

HOUSE OF REPRESENTATIVES.

FRIDAY, September 25, 1914.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Be graciously near to us, Eternal Spirit, our heavenly Father, as we thus pursue the journey of life through another day. Quicken our thoughts; broaden our views; uphold, sustain, and guide us in every good work, that we may be worthy of Thy love and good will. In the spirit of Him who taught us "the way and the truth and the life." Amen.

The Journal of the proceedings of yesterday was read and approved.

EMERGENCY REVENUE LEGISLATION.

Mr. UNDERWOOD. Mr. Speaker, I would like to be informed as to the amount of time that has been used on each side.

The SPEAKER. The gentleman from Alabama used 1 hour and 15 minutes and the gentleman from New York [Mr. PAYNE] exactly an hour.

Mr. UNDERWOOD. Mr. Speaker, I yield 15 minutes to the gentleman from Minnesota [Mr. HAMMOND].

Mr. HAMMOND. Mr. Speaker, when the President of the United States came before this body on the 4th of this month he stated that he had a very unpleasant duty to perform. Of course it is never a pleasant duty to levy taxes or to ask that taxes be levied upon a people. The Committee on Ways and Means, to whom that message was referred, had also a very unpleasant duty to perform. They attempted to perform it as well as they could. The House, now that the measure has come before it, has a very unpleasant duty to perform. Gentlemen, we all realize the danger, the political danger, of passing a bill like this just before an election. Without doubt it can be used to our injury; it will harm the Democratic Party; but if it is a duty that should be performed, neither the Democratic Party, nor any party, nor any body of citizens, should shrink from its performance simply because it will invite criticism and perhaps do some injury.

Now, the conditions which confront us are generally well known. I desire to call attention to a few figures that are illuminating. We have to-day, reading from the last daily statement of the United States Treasury, of date September 23, a surplus of about \$118,000,000, \$74,000,000 of which is deposited in the banks of the United States, leaving \$44,000,000 in the Treasury. Some \$27,000,000 of that is in subsidiary coin, fractional currency and silver bullion—money, of course, but not readily used for governmental purposes. This leaves a balance of \$17,000,000. The revenues up to the 23d for this fiscal year are \$166,000,000 and something over. For the same time in the last fiscal year they were \$165,000,000. So our revenues up to the 23d of this month in this fiscal year exceed by nearly \$1,000,000 the revenues in the last fiscal year. So upon paper, in so far as the revenues of the country are concerned, the result of the Democratic revenue measure, we are not in need of additional taxes. Our revenues apparently exceed the revenues of the last fiscal year at this time, but \$12,000,000 came from the sale of warships to Greece. Deducting that, and we are about \$11,000,000 short. Now, then, one may readily understand how our friends upon the other side of the Chamber may feel that it is unnecessary to levy this tax. They can not, of course, take the position that the tax is unnecessary and at the same time necessary on account of either Democratic legislation or Democratic extravagance. If it were true that we had been extravagant, if it were true that our legislation had failed to produce revenue, and the necessity existed, then, of course, they would join with us in passing necessary tax legislation, because, whatever the cause may be, when the Government needs money it must have money, and it is the duty of all of us to furnish it when the call is made. But the opposition does not take that position, as I understand it. It assumes that the Democratic tariff bill and Democratic legislation have produced the necessary revenues, and that there is to-day no necessity for the legislation which we present.

Now, I wish to read a line or two from President Wilson's message upon this proposition of necessity. He said:

The Treasury itself could get along for a considerable period, no doubt, without immediate resort to new sources of taxation.

And that is precisely our position.

But at what cost to the business of the community? Approximately \$75,000,000, a large part of the present Treasury balance, is now on deposit with national banks distributed throughout the country.

Seventy-four million dollars, as I have shown you from the last Treasury statement.

It is deposited, of course, on call. I need not point out to you what the probable consequences of inconvenience and distress and confusion would be if the diminishing income of the Treasury should make it

necessary rapidly to withdraw these deposits. And yet without additional revenue that plainly might become necessary.

With \$17,000,000 balance outside of these deposits, of course it would become necessary.

And the time when it became necessary could not be controlled or determined by the convenience of the business of the country. It would have to be determined by the operations and necessities of the Treasury itself. Such risks are not necessary and ought not to be run. We can not too scrupulously or carefully safeguard a financial situation which is at best, while war continues in Europe, difficult and abnormal. Hesitation and delay are the worst forms of bad policy under such conditions.

Now, then, the crux of the situation is that it appears from this statement that there are \$74,000,000 in the banks of this country. True, our customs revenues have shrunk. True, there are eight great nations in Europe engaged in deadly conflict to-day. True, six others are hovering upon the very brink of war, and no one can tell what news the next few months may bring us, so far as they are concerned. And from these great nations engaged in a life-and-death struggle we can not have the trade, we can not have the imports, and consequently the customs revenues, to keep pace with our needs. Twenty-five million dollars is our loss so far in customs this fiscal year compared with what they were a year ago.

The President, we believe, is in a better position to determine just what the business conditions of this country demand in time of a crisis than we are, for information may come to him that it would not be desirable to make public, for apprehension of danger sometimes causes the very calamity we seek to avert. Now, gentlemen, we feel on our side that we can place the utmost faith and reliance in the statement of the President as to these business conditions. He has come before this body; he has taken the responsibility for this legislation; he has stated as the Chief Executive of this Nation that the need exists; he has called our attention to the facts within our own knowledge; and he has stated to us as the Chief Magistrate that there is absolute necessity that this money remain in the banks for the present and be not withdrawn for Treasury purposes. And if it is not to be withdrawn, then it devolves upon us to supply funds for the Government. It is easy enough to uphold the hands of the President under smiling skies and in fair weather, but when the stress of storm comes it is just as necessary—yes, the necessity is greater—that those who belong to the party of the President at least should uphold his hands and stand by him, in order that his administration may in the future be as successful as it has been in the past. [Applause on the Democratic side.]

I yield back the balance of my time.

The SPEAKER pro tempore (Mr. McGILLICUDDY). The gentleman yields back two minutes of his time.

Mr. UNDERWOOD. Mr. Speaker, I yield 15 minutes to the gentleman from Missouri [Mr. DICKINSON].

The SPEAKER pro tempore. The gentleman from Missouri [Mr. DICKINSON] is recognized for 15 minutes.

Mr. DICKINSON. Mr. Speaker, I shall vote for this emergency revenue measure, made necessary, in the judgment of the President, because of war conditions in Europe that seriously affect the commerce between the United States and European countries, preventing the usual exports of our raw material, principally cotton, produced in this country and so largely used abroad, and the shutting off of the importations from the countries involved in the war, and that in time of peace furnished customs revenues which, together with other revenues, have been ample to meet all the necessary expenses of Government.

A courageous President tells the Congress and the country that the occasion for this emergency legislation is not of our making, that we had no part in making it, but it is here; and he calls upon Congress to respond and meet the responsibility thrust upon us by these war conditions, the like of which, in the destruction of life and property and in their world-wide influence, have not been seen since the dawn of creation.

In our judgment, Congress, regardless of party, should respond to the appeal of the President for this legislation. The Democratic Party, the responsible party in control of the Government, can not and will not dodge this responsibility. The Republican membership, conscious of the dire straits in which their party stands to-day before the country, may seek a partisan advantage in its desire for an issue, and with want of frankness may oppose this measure for the pure sake of politics. They will be disappointed. The country believes in Woodrow Wilson, in his honesty of purpose, and will approve his conscientious and courageous discharge of every public duty, and will indorse the action of the President and of the majority party in seeking to meet every emergency that may arise and that may call for legislation, whether in peace or war conditions, and will rebuke at the polls those who play mere partisan politics in their effort to deceive the country. [Applause on the Democratic side.]

In his recent address to Congress on this subject the President states a fact, known to all Members of Congress and every

intelligent citizen of the country, that conditions have arisen that no man foresaw.

The war in Europe came like a flash of lightning out of a clear sky. The horrible and unparalleled conditions affect the whole world of commerce and economic production. Ten millions of men called to arms in Europe and engaged in deadly strife are trying to destroy not only each other, but striving to destroy nations and change the map of Europe. This war to the death, in which millions of men may not only lose their lives, but billions of dollars' worth of property will be destroyed and lost forever, shocks not only the moral sense of all the world but seriously disturbs financial conditions everywhere, and especially in this country, because of large mutual commerce in time of peace. Trade and commerce with Europe has largely ceased and losses of revenues are being sustained. Our surplus can not be sold abroad. The serious conditions have brought a strain here and it became the duty of the President to call the attention of Congress to these abnormal conditions that could not be neglected without probably dangerous results.

In, so far as they affect us, the President tells us that these conditions must be faced and dealt with, and that it would be unwise to postpone dealing with them. The Democrats of this House can not do other than respond to the message and address of the President. The country would rebuke the Democratic membership if it failed to make proper response to the appeal of the President for this legislation at this time.

I know how tempting it is for the minority party to embrace this opportunity in its hunger for a campaign cry. They raise the cry of economy—a stranger in the history of their party legislation. They cry out against additional taxes. Taxes are always burdensome and offensive to those compelled to pay them. It is refreshing to hear our Republican friends complain against taxation, when they know that the large burdens now borne by the people are the heritage in a large part of the obnoxious rule of their own party. [Applause on the Democratic side.]

The Underwood tariff law is criticized by many who would not reenact the Payne-Aldrich tariff law if given an opportunity. No general tariff law is perfect. But in my judgment the present tariff law will continue for years on the Federal statute book of the Nation with the approval of the people, who feel that it is immeasurably superior to the law which it displaced. I would like to see it amended in its income-tax provisions—a greater per cent levied on the larger incomes and the exemptions lowered, so that wealth should bear a fairer share of the burdens of Government. I would like to have seen an income-tax increase written in this bill, but it was thought best not to incorporate it in this emergency measure, when the income-tax feature would not be responsive before the end of the fiscal year, in June, 1915, but to leave it for future legislation.

Some desired other features in the bill, but an emergency bill could not well be written that would meet the judgment of every Member in all particulars. The provisions of this bill, levied principally on luxuries, should be reasonably satisfactory to all. It met the judgment of the President. It is indorsed by the Democratic membership of this body. It has been unanimously reported by the majority members of the Ways and Means Committee, which has responded to the desires of the President and the action of the Democratic caucus.

Should this bill become a law, it is estimated that the revenues derived during the coming 12 months will amount to \$105,000,000, distributed as follows:

Fermented liquors	-----	\$32,500,000
Wines	-----	6,000,000
Gasoline	-----	20,000,000
Special taxes	-----	16,500,000
Stamp taxes	-----	30,000,000
Total	-----	105,000,000

The stamp taxes to cease on the 31st of December, 1915, and it is hoped that the necessity for the continuation of this entire law may end when normal conditions may be restored in Europe.

Every man hopes for an early termination of that terrible struggle—a war blunder so colossal as to stagger the entire world, a very harvest of death to all that is best in European life. Our burdens are light as compared to their misery. There can be no compensation for such destruction of life and property, unless possibly new conditions may arise and old things shall pass away, bringing a change that only could result from revolution.

Out of the fearful struggle going on the world may receive some benefit, if the building of battleships and other engines of destruction may cease; a blessing may come to all mankind if all of Europe shall disarm by reason of this mighty conflict, and large standing armies may live only in history; if kingcraft shall yield its domination to democratic rule; if strife shall give

way to peace; if the doctrine of hate shall give place to love and friendship; if war shall cease and the brotherhood of man be recognized. [Applause.] God forbid that the terrible lesson being enacted shall bring nothing of benefit to the human race. If new conditions shall arise, such as is desired by every peace-loving man, then taxes will be lowered everywhere and the heavy burdens upon labor and industry will be lessened. When Europe disarms, the necessity for large naval and army appropriations in the United States may cease and our burdens be lightened.

If by reason of this war militarism shall pass away and give place to industrialism, there will be some compensation for the great slaughter of to-day. Sorrow, famine, ruin may be the heritage of this generation in the war-stricken countries, but the cause having been removed future generations may live in peace and contentment. Who is there in all this broad land that does not hope for the coming of the establishment of a world-wide peace, so ardently desired in this land of ours and hungered for in the hearts of civilized man everywhere? [Applause.]

Let us meet this present necessary condition and respond to the message of the President; bear this burden to-day and then bend in the future every effort to aid to press upon the Old World that the day has come when the burden of militarism must be lifted from the shoulders of the masses, in order that the generations that are to follow may live and work out the great salvation of life. [Applause.] Strike down prejudice wherever it exists, whether it be between individuals or nations. Teach the great rulers of the world that they must respond to the heart throbs of suffering humanity, destroy war and every instrument of war, in order that men may live in peace and that the world may grow in wealth and in comfort. Governments can then be run with more economy, for when the great navies and large standing armies shall cease the necessity for huge levies will end, and the industries of the nations of the earth will be quickened and happiness and contentment will fill the hearts of mankind. [Applause.]

It may be a dream—a mere hope that may not be realized. The millennium may never come, but the hope will linger in the human heart and the prayer will be world-wide for every effort from every peace-loving nation to put an end to destructive war that brings sorrow and suffering to almost every home in every land. The burden of debt is the curse of the world. There is no hope for relief, there is no future prosperity for nations, unless their burdens be lightened and lifted from the shoulders of the nations and individuals. If history shall continue to repeat itself till the end of time, then what shall we say of our lauded civilization and the influence of the church upon the children of men? [Applause on the Democratic side.]

I yield back the balance of my time, Mr. Speaker.

Mr. UNDERWOOD. Mr. Speaker, will the gentleman from New York [Mr. PAYNE] allow me to yield a couple of minutes to a Member on this side?

Mr. PAYNE. Certainly.

Mr. UNDERWOOD. I yield three minutes, Mr. Speaker, to the gentleman from New York [Mr. GOULDEN].

The SPEAKER pro tempore. The gentleman from New York [Mr. GOULDEN] is recognized for three minutes.

Mr. GOULDEN. Mr. Speaker, the bill now under consideration is an emergency measure, made necessary by the war in Europe. This Government depends on the duties collected on imports for a considerable portion of the revenues necessary for its support. The President, by virtue of his office as Chief Executive, is responsible for the proper administration of the affairs of government. Under Article II, section 3, of the Constitution of the United States, he is expressly directed as follows:

He shall, from time to time, give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient.

In compliance with this requirement, President Wilson, on Friday, September 4, in keeping with the wise and salutary custom of the early Chief Magistrates of the Nation, appeared before the Congress and read his message on the needs of the country and its finances. In his opening he said:

Gentlemen of the Congress, I come to you to-day to discharge a duty which I wish with all my heart I might have been spared; but it is a duty which is very clear, and, therefore, I perform it without hesitation or apology. I come to ask very earnestly that additional revenue be provided for the Government.

During the month of August, there was, as compared with the corresponding month of last year, a falling off of \$10,629,538 in the revenues collected from customs. A continuation of this decrease in the same proportion throughout the current fiscal year would probably mean a loss of customs revenues of from sixty to one hundred millions. I need not tell you to what this falling off is due. It is due in chief part, not to the reductions recently made in the customs duties, but to the great decrease in importations, and that is due to the extraordinary extent of the industrial area affected by the present war in Europe. Conditions have arisen which no man foresaw; they affect the

whole world of commerce and economic production, and they must be faced and dealt with.

It would be very unwise to postpone dealing with them. Delay in such a matter and in the particular circumstances in which we now find ourselves as a nation might involve consequences of the most embarrassing and deplorable sort, for which I, for one, would not care to be responsible. It would be very dangerous in the present circumstances to create a moment's doubt as to the strength and sufficiency of the Treasury of the United States, its ability to assist, to steady, and sustain the financial operations of the country's business. If the Treasury is known, or even thought, to be weak, where will be our peace of mind? The whole industrial activity of the country would be chilled and demoralized. Just now the peculiarly difficult financial problems of the moment are being successfully dealt with, with great self-possession and good sense and very sound judgment, but they are only in process of being worked out. If the process of solution is to be completed, no one must be given reason to doubt the solidity and adequacy of the Treasury of the Government, which stands behind the whole method by which our difficulties are being met and handled.

