Philadelphia Public Ledger of yesterday, the financial and commercial news of which I am in the habit of reading, and I call attention to the rate of exchange so far as Brazil is concerned:

Brazil: Par, 32.45 cents, per paper milreis. Demand, 13.37, 12.87, 13.87.

But without that, leaving out of consideration the fact that the rate of exchange is against Brazil at the rate of more than two to one, which means that \$500,000 appropriated by this Government will mean an expenditure of money equal to \$1,000,000 in Brazil, still there has been no showing made here that in this exposition to last seven weeks we should go to the extreme of spending \$1,000,000—\$2,000,000 in Brazilian money, unless it be for the salaries that may be expended because of this limited exposition.

I am in favor of accepting the invitation of Brazil. I want some sort of representation there by representatives becoming to the greatness of this country, but I am opposed in these days to voting \$100,000 for a monument, a million dollars in Brazilian money for the construction of a building, to be turned over after a seven weeks' exposition to private institutions for the emolument of persons on whose land it is to be erected.

I think we would be doing much if we voted an authorization of \$500,000. Peru, to whose centennial exposition we authorized a delegation, under an appropriation of \$40,000, as I remember it, to represent our Government, was entitled to as much consideration as Brazil, and we are going far in establishing this precedent when we authorize \$500,000.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. When other South American countries celebrate their centennial of independence we will be obliged to go to the same extent probably for similar expositions.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. WALSH. Has the gentleman any information as to what the situation is with reference to unemployment in Brazil?

Mr. STAFFORD. The hearings show that conditions are rather similar to those in the United States—in fact, unemployment the world over is general.

Mr. BLAND of Indiana. Mr. Chairman, will the gentleman point out in the hearings where that comes in with respect to labor being out of employment?

Mr. STAFFORD. I gained that impression from reading the hearings.

Mr. BLAND of Indiana. I would like to have the gentleman point me out that particular feature and other features that he has several times referred to.

Mr. STAFFORD. Does the gentleman want me to point out about the \$100,000 monument, or that this building is to be erected on private property, or that the owners refuse to allow the building to be erected unless they put up a permanent building with steel construction?

Mr. BLAND of Indiana. Yes; if the gentleman will point out a statement of that kind.

Mr. STAFFORD. That is the statement of the commercial attaché. The only estimate presented to the committee is based on the statement of the commercial attaché, and he points out how he arrives at the \$1,000,000 of expenditure, and that includes the various items that I have referred to.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. WALSH. Mr. Chairman, I am in favor of taking proper steps to maintain friendly relations with all nations, but from reading the communications of the State Department and the hearings this exposition which is to be held is to be in the nature of a commercial enterprise. It is hoped that perhaps it may result in stimulation of trade between this country and Brazil. If that is its purpose, then I believe that the sum proposed by the gentleman from Wisconsin [Mr. STAFFORD] will be ample to carry out the provisions of this piece of legislation. I think we ought to consider, with the state of unemployment in this country to-day, with the threatened transportation strike, with the great uncertainties as to what the taxation legislation is to be, whether we can cavalierly appropriate \$1,000,000 for the purpose of an exposition to be held in South America, a large portion of that sum to be used for the construction of a building.

Reference was made by the gentleman from California [Mr. LINEBERGER], our gallant soldier, to an appropriation made some time ago for the observance of the three hundredth anniversary of the landing of the Pilgrims at Plymouth and Provincetown.

Mr. BLAND of Indiana. How much was appropriated?

Mr. WALSH. Four hundred thousand dollars.

Mr. BLAND. Was that in the gentleman's district?

Mr. WALSH. Yes; that was appropriated and expended in the gentleman's district; and if people believe that because an appropriation of \$400,000 is expended in a person's district that therefore the Member representing that district should be bound in the future to vote appropriations for all sorts of projects thereafter, I feel that gentlemen holding that position are eminently qualified to hold the position of chairman of the Committee on Industrial Arts and Expositions.

Mr. MONDELL. Will the gentleman yield?

Mr. WALSH. If gentlemen can not see the difference between appropriating money for the perpetuation of memorials, for restoring Plymouth Rock, and appropriating a million dollars with a \$17,500 salary for some gentleman who appeared before the committee and announced his candidacy for it—

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. WALSH. I say a gentleman who can not see the distinction between those two projects is eminently qualified, if he can not get the chairmanship, at least to serve upon the committee.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. WALSH. I will yield.

Mr. BLAND of Indiana. I do not know what committee the gentleman is chairman of, but I know the gentleman was sufficiently influential to get \$400,000 for his district—

Mr. WALSH. And that is the plan the gentleman from Indiana followed—

Mr. BLAND of Indiana. And if he saw proper—

Mr. WALSH (continuing). The old log rolling—

Mr. BLAND of Indiana. I have not finished the question.

Mr. WALSH. The gentleman was not asking a question.

Mr. BLAND of Indiana. I am trying to base a premise for the question.

Mr. WALSH. If the gentleman will ask the question, I will yield.

Mr. BLAND of Indiana. Does the gentleman judge the size of an appropriation necessary for the Brazilian exposition from the fact that there was spent \$400,000 on a little side show up in the gentleman's district?

Mr. WALSH. I do not, and I absolutely deny it is a little side show, and any gentleman who has no more reverence for Plymouth Rock and what was established there than to denounce the three hundredth anniversary as a side show—

Mr. MONDELL. Will the gentleman yield in the midst of this personal altercation?

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. I ask unanimous consent that the gentleman's time be extended for three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. WALSH. I will yield to the gentleman from Wyoming.

Mr. MONDELL. Sacred as are the memories of Plymouth Rock, and they are sacred, does not the gentleman think that now and again it is a pretty good thing to lift our eyes from these local objects, sacred and important as they are, and survey the world?

Mr. WALSH. Yes.

Mr. MONDELL. And view—

Mr. WALSH. Yes.

Mr. MONDELL. And view our obligations as a great people to another great people?

Mr. WALSH. Oh, yes.

Mr. MONDELL. Who have always been our friends and who have always been our visitors and contributors every time we have held an exposition in these United States, a nation that has been peculiarly our friend at all times among the nations of South America. I am sorry to have taken so much of the gentleman's three minutes.

Mr. WALSH. I appreciate the sentiment and argument of the gentleman from Wyoming, but, Mr. Chairman, any nation which bases its friendly relations and attitude toward the United States upon the sum of money we take out of our Treasury to be expended within its borders to help out its citizens, to encourage its trade, to stimulate its industry, I submit comes with very poor grace at this particular time when we are staggering under a tremendous burden of debt, when we are cutting down in our executive departments to the very bone, when we have gone forth throughout the country, the party of which the gentleman from Wyoming is one of its distinguished leaders here upon the floor, with a pledge to economy, and when we find from four to six million men out of employment at this very hour, I think we can say to our friends in the Brazilian Government, "We love and respect you; we esteem you highly, but under existing conditions we feel that if we eliminate some of these high salaries and these expensive buildings one half million dollars will be ample to show our respect for you and to reciprocate your action in years gone by."

The CHAIRMAN. The time of the gentleman has again expired.

Mr. UNDERHILL. Mr. Chairman, as I understand from debate, the object, or one of the objects of this measure, is to aid and stimulate trade, and if this is the object of the bill \$1,000,000 is not sufficient, but is a wasteful extravagance, because until you change our present tax laws that bear so heavily upon the manufacturer and producer and until you repeal the seaman's act, neither \$1,000,000 nor \$100,000,000 can get the trade of Brazil or the other South American Republics. If, on the other hand, you want to establish good will and friendly relations surely \$500,000 is sufficient. I would rather vote against any appropriation, but there is some merit in showing friendly relations for a South American country that has been generous in the past in participating in our affairs here.

So, in spite of the fact that I am pledged to economy I am willing to vote for the \$500,000 to establish friendly relations, but not willing to waste a million dollars for the purpose of establishing trade relations that can not be established under our present laws and conditions.

Mr. LINEBERGER. Does the gentleman recognize the fact that Brazil appropriated \$600,000 at the beginning of the World War in order to participate in the San Francisco Exposition, when the dollar was worth practically twice as much as it is now, and when the future of the world was practically in flux?