In the same message he added the following, which I commend to the American people:

The occasion is not of our own making. We had no part in making it. But it is here. It affects us as directly and palpably almost as if we were participants in the circumstances which gave rise to it. We must accept the inevitable with calm judgment and unruffled spirits, like men accustomed to deal with the unexpected, habituated to take care of themselves, masters of their own affairs and their own fortunes. We shall pay the bill, though we did not deliberately incur it. In order to meet every demand upon the Treasury without delay or peradventure, and in order to keep the Treasury strong, unquestionably strong, and strong throughout the present anxieties, I respectfully urge that an additional revenue of \$100,000,000 be raised through internal taxes devised in your wisdom to meet the emergency. The only suggestion I take the liberty of making is that such sources of revenue be chosen as will begin to yield at once and yield with a certain and constant flow.

Our Republican friends on the other side of this Chamber deny this proposition as unnecessary at this time and, secondly, claim that it is due to extravagance on the part of the majority of this House. There is no question in the minds of all patriotic citizens not biased by partisan feeling of the necessity of maintaining the standard and solvency of the United States Treasury. The President clearly proves this fact in his admirable address.

Mr. GOLDFOGLE. Mr. Speaker, will the gentleman yield to me for a moment?

Mr. GOULDEN. With pleasure.

Mr. GOLDFOGLE. I recognize the fact that the gentleman has only a few minutes, but I desire to ask him as a man of large business experience and so successful in New York whether the deposit of moneys in the national banks, so much criticized by the other side yesterday, was not necessary to be made in order to preserve not only the solvency of the financial institutions throughout the country and their absolute stability, but also in order to avert the possibility of apprehension on the part of the people, however unjustified, which might give rise to financial unrest or distrust?

Mr. GOULDEN. My distinguished colleague is absolutely correct. Sixty millions of that money was deposited by the Republican administration and fifteen millions by the Democratic administration. It would undoubtedly disturb the business relations of our country and probably tend to bring about depression, if not a panic, had not every financial safeguard been taken to strengthen our financial institutions. [Applause.] The whole fabric of commercial and industrial life of the country depends on public confidence in the stability of our finances, or panic will inevitably follow. This is the time that prudence demands that the actual and growing deficiency in the Nation's revenue be made good. It will not do to put it off until some more convenient season. The time for action is here and must be promptly met by the Congress if serious financial and business troubles in the near future are to be avoided. Even if the war in Europe ended shortly, something of this kind would be imperatively necessary, as it would require a year, at least, for the belligerent nations to be able to manufacture goods for importation. The entire product of their factories and mills would be required for their own people; hence this measure might even then be required. President Wilson, having full information on this subject and being of discerning mind and patriotic heart, would not have made this urgent recommendation without cause. I would much prefer following him and his advice than that of our political foes on the other side of the Chamber. [Applause on the Democratic side.]

The second contention of our Republican brethren, that of extravagance, is as unfounded as the first objection. No one regrets more deeply than I that so important and necessary a proposition should be made a party question. The fact that the election is just 40 days distant is no reason whatever for trying to make political capital on a matter of such great import, one so fraught for good of the country.

In the matter of extravagant appropriations, the Republicans have been a party to them, both in the committees and in the House itself, having voted for the measures carrying appropri-

tions. I do not admit, however, that these various appropriation bills passed by this Congress were extravagant. This is a billion-dollar Nation, growing from year to year, and the sums appropriated were absolutely necessary. The greatly increased activity along all lines of public endeavor, especially that of reclamation and irrigation of arid lands, the conservation of the public resources, and in general doing everything to make the country more prosperous and the people happier, demands larger sums from the National Government each year.

As to the measure under consideration, the loss of revenue from import from countries engaged in and affected by the war, comprising Austria-Hungary, Belgium, France, Germany, Japan, Russia, Servia and Montenegro, and the United Kingdom of Great Britain, the usual customs revenue coming from these countries annually has amounted to more than \$100,000,000.

The Committee on Ways and Means, in their able report regarding this matter, say:

We have therefore reached the conclusion that it is conservative to state that the loss of customs revenue that will be caused by war conditions abroad for one year will be \$100,000,000. This amount, unless replaced by taxes from some other source, will cause a serious deficit in our Treasury balance. It is true that at this time we have a general fund balance in the Treasury amounting to about \$119,000,000. About \$75,000,000 of this money is now deposited in the national banks of the country to assist in the movement of crops and to meet the Treasury daily needs when required. Of the remaining Treasury balance there is a large amount in subsidiary coin and bullion, which is not available for use in meeting current obligations.

President Wilson, with a keen appreciation of the actual needs of the country and with a sublime courage, meets this unfortunate condition, as he has met all others confronting the administration, successfully and patriotically. He asks us to do our duty by providing the necessary funds to maintain the honor and integrity of the Government. There is no doubt of the result. Many of us may differ in the manner as to how this sum should be raised, but having registered our protests and made our objections to the Committee on Ways and Means, it now becomes our duty as representatives of the people to pass the proposed bill. I feel that at best it is only a temporary burden, which the American people will cheerfully bear, as they always have done when occasion demanded.

Schedule A, the stamp taxes, will expire by limitation on December 31, 1915, unless sooner repealed. It must be noted that no tax was placed upon bank checks, and I had hoped that policies of life insurance, which is a burden upon the frugal savings of millions of our people, who in this case wisely seek to protect their dependent ones, might also have been omitted.

With the return of peace, which God grant may speedily come, the extra taxes imposed by this bill, similar in every respect to those of the Spanish-American War period, will be repealed. [Applause on the Democratic side.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. UNDERWOOD. Mr. Speaker, I want to yield two minutes to the gentleman from Missouri [Mr. GILL].

Mr. PAYNE. How much?

Mr. UNDERWOOD. Two minutes.

The SPEAKER pro tempore. The gentleman from Missouri [Mr. GILL] is recognized.

Mr. GILL. Mr. Speaker and gentlemen of the House, in the short time allotted me in the final discussion of the war-tax bill now pending, I wish to confine my remarks specifically to the machine, and more particularly to the automatic machine now in general use in industry.

Human labor, Mr. Speaker, is the universal element which enters into all conceptions of value. That which the world recognizes as concrete wealth has embedded in its heart the applied stored-up labor of a past time. Wring from your myriad indices of wealth this universal factor and you transform them back again to a state of nature. Our own continent in all that makes for outward, tangible wealth is the richest in the world's history. At no time in the chronology of past centuries has any nation approximated its billions upon billions of visible symbols of wealth. And yet on that October day in 1492 when Christopher Columbus found a new continent, it was absolutely void of a dollar's worth of value. It is almost inconceivable that in the short space of 422 years the human beings who have since made this continent their home could, by the application of their brain, bone, and brawn to the plastic material of a virgin continent, have transformed it from a trackless wilderness into the thriving, prosperous communities which now so resplendently adorn each and every country of this Western Hemisphere. Speech is powerless to adequately measure the boundless wealth which still sleeps within the bosom of its future, and a wise statesmanship will always have in mind the proper conservation of those factors inherent in its life and growth.

All political economists are agreed that labor is the one universal element which enters into and becomes the necessary factor of each and every object of value known to civilized man. That function of labor, its universality—and because of it, the responsibility of parenthood toward the creatures of sense compels it to take on what to me is the function of labor, its universality—makes it the principal element in the life of objective value. Rob any object of its inner life-giving labor element and it immediately becomes dead, useless, and valueless.

Now, sir, I am prepared at this stage of my inquiry to approach the analysis of the bill before this House with as large an element of candor, fairness, and justice as human insight into its problems can give to man. The great European war has brought on an absolutely unlooked-for condition. No superior foresight of statesmanship could have given ample warning of its coming. It is here and we must face it. Our able President has so brilliantly outlined what our duties are, and I, as a humble Democrat, am here to offer my loyal and unqualified support to him and his administration in this crisis. Let us have a war tax such as he suggests, and let us get busy and furnish it without too much delay. But in doing this I wish to utter a solemn warning, do not shackle labor with too onerous a burden. Remember, gentlemen, labor, the universal element in all forms of value, must not be taxed to death. Each separate entity of creation has its finite limit, beyond which endurance can not and dare not go. Wise conservation of society's labor element would call for the energizing instead of the enervating deed. Tax labor with too many burdens and you enervate the one substance which gives health, virility, and stability to the body whole. A wise, social husbandman would seek to keep alive and vigorous its ever-necessary labor factor.

Mr. Speaker and gentlemen of this House, I am ever ready to give the eye and ear of patient inquiry into the social need and shall hold myself ready to cooperate with all reasonable haste toward that consummation. But I am too much of a Democrat—aye, too much of a lover of my kind—to blindly stand aloof and permit an unreason do that for me and mine which spells misery, squalor, and actual want to millions of humble toilers in our land.

Gentlemen, our age is clamoring for quantity. Its great cry is more, and ever yet more. It reckons not sympathy and knows no kin; nor youth, nor age, nor man, nor woman are subjects in the category of its reason. They know what they want, and call for what they know. It has transpired that in the domain of experience they have found a neuter thing called a machine, which does more with less trouble than the human which it has supplanted. It has no conscience, likewise no heart. It does not think and can not complain. It has no sense of time nor of place, and with a slight modicum of care and attention it whirrs away in ceaseless activity by day, by night, winter or summer, year in, year out, week day or Sunday, without let or hindrance. This creation of man's brain has taken his job away from him. The owners of it are waxing fat and great in the golden streams that flow from its loins. All admit that the profits or advantages of machine ownership are real, are ever-increasing. In the domain of political economy we designate this an advantage enjoyed. Therefore, Mr. Speaker, I think it both right and logical that for the advantage which the State ever gives in the security of life, liberty, and happiness to the least of its component parts the machine be asked to contribute back to the State an equitable pro rata share of the burdens of the State's maintenance. I insist that the war tax contemplated by this bill, under the extraordinary conditions now prevailing, in their proper proportion be also shared by the machine owners of industry, who receive the lion's share of its profits. I am not asking more than has ever been the vogue from time immemorial in regard to the person of the citizen in a State. He is ever expected by tradition, by custom, and by law to render his personal service back to his State in times of war as in the walks of peace, and why not demand the same obligation of the machine which has usurped his sphere?

Is it wrong in any sense to expect such a return from a machine-owned industry in order that our common country may still enjoy the blessings of government and peace among men? Is it asking more in its fair proportion than you as individuals already have and expect from the men and women of this Republic in the days of its imminent peril? And would not every loyal man and woman in our great country leap with bounding joy at the prospect of succoring our common country's need when danger stalks abroad? I ask nothing unreasonable. I ask only that which I deem is right. Let us get from the machine of modern industry its fair proportion of taxation, in conjunction with that of all of its citizens, that our great country may live and thrive and continue over the land of the world's oppressed and a haven of peace. To that end let us

conserve all of our processes of life and apportion its proper pro rata share of taxation to each and all alike—the personal as well as the impersonal elements of our economic structure.

In the evolution of human society it has happened that the newer and more complex needs of the social whole have gradually substituted the machine-made goods for those which were distinctively the immediate product of man's labor expended thereon. We are compelled to admit by all the unanswerable proofs of the senses that we are in the age of the machine. The products of labor are now mediated through the machine before they get into the market for the consumer's need. The day of handmade commodities is past. We do not want nor is there a desire on the part of the least of us to turn back the dial of time and stay the hand of progress. We welcome the machine as a blessing to mankind. We have learned the blessing of the cooperant-labor products, and are only asking that these blessings be extended downward as well as upward through all the grades of human society. The proper dispensation of the blessings of cooperant labor calls for consideration certain necessary factors of production and distribution which are inherent in the constitution of society. They may be properly grouped into those which make for development and those which conserve society's processes.

In the category of development of society's processes a proper regard must be had, first, to the physical make-up of the man, and, second, to the tools he has found necessary to invent to supplement his bodily labor effort in winning from nature a proper support for himself in health and happiness. Man must apply himself at first hand to the things within the compass of his horizon which will sustain his body in health against the opposing elements always at hand to wear out his bone and tissue. Labor properly directed in an environment favorable for its employment will accomplish this result. This favorable environment must be there. If in any degree it is curtailed, labor's applied effort is lessened, and, if not removed, in time will be valueless, as far as the human being using it is concerned. Favorable opportunity and health of body and mind must always be present to accomplish more than the minimum of aggregate results.

As man emerges out of a distinctively simple form of society, where the labor effort is closely connected and associated with what it produces and takes its stand alongside of and in company with other labor of a kind, then the problem of subsistence becomes intensified in the ratio of increased labor power exerted on a common environment, which calls for an ever-widening circle of labor opportunity. Should this opportunity fail to appear or become irregular or intermittent, then the precariousness of labor in the field of its employment is again complicated by the struggle among the labor units to find a proper field for its functioning. This struggle, as society advances and becomes more complex, becomes ever and anon a mad race for the coveted goal—which is, after all, nothing more than the original status of man in the primal society—of an opportunity to so place his labor power in a favorable environment as to win for his body its support in health and happiness. At heart our modern complex society is no different from its simpler primal social status. Man in any event in the domain of sociology must so place his nature-given labor power as to win his own proper sustenance from mother earth. Rob him of his God-given right to apply his labor in the smallest degree possible and you place a burden on his back which again lessens the dynamics of his personally applied labor effort. In the domain of experience he has only too early learned that this has been his heritage.

From savage culture up the long and tortuous pathway of the ages he has only too early found out that his fellow man, either from greed or an overweening egoism or avariciousness, has inflicted untold tortures on his weak and unprotected brother; and we find the annals of man's work strewn with countless and refined methods of cruelties inflicted for selfish personal gain. On closer analysis nearly all wars in history have been nothing more than an inner expression on the part of the combatants of some economic advantage about which they could not come in agreement. This persistent strife for advantage has been the prolific mother of discord in all time, and it is but uttering a trite commonplace in discussing the component parts of this measure of taxation when it is pointed out that some part of the aggregate whole is to be benefited or harmed in the specific case. I simply dwell on this fact at this time so as to bring home what is very clear to all observers—that our present economic structure of society presents the phenomenon of a very few millionaires, and all the rest beside paying tribute to their arbitrary but, I hope, temporary assumption of power. The ownership by our few millionaires of large industries, employing millions of human beings who are working in many instances on what are almost perfect automatic machines, makes

our problem of special taxation one of great importance to the country at large. A very vital question which here obtrudes itself is the one which asks, Who will you tax? Will it be the human being slaving long hours under the prospect of a constantly decreasing purchasing power of his wage, or will this Congress have the courage to see its duty to the great masses of mankind, whose opportunity is gradually slipping away from them and becoming embalmed in the ever-increasing sphere of the automatic machine in industry? Or can we see and locate the ever-increasing responsibility that inures to the ownership of automatic machines in industry of a kind? Mr. Speaker and gentlemen of this House, are you aware of the magnitude of the statement I have just made? Are you not cognizant of the fact that in nearly if not all the great staple industries of our economic structure the bulk of the work is now being done by the almost human machine of perfectibility? That being true, are you not also aware of the other terrible fact that the army of workers chained to the toll of these machines, in the great average, man for man, aye, woman for woman, are but minor and secondary factors in industry's economic life? The one and unmistakable sign of supremacy is that the machine as now constituted is the main factor of industry's existence. Our machines are nearly perfect in their mechanism, and the products that flow from them ought in all justice and equity be called on to carry the social burden of a tax.

Mr. Speaker, my point of contention is—and I can not make it too strong—that the product of the almost automatic machine ought to bear the brunt of this taxation. Some one will cry out, Why designate a thing so specifically? Do not you think that would be special or "class" legislation? I answer back as quickly as I can, most assuredly so; and because they, as a part—a very small part or class—of the whole of society, are enjoying—I might add monopolizing—the total profits of a socialized industry, to the exclusion of the great mass of our country who are not of the elect of that favored few. I am not craven coward enough to withhold my honest convictions when I see, and know from experience, what is transpiring in our very midst. Mr. Speaker, the trusts of our land—the interlocking group of industry owners—own the Frankensteins of production, aye, the marvelously complex machines which in evolution's gradual progression have come into our midst, and by reason of this ownership can, do, and ever increasingly will command the great markets of supply and demand and arbitrarily fix the price which the ultimate consumer will have to pay—who in our day and time is no one else than the millions of dependent toilers of our great country leading a hand-to-mouth existence by reason of the curtailed opportunity.

Mr. Speaker, the progressive, up-to-date workman of our country looks not with hate at the machine which has taken his job from him. In the days of his harvest and plenty he had gone to school in the many senses in which that term can be used. In this school he has learned the great lessons of the social need for the very instrumentality which has taken his means of livelihood from him.

As a law-abiding citizen and a man of family, he has bravely taken his bitter medicine in calmness and stoic humility. His is that ever-present human element which the oceanic upheavals of society have cast upon the shores of time; and before going out forever the only sound heard above the din and roar of the breakers is the plaintive wail of sad-eyed mothers and children as they sit and hope and wait for the father's return. Ah, what frail tragedies are enacted in the homes of labor, where the nemesis of the machine has overtaken the skill and dignity and self-respect of the craftsman of a now vanishing past. The inexorable need of an ever-expanding social progress has called for and received its victims, and the votaries of a newer time can never know the many gaping wounds and desolate homes it has cost to buy this meed of progress for the future. Ah, this human element, Mr. Speaker. What waves of sadness well up in me when memory brings back the sterling figures of fellow workmen who have succumbed to the inevitable. Why the retrospect? The light of that time is becoming dim and hazy, and as the shadowy figures disappear below the horizon I am aware that night has come, and fagged brain and tired limbs call for rest—the night of labor whose enveloping folds draw into itself the feverish quest and lagging footsteps of a father out of work, an only too true type of a workman displaced by the machine. Why ask less from a machine into whose ever insatiable maw pour the swollen streams of social profit and gain? If the greatest proportion of social profit and gain inures to machine ownership, then as social stewards of control this Congress must lay the hand of governmental authority on the shoulder of machine ownership and say, "Gentlemen, our country's common need in this period of extraordinary conditions looks to you, asks you—aye, com-

mands you by law—to render back to its parent source a proper pro rata tax or share of the parent's present support." Is not this practical? Is not this fair? Is not this just? Is not this right?

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

Mr. PAYNE. Mr. Speaker, I yield 25 minutes to the gentleman from Illinois [Mr. MANN]. [Applause.]

The SPEAKER pro tempore. The gentleman from Illinois [Mr. MANN] is recognized for 25 minutes.

Mr. MANN. Mr. Speaker, in his address which he read to the House on September 4, the President said:

The Treasury itself could get along for a considerable period, no doubt, without immediate resort to new sources of taxation. But at what cost to the business of the community? Approximately \$75,000,000, a large part of the present Treasury balance, is now on deposit with national banks distributed throughout the country. It is deposited, of course, on call. I need not point out to you what the probable consequences of inconvenience and distress and confusion would be if the diminishing income of the Treasury should make it necessary rapidly to withdraw these deposits.

The President practically admits that there is no necessity of increasing the revenues of the Government at this time if the Government could make use of the \$75,000,000 which it now has on deposit with the national banks. It seems to me a novel theory that the Government should collect money by taxation, deposit it in the national banks of the country as a matter of convenience or otherwise, and then when money is needed, instead of drawing the deposits out of the banks, increase the taxes in order to raise more money, a portion of which will likely be again deposited in the banks. [Applause on the Republican side.]

It seems to me also a novel theory that it would be an injury to the country for the Government to withdraw its deposits from the banks, but is no injury to draw additional taxation from the pockets of the people or their bank accounts.

If the Government draws its deposits out of the banks with which to pay its bills, that does not take the money out of circulation. It will go right back into trade and commerce and probably back into the banks. It certainly will be no more distressing for the banks to pay out the deposits which have been made with them, and which they clearly have taken with the idea of paying out, than it will be to take from the pockets of the people permanently increased taxation which they can never recover and which will be taken from them only that we may deal more kindly with the banks which owe the Government the deposits. [Applause on the Republican side.]

The President also said:

And we ought not to borrow. * * * To sell bonds would be to make a most untimely and unjustifiable demand on the money market; untimely, because this is manifestly not the time to withdraw working capital from other uses to pay the Government's bills; unjustifiable, because unnecessary. * * * These are not the circumstances, this is at this particular moment and in this particular exigency not the market, to borrow large sums of money.

At the time of the Spanish War we properly passed a bill for increasing the revenue. The people had determined upon partaking in the luxury of a war. It was proper that the people should pay the extra expenses for this war which they had insisted upon. But the situation now is entirely different. If there be any occasion for raising additional revenue now, which I deny, then we ought to obtain the additional money by borrowing. [Applause on the Republican side.] The President says that it would make unjustifiable demands on the money market for us to sell bonds now, and that it would withdraw working capital from other uses to pay the Government's bills.

The President seems to think that it will not withdraw working capital from other uses if the people pay the money as taxes, and that it will not make any demand on the money market for the people to pay the money in the form of taxes. [Applause on the Republican side.]

Here is another novel theory. Why does it not make just as much of a demand on the money market and just as much withdraw working capital from other uses for people to pay money to the Treasury in the form of taxes as it would for them to pay money to the Treasury in the purchase of bonds? The bonds would only have to be issued as needed, and no more would need to be issued than were necessary. On the other hand, the additional taxes may and probably will raise much more money than is needed, and is much more likely to withdraw the money from the market and from working uses than would be the issuance of bonds or temporary certificates of indebtedness.

I deny that there is any need for additional internal-revenue taxation at this time. I assert that the Government can run along without embarrassment if it will exercise proper economy. [Applause on the Republican side.] The present Democratic administration has been more grossly extravagant than any administration which preceded it. [Applause on the Repub-

lican side.] The requests of the present administration for appropriations have been for larger sums than ever before asked by any administration of the Government. The appropriations which have been made are larger than ever made before. These larger appropriations have been made in response to demands of the administration officials, but it is not too late for the President to order the officials under him to practice economy, and many of the appropriations already made do not need to be expended, at least for the present.

If the President will stop the extravagance of the Government and practice as well as preach economy, there is no need for increased taxation. [Applause on the Republican side.]

Our imports for August, 1913, were \$137,651,553 in value of goods, while for August, 1914, they were \$129,767,890, a falling off of less than \$8,000,000 during the first month of the war, when shipping conditions were at their worst, and these conditions have greatly improved since.

The gentleman from Virginia [Mr. SLEMP] has furnished me with figures obtained this morning from the Department of Commerce, showing the imports of merchandise at New York City for the weeks of August and September of this year, which are as follows:

Week ending Aug. 1	\$18,966,086
Week ending Aug. 8	15,817,093
Week ending Aug. 15	16,411,393
Week ending Aug. 22	12,162,307
Week ending Aug. 29	11,716,317
Week ending Sept. 5	12,212,002
Week ending Sept. 12	16,930,567

These figures show that while there was some falling off in August, owing to the deranged shipping conditions on the sea, that these conditions have become almost normal again and the importations are now almost back to normal.

As appears by the daily Treasury statement issued at the close of business Wednesday of this week, September 23, 1914, the ordinary revenues of the Government for the first 23 days of September of this year were \$42,319,723.53, and for the same period in 1913 were \$44,050,174.72, a decrease in this year from last year for the 23 days of \$1,730,446.19.

From July 1 to September 23, inclusive, the revenues this year were \$166,616,800.38, and for the corresponding period last year were \$165,881,896, or an increase over last year of \$734,904.13. [Applause on the Republican side.]

For the same period, from July 1 to September 23, this year the ordinary disbursements of the Government were \$184,708,150.11, and for last year for the same period the ordinary disbursements were \$176,856,929.77, or an increase in disbursements for that period this year over last year of \$7,851,220.34.

While the ordinary revenues so far this year have been about the same that they were for the same period last year, the ordinary disbursements this year have amounted to nearly \$8,000,000 more than they were last year.

All we need to do is to economize in Government expenditures, and there is not the slightest necessity at this time for levying new taxes to increase the revenues. [Applause on the Republican side.]

And if there be any necessity in the future for increasing the taxes, the increase ought to be put on the manufactured goods coming here from abroad in competition with our home production. [Applause on the Republican side.]

The following statement shows the imports and exports of merchandise for the month of July, 1914, and for the seven months of this year ending July 31 compared with the corresponding periods last year:

The usual monthly statement of the foreign trade of the United States was to-day completed by the Bureau of Foreign and Domestic Commerce, Department of Commerce. The imports and exports by great groups during the month of July and the seven months ending with July are presented in the following statement:

Analysis of the foreign commerce of the United States for the month of July.

Groups.	Month of July.		Seven months ending with July.	
	1913	1914	1913	1914
IMPORTS.				
Crude materials for use in manufacturing.....	\$41,834,636	\$48,433,945	\$360,436,617	\$395,483,111
Foodstuffs in crude condition and food animals....	14,032,152	18,852,517	110,448,595	142,286,987
Foodstuffs partly or wholly manufactured.....	15,644,137	26,759,823	117,889,515	158,078,224
Manufactures for further use in manufacturing.....	30,737,764	24,095,188	206,494,732	179,544,085
Manufactures ready for consumption.....	36,239,002	39,806,149	216,599,582	255,861,254
Miscellaneous.....	554,079	1,129,068	6,773,634	9,319,701
Total imports.....	139,061,770	159,677,291	1,018,648,675	1,140,593,373

Analysis of the foreign commerce of the United States—Continued.

Groups.	Month of July.		Seven months ending with July.	
	1913	1914	1913	1914
EXPORTS.				
Crude materials for use in manufacturing.....	27,146,725	22,656,281	308,458,655	328,277,076
Foodstuffs in crude condition and food animals....	12,944,652	27,937,100	97,251,472	80,195,409
Foodstuffs partly or wholly manufactured....	23,138,221	17,988,203	188,892,724	152,088,991
Manufactures for further use in manufacturing.....	33,730,895	29,584,204	240,583,436	224,483,721
Manufactures ready for consumption.....	60,811,467	52,519,267	463,706,543	389,555,162
Miscellaneous.....	401,693	274,604	5,297,901	4,075,936
Total domestic exports.....	158,173,653	150,959,659	1,304,490,731	1,178,676,285
Foreign merchandise exported.....	2,817,125	3,179,288	22,782,406	22,305,877
Total exports.....	160,990,778	154,138,947	1,327,273,137	1,200,982,162

These figures show for the periods mentioned in 1914, as compared with similar periods in 1913, as follows:

For July, 1914:	
Imports increased.....	\$20,615,521
Exports fell off.....	6,851,831
Change against us.....	27,467,352

For seven months ending July 31, 1914:	
Imports increased.....	121,944,698
Exports fell off.....	126,290,975
Change against us.....	248,235,673

Balance of trade in our favor first seven months, 1913.....	308,624,462
Same, 1914.....	60,388,789

Loss to United States by falling off of balance of trade.....	248,235,673
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In July, 1914, the balance of trade against us was.....	\$5,538,344
In July, 1913, the balance of trade in our favor was.....	21,929,008
Increase in imports of manufactures ready for consumption.....	39,261,672
Decrease in imports of manufactures for further use in manufacturing.....	26,950,647
Decrease in exports of manufactures ready for consumption.....	74,151,381
Increase in exports of crude materials for use in manufacturing.....	19,818,421

These figures show that during the period named while our imports of manufactures for further use in manufacturing, which means practically crude materials imported to be manufactured here into the finished products, were reduced by nearly \$27,000,000 for the seven months, we increased our imports of manufactures ready for consumption by over \$39,000,000.

That is the result of the Underwood tariff law, which decreased the tariff duties on the finished products, and in many cases increased the duties on the crude materials, and that means that the labor to turn the crude materials into the finished products was furnished in foreign lands instead of giving employment to labor in the United States. [Applause on the Republican side.]

The figures also show that while we were increasing our exports of crude materials for use in manufacturing abroad by nearly \$20,000,000 during the seven months we were decreasing our exports of manufactures ready for consumption, or the finished products, by over \$74,000,000. Instead of finishing the products here with American labor we were sending abroad the crude materials that they might be manufactured by foreign labor.

The balance of trade in merchandise in our favor in 1914 for the seven months was \$60,000,000, while for the same period in 1913 this balance of trade in our favor was \$308,000,000. In other words, under the Underwood tariff our balance of trade on merchandise for the seven months fell off \$248,000,000, and that balance of trade we are called upon to make up by shipments of gold abroad or the equivalent of that. [Applause on the Republican side.]

That is one of the main reasons of the present difficulties about foreign exchange.

This loss in balance of trade is directly due to our legislation. The figures all relate to the period prior to the commencement of the European war and represent no effect of the war, but of the normal conditions caused by the Democratic tariff law. [Applause on the Republican side.]

The following statement shows the customs receipts by months for the first seven months of 1914, ending July 31, as compared with a similar period in 1913,

In 1913 the Payne tariff law was in effect and in 1914 the Underwood tariff law was in effect.

Customs receipts, by months (first 7 months calendar years 1913 and 1914), Payne law and Underwood law.

[Daily Treasury statement.]

	1914	1913	Decrease in 1914 from 1913.
January.....	\$23,528,079.83	\$29,334,124.09	\$5,806,044.26
February.....	17,609,603.70	27,605,115.83	9,995,512.13
March.....	25,927,212.90	27,457,489.20	1,530,276.30
April.....	22,232,766.57	23,693,966.76	1,461,200.19
May.....	20,800,573.25	20,434,749.21	365,824.04
June.....	23,553,447.58	23,668,598.63	115,151.05
July.....	22,988,465.04	27,806,654.54	4,818,189.50
Total.....	156,640,148.87	180,000,698.26	23,360,549.39

^aIncrease.

These figures show that while for the seven months in 1914 we had increased our importations over the corresponding period of last year by nearly \$122,000,000, the customs duties arising on the importations fell off by over \$23,000,000. The Government was losing the revenue and at the same time the foreigner was manufacturing the goods with foreign labor.

And, meanwhile, there has been no decrease in prices generally to the consumer in the United States. [Applause on the Republican side.]

Our labor and our manufacturers were losing the business and our Government was losing the revenues, and it was all for the benefit of the foreign producer.

All we need to do is to keep cool and avoid hysteria. The pending demand for increased taxes is an hysterical demand. The administration is not keeping cool. It is excited.

While our people are burdened with industrial depression and financial fears, largely resultant from a wrong economic tariff policy and dangerous provisions threatening to business and business men and doubts and uncertainty growing out of the new banking and currency law, it is not the time to add unnecessary burdens in the form of increased taxes. [Applause on the Republican side.]

If the people will restore the Republican Party to majority in this House, we promise the country that we will keep the expenditures of the Government down, avoid extravagant appropriations, and do away with the necessity for increased internal-revenue taxes. [Applause on the Republican side.] We will let the people use the money which they have to carry on business instead of paying new taxes. We will decrease the importations of articles which might better be made in this country and increase the exportation of manufactured articles made here. We will give the country renewed confidence, as we did in 1897. [Applause on the Republican side.] We will start up the mills, give labor employment, give capital proper rewards, give people confidence to go into business, give banks confidence to loan money, restore financial credit, and add to prosperity, and all without levying the unnecessary and exasperating stamp taxes. [Applause on the Republican side.]

Mr. Speaker, the country is tired of the Democratic assaults on our prosperity.

We are again reminded by existing conditions of the injury caused by the Democratic administration from 1893 to 1897.

The Democrats have now again enacted tariff legislation against the interests of our own industries and favoring those of foreign countries. They have reduced the output and opportunities of our domestic mills and increased the importation of the products of foreign mills. Labor is idle, capital is distressed.

For the 12 months ending April 30 last we increased our importations from Canada by \$32,000,000, while during the same period we decreased our exports to Canada by \$39,000,000. That was the result of a Democratic tariff and administration.

In July last, before the war abroad began, we imported \$5,538,344 more than we exported—that was under the Democratic tariff—while in July a year ago we exported \$21,929,008 more than we imported—that was under the Republican tariff.

The inevitable result of such a policy has been business depression and idle men looking for work.

Nearly a year ago the Democratic Congress enacted a new currency and banking law, in which the good things were taken from the Aldrich plan, but which included so many bad and doubtful provisions that the President, who insisted a year ago upon its speedy passage, has been afraid for months to put it into active and actual operation.

A war abroad is given as the excuse for the present dangerous financial condition in the country, but we would have had no

really serious condition if we had had Republican policies and Republican confidence. Fear of the Democrats and their continued assaults on business and the results of their inefficient and almost imbecile legislation and management has well-nigh paralyzed the active forces of our land.

We are told now that instead of practicing governmental economy we must increase the taxes to be paid by the people. The present Democratic administration and Democratic Congress have been grossly extravagant. The appropriations and expenditures are greater than ever before, but the President, instead of enforcing economy, asks for more taxes.

Let us stop the extravagant expenditure of the public money and we can get along very well, for a time at least, without increased taxation, and if we properly tax the goods coming from abroad and competing with our home production we will not need to add to our home taxation.

To the idle mills and idle workmen crying for relief the President, instead of bread, offers increased taxation.

The Democratic administration is now proposing to grant financial relief by wild inflation of the currency. Gold is now practically at a premium. Inflation may give temporary exhilaration, but its logical effect is disaster and a demand for more inflation.