Mr. UNDERHILL. I understand that at that time the dollar would purchase twice as much as at present, and \$600,000 is only about half of what we propose to spend at this time. That is the reason why I am willing to vote for the amendment of the gentleman, and the only reason. But I am not in favor of uselessly throwing away money when we have the present tax laws and the present inequitable and unjust seamen's laws which operate against all our manufactories and all our exporters.

Mr. CURRY. Mr. Chairman, Brazil is one of the greatest countries in the world. It has an area 250,000 square miles larger than the area of the United States, eliminating Alaska and our island possessions. At the present time it has a population of about 25,000,000 people. About 100 years ago the United States of America had a little over 10,000,000 population. In 100 years we have added 100,000,000 to our population. What has been done in the United States in the last 100 years will be duplicated in Brazil during the next 100 years. Thanks to the Monroe doctrine, under the protection of the United States, Brazil has developed, she has a splendid country, wonderfully fertile and rich in mineral and forest resources; a splendid citizenry, and as good a Government as we have. She has always appropriated large amounts to participate in expositions held in the United States. She appropriated \$600,000 for the Panama-Pacific Exposition, held at San Francisco. She erected one of the most magnificent buildings at that exposition, and when the exposition closed turned that building over to the city, and it now uses it.

I would prefer not to participate in the exposition in Brazil without we can participate in a dignified manner and have an exhibit such as would be a credit to the United States. [Applause.] When Brazil appropriated \$600,000 the economic conditions of the world were entirely different than they are at present. One dollar went as far then as two dollars go now. And what can be done with the money we are appropriating is less than if at that time we had appropriated \$500,000 for the Brazil Exposition.

Now, the South American Republics have a friendly feeling for the United States. They look to us as big brothers, to set examples of what shall be done. They want to be friendly with us and we want to be friendly with them. There is a wonderful field for business development for this country in South America, if we treat the South American Republics as they have treated us and as they are treating us.

I sincerely hope the amendment to reduce the amount to \$500,000 will not prevail, and that the original amount included in the bill for a million dollars will be the sum appropriated.

Mr. WINGO. Mr. Chairman, the text of the bill provides, not for an appropriation, but for the authorization of \$1,000,000. The gentleman from Wisconsin offers an amendment to cut down the authorization to \$500,000. This question was discussed by the committee. We knew in a general way that \$1,000,000 would be a proper authorization. The question of taking testimony as to the expense of the building, the expense of transportation, and everything else came up, and we decided that that was properly a matter for the Appropriations Committee to investigate when they undertook to determine whether there should be \$100,000, or \$500,000, or \$1,000,000.

Now, the industrious gentleman from Wisconsin [Mr. STAFFORD] can go before his committee—I understand he is a very influential member of it—and they can thrash that matter out, and I am perfectly sure that not one single dollar will be appropriated that is not absolutely necessary. We are all in favor of economy.

Now, I want to say to the gentleman from Wisconsin that in his suggestion that there is a possible \$10,000 for social functions, he is badly mistaken. This bill does not authorize one single dollar for social functions; and if there is any money appropriated for that purpose it is not going to come from the Committee on Industrial Arts and Expositions, but must come from the Committee on Appropriations when they undertake to fix the appropriation.

Mr. LANHAM. And is it not also a fact that the resolution in terms provides that every expenditure that is made of this sum must receive the approval of the Secretary of State?

Mr. WINGO. Yes; and that makes me refer to one thing that I hate to see—and it does not come from the Democratic side, but it comes from the Republican side—namely, a distrust of the present Secretary of State. In justice to him, I want to say that I am advised that he wanted this bill so drawn and hedged about—and he is going to see to it—that every dollar that is expended for this exposition is expended in a proper, practical manner, and that there would not be any of these frills that have characterized expenditures heretofore. I would be willing to trust the Secretary of State with a blanket expenditure, except, as a general proposition, I am in favor of the restrictions we have placed in the bill, and for that reason I suggested the restrictions in the House committee.

I do not know where the gentleman from Minnesota got his information. Possibly he was relying on the opinion of a commercial attaché. As a practical man, I recognize that in going down to make an exhibit at the exposition such as this with a great nation, with freight charges, packing, and so forth, you can not do it for less than \$1,000,000. But the Appropriations Committee can know for what it can be done, and they can hold it down to a proper sum.

I am like the gentleman from California [Mr. CURRY] in that I do not want the commission from the United States to go down there like a peanut merchant, with a small and contemptible exhibit, owing to the penurious position of the American Congress. It should be such an exhibit as would do credit to the greatest country on earth. I voted for the exhibit at Plymouth Rock, and that provided for \$400,000 to be spent publicly and privately, and I want to say that while that was a local home affair we are all interested in Plymouth Rock from the standpoint of the whole Nation.

But I say there is equally a sentimental interest to the man who knows the history of America, the man who appreciates the potency of the Monroe doctrine. And there is something more than sentiment back of treating Brazil with consideration. Oh, the gentleman from Massachusetts [Mr. WALSH] asks, "Is the expenditure of \$1,000,000 the measure of their friendship?"

No. But, gentlemen, I ask you, is the appropriation of so many dollars the measure of our courtesy, of our respect for ourselves, of our appreciation of the amenities that should obtain between sister nations on the American Continent?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. WINGO. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. WINGO. I say I do not want, when I vote upon this proposition, to put the American Congress in the attitude of saying that we measure these things by dollars and cents. It is not a question of what Brazil measures, but of what we do. If we vote down this authorization of \$1,000,000 and say, "We will have a second-rate exhibit down there," we will say that "America, great and powerful as she is, assuming the right under the Monroe doctrine to dominate the Western Continent, the American Hemisphere, measures Brazil in that way." She will measure our courtesy and our friendly relations by the action we take in comparison with her course in spending \$3,000,000 in America, when we propose to expend only \$500,000 instead of a million, which would be necessary to make a proper exhibit.

The gentleman spoke of the \$17,500 to be paid to the commissioner. There is nothing in this bill that will permit Secretary Hughes to pay \$17,500 to one man. You are going to have two honorary commissioners, and they—

Mr. STAFFORD. I did not say so.

Mr. WINGO. I do not accuse the gentleman from Wisconsin. He is generally accurate in his statements, but the tempestuous gentleman from Massachusetts [Mr. WALSH] got confused and said it will be \$17,500. [Laughter.] Two of these commissioners are to be honorary commissioners, who will be able to defray their expenses from their own private purses. The expenditures to be made under the authorizations of this resolution will be made altogether for necessary expenses, and such necessary expense as every man of good, common sense knows must be paid. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired. The Chair will recognize the gentleman from Pennsylvania [Mr. TEMPLE].

Mr. TEMPLE. Mr. Chairman and gentlemen, I am sure there is no difference of opinion as to the desirability of accepting the invitation that has come to us from our sister Republic. The only question that has arisen here, so far as I have discovered from the debate, has to do with the amount of the expenditures that will be incurred in connection with our acceptance of that invitation.

I wish to call your attention to the fact that the invitation has gone out from Brazil to other countries as well as to our own, and that it has been accepted already by several of them. The international exposition in Brazil will be comparable with ours of 1876. It will be to celebrate the one-hundredth anniversary of the independence of a great nation. The nations of the world will be assembled there. We certainly do not wish to make a poor showing in comparison with others. That may be a purely selfish point of view, but a certain enlightened selfishness is, after all, not a bad thing to have.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield for a question there?

Mr. TEMPLE. Yes; briefly.

Mr. HARDY of Texas. If the other participants act wisely and we act wisely, ought we not to have the best exhibit of any of the nations there?

Mr. TEMPLE. I think our nearness to Brazil and our standing among the nations of the world would make it very fitting if our exhibit would be the best of all those taken there by foreign countries.

I think also that courtesy demands an entirely sufficient appropriation. So far as the effect to be produced upon our neighbors is concerned, I am sure they will be appreciative if we show to them the courtesy they have always shown to us. If there should be any failure on our part it would be a sad thing for our own self-respect, to say nothing of the impression upon neighbors kindly disposed to us.