The value of the money in circulation and with which wages are paid must be maintained if our efforts will do so. We must, without yielding our honor, keep out of the European war. There is no partisanship in that, but we are in constant danger through the blundering legislation demanded by President Wilson and Secretary Bryan.

But the war has proved a "white hope" for the Democrats. They are almost glad it happened. They think it will divert attention from their misdoings. But the people should remember that the troubles were upon us before the war began. We were suffering from Democratic times prior to the end of July.

Not only had our business suffered at home, but this administration had ceased to give any protection to our business abroad. Americans, with their enterprises and capital, had been driven out of Mexico by the bandits there without the slightest protest of our Government.

This country has a great opportunity at present.

The other great commercial nations are at war with each other.

We have the chance of an age.

We should encourage, by proper protection, new factories here to produce dyestuffs, drugs, chemicals, silks, cottons, woollens, and so forth, and make ourselves independent of the foreign producer. We should reserve our home markets for our own producers.

Then, we should take the threatening hands of the Government off legitimate capital, business, and enterprise and tell our citizens to go out and get the commerce of the world. They can and will do it if the Government will quit hampering them with threats, with prosecutions, with Clayton antitrust bills, and with the constant efforts to repress enterprise.

But our people will only capture the world's markets in the effort to get rich. We should encourage men to try to get rich, to go after the business, to seek trade in other countries, to make money out of these foreign possibilities. Fighting in battle is not a pink-tea affair, neither is fighting for business. Both try men's souls. But let us quit kicking the heroes who win, and who win because they overcome obstacles. Let us take the restraining hand of government off proper business enterprise and tell our people to go out and get the trade and that we will bless them for it instead of awarding threats of penitentiary sentences.

The Democratic Party has shown that it does not know how to reduce the cost of living, though it has reduced the means of earning a living.

Mr. Speaker, you Democrats are good people, but you do not know how to run the country. [Prolonged applause on the Republican side.]

I append just a few of the numerous communications received, protesting against this unnecessary measure.

CHICAGO, ILL., September 23, 1914.

Hon. JAMES R. MANN,
House of Representatives, Washington, D. C.:

The Chicago Real Estate Board, the largest and oldest in the world, representing thousands of realty owners, protests most strenuously against the proposed taxes in the so-called war-tax measure on real-estate conveyances, mortgages, contracts, leases, etc. Our commodity bears the heaviest burden of local taxation, never is concealed, and in this State is taxed twice when mortgaged; and we likewise protest against the proposed real-estate brokers' license of \$50.

THE CHICAGO REAL ESTATE BOARD.

CHICAGO, ILL., September 23, 1914.

Hon. JAMES R. MANN,
House of Representatives, Washington, D. C.:

During this period of business adjustment we appeal to you to oppose the special tax on banking capital, etc., which will be an added annual burden on business of over \$600,000 in Illinois alone. It is a gross discrimination against the capital largely supporting the commercial activity, and is most unwise, particularly at this time, to alone penalize this class of capital, which is already overburdened with Federal income and other taxes. Imports only declined 6 per cent during August, compared with the corresponding month last year, and the total for the last eight months is actually greater than during the same period last year. Hence, this is not a war measure, appealing to the patriotism of business interests as during the Spanish War, when the banks made no protest against the discrimination at that time. If the tax must be levied, it should be spread where it will not delay the restoration of freer credits, lower interest rates, and the early resumption of normal business conditions.

ILLINOIS BANKERS' ASSOCIATION.

BOARD OF TRADE OF THE CITY OF CHICAGO,
Chicago, September 18, 1914.

Hon. JAMES R. MANN, M. C.,
House of Representatives, Washington, D. C.

DEAR MR. MANN: In the press reports of the proposed special tax to secure increased revenue for the Government, it has been reported that a considerable portion of the Spanish-American War tax bill would be reenacted.

Our position in regard to this matter is as follows:
During the Spanish War period the brokers of the United States were subject to a special percentage tax on all their contracts, which at that time amounted to a very considerable sum. The situation now, however, is entirely different. The stock exchanges of the country are all closed, the cotton exchanges are closed, and practically the only business which the commercial exchanges handling grain are transacting is the necessary buying and selling in connection with the millers, exporters, shippers, receivers, and others; in other words, the commercial handling of the property. Speculation is extremely limited in volume and amounts to very little when considered in a broad way. We should esteem it a great favor if you would see Mr. UNDERWOOD, or adopt any other method that may be best, and explain to him or to others that at the present time with the conditions outlined above the amount which the Government would secure from this percentage tax on brokers' contracts would be comparatively small, but the burden, in view of the dullness of business, would be very much felt.

Anything which you may be able to do along these lines will be very much appreciated by all your friends here. I remain,
Very sincerely, yours,

V. H. CANBY, President.

NEW YORK, September 19, 1914.

Congressman MANN,
House of Representatives, Washington, D. C.

DEAR SIR: Although a Democrat of 25 years past, I write to ask you why is it at all necessary that there should be new taxation here on account of the continental war?

August imports show only a small falling off, nor is there anything alarming about September figures to date.

Please consider these official figures of imports for 1913:

Austria-Hungary	\$19,192,414
Belgium	41,941,014
France	136,877,990
Germany	188,963,071
Great Britain	295,564,940
Russia	29,315,217
Japan	91,633,240
Total	803,487,886

Now, please eliminate the great bulk of the figures of France and Great Britain and Japan, as commerce with those countries hence is surely not seriously affected—in fact, tonnage moving is large, owing to use for all heretofore idle bottoms of neutral nations, such as Scandinavia, which has a very large mercantile marine.

Admit, therefore, that shipments hence from Austria-Hungary, Belgium, Germany, and Russia are nothing. These total in round figures \$279,700,000. On an average 54.47 per cent of the imports in 1913 came in free of duty. (Statistics Abstract of U. S., 1913, p. 635.) The average duty was 40.05 per cent under the old tariff and less under the new. Thus, if we infer that one-half of the above \$279,700,000 is missing for revenue, this item at 40 per cent ad valorem on such value suggests a revenue loss of only fifty-six millions, or probably less, were the figures analyzed. (See pages 328 and thereafter of above publication.)

Now, you can save almost this amount in your appropriations—river and harbor bill, for instance—and economies elsewhere.

It seems to me that Mr. Wilson and Mr. UNDERWOOD have rushed into this thing without giving the matter proper consideration or waiting for actual developments.

I consider it an outrage that the country should be burdened still further with this new taxation.

But if you can force a proper economy on the Democratic Party you will avoid any new taxation. I hold it is not yet proven to be necessary, anyway.

Faithfully, yours,

HERBERT V. FALK.

CHICAGO, ILL., September 19, 1914.

Hon. JAMES R. MANN, M. C.,
Washington, D. C.

DEAR MR. MANN: If a so-called "war tax" must be imposed upon our country at this time, I trust that the contemplated levy of 8 cents on each \$100 of life insurance issued be not included. It may be well

enough at times to tax luxury and extravagance, but it is out of all justice to exercise a tax on thrift. Life insurance to-day is taxed and taxed, and I reassert that this is merely penalizing the thoughtful individual who is attempting to make ample provision for those dependent upon him. It makes no difference if the companies pay it, as ultimately it comes from the pocket of the policyholder.

That you may wield your influence against this particular provision in an act that is as obnoxious as it is useless in a time of peace, is the earnest request of your constituent and friend.

C. F. AXELSON.

NEW YORK, September 22, 1914.

The Hon. Mr. MANN,
Minority Leader House of Congress, Washington, D. C.

DEAR SIR: I notice in the list of taxes which are covered by the warehouse bill an item of 25 cents on warehouse receipts. Warehouses, as perhaps you know, give receipts for cases placed on storage, for which they get anywhere from 10 to 25 cents per month storage, and many of these cases only stay in one month. For every case put in they have to give a receipt.

You will easily see how ridiculous it would be to tax a warehouse 25 cents on every receipt it gives out, when all it may collect on the case for which it gives the receipt would be possibly 10 or 15 cents or, at the outside, 25 cents.

Yours, very truly,

THE SCHENCK WAREHOUSE CO.,
H. B. SHAEN, President.

I yield back any balance of my time.

The SPEAKER pro tempore. The time was all used.

Mr. UNDERWOOD. Mr. Speaker, will the gentleman from New York [Mr. PAYNE] yield to me at this time, to have a letter read that I am in receipt of from the Secretary of the Treasury in reference to the estimates?

Mr. PAYNE. Yes. Take your own time.

Mr. UNDERWOOD. Mr. Speaker, I send to the Clerk's desk a letter that I am in receipt of from the Secretary of the Treasury in reference to the Treasury balance, and ask to have it read at this time.

The SPEAKER pro tempore. The Clerk will read.

The Clerk read as follows:

TREASURY DEPARTMENT,
Washington, September 23, 1914.

The CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIR: With reference to the increase in receipts from ordinary internal-revenue collections for this fiscal year to date as compared with the same period of last fiscal year, reported by the daily Treasury statement as being in excess of \$6,000,000, I have the honor to advise you that the actual increase in such collections to and including August 31, as shown by the collectors' reports received by the Commissioner of Internal Revenue, amounted to \$2,139,643.02. The decrease in July amounted to \$588,165.56, of which \$429,335.01 was on distilled spirits. The increase in August amounted to \$2,727,808.58, but the increase from distilled spirits in August amounted to \$3,326,602.36, thus showing a decrease in August from sources other than distilled spirits.

The figures above given show the actual collections and differ from the Treasury daily statements, as those statements are made up from the certificates of deposit as received.

The collection districts reporting the principal increases in collections on distilled spirits, with the increase stated in each case, in August last over August, 1913, are as follows:

First California	\$247,649.16
Fifth Illinois	222,376.66
Eighth Illinois	121,587.51
Sixth Indiana	178,838.93
Seventh Indiana	301,052.01
Second Kentucky	160,413.72
Fifth Kentucky	499,151.73
Sixth Kentucky	179,174.10
Seventh Kentucky	109,859.45
Eighth Kentucky	80,077.11
Louisiana	78,019.17
Maryland	105,572.72
First New York	146,797.42
Fourteenth New York	105,784.36
First Ohio	328,286.00
First Pennsylvania	172,734.43
Twenty-third Pennsylvania	151,857.34
First Wisconsin	60,426.52

The reason for the increased tax collections in August on distilled spirits immediately following decreases from the same source in preceding months is unquestionably due to the expectation or fear of distillers that the rate of tax on distilled spirits would be increased, and the same reason applies to increases indicated by the Treasury daily statements so far in September.

It is not practicable to report what part of the reported increase in September to date is on distilled spirits, as collectors of internal revenue compile such data but once a month, and that is done after the close of each month.

Respectfully,

W. G. McADOO,
Secretary.

Mr. UNDERWOOD. Mr. Speaker, I ask that the August Treasury statement be printed following this letter.

The statement is as follows:

Receipts and disbursements affecting the general fund balance, August 31, 1914.

	This day.	This month to date, fiscal year 1915.	Corresponding month and date, fiscal year 1914.	Fiscal year 1915 to this date.	Fiscal year 1914 to corresponding date.
RECEIPTS.					
1. Revenues:					
Customs.....	\$410,207.08	\$19,431,362.52	\$30,934,952.44	\$42,419,827.56	\$58,741,606.93
Internal revenue—					
Ordinary.....	659,179.85	27,468,917.60	26,192,448.42	62,287,198.28	51,913,293.55
Corporation and income tax.....	2,292.75	475,255.46	288,727.15	7,608,896.08	2,142,023.03
Miscellaneous.....	149,665.82	3,697,362.72	4,184,069.15	21,981,149.93	9,034,791.72
Total.....	1,221,345.50	51,072,898.30	61,600,197.16	124,297,071.85	121,831,721.23
2. Public debt:					
Proceeds of sales of bonds—					
Panama Canal.....					1,116,880.00
Postal savings.....					1,116,880.00
Total.....					1,116,880.00
Grand total of receipts.....	1,221,345.50	51,072,898.30	61,600,197.16	124,297,071.85	122,948,601.23
DISBURSEMENTS.					
1. Ordinary:					
Pay warrants issued.....	1,229,388.07	67,244,767.16	60,764,899.46	135,993,048.84	128,683,153.80
Interest on the public debt.....	806.75	1,989,892.95	2,030,407.12	5,326,383.33	5,545,538.49
Total.....	1,230,194.82	69,234,660.11	62,795,306.58	141,319,432.17	134,231,635.29
Less unexpended balances repaid.....	27,850.40	2,283.13	631,594.79	1,382,558.82	1,859,234.22
Net ordinary disbursements.....	1,202,344.42	69,232,376.98	62,163,711.79	139,936,873.35	132,372,453.07
Excess of revenue receipts.....	19,001.08				
Excess of ordinary disbursements.....		18,159,478.68	563,514.63	15,639,801.50	10,540,737.79
2. Public debt:					
Bonds, notes, and certificates retired.....		3,825.00	2,540.00	7,945.00	7,885.00
3. Panama Canal:					
Pay warrants issued.....		4,107,459.88	4,452,104.07	9,042,988.04	7,665,465.22
Total public debt and Panama Canal disbursements.....		4,111,284.88	4,454,644.07	9,050,931.04	7,673,350.22
Grand total of disbursements.....	1,202,344.42	73,343,661.86	66,618,355.85	148,987,804.39	140,045,809.29
Net excess of all receipts.....	19,001.08				
Net excess of all disbursements.....		22,270,763.56	5,018,158.70	24,690,732.54	17,097,208.01

Proof of general fund balance.

Balance previous day.....	\$121,481,399.19
Receipts this day increasing the general fund balance.....	1,221,345.50
Disbursements this day decreasing the general fund balance.....	122,702,744.69
Balance general fund, page 1.....	1,202,344.42
	121,500,400.27

Mr. UNDERWOOD. I ask the Clerk to read the letter from Secretary McAdoo which I send to the Clerk's desk, and that the Treasury statement for September 23 be printed following the reading of the letter.

The SPEAKER pro tempore. The Clerk will read.
The Clerk read as follows:

THE SECRETARY OF THE TREASURY,
Washington, September 24, 1914.

Hon. O. W. UNDERWOOD,
House of Representatives.

DEAR MR. UNDERWOOD: I think it is important that I should call your attention to the fact that although the total receipts for the fiscal year 1915 up to September 23, 1914, are in excess of the receipts for

the same period 1914 by the sum of \$734,904.38, as you will see by reference to page 3 of the Treasury statement inclosed, this is accounted for in two ways: First, \$12,000,000 of the receipts for 1915 came from the sale of the two battleships to Greece; second, a large part of the corporation and income taxes for the previous fiscal year, which properly should have been paid in the last fiscal year, was paid in the first 10 days of July, 1914. This amounts to \$5,732,255.30, as you will see by reference to page 3 of the statement inclosed. As these items might be discussed in the debate that may arise over the war-revenue measure, I thought you might like to be informed of the fact.

Faithfully, yours,

W. G. MCADOO.

(Inclosure.)

The Treasury statement for September 23 follows.

DAILY STATEMENT OF THE UNITED STATES TREASURY AT CLOSE OF BUSINESS SEPTEMBER 23, 1914.

ASSETS.		Cash assets and liabilities.		LIABILITIES.	
GENERAL FUND.		GENERAL FUND.		GENERAL FUND.	
Cash:		Current liabilities:			
In treasury offices—		In treasury offices—			
Gold coin.....	\$80,533,512.65	Disbursing officers' balances.....	\$60,025,887.66		
Gold certificates.....	42,797,250.00	Outstanding warrants.....	959,727.03		
Standard silver dollars.....	1,442,103.00	Outstanding Treasurer's checks.....	2,090,849.83		
Silver certificates.....	11,310,773.00	Outstanding interest checks.....	313,932.38		
United States notes.....	9,648,942.00	Post Office Department balances.....	5,847,283.59		
Treasury notes of 1890.....	1,397.00	Postal savings balances.....	2,120,958.30		
Certified checks on banks.....	397,880.00	Judicial officers' balances, etc.....	13,850,460.87		
National bank notes.....	125,030,240.45	National bank notes—redemption fund.....	15,485,443.00		
Subsidiary silver coin.....	21,337,546.99	National bank 5 per cent fund.....	39,435,070.15		
Fractional currency.....	139.65	Assets of failed national banks.....	1,676,114.27		
Minor coin.....	2,169,462.91	Miscellaneous (exchanges, etc.).....	4,957,484.45		
Silver bullion (available for subsidiary coinage).....	4,925,806.27	Total.....	146,763,211.53		
Total.....	198,705,054.22				
In national bank depositaries—		In national bank depositaries—			
To credit of Treasurer of the United States.....	67,354,269.15	Judicial officers' balances, etc.....	6,854,321.78		
To credit of postmasters, judicial officers, etc.....	6,854,321.78	Outstanding warrants.....	671,172.65		
In treasury Philippines—		In treasury Philippines—			
To credit of Treasurer of the United States.....	1,537,235.43	Disbursing officers' balances.....	2,920,007.63		
To credit of disbursing officers.....	2,920,007.63	Outstanding warrants.....	2,186,989.02		
Total.....	277,370,888.21	Total.....	159,895,702.61		
		Net balance in general fund.....	117,975,185.60		
		Total.....	277,370,888.21		

* This includes \$11,887,603.45 which the Treasury has redeemed and for which it will receive payment from the national banks.

THE CURRENCY TRUST FUNDS, THE GENERAL FUND, AND THE GOLD RESERVE FUND.

ASSETS.		LIABILITIES.	
Currency trust funds:		Outstanding certificates:	
Gold coin.....	\$733,915,853.00	Gold certificates outstanding.....	\$980,002,869.00
Gold bullion.....	246,087,016.00	Silver certificates outstanding.....	493,613,000.00
		Treasury notes outstanding.....	2,405,000.00
Total gold.....	980,002,869.00		
Silver dollars.....	493,613,000.00	Total outstanding certificates, etc.....	1,476,020,869.00
Silver dollars of 1890.....	2,405,000.00	General fund liabilities and balance:	
Total currency trust funds.....	1,476,020,869.00	Total liabilities, as above.....	159,395,702.61
General fund:		Balance in general fund, as above.....	\$117,975,185.60
Total cash assets, as above.....	277,370,888.21	Gold reserve.....	150,164,524.98
Gold reserve fund:			
Gold coin.....	100,164,524.98	NOTE.—Reserved against	
Gold bullion.....	50,000,000.00	\$346,681,016 of United States	
		notes and \$2,405,000 of Treasury	
		notes of 1890.	
		Total net balances.....	268,139,710.58
Grand total cash assets in Treasury.....	1,903,556,282.19		1,903,556,282.19

The act of July 14, 1890, provides that deposits made by national banks to redeem circulating notes shall be covered into the Treasury as miscellaneous receipts and that the Treasury shall redeem from the general cash the circulating notes which come into its possession subject to redemption.

Receipts and disbursements affecting the general fund balance. September 23, 1914.

	This day.	This month to date, fiscal year 1915.	Corresponding month and date, fiscal year 1914.	Fiscal year 1915 to this date.	Fiscal year 1914 to corresponding date.
RECEIPTS.					
1. Revenues:					
Customs.....	\$626,163.18	\$13,352,492.06	\$21,478,252.26	\$55,772,319.62	\$80,219,859.24
Internal revenue—					
Ordinary.....	\$42,496.37	26,341,504.18	19,843,047.63	78,628,702.46	71,756,344.18
(creation and income tax.....)	7,904.11	318,394.87	53,009.62	7,927,290.95	2,195,035.65
Miscellaneous.....	64,087.15	2,307,337.42	2,675,865.21	24,288,487.35	11,710,656.93
Total.....	1,640,650.81	42,319,728.53	44,050,174.72	166,616,800.38	165,881,896.00
2. Public debt:					
Proceeds of sales of bonds—					
Fiscal savings.....					1,116,880.00
Total.....					1,116,880.00
Grand total of receipts.....	1,640,650.81	42,319,728.53	44,050,174.72	166,616,800.38	166,998,776.00
DISBURSEMENTS.					
1. Ordinary:					
Pay warrants issued.....	1,890,134.86	45,936,881.71	44,800,324.47	181,743,825.39	172,731,465.02
Interest on the public debt.....	764.40	403,607.54	393,574.20	5,729,990.87	5,939,112.79
Total.....	1,890,899.26	46,340,489.25	45,193,898.67	187,473,816.26	178,670,577.81
Less unexpended balances repaid.....	76,813.74	1,383,107.33	709,427.97	2,765,666.15	1,813,648.04
Net ordinary disbursements.....	1,814,085.52	44,957,381.92	44,484,470.70	184,708,150.11	176,856,929.77
Excess of ordinary disbursements.....	173,434.71	2,637,653.39	434,295.98	18,091,349.73	10,975,033.77
2. Public debt:					
Bonds, notes, and certificates retired.....		140.00	225.00	8,085.00	8,210.00
3. Panama Canal:					
Pay warrants issued.....		1,073,526.44	42,342.49	10,116,512.48	7,707,807.71
Total public debt and Panama Canal disbursements.....		1,073,666.44	42,667.49	10,124,597.48	7,716,017.71
Grand total of disbursements.....	1,814,085.52	46,031,048.36	44,527,138.19	194,832,747.59	184,572,947.48
Net excess of all disbursements.....	173,434.71	3,711,319.83	476,963.47	28,215,947.21	17,574,171.48

Proof of general fund balance.

Balance previous day.....	\$118,148,620.31
Receipts this day increasing the general fund balance.....	1,640,650.81
	119,789,271.12
Disbursements this day decreasing the general fund balance.....	1,814,085.52
Balance general fund, page 1.....	117,975,185.60

Panama Canal statement.

Total amount expended on purchase, construction, fortifications, etc., to date.....	\$363,182,114.53
Amount thereof reimbursable by bonds.....	345,609,216.39
Amount expended from proceeds of bonds, including premiums.....	138,600,899.02
Amount expended from general fund.....	207,008,347.37
Total Panama Canal bonds authorized by law.....	375,200,980.00
Total of bonds issued to date.....	134,631,980.00
Balance of bonds authorized but not yet issued.....	240,569,000.00

Mr. PAYNE. Mr. Speaker, I yield 15 minutes to the gentleman from Iowa [Mr. GREEN]. [Applause on the Republican side.]

The SPEAKER pro tempore. The gentleman from Iowa is recognized for 15 minutes.

Mr. GREEN of Iowa. Mr. Speaker, March 4, 1913, is usually taken as the date when the Democratic Party came into power, but that date merely marked a change in administration. The

same laws which had directed our commercial policies during 16 years of Republican rule were still in force. No important change was made until the Underwood tariff bill was enacted. October 3, 1913, the date when it became a law, in fact fixed the advent of Democratic control. Since that date practically a year has elapsed during which Democratic policies have been maintained. It is this period to which I especially invite your attention.

The record which will be stated is compiled for the greater part from figures given out by appointees of the present administration. Otherwise it is taken from trade journals that know neither politics nor parties. There is no occasion for me to color the record thus obtained by rhetoric or distort it for party purposes, were I so disposed. The plain, hard facts are more than sufficient.

While I shall particularly consider only the year in which Democratic policies have prevailed, it will be found convenient to divide the history of the Democratic Party under the present administration into three short periods.

The first period extends from the inauguration of President Wilson to October 13, 1913, when the Underwood tariff bill became a law.

The second period is from the enactment of the new tariff law to the time when the great war broke out in Europe—about August 1 of this year.

The third and shortest period is from the date last mentioned up to the present time.

While the history of the Democratic Party prior to the last presidential election had not been such as to give the American people any confidence in its ability to conduct our national affairs, the long years which had intervened since its last administration had tended to destroy the memory of that distressing epoch. The new generation had had no experience under Democratic rule, and the division in the ranks of the Republican Party over the question of who should lead and manage its forces caused the Republican Party to go down in defeat at the national election.

The distrusting public had been assured in the campaign that led up to the presidential election that the previous failure of Democratic policies had been caused by circumstances for which that party was not responsible. The voters were told that the Democratic Party had heretofore come into power at a time when a commercial crisis was imminent, that a cloud of financial depression was already looming when their party then took control, and that the sufferings which the country underwent under a former Democratic administration were only the inevitable result of a financial situation for which the Republican Party rather than the Democratic was responsible. It is not necessary that I should discuss or even contradict this statement, for it is not material to the subject under consideration. No party ever came into power under such favorable auspices, so far as our commerce and trade is concerned, as did the Democratic Party when it took charge on March 4, 1913. Wherever the eye could look it viewed prosperity on every hand. Never were our manufacturers so prosperous; never were our artisans so highly paid; never was our domestic commerce so large; never did our foreign trade show such a favorable balance. The whole land was a hive of industry. The farmer and the laborer, the merchant and the mechanic, the financier and the manufacturer alike were blessed. Many fondly imagined that our resources were so great and our commerce and finance on such solid foundations as not to be affected by a change in the administration, but in this reckoning they had not made sufficient allowance for the capacity of the Democratic Party to enact destructive legislation.

During the first period to which I have referred that kind Providence which sends its rays upon the just and unjust favored the Democratic Party, and, blessed by the continuance of Republican laws as yet unrepealed, our commercial advances were unchecked. Manufacturers found an abundant outlet for their products and wage earners a constant demand for their work. Our trade, both domestic and foreign, showed no signs of a decrease or unfavorable turn. The country waited half in expectancy, half in dread for the first act of a Democratic Congress.

The second period began with the enactment of the Underwood bill, which, however, did not go into force as to one important schedule, that of wool, until the first of the year, and as to another, that of sugar, until the 1st of March. With its enactment into law, the predictions of its opponents and the expectations of a majority of the American people were quickly realized.

The first to feel the effect of the new law was the farmer. He had been assured that he needed no protection, but he found himself compelled to compete with the cheap land and labor of Argentina, Australia, and Canada, as there was an increase in the importations of agricultural products for the first four months in which it was in operation amounting to about \$30,000,000, which rose to nearly \$80,000,000 by the end of June.

Corn prices in Chicago fell from 78 cents in September, 1913, to 64 cents in February, 1914, and the western farmer lost the eastern market for that staple to Argentina. Crop prices in

July, 1914, on the farm, according to a bulletin of the United States Department of Agriculture, were 14 per cent below those of two years ago and 1.3 per cent below those of the average of the six years preceding.

The manufacturer felt the effect of the new law later, but with more continuous and more serious effect. In the four months ending with June of this year, which is the last month for which we have detailed figures, the importations of manufactures ready for consumption increased over \$40,000,000, and the exports of such goods fell off \$45,000,000, making a total loss in trade of \$85,000,000. The greater part of this immense sum was taken directly from our workingmen, who lost the wages which they would have received had these products been made in our home factories.

Our total importations since the new law went into effect increased, up to June 1, over \$162,000,000, the greater part of this increase having accrued since January 1.

The iron and steel trade is generally regarded as the barometer of business. When this trade is active, it indicates general prosperity. When it is depressed, business everywhere shows the same condition. At the end of June of this year the record for the seven months preceding shows that we had made 4,000,000 tons less of pig iron than for the year before, and the Iron Age, a trade journal published in Cleveland, estimated that over 1,000,000 men were out of employment in the trades alone.

In April the balance on our trade with foreign nations, which had heretofore been largely for our favor and which for the year ending June 30 was over \$600,000,000, now turned against us. Our importations for the first time in many years exceeded the amount of goods we exported. The seven months ending with August 1 shows that we had lost \$240,000,000 in the balance on our foreign trade when compared with the same period of the preceding year. Our gold began to go abroad in large sums to pay indebtedness thus created and other debts heretofore settled by a balance in our favor. Before the end of July nearly \$90,000,000 in gold had been sent abroad, and thus not only withdrawn from circulation but actually lost to us.

By June 1 the gross revenue of our railroads had fallen off \$30,000,000 and the railroads were beseeching the Interstate Commerce Commission to grant them an increase in freight rates.

I will not undertake to state the number of men out of employment, as there are no accurate statistics on the subject, but the number of the unemployed has been estimated at from three to five million, with the probability in favor of the larger estimate.

The loss of employment necessarily cost the loss of millions of dollars to our workingmen in wages, and this in turn affected all kinds of business institutions. The failures for December, 1913, amounted to the unprecedented sum of \$31,000,000, and the number of firms that failed were over 2,500. At the end of June we found for the first six months of the year that over 5,300 more firms had failed, with the staggering total of \$185,000,000 in liabilities, exceeding by \$50,000,000 those of any other year.

To compensate for these enormous losses no offset can be found. No new outlet was found for our goods or new work for our laborers. The avowed purpose of the tariff bill was to reduce the cost of living. In this respect it not only failed completely, but the record shows its insufficiency. The New York Times Annalist, which ought to be good Democratic authority, has published a chart from which it appears that at the end of June the wholesale prices of 25 leading food commodities were higher than ever before.

The third period began with the month of August of this year, when the great war broke out in Europe.

As the summer passed each day brought added mercantile failures, each week another increase in our importations and decrease in exports; each month swelled the hordes of idle men who waited in vain for mills and factories to reopen. A campaign was coming on which was certain to place the real situation before the people, and it needed no prophet to foretell in the elections the fate of the party which was responsible for these conditions. At this time, most unfortunately for the world but providentially for the Democratic Party, the conflict abroad burst forth with the swiftness and fury of a cyclone. It has somewhat obscured our domestic issues, and it seems to be thought that this foreign war not only can be made responsible for the ills that had befallen us but that the country can be made to believe that it created an emergency with reference to our national finances. I shall undertake to show that the effect of the war upon the National Treasury so far has been slight, that any immediate necessity for additional taxation is wanting, and that if such necessity should arise in the future

it will be not by reason of the war but from causes for which Democratic control is wholly responsible.

The first effect of the war was upon prices. It caused a great increase in the demand for food products and their prices to rapidly rise. On the Chicago market wheat shot up from 80 cents to \$1.20, and prices rose from 60 cents on the farm to \$1. Corn rose about 15 cents a bushel; oats, 10 cents or more; and meats and provisions swiftly followed. All this afforded opportunity to the defender of the administration to point out to the farmer what prosperity he was enjoying amidst these high prices, while at the same time he could express to the consumer his profound regret that the war had prevented the Democratic Party from lowering prices upon the necessities of life. [Applause on the Republican side.]

To determine what relation the war had to the condition of the Treasury it will become necessary to briefly review its situation since it has been under Democratic management.

Never in the history of our country has the Government been more fortunately situated with reference to financial resources than the present administration during the year in which Democratic policies have been applied. The Republican Party had left an abundant working balance in the Treasury. The receipts from internal revenue were \$3,000,000 larger than they had been the year before, and it inherited from Republican management a surplus of \$3,000,000 in the Post Office Department. It sold two battleships for \$12,000,000 and turned the proceeds into miscellaneous receipts. The ranks of the veterans of the Civil War were so thinned by death that \$11,000,000 less was required to carry on the Pension Department. The expense of construction on the Panama Canal had been rapidly decreasing and soon would cease. The operation of the canal was beginning to return some revenue. Here was a splendid opportunity to make a showing of a surplus in the Treasury, but with all these favoring circumstances the Democratic Congress and administration proved unable to keep expenses within receipts.

The gentleman from Alabama [Mr. UNDERWOOD] told you yesterday that in the last fiscal year from ordinary receipts the administration had taken in \$10,000,000 more than in the preceding year. This is correct, but it only shows that it had received about \$10,000,000 more than the Republican administration, while needing \$50,000,000 a year less, and yet was unable to make receipts equal expenditures. [Applause on the Republican side.]

What a record for a party that had in its platform denounced the Republicans for extravagance and obtained power on promises of economy! [Applause on the Republican side.] And how can it escape responsibility for this condition? It had put through the House appropriations which exceeded by \$100,000,000 the amount ever before incurred in time of peace. The working balance in the Treasury was for the larger part loaned to or deposited in banks, and by the end of July the administration found that a deficit was approaching. With a depleted Treasury and a rising mountain of appropriation more money was wanted, and the European war has been made an excuse for the bill now before the House.

When this excuse is analyzed it will be found so much thinner than air that it becomes a vacuum. [Applause on the Republican side.] It is said that the customs receipts fell off largely after the war began, and figures are given for the loss in the month of August. There was a large difference between the receipts for August, 1914, under the Underwood bill, and those of 1913, under the Payne bill, but there had existed a large falling off before the war began. The Underwood bill was intended to reduce customs receipts. It did reduce them by lowering the rates and admitting free articles which heretofore had paid duty, and the difference was to be made up by the income tax. As a matter of fact, the importations for August were only \$8,252,057 less than for the same month last year, of which, if the same average was maintained for previous months, about 60 per cent came in free of duty.