It has not always been true that the Republics of South America were kindly disposed toward the United States, the giant of the north, as we have sometimes been called in their publications. But I am very happy to notice that of late years and even of late months there are evidences of an increasing good will. I suppose I may be at liberty to mention a recent postal treaty, which has a very considerable bearing upon our commercial relations as well, particularly in its provisions in regard to the parcel post, the carrying of packages between

North America and South America. The preamble of this treaty specifically recites, as one of its purposes, a desire to promote that solidarity of action among the Republics of the Western Hemisphere which our common interests in the transportation of the mails demand. I think it is the first time in any treaty between American Republics that a purpose to act together, to recognize the common interests, and to seek an increased solidarity of action has ever been mentioned. I should regret very much if there should be the slightest shadow upon our courtesy at the present time.

I wish barely to mention one other consideration. The value of the dollar has decreased so much in recent years that I do not believe an appropriation of less than that suggested in the bill—\$1,000,000—will make such a showing as has been made hitherto by much smaller appropriations. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BLAND of Indiana. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent that all debate on this amendment and all amendments thereto close in five minutes. Is there objection?

Mr. SISSON. Reserving the right to object, Mr. Chairman, I want five minutes.

Mr. BLAND of Indiana. I do not want the five minutes. The gentleman can have the time if he wants it.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. BLAND of Indiana. Mr. Chairman, I modify it and make it 10 minutes.

The CHAIRMAN. The gentleman from Indiana prefers an additional unanimous-consent request, that the time within which the debate shall be limited shall be 10 minutes. Is there objection?

There was no objection.

Mr. SISSON. Mr. Chairman, I shall vote in Committee of the Whole for the \$500,000. Not because I favor that amount, but because it is the smaller amount. I am a member of the Committee on Appropriations, and I happen to know that when you vote for an appropriation in a bill for \$500,000 the plans are going to be made and the cloth is going to be cut accordingly, and plans of that sort will be submitted to us in such form that it will be most difficult to cut it down, because if you vote for a \$1,000,000 proposition, you will never have an opportunity in the Committee on Appropriations to get the \$500,000 plan at all.

But I did not expect anything else. I knew, when my Republican friends were going around all over this country during the last campaign preaching economy on every stump, that you could not practice it. You don't know how. You will never be able to economize in your lives. It is not in the power of the Republican Party to economize. You talk about economy, but you never practice it. It takes a little self-denial for a man to economize as an individual. You will find a few individual Members on the Republican side who desire and who may practice individual economy and who would like to see to it that we exercise it here. They are, however, in a hopeless minority on the Republican side. We should remember that we owe \$25,000,000,000.

The interest on the public debt is over \$1,000,000,000 every year. We should endeavor to cut down everywhere, and the wise and good thing for this great Republic to do is to say to the people down in Brazil and throughout the world, "We will be just before we are generous. We can not show our appreciation of you at this time by giving you an appropriation for an exposition."

You can not buy a man's friendship, and you are not going to buy Brazil's trade. The only way you are going to get Brazil's trade is to trade with Brazil, and the only way to trade with Brazil is to be able to get such trade relations and tariff arrangements that the Brazilians can sell us something.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. SISSON. Yes; I yield to the gentleman from Indiana.

Mr. BLAND of Indiana. Does the gentleman believe in the principle that friendship may have its effect in business relations, or does he not?

Mr. SISSON. I do; but I also believe that if you wish to sell to a man you ought also to fix it so that you can buy something from him. That is the best way I know to encourage trade relations with a man or with a country. Now, I love my friend from Indiana and he is a good friend, but I wish to suggest to him that the way to gain the friendship of a nation is always to be just and fair with her. I think \$500,000 for an unconstitutional purpose—pardon me for the allusion—is ample, and if you people meant what you said to the American

people last fall you have here an opportunity to save \$500,000 and do no man any harm.

Mr. TEMPLE. Will the gentleman yield?

Mr. SISSON. I yield to the gentleman from Pennsylvania.

Mr. TEMPLE. Does the gentleman mean to say that he will vote for an appropriation of \$500,000 for this purpose?

Mr. SISSON. I will not. I never have and I never will vote for it. I never voted for one of these expositions in my life and never expect to.

Mr. TEMPLE. I misunderstood the gentleman then. I thought he said about three minutes ago that he would vote for \$500,000.

Mr. SISSON. Then the gentleman certainly misunderstood me, because I never have and never will. I believe it is a miserable lot of monkeyshines and monkey shows that never made \$10 worth of trade for anybody. I am endeavoring to save something here, but I know the die is cast. I want to help my Republican friends over here, some of whom I know to be real economists. I know some of them would be glad to vote for the \$500,000, but they have even got to bunco the American people on the question of economy, because the die is cast, the bosses have spoken, and you must stand by the edict of those higher up.

Mr. CURRY. I would like the gentleman from Mississippi to tell me how much tariff there is levied on the coffee that is grown in Brazil, of which the United States is the greatest consumer?

Mr. SISSON. The gentleman can not get me off into a tariff discussion while I am discussing this particular question. [Laughter.] Bless your heart, if we started discussing the tariff we would never get back to this, and that has got absolutely nothing on earth to do with this proposition. The gentleman is off on a side issue. I have said nothing about trade except to tell you that I do not believe these expositions have any effect in promoting trade.

Mr. CURRY. Is there any tariff laid on anything that Brazil wishes to sell to us?

Mr. SISSON. If the gentleman feels about coffee as I do, he will have his coffee at any price, no matter how much it costs.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, I understand the attitude of my genial friend from Mississippi [Mr. Sisson], who has just taken his seat, is that he is against any appropriation, but he says, "If you must unwisely vote for an appropriation, then vote for the size of an appropriation that I suggest." Now, let us take our advice on this matter from the friends and not from the opponents of the measure.

I have listened with a good deal of interest to the earnest efforts that have been made by certain gentlemen to convince us that a proper showing could be made at Rio de Janeiro for \$500,000. I sympathize very largely with their attitude, and if I felt quite certain that we could beyond all question make a showing at Rio de Janeiro which would be proper under the circumstances for the smaller amount I would be inclined to vote for it. But gentlemen should remember that the Committee on Appropriations will have something to say about this matter before one single dollar is appropriated. So far as the evidence now before us is concerned I am not convinced that we can make a proper exhibit at Rio de Janeiro for less than approximately the sum named in the bill. If the Committee on Appropriations find they can somewhat reduce the amount, all well and good. While we are all for economy, there are some proposals with regard to which we can not afford to indulge in dangerous cheeseparing. Among those matters are those things that have to do with our intercourse and relationships, political, economical, and industrial, with the great nations of the world. Brazil is a great and friendly Republic. She is proposing to show the world the fruits of her progress and development. She invites us to her exhibition. We, the greatest people on this continent, the neighbor and friend of Brazil—shall we be niggardly in responding to her kindly invitation? After all, in these days \$1,000,000 is not so great a sum, and before the next session of Congress closes we will have many opportunities to save not one but many millions, and when that time comes we shall invoke the aid and assistance of gentlemen who are now, I think, unwisely urging too much economy. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. STAFFORD. Mr. Chairman, I demand a division.

The committee divided; and there were 22 ayes and 94 noes. So the amendment was rejected.

The Clerk read as follows:

Sec. 9. That it shall be the duty of the Secretary of State to transmit to Congress within six months of the close of said exposition a detailed statement of the expenditures which may have been incurred under the provisions of the resolution, together with all reports called for under sections 5, 6, and 7 of this resolution, which reports shall be prepared and arranged with a view to concise statement and convenient reference.

The CHAIRMAN. The question is on the adoption of the committee amendment as amended.

Mr. RAKER. Mr. Chairman, is a motion in order to move to strike out a part of the last section read?

The CHAIRMAN. It is.

Mr. RAKER. Mr. Chairman, I move to strike out the last word. I just want to say that I most heartily indorse the unanimous recommendation of this committee. I am in favor of the proposed legislation. The House should pass it for the general good that will come to the United States from this participation in the international centennial celebration at Rio de Janeiro.

Mr. STAFFORD. Will the gentleman yield?

Mr. RAKER. Yes.

Mr. STAFFORD. Is this merely to show that every member of the California delegation has spoken in favor of the bill?

Mr. RAKER. It is to show the good judgment of the Representatives from California. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from California asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

The CHAIRMAN. The question is on agreeing to the committee amendment as amended.

The question was taken and the committee amendment as amended was agreed to.

Mr. LANHAM. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. LANHAM. I understand that the measure not having been amended in that particular the preamble will be included.