The average rate on free and dutiable merchandise for the year ending June 30 last was 15.4 per cent, but this was estimated on the year, which included three months under the new tariff. The average rate under the present tariff might be estimated at 14 per cent, and the loss of revenue caused by the decrease of imports in the month of August could not have exceeded \$2,000,000, unless the imports exceeded those of the previous year, or there was an unusual proportion admitted free. It was the rates of the Underwood bill that caused the great decrease in custom receipts and not the war. Any decrease caused by the war is not likely to be maintained after the expiration of a few months. We may produce at home some articles which we have heretofore imported. Our imports, instead of increasing, as compared with the previous year, may be slightly less in amount while the war continues, but our wants must be sup-

plied from some source, and our importations will be greater than at the present time.

In what condition must our finances be when such a temporary decrease frightens our financial guardians and makes them demand that more taxes be levied? Why can we not gradually withdraw some of the \$74,000,000 now on deposit in the great banking institutions of the country at 2 per cent interest, and which they are loaning out at from 6 to 8 per cent? [Applause on the Republican side.] Why can we not dispense with the river and harbor bill for this session at least? [Applause on the Republican side.] Why not enter upon a program of retrenchment in accordance with whatever the necessity may be?

If we must have taxes, why not reimpose some of the duties which are now lost to the Government without in any way benefiting the consumer? Why not compel Argentina, Australia, and Canada to pay something for the privilege of entering our markets? [Applause on the Republican side.] Why not at one and the same time revive drooping industries and replenish the revenues? [Applause on the Republican side.]

If we must have more internal revenue, why not put an additional tax on whisky or patent medicines instead of gasoline? [Applause on the Republican side.] How many of our Democratic brethren are ready to rise in their seats and say that they approve of this tax upon gasoline?

Oh, I know the gentleman from Alabama [Mr. UNDERWOOD] said yesterday that no one wanted to amend this bill. The real fact is that he does not dare give any opportunity to amend it. [Applause on the Republican side.] The fact is that it will be necessary for some of the gentlemen upon the other side, when they go back to their districts, to say in faltering tones that this was an emergency measure. It was put through under a rule which permitted no amendments, and therefore they could not change it. [Applause on the Republican side.]

Are whisky and patent medicines to be taken under the special protection of the Democratic Party? Is whisky to be sheltered from emergency taxes, and the burden thereof to be placed upon articles of necessity? [Applause on the Republican side.] So it seems, under Democratic rule, but they will have trouble in explaining to the people why. It is quite evident why this new product of caucus legislation is to be driven through under a rule that gives little opportunity to discuss its provisions, and absolutely forbids amendment. Those who present it know full well that if amendments were permitted the bill, in its present form, could not obtain a majority of the votes of this House. Let them remember that it has yet to be approved by a majority of the voters. [Applause on the Republican side.]

But why impose taxes at all? Have Democratic policies brought our Treasury and credit into such a condition that nothing but taxes will place the country in a condition to meet a slight and temporary loss in revenues? If this is true, it is a confession of incompetency and inefficiency on the part of an administration that deems it necessary every few weeks to issue a new pamphlet reciting its extraordinary achievements. [Applause on the Republican side.]

It is said that we should not withdraw any of the money which is deposited with the banks. Is it possible that taxes are to be levied for the purpose of enabling the Government to loan money to great banking institutions? Are these institutions now under Government control so conducted that they can not properly discharge their functions without a tax being levied upon the people for their benefit? If so, we certainly need still another banking and currency bill.

The river and harbor bill, through the determined efforts of Republican Senators, in which, I am glad to observe, those from my own State joined, is likely to be reduced by more than one-half. It would be better to omit it entirely than to pass this bill. With the retrenchment that ought to be made in other directions, we could avoid laying additional burdens upon the people at a time when, owing to the business depression which prevails in so large a part of the country, they are least able to pay; but the Democratic majority and the administration are unwilling to retrench, and hence we must have taxes.

The plain, hard fact is that the Democratic Party can not carry on the Government without expenditures largely in excess of those which had been denounced as extravagant in its party platform. Its failure in this respect is not new. The Democratic policies have failed alike, whether applied to domestic industries or national finance. They have failed to reduce the cost of living or national expense, failed to protect legitimate business or our National Treasury, failed everywhere, and yet the administration is continually boasting of its achievements. [Applause on the Republican side.]

These achievements consist of a tariff which the country at large regards as a destructive and not a constructive measure,

of a currency bill enacted more than nine months ago which is not yet put in force and which the administration has always been afraid to put in force. When the financial storm clouds gathered it was forced to take shelter under a Republican law as the only security in time of emergency. It has, it is true, rushed much new and half-baked legislation through the House of Representatives on other subjects. Some of this has been opposed, some fought by the Republican minority, but all of it is experimental in so far as it has laid down any new principle or entered upon any new policies, and none of it has yet been tried and tested. The only result it has so far produced is to unsettle business and to add uncertainty to the rules by which commercial transactions must be governed. To speak of these measures as "achievements" is to become as "sounding brass or a tinkling cymbal." [Applause on the Republican side.]

This Congress has, through its Democratic majority, in fact, "achieved" two distinctions by which it will always be remembered: It is the first Congress that was ever flooded with petitions for its adjournment, and it is the first Congress to levy a war tax in time of peace. [Applause on the Republican side.]

Some say we have at least kept out of war with Mexico; but who wanted war with Mexico? No Member on this floor has advocated it, and I have never met a man that favored it. There were no doubt some that thought we ought to object to the destruction of the property of our citizens and protest against their murder, and others who insisted that we ought to leave Mexico problems for Mexicans to settle, and not meddle with matters which did not concern us; but how could we get into a war with Mexico, divided as it was into warring camps, none of which represented that nation and none of which proposed to make war upon us? Only by taking the part of one guerrilla chief against another. This we did, and got into war with one clan as much as we could, that particular faction being at that time powerless to resent our acts. We shed the blood of our soldiers, and took the lives of Mexicans who resisted them in invading their country, because one of their chiefs declined to burn a little powder. Perhaps, after all, the administration is right in considering that it is fortunate that we did not get into a war after this performance, but it would have been easy to keep out of Mexico entirely; and, considering that we have spent about \$5,000,000 in the occupation of Mexican territory, it certainly would have been much cheaper. Our position at Vera Cruz had not only become embarrassing but was becoming ridiculous, when the President ordered the troops removed, with conditions just what they would have been if the troops had never been sent, except that we had excited enmity against us by our policy, which can best be described as that of meddle and muddle. This day we hear that our ally, Villa, has started a new revolution, and that no one knows when wretched Mexico will have peace. The order for the recall of our troops is said to be countermanded, and this will, I suppose, constitute another "achievement."

A year of Democratic control has been a record of broken promises, of unkept pledges, and of unfulfilled prophecies. Promising to decrease expenditures, that party has increased by millions the annual budget; pledging that no legitimate industry should be injured, it has left scarcely any business unscathed; prophesying that it would reduce the cost of living, its pretense of fulfillment only raises a smile.

In Biblical times a proud and boastful monarch in his dreams saw written upon his palace walls the mysterious words, "Mene, mene, tekel, upharsen." Troubled by the dream, he called before him the Hebrew prophet, Daniel, to interpret it, and received the unwelcome answer that the judgment of a higher power had been pronounced upon him, and that his kingdom was doomed. It needs no dream for those who have directed our national policies for the last year to see written large upon the political sky the words of Daniel to the King of Babylon, "Thou art weighed and found wanting." [Applause on the Republican side.]

Mr. PAYNE. I yield 30 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, this time is yield to me on behalf of the Progressives, and I yield to the gentleman from Pennsylvania [Mr. HULINGS]. [Applause.]

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. HULINGS] is recognized.

Mr. HULINGS. Mr. Speaker, the "wise man" once said, "All men are liars," and after listening to the utterly contradictory statements made about the same facts by the honorable gentlemen on both sides of the House upon this bill I am convinced that the "wise man" was up to snuff.

After listening attentively and studying the question independently of the partisan spirit so greatly in evidence here it

is my deliberate judgment that the war in Europe has not created an emergency that requires us to impose a war tax upon the people of the United States.

It is true that there is a deficit of revenue, but that has been going on ever since the administration tariff bill went into operation.

It was known long before the war in Europe began that the revenue measures were a failure. Since the tariff bill took effect in October last there has been a large increase of foreign importations, taking the place of American goods and throwing many American workmen out of employment; but even though importations increased greatly the tariff was fixed so low that it did not produce enough revenue to run the Government.

Imports of foreign goods have increased in the last fiscal year one hundred and two millions, although your tariff has been operating but 10 months; yet this increase produced thirty-two millions less revenue than the preceding year.

At the port of Philadelphia, in the month of August, 1913, the imports were less than seven millions, producing \$2,167,000 revenue, while last month the imports were over seven millions, producing \$1,208,000 of revenue, or a loss at that port of \$959,000 revenue in one month. At Boston the imports in 1913 for August were \$7,200,000, while in August, 1914, the imports were \$11,000,000—that is, \$3,800,000 more foreign goods came in, but produced \$682,000 less revenue.

You reduced the tariff on sugar, threw away about \$16,000,000 of revenue, killed the native sugar raisers, and the Sugar Trust has been "soaking" the people ever since.

Oh, I know the war shut off the supply of German sugar to England, and her demand upon other sugar-producing countries compelled us to pay more for our raw sugar; but long before the German ports were closed the Sugar Trust was "soaking" us, simply because your low tariff wiped out our domestic sugar producers.

There is no secret about all this. Everybody except Democrats knew what would happen, and a short experience with your free-trade tariff opened your eyes, and even you realized months ago that you were facing a deficit of revenues. Your managers have been discussing it behind the door for months. Now, in seeking to cover up your mistakes by laying all the cause of it to the war in Europe you are neither candid nor honest.

The disturbance of American business caused by the war in Europe was due in large degree to the disappearance of foreign carriers and we had no shipping of our own. This you hoped to cure by the registry bill and the shipping bill, though it should be noted that the traditional policy of the Democratic Party against subsidies is the only reason why we do not have a merchant marine to do our own carrying, relieving us from dependence upon foreign shipping.

To cure this, now that they see what a "hole" it has put us into, it is suggested that the Government should engage in the ocean shipping business which private capital has not engaged in because it did not pay.

The scheme is nothing but a ship subsidy in disguise. Government aid to cotton producers, which southern Democrats favor, is nothing but a subsidy in subtle form. The 5 per cent reduction of duties on goods carried in American ships, which the Democrats put in the tariff law, is a subsidy pure and simple. Government-built levees and embankments in southern rivers are nothing but subsidies, but be careful that you do not call them "subsidies." How these walls have reechoed to Democratic roars against "subsidies." And how these roars subside into the gentle cooing of doves when the "subsidies" come their way. Free tolls to American coastwise traffic in the Panama Canal was called a "subsidy," and so on this plea the Democrats handed the canal over for the especial benefit of Great Britain. But this lack of shipping is only temporary. English and French ships are resuming their service. The ocean is free. The risks of capture are practically gone. Our over-seas traffic has been carried heretofore by foreign vessels. These neutral foreign vessels are just as available now as ever they were.

An editorial in yesterday's Washington Post declares there is no scarcity of ships, and that—

shipping men insist there are plenty of bottoms for all freight offered, and show conclusively that the check to American export trade is not caused by lack of shipping.

This will speedily cure itself, and furnishes no reason for taxing the people.

Other contributing causes producing disturbance were the return of American securities and the drain of gold.

But none of these justify a "big scare."

Germany, that holds a great volume of American securities, did send some of them home and withdrew gold, but the moment

war was declared she could not send any more of them—the British fleet stopped that.

Great Britain and France hold other great volumes of American securities, and before the war did send some here and took gold, but as soon as they engaged in war and their people stopped producing and went to destroying it was plain that it is not our gold but food and clothing and munitions of all kinds which they will need and are bound to get in the United States if it takes all their warships to convoy the freighters they will be obliged to send here after the goods.

England owes four times as much as the United States. She is financing a great war, and she is not in a panic about her gold. France owes seven times as much as the United States, and she is invaded by a powerful enemy and is not scared about her gold supply. Now, we have four times as much gold as England, nearly twice as much as France. Our country is infinitely richer than any country in Europe. We have no war, and I refuse to be hurried into a panic because of a "scare" about gold.

The plea that the war has closed our foreign markets is another "big scare."

Undoubtedly there is a temporary embarrassment on this account, but the imperative need of breadstuffs will shortly compel England, France, and Italy to send here for them, and record shipments of wheat and flour are now being made, and Japan will largely increase her purchases of our cotton.

The Evening Star of yesterday announced there is enough shipping plying the seas to carry the normal imports of the United States.

Imports from Japan are increasing.

England's imports continue extensive.

Some German goods are coming into American ports.

These are the observations of customhouse officials recently attending the conferences of collectors at New York.

But if our exports of manufactured goods were wiped out, it ought not to raise more than a ripple of disturbance, for as a matter of fact our exports of manufactures never amounted to 5 per cent of what we manufactured; and if Europe continues to fight, our exports to South America and nonbelligerent countries, if we seize our opportunities, will restore tenfold all we lose of the European markets.

Now, of course, the war will shut out much of our imports, but what will be the effect?

We will get no Belgian glass, but American glassworkers will again go to work.

Germany will send little here and our people will go to work to produce the hosiery, cotton goods, ferromanganese, dyes, cutlery, toys, and other products which she has been sending, and we undoubtedly will go to work and make all this stuff ourselves.

Importations from England and France will fall off, but we can and we will go to work and make for ourselves the things usually supplied us by those countries.

This reduction of importations will, of course, reduce revenues, and the deficit added to the deficit caused by your tariff law before there was any war demands level-headed attention.

But what is the "scare" about? Why must we rush this measure through the House in the clangor of the fire alarm? The gentleman from Alabama [Mr. UNDERWOOD] talks impressively of the "great emergency." We have passed bill after bill here since I entered this body under the spur of "great emergency." But what is it this time?

The Treasury is in no instant need. The new banking law, whatever may be said of it giving Wall Street the control of business credits, will certainly strengthen the banks. The one thousand millions of emergency currency provided for will certainly fortify the banks against any unusual demands upon them, and in case necessity required the banks could easily return to the Treasury the \$73,000,000 of Government money now loaned to them. If the new banking law and the emergency currency law strengthen the banks, why should they not repay the money the Government loaned them at 2 per cent, when the Government needs the money? Why tax the people when the Government's money, collected from the people, is in the banks now? Why not use it?

I recognize the importance of the banker. I voted for the new banking law. I voted for the emergency currency law, to strengthen the banks and give stability and elasticity to currency issues, for the purpose of enabling them to accommodate the business interests.

Yet the banks, with reserves piled up, are charging the business men of the country 7 to 10 per cent interest. Banks that received Government deposits last year at 2 per cent to move the crops have been lending it to the farmers at 10 per cent. Eight per cent is a common figure the country over

to-day in spite of emergency measures to strengthen the banks, while the English business man, though his country is at war, gets banking accommodation at 4½ to 5 per cent.

This is a condition that Congress had better concern itself about than to load more taxes upon the people.

Why not, like prudent business men, retrench in expenditures? Why not wipe from your calendar about nine-tenths of the public-building schemes that will come up at the next session; most of them should never be passed. Why not stop the irrigation of southern trout streams, and cut the "pork barrel" down to the last stove? Ligate superfluous public teats; fire the bench warmers and the supernumeraries. They are falling over each other in every department of the Government drawing unearned salaries.

Why not postpone the Alaska railroad for a year; postpone the unnecessary public buildings; postpone the doubtful experiment of the Government investing \$40,000,000 in the shipping business; and cut out \$30,000,000 of the rivers and harbors appropriations, and thus save more than \$100,000,000?

Why not call in the loans to the national banks?

Everybody knows the bill to improve rivers and harbors, covering \$53,000,000 appropriations, goes largely to improve "political prospects." Two-thirds of this sum can be saved by merely cutting useless and unnecessary items. Every department of the Government leaks money like a sieve leaks water. If the people could know how their money is wasted, a storm of anger would sweep the country from one end to the other. No up-to-date business house would permit the waste and extravagance that every Member knows exists here. Put the administration of the Government on an economical basis—not a niggardly, parsimonious, cowardly, nor panicky basis, but on a plain, sensible, business basis—and you can save every year double what you expect to raise by this tax. The Democrats promised to stop the waste and extravagance. Why have they not done it? Things have gone on worse, if anything, than ever before.

It is useless for anyone on this side of the House to make any suggestions. Nothing is considered unless it comes from the Democratic side. During all these weary 17 months the farce of debate has gone on, when everybody knew that all the important measures were cooked up in Democratic conclave just in the shape they were to be passed without alteration or amendment.