Mr. BLAND of Indiana. I am informed that goes in. Mr. Chairman, I move that the committee do now rise and report the bill to the House, with the recommendation that as amended it do pass.

The motion was agreed to; accordingly, the committee rose and the Speaker having resumed the chair, Mr. HUSTED, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had under consideration Senate joint resolution 114 and had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to, and that the bill as amended do pass.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The resolution as amended was ordered to be read a third time, and was read the third time.

The preamble was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following motion to recommit.

The Clerk read as follows:

Mr. STAFFORD moves to recommit Senate joint resolution 114 to the Committee on Industrial Arts and Expositions, with instructions to report the same back forthwith with the following amendment: Strike out, in line 19, page 8, the figures "\$1,000,000" and insert in lieu thereof "\$500,000."

Mr. SANDERS of Indiana. Mr. Speaker, I make the point of order that the motion to recommit is not in order, because the House has just adopted as one amendment the entire amendment proposed by the committee, and the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD] would modify that amendment, which could only be done by a reconsideration and is improper as a motion to recommit under the precedents.

Mr. Speaker, there are two precedents I noted in the short examination of the question which I made. On February 6, 1913, in the third session of the Sixty-second Congress, and on May 22, 1912, at page 6974. The Manual and Digest, section 957, discusses that question at length. That section sets out in full the ruling made by Speaker Clark on May 22, 1912:

A motion to recommit with instructions to eliminate an amendment adopted by the House is not in order.

The discussion there reviews a number of decisions, and, by the way, there are more recent decisions which I have not turned to, which present the same question, and the Chair reached the same decision. The reason for the rule is that the House, having adopted the amendment, that question can only be reached by reconsideration of the amendment. Suppose the House had considered the bill in the House instead of in the

Committee of the Whole. Once the amendment is adopted by the House, we have passed the matter, and the only way to deal with it is a motion to consider. A motion to recommit, which undertakes to change an amendment which has just been adopted by the House, is an attempt in an indirect way to do what the House could not do directly. The decisions are so clearly in point that I shall not further discuss them.

Mr. STAFFORD. Mr. Speaker, I am quite well acquainted with the rule and the citation made by the gentleman from Indiana [Mr. SANDERS]. The special rule under which this resolution is being considered provides for the consideration of Senate joint resolution 114. It does not provide, as is sometimes the practice, to consider a Senate joint resolution as amended by the committee. In Committee of the Whole there was a unanimous-consent agreement entered into whereby the House amendment would be considered as an original proposition and considered section by section. It is true that that agreement has not been reported by the chairman of the committee to the House. The fact is that this bill, in consideration in Committee of the Whole, was considered as an original proposition section by section, not as one amendment. That was the agreement with the gentleman from Indiana. If it is an original proposition and was considered in Committee of the Whole as such and the bill is reported back as an original proposition, then I maintain that I am within my rights in offering a motion to recommit of the nature submitted.

Mr. WALSH. Mr. Speaker, the original ruling was made, I think, by Mr. Speaker Clark to the effect that, the House having voted on an amendment, it was not in order in a motion to recommit with instructions to strike out or eliminate that amendment. That ruling has been held, but I do not recall any ruling which went to the effect that the House, having voted upon an amendment, that amendment could not be further amended or perfected by a motion to recommit. In fact, I think there is one precedent in Hinds to the effect that after the previous question has been ordered a motion to recommit can strike out a portion of an amendment already agreed to by the House, and it would seem that this comes within that class of cases. If the gentleman from Wisconsin had moved to strike out the amendment which had already been agreed to, it clearly would come within the ruling made by former Speaker Clark, but he has only struck out a portion of it, and substituted other matter, further amending or perfecting it. I know of no ruling which would restrain the House from doing that under a motion to recommit.

Mr. MONDELL. Mr. Speaker, the decisions in cases of this kind, I think, have been very clear. The House adopted an amendment making an appropriation of \$1,000,000. That matter was discussed in the committee. An amendment was agreed to in the committee. The House has adopted that amendment. The House has passed on the matter. There should be no ruling which would deprive the House of an opportunity one way or the other to pass on a question such as this, but the House has had its opportunity to pass upon the question, when the question before the House was that of agreeing to the amendment, and the amendment contained among other things an authorization of \$1,000,000.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. WALSH. Following out the gentleman's line of reasoning, would he contend that a separate motion to recommit would not be in order because the House had already agreed to this amendment, and therefore we could not recommit without instructions?

Mr. MONDELL. I am not called upon to answer that question.

Mr. SANDERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. SANDERS of Indiana. I think there is no question but that a general motion to recommit is in order, because that is a motion to recommit the bill. This is not in order, because it is a violation of a very fundamental principle that you can not do by indirection what you can not do directly under the House rule.

Mr. MONDELL. And furthermore the House had ample opportunity to pass on this very question and has passed on it—not the committee but the House. The gentleman now desires to have the House pass on it the second time through a motion to recommit, and that is clearly contrary to the rules.

Mr. WINGO. If the Chair will hear me for a moment.

The SPEAKER. The Chair will hear the gentleman.

Mr. WINGO. While I am against the motion to recommit, I can not agree with the proposition that the motion is not in order. I am aware of the fact that there are precedents which

I disagree with, and have argued before to the Chair, but I submit to the Speaker never has any Speaker, either Speaker Clark or the present Speaker, gone to the extent it is argued we should go by those who present this point of order. The gentleman from Wyoming [Mr. MONDELL] says the House has had a chance to pass on this. The House has not, I respectfully submit. In the Committee of the Whole House on the state of the Union a proposition was offered to the committee whether or not there would be a million dollars or \$500,000. The Senate bill carried a million dollars. The House committee amendment carried a million dollars, so there has not been any issue in the House on that. While I am opposed to this proposition, and opposed in the committee an amendment of \$500,000, I do not want the ruling on this question to further limit the right of a motion to recommit. I think already the precedents have gone too far, because the Speaker remembers it was very clearly stated by Mr. Speaker Clark at one time that the prime purpose of a motion to recommit is to give the opposition a right to have a clear-cut record vote in presenting its theory of the pending proposal, and if we go this far, and I think we have already gone too far, then you rob the minority of having a clear-cut motion to recommit and present its theory of the pending proposal and get a roll call on that.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. WINGO. I do.

Mr. BLAND of Indiana. Does the gentleman take the position that the House has not had an opportunity to act on this proposition?

Mr. WINGO. Yes.

Mr. BLAND of Indiana. In view of the fact the committee struck out the Senate bill after the enacting clause and an amendment which included \$1,000,000 and the committee accepted the amendment when the House acted upon that after we went out of the Committee of the Whole into the House just a moment ago, the House had acted upon the committee amendment and had the opportunity which the gentleman says is denied.

Mr. WINGO. On the committee amendment—was there a dispute over the million dollars?

Mr. BLAND of Indiana. The whole bill.

Mr. WINGO. The whole proposition of the House amendment was what; that merely for the sake of convenience we embodied our disagreements to the Senate bill in one amendment? Was there a disagreement with the Senate on the million dollars? No. And when the House passed upon it and substituted the amendment of the committee for the Senate text they were not settling a dispute between a million and \$500,000, but upon other propositions. And so in one of the most material things in the bill if you do not give the minority—I am not talking of political minority, although that is the prime purpose of the motion to recommit rule—if you do not give them the right by a motion to recommit, to present by record vote their position upon the question, you further limit the motion to recommit and that is the consideration that moves me to take the position I do in this matter.

Mr. WALSH. Will the gentleman yield?

Mr. WINGO. I will.

Mr. WALSH. If the gentleman will permit, and even if the House in passing upon this amendment had voted the amendment down and restored the original language the same condition would have been left?

Mr. WINGO. I am glad the gentleman called attention to that. The precedents are these, that where the House has voted up and after it has once voted and accepted a pending proposition then you can not, by motion to recommit, change that which is voted up, but never has it been ruled that when you have voted a proposition down in the Committee of the Whole House that the minority can not present that same identical proposition in a motion to recommit, and while I am against the motion to recommit and do not want to see it carried, I can not remain silent, but take the position I do. This motion does not cover the identical question decided by the House when it accepted the committee amendment, but affects only one provision which was identical with the Senate provision; so the House has never voted on this question.