If the Lord himself were to offer a bill here, it would not have a chance in the world unless it advocated free trade, state rights, and was indorsed by a Democratic caucus, and He would not support either of those doctrines.

But it does not lie in the mouth of the Republican Party to charge Democrats with extravagance. For a generation they have had full control, and they did nothing to stop it. For a generation the Democrats have howled about Republican extravagance. Now that the Democrats are in control the rôles are exchanged—Republicans are doing the howling and Democrats are padding the expenses in the same old way. But these recriminations get us nowhere. It is merely the "pot" calling the "kettle" blackface.

We should face the situation like sensible, level-headed business men.

If you will cut out waste and extravagance and stop useless and unnecessary expenditures and postpone expenditures not immediately pressing, in a determined, businesslike way, the Treasury will take care of itself.

But even if it is considered that we must raise immediate funds, the Government provided for an issue of bonds to meet the cost of the Panama Canal; but instead the Treasury paid \$207,246,398 of the cost out of current funds, leaving \$240,569,000 bonds unsold; and if the emergency requires, why not sell some of these bonds?

The people, whether it is on account of the tariff or the war or for whatever reason, are in no shape to stand additional taxes.

The railroads are complaining, business men are complaining, the people are groaning under the high cost of living, which, by the way, you Democrats loudly promised to reduce, and nothing short of absolute necessity will reconcile them to additional taxation.

The President says we must not sell bonds, for that will disturb business; we must tax, but the only difference between the two is a mere matter of time.

Now, let us see. In either case the money must be drawn from the people. But will it disturb business more to draw it from the money-lending class as a loan than to draw it from people who are already overburdened? Will it disturb business more to draw it from the banks, who owe the money, than to take it from the pantries of the people?

If you raise it by an immediate tax you compel the masses to pay at a very inopportune time.

To raise it by selling bonds you borrow it from those able to lend and repay by a tax when the people are able to pay; and besides, if these Panama Canal bonds are sold the traffic in the canal will pay the interest and at maturity retire the bonds.

But it is suggested that you can not sell bonds, for nobody with money would buy. I do not believe it. The people must furnish the money or your tax collector can not get it. If they have the money they will buy the bonds if you offer them to public subscription. The only difference will be that poor people will not be oppressed by higher cost of living when they are out of work.

I caution you to be careful of levying additional burdens upon the masses at this time.

I congratulate you that you have abandoned your freight-bill tax. It was the very worst scheme you could have devised. Some of your selected subjects of taxation are not much wiser, but I question the necessity of taxation at all at this time.

You insist on taxing "gasoline." It is well known that the Standard Oil Co. or its subsidiaries fix the price of crude oil and the price of the manufactured products. Although three-fourths of the production are consumed at home and only one-fourth goes abroad, under the shabby pretense that the foreigners were not buying oil the Standard stopped buying the crude, meanwhile cutting down the price of crude, and the trade is in a deplorable condition. Recently the Standard has resumed, at the marked-down price, the buying of probably as much of the production as the markets demand.

Unfortunately, the chief difficulty is that created by the producers, in producing and expecting the Standard to provide tankage for over 150,000 barrels every day more than the world uses.

Now, in this situation your bill puts a tax upon gasoline—by the way, a trifle of about 16 per cent—which under present circumstances is bound to be paid by the producer, and after he pays it will be made the occasion of raising the price by the wholesaler, the jobber, and the retailer; and the consumer—with the profits of each added—will pay probably 3 cents more for his gasoline.

And you failed to do an obvious thing that would have been of great benefit to the oil producers and would have added large sums to the revenues.

Mexico is sending into this country 66,000 barrels daily of cheap oil. It is brought here and used as a club to beat down the price of our oil, bringing distress to our own people. Instead of taxing gasoline you should tax Mexican imported oil.

Retrenchment and economy and a brave policy will surely postpone any need of taxation. If you must tax, make an addition to the income tax. This is a tax that will fall due next June and only fall on those able to pay.

Besides this, there is another tax which ought to be levied in the interest of the public morals, and I refer to a proposition which I introduced more than a year ago. It is now known as House bill 18591 and has laid in the Ways and Means Committee since without action. It would produce several millions of revenue and would prohibit gambling and bucket-shop transactions and would protect legitimate speculation, and I commend it to those Members of the House who wish to relieve honest business from burdens as much as possible, though it is useless to discuss it now, as amendments are not allowed.

The great disturbance and losses due to the war in Europe impress thoughtful men as never before with the importance of a policy of building up American industries and producing for ourselves whatever can be made here, and of building up a merchant marine, not by any precarious experiments, such as your shipping bill, but by a careful adaptation of the protective system that has so signally developed our manufacturing industries, and thus render this country largely independent of all other countries.

It is also easy to perceive that the present offers great opportunities for this country, and that great markets heretofore supplied by the belligerent nations now invite American goods.

It must not be imagined, however, that the trade of South American and the nations formerly supplied by Europe will be dropped into our laps like ripe plums.

England and Germany have built up a great trade with those countries through persistent efforts and wise catering to their wants, and before we can get much of that trade we must supply the banking facilities that are now nonexistent and prepare to give the merchants of those countries the long credits and facilities that England and Germany heretofore have given them. Even the trade we now have with them will be disrupted or be done with great difficulty, because the banking facilities

furnished by Europe are not now available, and before we can enjoy that trade we must establish facilities of our own.

Certain other significant facts are also apparent. When Belgium ceases to ship her glass here American glassmakers go to work; when German hosiery ceases to come in American spindles begin to hum. These facts prove the beneficence of the protective tariff.

Our southern brethren are imploring the Government for aid to hold their cotton until Europe can manufacture it. We have pursued the senseless policy of shipping our cotton to England and Germany and France, having it manufactured there and returned to us before we could get it on our backs, while every pound of it ought to be and could be manufactured here, where the world would be obliged to come and get it.

If the war continues long, this is what we will be obliged to do, and already the statements are made that our mills will increase their manufactures of cotton from 10 to 15 per cent this year.

The war will shut out certain goods, and we may have to raise our revenues from other sources than customs, but if immediately we will go to work to produce for ourselves a new era of prosperity will ensue. This, after all, is the very purpose of a protective tariff.

And, Mr. Speaker, when the people of this country are industriously employed the expenses of government become a mere bagatelle.

There could nothing better happen to this country than if we were obliged to make for ourselves everything that could be made in America. This war is proving to Democrats that this is our true policy. Protectionists have known this all along.

Mr. Speaker, there is one feature in the present situation overlooked that is more important than the cry for gold. Normal economic conditions have been upset. The rising cost of food is in the nature of a tragedy. Workingmen everywhere are feeling the pinch of poverty. Taking advantage of war prices abroad, prices are raised as though we had a war here.

There is no justification for it. It is inspired by criminal greed and speculation. Congress is doing nothing about it or, if doing anything, is proceeding in the leisurely investigations of conditions that a blind man can see without glasses. Congress ought to take hold of these gamblers with a strong hand. It ought not sit quiescent with conditions heavy with misfortune staring us in the face. It has the power. If it were possible, it ought to levy an embargo upon the export of foodstuffs until prices fall to reasonable figures.

I can think of no speedier way to raise revenues or no more effective way of reaching the speculators and gamblers who are marking up prices and raising the cost of breadstuffs and the cost of living than by the levying of an export duty on breadstuffs, but I suppose our lawyers will tell you that would be unconstitutional.

England sets the example. Hardly had the war started when Parliament supported the Government in assuming control of the maximum prices of food to check attempts to corner or speculate with or arbitrarily raise the prices of food, and we should do something of the sort rather than to levy more taxes.

Mr. Speaker, I would be ashamed to raise factious opposition to this bill for partisan reasons. If it is really necessary to tax the people at this time, let us have facts and sound reason and not vague rumors and war scares; but until I see some bill of particulars, something more substantial than panicky rumors of some direful calamity, I shall not vote for a tax at this time. But if more money is necessary, why not spread it over a number of years by a sale of bonds? Or, better still, let us economize and retrench and postpone some of our expenditures or, as a last resort, impose an additional income tax upon those able to pay; but in any event let us keep our fingers out of the dinner bucket of the working classes.

I have faith that President Wilson will keep us out of all foreign entanglements, and if he does so there is no occasion for a "big scare." There is a golden opportunity. If we are wise and brave, we will not be misled by the so-called conservatism of those who make gold a "fetish" that always skulks and hides in time of need. The power of the Government to pay its debts depends never upon its possession of sufficient gold, but upon its unlimited power to tax.

Gold serves probably as well as any commodity could as a measure of values, but it never did exist in any great commercial country as a currency, because it never exists in sufficient quantity and is always supplemented by a greatly preponderant volume of forms of credit. Thus we have our greenbacks, our national-bank currency, and our emergency currency. All are

forms of credit measured in gold, but at the first lack of faith in the Government the gold would fly into hiding.

The war by shutting out competition affords us a great opportunity to set the brains and skill and brawn of all our people again at work, and if to do this it would be necessary to send every ounce of gold in the Treasury out of the country it would be a profitable operation, for every six months we could buy it all back with the profits of our industries.

Set our people to work and they will make small matter of raising your revenues. If we are alive to our opportunities, the war that is scourging Europe will in the providence of God reestablish the industry of our people which was crippled by your free-trade tariff.

This is no time to give new jobs to an army of tax collectors. Call out the dinner-bucket brigade and set it to work. That is the only way to create real wealth. Build up our merchant marine; we have the chance of a lifetime. This is no time for timidity. The coward dies a thousand deaths. This is a time for red-blooded, courageous statesmanship.

Mr. KELLY of Pennsylvania. I yield to the gentleman from California [Mr. STEPHENS]. [Applause.]

Mr. STEPHENS of California. Mr. Speaker, I can not vote for this war-tax bill. It is unwonted and unusual, uneven and untimely, unfair and unjust, unwise and unnecessary.

I might vote for a war-tax measure as careful and considerate of the man that has little as this is of the man that has much, of the individual who labors as of the corporation that lives off his labor; as considerate of the small independent oil-refining company as it is of the great Standard Oil Co., provided, of course, I could believe a war tax at all necessary at this time.

I might have voted for a war-tax measure equitably and justly drawn had Treasury conditions continued as they were in August last; but, Mr. Speaker, conditions are not now as then, perhaps, they promised to be, and this legislation is clearly unnecessary at this time.

The last daily statement of the United States Treasury, made at the close of business September 23, 1914, is in part as follows:

Receipts affecting the general fund balance, September 23, 1914.

	This day.	This month to date, fiscal year 1915.	Corresponding month and date, fiscal year 1914.	Fiscal year 1915 to this date.	Fiscal year 1914 to corresponding date.
Revenue receipts.....	\$1,640,650.81	\$42,319,728.53	\$44,050,174.72	\$166,616,800.38	\$165,881,896.00

Mr. Speaker, the great State of California is unjustly affected by this bill. Every citizen of that State with any love of country in his heart is willing to bear his due proportion of the public expense; but every man does, as every man should, object to being levied on to a greater extent than his fellows elsewhere. Whenever a war tax is necessary, levy it alike upon all and I will be for it.

Mr. Speaker, my colleagues, whose districts are so seriously affected by the excessive tax proposed on wines, have facts and figures to advance that show the unfairness of this bill. Because amendment of this measure has been made impossible, and therefore argument unavailable, I shall close by submitting the following telegrams recently received:

LOS ANGELES, CAL., September 22, 1914.

Congressman WILLIAM D. STEPHENS,
Washington, D. C.:

We understand that a bill is to be introduced in the Senate and House proposing a tax of 2 cents per gallon on gasoline. This tax would be discriminating against a particular class of people already bearing more than their share of the taxes of this State, and the Motor Car Dealers' Association of Los Angeles, representing the largest body of motorists in California, do emphatically protest against this class legislation. Such tax will seriously injure an industry which forms an important element in the commercial welfare of the West, throttling a business already developed, and preventing an expansion decidedly promising at this time. It would involve injury to over a quarter of a million families depending upon this business alone in the State of California. We would earnestly ask your consideration of this bill and request you, as representative of this State, to use every effort in your power to prevent the passing of this bill.

MOTOR CAR DEALERS' ASSOCIATION,
C. F. SMITH, President.

PASADENA, CAL., September 23, 1914.

Hon. WILLIAM D. STEPHENS,
Washington, D. C.:

The Pasadena Clearing House Association at a meeting to-day unanimously protests against the provision of the Underwood bill taxing banks \$2 per thousand upon capital, surplus, and profits, because it puts the burden upon one class of corporations instead of all corporations alike. The banks are willing to assume their fair share of the burden, and urge that the provision be readjusted so that a proportionate assessment be levied upon all corporations alike.

WILLIAM H. VEDDER, President.

LOS ANGELES, CAL., September 24, 1914.

Hon. WILLIAM D. STEPHENS,
House of Representatives, Washington, D. C.:

We believe proposed tax from 12 to 20 cents gallon on wines excessive, as much wine is sold at 15 to 20 cents a gallon. California is willing to pay its share of taxes, but would suggest smaller levy. Why not tax maker and consumer of chewing gum 1 cent a package? Would be felt less.

LOS ANGELES CHAMBER OF COMMERCE,
LOUIS M. COLE, President.

LOS ANGELES, CAL., September 16, 1914.

Hon. WILLIAM D. STEPHENS,
Washington, D. C.:

The proposed so-called war tax on gasoline would be very disastrous to the oil industry of this State. It would very likely put the independent refiner out of business. As independent oil refiners, we urge you to use your best endeavors to defeat this measure.

DENSMORE STABLER REFINING CO.

LOS ANGELES, CAL., September 16, 1914.

Hon. WILLIAM D. STEPHENS, M. C.,
Washington, D. C.:

Proposed tax of 2 cents per gallon on gasoline will put every independent manufacturer of gasoline in California out of business and destroy all revenue instead of increasing it for the Government. Certain large producers of gasoline can, by holding price as at present, compel small producers of gasoline to quit if tax is insisted on. Tax crude if must tax oil, and scatter amount on all products of petroleum and not on gasoline alone. By taxing crude the consumers, who are many, will bear the burden. By taxing gasoline the manufacturers will bear it, who are few.

T. W. OKEY.

LOS ANGELES, CAL., September 18, 1914.

Hon. WILLIAM D. STEPHENS,
House of Representatives, Washington, D. C.:

Members of Los Angeles Stock Exchange report themselves worried over war tax of \$50 per capita, which they think is unjust, as Los Angeles broker can not be compared with eastern broker. Respectfully suggest graduated scale, with minimum amount of burden on western broker.

LOS ANGELES CHAMBER OF COMMERCE,
LOUIS M. COLE, President.

Mr. KELLY of Pennsylvania. Mr. Speaker, I yield to the gentleman from Minnesota [Mr. LINDBERGH].

Mr. LINDBERGH. Mr. Speaker, socially this is a unique period. Never before in the world's history did the political and social follies of men appear so clearly. The way is now open for some important corrections, because their folly in several matters has become so apparent.

CONGRESS HAS THE POWER TO ACT.

We need not dwell upon past errors, except when it is necessary in order to show the need for wise action. This is no time for criticism further than such criticism as points out the way to reform. Men and women are not to blame for what a false system forces upon them. But we are to blame if in the very light of recognized errors we fail to exercise that degree of judgment which we would naturally use if we were but to open our eyes and unlock our brains.

The President, in a message, asks us to vote a war tax; but why? We have no war and expect none. The only way we could get into a war would be to go around with a chip on our shoulder challenging other nations to knock it off. They do not want war with us. The President, of course, is in good faith, but what he really proposes is to patch an unnatural system, which is already worn in every part to shreds. The President proposes burden upon burden. The last straw breaks the camel's back. It is true that Europe is ablaze and the destruction of life and property is tremendous; but nothing should be destroyed here as a result of the war, so why should we allow the European war to destroy our reason? We could easily economize and save more than the \$100,000,000 tax, and our economy, if properly exercised, would deprive no one. It is not my purpose, however, to point out transient economies. Now that we have an object lesson and the incentive to profit by experience, let us consider permanent things required to place men and women who earn their living in control, so that we may vitalize a system that will save us the suffering that re-

sults from our own follies as well as from the follies of other nations.

The European war destroys no legitimate agency in the United States. Men and women are as healthy and as able to work and produce as they ever were. Everything we require can be produced in the United States. We have had a good harvest and there is nothing legitimate to interfere with the prosperity of our people. The difficulties that we have are not due to natural conditions. They are the result of the failure of our political and social practices to conform to natural conditions. I purpose to strike directly at these failures in order to show wherein we may rescue ourselves from them.