The SPEAKER. The Chair is ready to rule. The Chair thinks there is much force in the statement of the gentleman from Arkansas [Mr. WINGO] that a motion to recommit is intended to give the minority—not the political minority, but a minority of the Members—an opportunity to express itself. But there are a number of predicaments that arise where that can not be done. The Chair thinks the gentleman from Indiana [Mr. SANDERS] has clearly expressed it in saying that we can not do indirectly what we can not do directly. A proposed amendment must be amended, if at all, before it is

adopted and not after it has been adopted. Therefore, it can not be amended in a motion to recommit. The Chair thinks the motion to recommit is not in order.

Mr. STAFFORD. Mr. Speaker, I move the following amendment:

Line 18, page 8, strike out "\$1,000,000" and insert "\$500,000."

Mr. SANDERS of Indiana. Mr. Speaker, the previous question was ordered.

The SPEAKER. The Chair thinks the previous question was not ordered. The Clerk will report the amendment.

The Clerk read as follows:

Mr. STAFFORD offers the following amendment: Page 8, line 19, by striking out "\$1,000,000" and inserting in lieu thereof "\$500,000."

Mr. SANDERS of Indiana. Mr. Speaker, I move the previous question on the amendment.

Mr. WINGO. Mr. Speaker, I move, as an amendment to the gentleman's motion, the previous question on the bill and amendment to final passage.

The SPEAKER. The gentleman can not do that now. The question is on the previous question on the amendment as moved by the gentleman from Indiana [Mr. SANDERS].

The previous question was ordered.

The SPEAKER. The question is on the amendment of the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken, and the Speaker announced that the yeas seemed to have it.

Mr. STAFFORD. I ask for a division, Mr. Speaker.

The House divided; and there were—ayes 29, yeas 113.

Mr. STAFFORD. Mr. Speaker, I make the point of order on the vote just taken in that there is no quorum present.

The SPEAKER. The gentleman makes the point of order that there is no quorum present. It is clear there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees. Those in favor of the amendment offered by the gentleman from Wisconsin will, as their names are called, answer "yea," those opposed will answer "nay," and the Clerk will call the roll.

The question was taken; and there were—yeas 74, yeas 181, answered "present" 3, not voting 173, as follows:

YEAS—74.

Andrew, Mass.	Dominick	Lampert	Smithwick
Aswell	Drane	Larsen, Ga.	Sproul
Bell	Driver	Linthicum	Stafford
Bird	Echols	Logan	Steagall
Black	Ellis	London	Stedman
Bowling	Gilbert	Lowrey	Steenerson
Box	Goodykoontz	McClintic	Stoll
Briggs	Hammer	MacGregor	Summers, Tex.
Brinson	Harrison	Nelson, J. M.	Taylor, Tenn.
Buchanan	Huddleston	Norton	Tillman
Byrnes, S. C.	Hudspeth	Oliver	Tyson
Byrnes, Tenn.	Jacoway	Parks, Ark.	Underhill
Christopherson	James	Parrish	Vinson
Clague	Jeffers, Ala.	Quin	Walsh
Clouse	Johnson, Ky.	Raakin	White, Kans.
Collins	Jones, Tex.	Reed, W. Va.	Williamson
Connally, Tex.	Kincheloe	Rouse	Wright
Cooper, Ohio	Kopp	Sandlin	
Crisp	Kunz	Sisson	

NAYS—181.

Ackerman	Deal	Ireland	Michaelson
Anderson	Dickinson	Johnson, Miss.	Michener
Andrews, Nebr.	Dunbar	Johnson, Wash.	Miller
Appleby	Dupre	Jones, Pa.	Mills
Arentz	Elliott	Kearns	Millspaugh
Atkeson	Fairchild	Keller	Montoya
Bankhead	Fairfield	Kelly, Pa.	Moore, Ill.
Barbour	Faust	Ketcham	Moore, Ohio
Beck	Favrot	Kinkaid	Moore, Ind.
Beedy	Fish	Kirkpatrick	Morgan
Benham	Fisher	Kissel	Nelson, A. P.
Bixler	Fitzgerald	Kline, N. Y.	Newton, Minn.
Bland, Ind.	Focht	Kline, Pa.	O'Connor
Bland, Va.	Fordney	Kraus	Oldfield
Boies	Fuller	Lanham	Osborne
Bowers	Funk	Lankford	Padgett
Brennan	Garrett, Tenn.	Larson, Minn.	Parker, N. J.
Brooks, Ill.	Gensman	Lawrence	Patterson, N. J.
Bulwinkle	Gerner	Layton	Perkins
Cable	Glynn	Lazaro	Petersen
Campbell, Pa.	Gorman	Lea, Calif.	Pou
Cannon	Graham, Ill.	Leatherwood	Pringle
Carew	Green, Iowa	Lehbach	Purnell
Chalmers	Greene, Mass.	Lineberger	Raker
Chindblom	Greene, Vt.	Little	Ramseyer
Col, Iowa	Hardy, Colo.	Luce	Ransley
Col, Ohio	Hardy, Tex.	Lyon	Rayburn
Colton	Hawes	McCormick	Reavis
Cannell	Hawley	McDuffie	Reber
Cooper, Wis.	Hayden	McLaughlin, Mich.	Reece
Coughlin	Hersey	McLaughlin, Nebr.	Ricketts
Crowther	Hickey	McLaughlin, Pa.	Roach
Curry	Hill	McPherson	Robertson
Dallinger	Hogan	McSwain	Robsion
Darrow	Hull	Mapes	Rodenberg
Davis, Tenn.	Husted	Martin	

Rose	Smith, Mich.	Temple	Watson
Sanders, Ind.	Snyder	Thompson	Wilson
Sanders, N. Y.	Speaks	Timberlake	Wingo
Sanders, Tex.	Stephens	Tincher	Woodruff
Scott, Mich.	Stevenson	Valle	Wurzbach
Scott, Tenn.	Summers, Wash.	Vestal	Wyant
Shaw	Swank	Voigt	Yates
Shelton	Sweet	Volstead	
Sinnott	Swing	Walters	
Smith, Idaho	Taylor, N. J.	Ward, N. Y.	

ANSWERED "PRESENT"—3.

Clark, Fla.	Collier	Dowell
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NOT VOTING—173.

Almon	Evans	Knutson	Rosenbloom
Ansorge	Fenn	Kreider	Rossdale
Anthony	Fess	Langley	Rucker
Bacharach	Fields	Lee, Ga.	Ryan
Barkley	Flood	Lee, N. Y.	Sabath
Begg	Foster	Longworth	Schall
Blakeney	Frear	Lubring	Sears
Blanton	Free	McArthur	Shreve
Bond	Freeman	McKadden	Siegel
Brand	French	McKenzie	Sinclair
Britten	Frothingham	Madden	Slemp
Brooks, Pa.	Fulmer	Magee	Snell
Brown, Tenn.	Gahn	Maloney	Stiness
Browne, Wis.	Gallivan	Mann	Strong, Kans.
Burdick	Garner	Mansfield	Strong, Pa.
Burke	Garrett, Tex.	Mead	Sullivan
Burrongs	Goldsborough	Merritt	Tague
Burtness	Gould	Montague	Taylor, Colo.
Burton	Graham, Pa.	Moore, Va.	Ten Eyck
Butler	Griest	Morin	Thomas
Campbell, Kans.	Griffin	Mott	Tilson
Cantrill	Hadley	Mudd	Tinkham
Carter	Haugen	Murphy	Towner
Chandler, N. Y.	Hays	Newton, Mo.	Treadway
Chandler, Okla.	Herrick	Nolan	Upshaw
Clarke, N. Y.	Hicks	O'Brien	Vare
Classon	Himes	Ogden	Volk
Cockran	Hoch	Opp	Ward, N. C.
Codd	Houghton	Overstreet	Wason
Connolly, Pa.	Hukriede	Paige	Weaver
Copley	Humphreys	Park, Ga.	Webster
Crago	Hutchinson	Parker, N. Y.	Wheeler
Cramton	Jefferis, Nebr.	Patterson, Mo.	White, Me.
Cullen	Johnson, S. Dak.	Perlman	Williams
Dale	Kahn	Peters	Winslow
Davis, Minn.	Kelley, Mich.	Porter	Wise
Dempsey	Kendall	Radcliffe	Wood, Ind.
Denison	Kennedy	Rainey, Ala.	Woods, Va.
Doughton	Kiess	Rainey, Ill.	Woodyard
Drewry	Kindred	Reed, N. Y.	Young
Dunn	King	Rhodes	Zihlman
Dyer	Kitchin	Riddick	
Edmonds	Klecza	Riordan	
Elston	Knight	Rogers	

So the amendment of Mr. STAFFORD was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. LEE of Georgia (for) with Mr. ANTHONY (against).

Mr. GALLIVAN (for) with Mr. HOCH (against).

Until further notice:

Mr. TREADWAY with Mr. COLLIER.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. KENNEDY with Mr. KITCHIN.

Mr. HUTCHINSON with Mr. MOORE of Virginia.

Mr. FOSTER with Mr. RIORDAN.

Mr. PATTERSON of Missouri with Mr. ALMON.

Mr. SHREVE with Mr. RAINEY of Illinois.

Mr. WINSLOW with Mr. WOODS of Virginia.

Mr. MAGEE with Mr. COCKRAN.

Mr. CONNOLLY of Pennsylvania with Mr. BRAND.

Mr. BLAKENEY with Mr. O'BRIEN.

Mr. GRIEST with Mr. SABATH.

Mr. RHODES with Mr. DREWRY.

Mr. GRAHAM of Pennsylvania with Mr. GARRETT of Texas.

Mr. FREE with Mr. FLOOD.

Mr. KIESS with Mr. PARK of Georgia.

Mr. OLPP with Mr. BARKLEY.

Mr. STINESS with Mr. MONTAGUE.

Mr. VOLK with Mr. HUMPHREYS.

Mr. NEWTON of Missouri with Mr. KINDRED.

Mr. KAHN with Mr. TEN EYCK.

Mr. DUNN with Mr. OVERSTREET.

Mr. BEGG with Mr. CANTRILL.

Mr. STRONG of Pennsylvania with Mr. TAGUE.

Mr. MUDD with Mr. SULLIVAN.

Mr. BROOKS of Pennsylvania with Mr. GARNER.

Mr. BACHARACH with Mr. GRIFFIN.

Mr. EDMUNDS with Mr. MANSFIELD.

Mr. DAVIS of Minnesota with Mr. GOLDSBOROUGH.

Mr. BUTLER with Mr. WARD of North Carolina.

Mr. HAYES with Mr. MEAD.

Mr. KREIDER with Mr. CULLEN.

Mr. PAIGE with Mr. FULMER.

Mr. RADCLIFFE with Mr. SEARS.

Mr. HUKRIEDE with Mr. THOMAS.
 Mr. ROSENBLOOM with Mr. BLANTON.
 Mr. SINCLAIR with Mr. CARTER.
 Mr. REED of New York with Mr. DOUGHTON.
 Mr. SIEGEL with Mr. RAINY of Alabama.
 Mr. FESS with Mr. UPSHAW.
 Mr. DENISON with Mr. FIELDS.
 Mr. WILLIAMS with Mr. RUCKER.
 Mr. DOWELL with Mr. TAYLOR of Colorado.
 Mr. JOHNSON of South Dakota with Mr. WISE.
 Mr. COLLIER. Mr. Speaker, did the gentleman from Massachusetts [Mr. TREADWAY] vote?
 The SPEAKER. He did not.
 Mr. COLLIER. I voted "aye." I have a pair with him, and so I withdraw my vote and answer "present."
 The result of the vote was announced as above recorded.
 The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

Mr. BLAND of Indiana. Mr. Speaker, I move the previous question on the resolution as amended to final passage.
 The previous question was ordered.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The question was taken, and the Speaker announced that the "ayes" seemed to have it.

Mr. SISSON. Mr. Speaker, has the Speaker made the announcement?

The SPEAKER. He has.

Mr. SISSON. I ask for a division, Mr. Speaker.

The SPEAKER. Of course, it is technically too late, but—

Mr. SISSON. I was on my feet, Mr. Speaker.

The SPEAKER. The Chair will put the question again. A division is demanded.

The House divided; and there were—ayes 172, noes 28.

Mr. SISSON. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair thinks there is a quorum present.

Mr. SISSON. The division does not show it.

The SPEAKER. The division shows 200. But the Chair will count. [After counting.] Two hundred and fourteen Members are present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll. Those who favor the passage of the joint resolution will, when their names are called, answer "yea"; those opposed will answer "nay."

The question was taken; and there were—ayes 193, noes 42, answered "present" 3, not voting 193, as follows:

YEAS—193.

Ackerman	Drane	Ketcham	Morgan
Anderson	Dunbar	Kinkaid	Nelson, A. P.
Andrews, Nebr.	Dupré	Kirkpatrick	Nelson, J. M.
Anthony	Elliott	Kissel	Norton
Appleby	Ellis	Kline, N. Y.	O'Brien
Arentz	Fairchild	Kline, Pa.	O'Connor
Atkeson	Fairfield	Kopp	Osborne
Barbour	Faust	Kraus	Parker, N. J.
Beck	Fish	Lanham	Patterson, N. J.
Beedy	Fisher	Lankford	Perkins
Bird	Fitzgerald	Larson, Minn.	Petersen
Bixler	Focht	Lawrence	Pou
Bland, Ind.	Fordney	Lazaro	Purnell
Bland, Va.	Fuller	Lea, Calif.	Raker
Boies	Garrett, Tenn.	Leatherwood	Ramseyer
Bowers	Gensman	Leibach	Ransley
Brennan	Gerner	Lineberger	Rayburn
Brinson	Gilbert	Linthicum	Reber
Brooks, Ill.	Glynn	Little	Reece
Bulwinkle	Goodykoontz	Logan	Ricketts
Byrnes, Tenn.	Gorman	London	Riddick
Cable	Graham, Ill.	Luce	Roach
Campbell, Pa.	Green, Iowa	Lyon	Robison
Carew	Greene, Mass.	McCormick	Rodenberg
Chalmers	Greene, Vt.	McDuffie	Rose
Chandler, Okla.	Hardy, Colo.	McFadden	Sabath
Chindblom	Harrison	McLaughlin, Mich.	Sanders, Ind.
Cole, Iowa	Haugen	McLaughlin, Nebr.	Sanders, N. Y.
Cole, Ohio	Hawes	McLaughlin, Pa.	Sanders, Tex.
Colton	Hawley	McPherson	Scott, Mich.
Connally, Tex.	Hayden	McSwain	Scott, Tenn.
Connell	Hickey	MacGregor	Shaw
Cooper, Ohio	Hill	Mapes	Shelton
Cooper, Wis.	Hoch	Michaelson	Sinnott
Coughlin	Hogan	Michener	Smith, Idaho
Crowther	Hudspeth	Miller	Smith, Mich.
Curry	Husted	Mills	Snyder
Dallinger	Ireland	Millsbaugh	Speaks
Darrow	Johnson, Wash.	Mondell	Sproul
Davis, Tenn.	Jones, Pa.	Montoya	Stedman
Deal	Kearns	Moore, Ill.	Stephens
Denison	Keller	Moore, Ohio	Strong, Kans.
Dickinson	Kelly, Pa.	Moore, Ind.	Summers, Wash.

Swank	Thompson	Volstead	Wurzbach
Sweet	Timberlake	Ward, N. Y.	Wyant
Swing	Tincher	Watson	Yates
Taylor, N. J.	Vaile	Wingo	
Taylor, Tenn.	Vestal	Wood, Ind.	
Temple	Voigt	Woodruff	

NAYS—42.

Aswell	Driver	Oliver	Summers, Tex.
Bell	Hammer	Parks, Ark.	Tyson
Bowling	Huddleston	Parrish	Underhill
Box	Jacoway	Quin	Vinson
Briggs	James	Rankin	Walsh
Buchanan	Jeffers, Ala.	Rouse	White, Kans.
Christopherson	Johnson, Ky.	Sandlin	Williamson
Clague	Kincheloe	Sisson	Wilson
Collins	Kunz	Smithwick	Wright
Crisp	Lowrey	Stegall	
Dominick	McClintic	Stoll	

ANSWERED "PRESENT"—3.

Collier	Dowell	Stafford
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NOT VOTING—193.

Almon	Elston	Knight	Rhodes
Andrew, Mass.	Evans	Knutson	Riordan
Ansorge	Favrot	Kreider	Robertson
Bacharach	Fenn	Lampert	Rogers
Bankhead	Fess	Langley	Rosenbloom
Barkley	Fields	Larsen, Ga.	Rosdale
Beggs	Flood	Layton	Rucker
Benham	Foster	Lee, Ga.	Ryan
Black	Frear	Lee, N. Y.	Schall
Blakeney	Free	Longworth	Sears
Blanton	Freeman	Luhring	Shreve
Bond	French	McArthur	Siegel
Brand	Frothingham	McKenzie	Sinclair
Britten	Fulmer	Madden	Slemp
Brooks, Pa.	Funk	Magee	Snell
Brown, Tenn.	Gahn	Maloney	Steenerson
Browne, Wis.	Gallivan	Mann	Stevenson
Burdick	Garner	Mansfield	Stinson
Burke	Garrett, Tex.	Martin	Strong, Pa.
Burroughs	Goldsbrough	Mead	Sullivan
Burness	Gould	Merritt	Tagne
Burton	Graham, Pa.	Montague	Taylor, Colo.
Butler	Griest	Moore, Va	Ten Eyck
Byrnes, S. C.	Griffin	Morin	Thomas
Campbell, Kans.	Hadley	Mott	Tillman
Cannon	Hardy, Tex.	Mudd	Tilson
Cantrill	Hays	Murphy	Tinkham
Carter	Herrick	Newton, Minn.	Towner
Chandler, N. Y.	Hersey	Newton, Mo.	Treadway
Clark, Fla.	Hicks	Nolan	Upshaw
Clarke, N. Y.	Himes	Ogden	Vare
Classon	Houghton	Oldfield	Volk
Clouse	Hukriede	Opp	Walters
Cockran	Hull	Overstreet	Ward, N. C.
Codd	Humphreys	Padgett	Wason
Connolly, Pa.	Hutchinson	Paige	Weaver
Copley	Jefferis, Nebr.	Park, Ga.	Webster
Crago	Johnson, Miss.	Parker, N. Y.	Wheeler
Cramton	Johnson, S. Dak.	Patterson, Mo.	White, Me.
Cullen	Jones, Tex.	Perlman	Williams
Dale	Kahn	Peters	Winslow
Davis, Minn.	Kelley, Mich.	Porter	Wise
Dempsey	Kendall	Pringle	Woods, Va.
Doughton	Kennedy	Radcliffe	Woodyard
Drewry	Kiess	Rainey, Ala.	Young
Dunn	Kindred	Rainey, Ill.	Zihlman
Dyer	King	Reavis	
Echols	Kitchin	Reed, N. Y.	
Edmonds	Klecza	Reed, W. Va.	

So the joint resolution was passed.
 The Clerk announced the following additional pairs:
 Until further notice:
 Mr. BLAKENEY with Mr. LEE of Georgia.
 Mr. LANGLEY with Mr. CLARK of Florida.
 Mr. TREADWAY with Mr. COLLIER.
 Mr. DOWELL with Mr. TAYLOR of Colorado.
 Mr. CANNON with Mr. BYRNES of South Carolina.
 Mr. GRIEST with Mr. BANKHEAD.
 Mr. FRENCH with Mr. BLACK.
 Mr. KNUTSON with Mr. FAYROT.
 Mr. MCARTHUR with Mr. FIELDS.
 Mr. LUHRING with Mr. GALLIVAN.
 Mr. PERLMAN with Mr. HARDY of Texas.
 Mr. REAVES with Mr. JOHNSON of Mississippi.
 Mr. SNELL with Mr. JONES of Texas.
 Mr. FROTHINGHAM with Mr. LARSEN of Georgia.
 Mr. NOLAN with Mr. MARTIN.
 Mr. HERRICK with Mr. WEAVER.
 Mr. KENDALL with Mr. OLDFIELD.
 Mr. KNIGHT with Mr. PADGETT.
 Mr. PORTER with Mr. STEVENSON.
 Mr. WHEELER with Mr. TILLMAN.
 Mr. STAFFORD. Mr. Speaker, is the gentleman from Illinois [Mr. CANNON] recorded?
 The SPEAKER. He is not recorded.

Mr. STAFFORD. Mr. Speaker, I voted "nay." I have a pair with the gentleman from Illinois, and therefore I withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

On motion of Mr. BLAND of Indiana, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

By unanimous consent, at the request of Mr. BLAND of Indiana, House joint resolution 200 was laid on the table.

INDIAN AFFAIRS.

Mr. SNYDER. Mr. Speaker, I move to take from the Speaker's table H. R. 7848, and to concur in the Senate amendments.

The SPEAKER. The gentleman from New York moves to take from the Speaker's table a bill the title of which the Clerk will report, with the Senate amendments, and he moves to concur in the Senate amendments.

The Clerk read the title of the bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

The Senate amendments were read.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I understand these Senate amendments have been submitted to the Committee on Indian Affairs of the House and that it is the judgment of that committee that the amendments should be concurred in.

Mr. SNYDER. Yes. The gentleman's statement is correct.

The SPEAKER. The question is on concurring in the Senate amendments.

The Senate amendments were concurred in.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 40 minutes p. m.) the House adjourned until Wednesday, October 26, 1921, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. BULWINKLE, from the Committee on Claims, to which was referred the bill (H. R. 1721) to authorize the refund of a part of the purchase price of Camp Mills to the Buffalo Housewrecking & Salvage Co., reported the same without amendment, accompanied by a report (No. 437), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 7957) granting a pension to John Gust Pearson and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ACKERMAN: A bill (H. R. 8840) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. McSWAIN: A bill (H. R. 8841) to amend the Federal reserve act, approved December 23, 1913, and all amendments thereto; to the Committee on Banking and Currency.

By Mr. SUTHERLAND: A bill (H. R. 8842) to provide for agricultural entries on coal lands in Alaska; to the Committee on the Public Lands.

By Mr. DYER: A bill (H. R. 8843) to assure to persons within the jurisdiction of any State the equal protection of the laws; to the Committee on the Judiciary.

By Mr. McFADDEN: Joint resolution (H. J. Res. 211) proposing an amendment to the Constitution of the United States; to the Committee on Ways and Means.

By Mr. CURRY: Resolution (H. Res. 214) for the immediate consideration of House bill 8442; to the Committee on Rules.

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. 8844) granting a pension to Dorcas A. Wilcox; to the Committee on Invalid Pensions.

By Mr. BOWLING: A bill (H. R. 8845) for the relief of Mattie Alexander; to the Committee on the Public Lands.

By Mr. CONNOLLY of Pennsylvania: A bill (H. R. 8846) for the relief of Gottfried J. Maier; to the Committee on Claims.

Also, a bill (H. R. 8847) for the relief of Harry Coventry; to the Committee on Military Affairs.

Also, a bill (H. R. 8848) for the relief of Morris Dietrich; to the Committee on Claims.

Also, a bill (H. R. 8849) for the relief of Dommick Taheny and John W. Mortimer; to the Committee on Claims.

Also, a bill (H. R. 8850) granting a pension to Mary E. Burg; to the Committee on Pensions.

Also, a bill (H. R. 8851) granting a pension to John A. Ott; to the Committee on Pensions.

Also, a bill (H. R. 8852) granting a pension to Margaret C. Groom; to the Committee on Pensions.

By Mr. COOPER of Wisconsin: A bill (H. R. 8853) granting a pension to Thomas McBride; to the Committee on Pensions.

By Mr. DARROW: A bill (H. R. 8854) granting a pension to Arabella T. Ramsay; to the Committee on Invalid Pensions.

By Mr. DUNBAR: A bill (H. R. 8855) granting an increase of pension to Charles A. McComb; to the Committee on Invalid Pensions.

By Mr. FAIRFIELD: A bill (H. R. 8856) granting an increase of pension to Lusina Clouse; to the Committee on Invalid Pensions.

By Mr. FAUST: A bill (H. R. 8857) granting a pension to Peter Jones; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 8858) granting a pension to James R. Lee, jr.; to the Committee on Invalid Pensions.

By Mr. JONES of Pennsylvania: A bill (H. R. 8859) granting a pension to Claude W. Swartwood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8860) for the relief of George Valentine; to the Committee on Claims.

By Mr. LUHRING: A bill (H. R. 8861) granting a pension to Georgianna Cawthorne; to the Committee on Pensions.

By Mr. McARTHUR: A bill (H. R. 8862) granting a pension to John H. Page; to the Committee on Pensions.

Also, a bill (H. R. 8863) granting a pension to Elijah C. Hall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8864) granting a pension to David McMillan; to the Committee on Pensions.

By Mr. MORGAN: A bill (H. R. 8865) granting a pension to Mary Sneider; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8866) granting an increase of pension to Nancy A. Felton; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 8867) granting an increase of pension to Mary J. Brewer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8868) granting an increase of pension to Mary E. Newlin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8869) granting an increase of pension to Rebecca Scott; to the Committee on Invalid Pensions.

By Mr. ROBSION: A bill (H. R. 8870) granting a pension to Leslie V. Murrell; to the Committee on Pensions.

By Mr. SIEGEL: A bill (H. R. 8871) for the relief of Richard Andrews; to the Committee on Claims.

By Mr. WINSLOW: A bill (H. R. 8872) granting an increase of pension to George H. Higgins; to the Committee on Pensions.

Also, a bill (H. R. 8873) granting a pension to Mary E. Alden; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

2827. By Mr. BURTON: Petition of the City Council of Cleveland, Ohio, protesting against legislation which makes it necessary for building and loan associations to pay an income tax; to the Committee on Ways and Means.

2828. By Mr. DARROW: Memorial of the Philadelphia Board of Trade in reference to threatened railroad strike and urging enactment of remedial legislation; to the Committee on Interstate and Foreign Commerce.

2829. By Mr. DRANE: Resolutions from the Tampa (Fla.) Board of Trade, relative to the impending railroad strike; to the Committee on Interstate and Foreign Commerce.

2830. By Mr. FAIRFIELD: Petition of Merle Kellner and others, of Kendallville, Ind., relative to the treatment of the Mohave-Apache Indians; to the Committee on Indian Affairs.

2831. By Mr. KISSEL: Petition of the Wilton Manufacturing Co. (Inc.), of New York City; to the Committee on Ways and Means.

2832. Also, petition of Charles A. Schieren & Co., of New York City; to the Committee on Ways and Means.

2833. By Mr. SANDERS of New York: Petition of the directors of the Monroe County (N. Y.) Farm Bureau, urging an additional appropriation for the purpose of paying the indemnity on cattle slaughtered in the eradication of bovine tuberculosis; to the Committee on Appropriations.

2834. By Mr. SMITH of Michigan: Petition of 83 citizens of Athens, Mich., favoring lower taxation by means of disarmament; to the Committee on Ways and Means.

2835. By Mr. SPEAKS: Resolutions by the Reynoldsburg Methodist Episcopal Church and the Reynoldsburg Methodist Episcopal Sunday School, of Reynoldsburg, Ohio, indorsing and urging the immediate passage of House joint resolution 159, proposing a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2836. Also, resolutions by the official board Men's Bible Class, Ye Booster Bible Class, Trinity Class, Ladies' Aid Society, and the Women's Foreign Missionary Society of the Neil Avenue Methodist Episcopal Church, of Columbus, Ohio, indorsing and urging the immediate passage of House joint resolution 159, proposing a constitutional amendment to prohibit sectarian appropriations; to the Committee on the Judiciary.

2837. By Mr. SWING: Resolutions of the Hamilton Club, of Los Angeles, Calif., urging that all money due this Government from foreign powers be collected upon maturity and applied to payment of Liberty and Victory bonds and for the compensation of World War veterans; to the Committee on Ways and Means.

SENATE.

WEDNESDAY, October 26, 1921.

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

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

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Harrell	Moses	Simmons
Brandegee	Harris	Nelson	Smoot
Broussard	Harrison	New	Spencer
Calder	Heflin	Newberry	Stanfield
Capper	Hitchcock	Nicholson	Stanley
Caraway	Johnson	Norbeck	Sutherland
Culberson	Jones, N. Mex.	Oddie	Swanson
Curtis	Kellogg	Overman	Townsend
Dial	Kendrick	Owen	Traummell
Dillingham	Keys	Page	Wadsworth
du Pont	King	Penrose	Walsh, Mass.
Edge	La Follette	Phipps	Walsh, Mont.
Ernst	Lenroot	Pittman	Warren
Fernald	Lodge	Polindexter	Watson, Ga.
France	McCormick	Pomerene	Watson, Ind.
Frellinghuysen	McKellar	Ransdell	Weller
Gerry	McKinley	Reed	Willis
Gooding	McLean	Sheppard	
Hale	McNary	Shortridge	

Mr. WARREN. I wish to announce that the Senator from Iowa [Mr. KENYON] and the Senator from South Dakota [Mr. STEBLING] are engaged in a hearing before the Committee on Education and Labor.

Mr. DIAL. I desire to state that my colleague [Mr. SMITH] is necessarily absent on account of illness. I ask that this announcement may stand for the day.

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

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the joint resolution (S. J. Res. 114) accepting the invitation of the Republic of Brazil to take part in an international exposition to be held in Rio de Janeiro in 1922, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 7848) au-

thorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

REINTERMENT OF AMERICAN SOLDIER DEAD.

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Acting Quartermaster General of the Army, transmitting copies of lists of American soldier dead to be reinterred in the Arlington National Cemetery October 27, 1921, at 2.30 p. m. The lists will lie on the desk of the Secretary for the information of the Senate.

PETITIONS.

Mr. NELSON presented a resolution adopted October 18, 1921, by Osiris Lodge, No. 272, Ancient Free and Accepted Masons, of Baudette, Minn., favoring the enactment of legislation to create a department of education, which was referred to the Committee on Education and Labor.

Mr. TOWNSEND presented petitions of sundry citizens of Roscommon, Lyon Manor, Markey, Mason, and Ingham County, all in the State of Michigan, praying for the limitation of armaments, the payment of the foreign debt, and a reduction of governmental expenditures, so as to decrease taxation, which were referred to the Committee on Expenditures in the Executive Departments.

He also presented a resolution adopted by the Study Club of Ypsilanti, Mich., favoring sessions of the conference on limitation of armaments open to public knowledge and criticism and the chief business of such conference to be the limitation of armaments, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Adrian, Mich., praying for a reduction in freight rates so as to help revive business, which was referred to the Committee on Interstate Commerce.

ENROLLED BILL PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on the 25th instant they had presented to the President of the United States the enrolled bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

CHANGE OF REFERENCE.

Mr. DILLINGHAM. At the request of the Committee on the District of Columbia I ask that the joint resolution (S. J. Res. 128) to provide for the maintenance of public order and the protection of life and property in connection with the ceremonies attending the international conference for the limitation of armament, which was referred to that committee, may be withdrawn and referred to the Committee on Appropriations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. DILLINGHAM. I also ask that the joint resolution (S. J. Res. 129) authorizing the Secretary of War to grant permits to the citizens' committee of the District of Columbia in connection with the ceremonies attending the international conference for the limitation of armament, and for other purposes, which was referred to the Committee on the District of Columbia, may be withdrawn and referred to the Committee on Military Affairs.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

BILLS INTRODUCED.

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

By Mr. JOHNSON:

A bill (S. 2626) for the relief of Elizabeth J. Bishop; to the Committee on Claims.

A bill (S. 2627) granting an increase of pension to Pauline A. Ames;

A bill (S. 2628) granting a pension to Mary Maxwell;

A bill (S. 2629) granting a pension to David Christman; and

A bill (S. 2630) granting a pension to Sarah Mitchell; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2631) to encourage highway motor transportation in the United States; to the Committee on Interstate Commerce.

By Mr. SHORTRIDGE:

A bill (S. 2632) to correct the military record of Martin Cletrner; to the Committee on Military Affairs.

AMENDMENTS OF TAX REVISION BILL.

Mr. PITTMAN, Mr. WADSWORTH, Mr. CALDER, Mr. OWEN, and Mr. LENROOT submitted amendments intended to be proposed by them to House bill 8245, the tax revision bill, which were ordered to lie on the table and to be printed.