First of all let us get the facts straight in our minds; then we can act intelligently.

A HUNDRED YEARS OF MECHANICAL IMPROVEMENTS.

A hundred years is but a short period in the life of nations, but the mechanical improvements have been tremendous in that period, and the last of the century has been more wonderful than any earlier part of it.

Since steam and electricity have furnished the basis for power men and women are able to accomplish more, by several hundred times in some respects, than they could accomplish before. But it is not alone in the use of steam and electricity that mechanics have advanced. The farmer of to-day is supplied with many mechanical devices that wonderfully economize his time and enable him and his family to furnish to the world more by several times in the way of farm products than he could when the spade, the hand sickle, the dash churn, the pitchfork, the simple needle and thread, and other simple tools and devices were his only implements. The wageworker, too, has placed in his hands various appliances that immensely increase the products from his toil. Without entering into special details in all of these respects, since all intelligent persons understand them, it is a fact that in every human pursuit the means of application have improved so greatly that men and women can accomplish immensely more than they could at any earlier period. It averages many times greater. We also understand nature better than ever and make a better application of our intelligence in deciding to what use the lands shall be put, what crops shall be grown, in applying water powers, and many other things. The sunshine, the rains, and the seasons are as good as ever. Therefore we possess the knowledge as well as the mechanical devices, and nature favors us. With these as the fundamental basis we should become immensely prosperous.

WHAT HAVE WE TO SHOW FOR IT?

Suppose we take a tour over an average farm; we would find a family, healthy, industrious, and intelligent. The production of that farm is sufficient to furnish all the food required by the family and as many as 10 or more other families of equal size. A few things, like salt, sugar, coffee, and so forth, they would have to buy, but these are, as a rule, raised in quantities on other farms. In addition, the same average farm would produce wool, hides, and so forth, to supply material for shoes and clothes. Of course, factories are required in which to make the finished product. But here again we have the wageworkers employed, who, each with the necessary mechanical appliances, make enough of the articles to supply hundreds of other persons. It is unnecessary to say more about this, for the intelligent person generally understands that each person engaged in work produces a sufficient quantity to supply numerous other persons, in some cases thousands of them. But if we return to the farmer we shall find that he toils early and late, and his wife likewise, and even then he is forced to pay all the surplus production of his farm for the few things he buys, and at the same time must go without many of the things that the family needs. The wageworker likewise works long days, and gives up all his surplus production for what he is forced to buy to furnish a bare subsistence for himself and his family. A few middlemen are required to make the exchanges, but each of them serves several hundred persons. All this that I have stated shows that if it were not for some other causes than those I have thus far mentioned the farmer, the wageworker, and all others performing useful service should each be several times more successful than he is. Now, then, since we understand that to be a fact, let us find the reason for our not being more successful.

THE REASON WHY.

It is because we are politically and economically proceeding upon a wrong basis. I purpose to point out that fact in connection with this proposed war tax. We are not at war. Therefore why vote a war tax? It is proposed because our finances are run by speculators. We are burdened in a way that we can not much longer bear. We have been fools for bearing it thus long. The President does not seem to know it. Several other

Presidents do not seem to have known it. McKinley was the first since Lincoln to have made any public note of the wrong. Members of Congress seem to fear to analyze it. The war is a mere excuse for the emergency. The condition is here, irrespective of the war. This Nation is doomed to destruction by dry rot unless we remedy the false system that I am describing. It is worse than war, for servitude to a false system is the lowest state that man can enter upon.

Our potential wealth lies in our ability to work, and it should be our privilege as well as our right to obtain the value of what we produce without being forced to pay a rake-off to those who pay no equal value in return.

As business operates now, those of us occupied in productive enterprises are paid only a part of the value of what we produce or what our labor is worth. The other part is taken by monopoly and becomes capital. The capital becomes the basis on which we are forced to pay tribute in the form of rents, dividends, and interest. The more we produce the more capital gets to make us pay profits on. Besides, there are the patent privileges, inventions, so-called "good will," and other devices that are capitalized, and afterwards dividends and interest charged upon the capitalization, and the people made to pay it.

PROFITS AGAINST LABOR.

The terrible cost of paying the tribute that I have referred to can not be understood unless we examine into it, nor can we realize the wonderful prosperity that would result from the establishment of an honest system. Property is so controlled now that it is given the power through its owners to frightfully depress men and women who work for a living. I shall use two tables to prove in part its fearful effect.

Dividends, interest, rents, and so forth, are effectively the same whether figured on loans or on property. One dollar invested for 100 years at compound interest computed by the method practiced by the bankers amounts to the following sums:

Table No. 1.

6 per cent amounts to.....	\$340
8 per cent amounts to.....	2,203
10 per cent amounts to.....	13,808
12 per cent amounts to.....	84,075
18 per cent amounts to.....	15,145,007
24 per cent amounts to.....	2,551,798,404

The above table shows the manner in which the capitalist is usurping the privileges that men and women should possess as a return for their labor.

Congress and the legislatures, as well as the courts, undertake to enforce interest and dividend payments on "vested capital" even beyond the possibility to pay in full and wholly regardless of common justice. The above table shows, and the practice in business proves, that no one can successfully compete with those who own property and control money and credit, nor can the smaller property owners successfully compete with the larger ones. Nothing can now compete with the \$1 except \$2, and nothing with \$2 except \$3, and so on up. The larger the sum the greater the cinch.

This compounding of profits, great as its ultimate results are, does not operate to the advantage of those of us who happen to have a few shares of dividend-paying stock or small deposits or sums of money due us on which we get interest, because we do not live long enough to secure the full advantage. But we need not live 100 years to have it operate against us, for the system has been in operation for more than 100 years, and during that period has accumulated the capital now controlled by a few and upon which we are required to pay the terrible toll that comes from compounding fortunes in the manner described in my Table No. 1 and that produced the effect described in my Table No. 2, which is as follows:

Table No. 2.

Number of the class.	Persons engaged.	Average income.	Aggregate income.	Number in each class, including their families.
1.....	37,815,000	\$601	\$22,725,590,000	94,537,509
2.....	126,000	4,500	567,000,000	315,000
3.....	178,000	7,500	1,335,000,000	445,000
4.....	63,000	12,500	632,500,000	132,500
5.....	24,500	17,500	428,750,000	61,250
6.....	10,800	22,500	243,000,000	26,250
7.....	21,000	37,500	787,500,000	52,500
8.....	8,500	75,000	637,500,000	21,250
9.....	2,500	175,000	437,500,000	6,250
10.....	650	375,000	209,250,000	1,375
11.....	350	750,000	262,500,000	875
12.....	100	1,500,000	150,000,000	250
	\$8,240,000		28,426,440,000	95,600,000

Table No. 2 is approximately correct. There are a few persons whose annual incomes run from \$5,000,000 to probably near \$50,000,000.

Those in class 1 of the table have been reduced to about the lowest extremity. Occasionally persons in class 1 make a lucky strike or by some unusual circumstance get into a class with a larger income. To do so they must oppress the class from which they emerge or else reduce one or more in the other classes to a class with a smaller income. A few such cases occur, but the total of the underpaid and overworked will increase instead of diminish as long as property—dead material—is socially and legally given a better status than human life; that is, it now enables the owner, the capitalist, to sit back idly and compel men and women, even children, to work and slave to pay tribute to mere material substance. That is not all. A system of credit is pyramided over and over and is supported by the products of our daily toil, and upon this credit we are also forced to pay tribute.

In consequence of this vicious system the farmer is forced to sell his farm products below their value, the wageworker and others are forced to accept less than they earn. Besides, there are millions unemployed.

I do not state these facts, the substantial truth of which can not be denied, for the mere purpose of showing that I know about them. It is of no value to me to know about them unless there are enough others who know so that by uniting we may force the adoption of a remedy.

The truth of what I have stated is evidenced in part by the desperate fight the railways are making to raise their freight and passenger rates. Only last week the presidents of seven railway systems appealed to the President of the United States in person for aid, and the President has promised to use persuasion for them. They wished to sell securities for the huge sum of \$578,000,000, and wish to make the people pay higher freight and passenger rates in order to collect interest and dividends upon that sum from them. For several months proceedings were pending before the Interstate Commerce Commission to raise freight and passenger rates on the railways in the eastern division, and they were given a raise in order to meet the terrible drain upon them caused by the system. Other proceedings will follow for the middle and western divisions. They are forced to apply for relief in order to save themselves from bankruptcy. They will come again for more, because the interest will soon eat up any increased rates that may be given. Ultimately they will all be bankrupt, if we retain the present system, because the limit will be reached beyond which they can not go. My Table No. 1 shows the reason.

The railways are not alone in seeking to raise prices of what they have to furnish. The same thing is being done everywhere by everybody.

WHO PAYS FOR IT ALL?

It is paid for by the farmer, the wageworker, and some others who serve the welfare of men and women. That is why the farmer, who produces more than ten times as much as he consumes; the wageworker, and some others, who earn many times more than they are paid, give all their surplus production and earnings to support a system that creates parasites. They are paying these extraordinary dividends and interest charges for the support of the parasites.

If you wish to see the "nigger in the woodpile" who is making all this trouble, search the Wall Streeters who control the New York banks. The Wall Street banks also hold the reserves of the country banks.

Let me again remind the House that the new currency law gives still greater power than before existed to the Wall Streeters to concentrate their hold upon the money and credit system, and will enable them to extort more from the people than heretofore. It will keep things going for a short time, but in a few years look out for the snake that will creep out from it, devouring everything in its path. I stated in a minority report on that bill that the Government's money should not be turned over to the banks, because in any emergency it would bring distress to withdraw it for Government use. I did not then believe that my statement would so soon be proven by practical experience to be true. But now, only a few months later, the President, in a message, asks for a \$100,000,000 war tax, and admits that it would not really be needed if we withdrew from the banks the \$75,000,000 Uncle Sam has on deposit in them. The President does not wish to withdraw that, because he believes that to do so might be dangerous. There, then, is the proof of the prediction that I made in my minority report to the new currency bill. Still, under the provisions of that bill all the moneys of the United States will be placed in the banks when the new law is put in full operation. It will be working in time

for them to grab the \$100,000,000 tax which it is proposed to vote against the people.

The banks pay at the rate of about \$1,500,000 per annum for the use of Uncle Sam's \$75,000,000, and they charge the people on that sum directly at the rate of from \$4,500,000 to \$6,000,000. But that is not all. The \$75,000,000 forms a basis for a credit system of over \$500,000,000, allowing the same average for that as on other moneys. The banks charge for that credit also, and upon that the people pay at the rate of approximately \$30,000,000 per annum, a charge which is based upon the money which they have paid in as taxes. I do not blame the banks for making all this easy money. Any of us would do the same if we were in the business, but we are fools for letting them get away with it. The people have not been given time to realize its meaning. If they do so, as I believe they soon will, there will be mighty few of those who are responsible for the maintenance of such a system in office after the election that follows. Those of the 95,000,000 of us who receive any cash go to the receiving windows of 30,000 banks and trust companies and hand them our hard-earned cash. This cash is flowing from the 30,000 banks into Wall Street and other speculating centers like a flood stream, and they make us pay interest and dividends on our own money.

The seven railway presidents who asked the President for aid to their roads presented the idea that should be a warning to us all. The railways—great institutions, performing a necessary service—they, too, are being ground between the stones by the same process that the rest of us are. But they have a chance to make an appeal for help. They have done so. The people have no such opportunity. The President has promised to help the railways. He has given them moral support already, which has enabled them to get some advantages that they could not have secured otherwise. But the advantages that they have obtained are taxed to the people, who themselves are already overburdened. Therefore I ask you to look into this matter a little deeper. The railway presidents, as a rule, are large stockholders in their railways, but in addition to their railway stock they and their associates control the Wall Street banks, and when I say Wall Street I mean all the affiliated banks in the larger cities. They use the railways to pay interest to their banks. The banks charge them high interest, and that makes the expenses of the railways large and forms an excuse for their presidents to ask for increase in freight and passenger charges. It is a deep game you well understand when you know those who work at it, and it all finally lands right square on the people's earnings and gobbles them up. The railways are now principally used for feeders to the big banks that are controlled by the large stockholders. I mention this that you may be reminded of the system. The railways need help, and we should give it to them by curbing the Wall Street banks.

WHAT ARE WE GOING TO DO?

Not only are the Wall Street bankers strangling the railways, but they are strangling all legitimate enterprise. Shall we now simply vote \$100,000,000 tax to be levied on the farmers, wage earners, and others who earn their living by work? Even if they do not pay it in the first instance, they do in the end, and the end is not far off. Shall we do that in order that the \$75,000,000 that has already been collected in taxes may be retained by the Wall Street banks? We will not if we serve the people. Those who have the brains to think, and use them, know that money and credit pay nothing. These are mere conveniences for measuring the pay; but the men and the women who really pay are the men and the women who work. It matters not whether the work they do is on the farm, in the shop, in the schoolroom, or elsewhere. The workers pay for all that are idle as well as for those who are occupied in other than useful pursuits and who contribute nothing, but are parasites, supported by the workers in the legitimate fields of industry. Money and credit as it is now obtained, the greater part of it, is falsely created and does not measure back to the workers a fair pay for the work they do, but, instead, is used as a means to gouge them out of the products resulting from their toil.

THE REMEDY.

There might be a temporary inconvenience if in one sweep we shifted from the present dishonest to an honest system that would give to the toilers an honest deal, but that inconvenience would be caused by the grasp that the greedy now have and would then exercise in order to make as much trouble as they could. But are we always to remain industrial slaves in order to avoid the inconvenience that these greedy ones might be able to make at first? Are we never to be free from their grasp? I have already noted that the railways are demanding an advance. The people have paid in full several times over for the rail-

ways, still they are capitalized larger than ever in order to make the people pay even more than heretofore. The same thing occurs in other business. Most of the so-called "big business" has been paid and repaid over and over, and still the capitalization grows larger and larger and the levies for dividends and interest increase yearly, and this is what we term "wealth," whereas in truth it is poverty, for it produces that effect upon the working men and women who sustain it.

LET US WAIT NO LONGER.

Now is an opportune time to wedge in with a remedy. I propose a remedy on a small scale, one that anyone can follow without being frightened, but nevertheless forming the wedge to ultimately pry greed out of the way.

AN AMENDMENT.

I am opposed to a \$100,000,000 war tax or any other tax imposed in order to leave the \$75,000,000, heretofore collected from the people, in the banks for speculation. We should first use what has been collected. But since the slates are made up to levy a \$100,000,000 tax against the people, I wish to do the best I can to have that wrong do as little harm as possible. Therefore I have introduced an amendment to issue \$100,000,000 in legal-tender notes, money to anticipate the tax and pay it for the Government operating expenses. Since it is proposed to tax the people \$100,000,000, let us issue to them \$100,000,000, to be returned and canceled as they pay it back in the taxes proposed to be levied. That is the honest way to pay the Government's operating expenses. It makes the amount available as rapidly as it would be required, and there would be no rake-off for the Wall Streeters if it remained in the Treasury until paid out for Government expenses. It would create no inflation, because it would be paid out naturally and return in payment of taxes. But doing that alone would not bring back the \$75,000,000 that the Wall Streeters now have of Uncle Sam's money. We do not want to give that to them. It is true that the President stated in his message that it might be dangerous to make them pay it now. We should favor any reasonable way to get these matters adjusted in order to separate the Government from Wall Street. For that reason I have offered my amendment, providing that as rapidly as the notes are paid into circulation by the Treasury an equal amount of the Government's deposits with the banks shall be withdrawn until all is paid, thus collecting the money due the Government, in lieu of which it is intended to vote this war tax. Of course, you understand that as fast as the notes are paid out, like other money, it will be deposited in the banks and enable them to pay the Government deposits. I propose it in this way, because I know that Members of Congress—that is, a majority of them—as well as the President, fear to act independently of the banks. They have tied the Government's finances to the banks and are therefore afraid of the banks. But my proposition will not in the least endanger the strength of the banks to meet their obligations.

The stand-pat press will say as little about my amendment as possible, unless it is to ridicule it. It will get no favorable mention except from the independent press. Still, I have advanced a plan that is absolutely practical, as well as scientific. To issue money indiscriminately, without providing a tax for its retirement, would be unscientific. But even that would be better than our present system, because the Government would get the rake-off instead of the private speculators, as is done under our present system.

WALL STREET'S PRINCIPAL DREAD IS THAT THE PUBLIC WILL LEARN HOW TO DO ITS OWN FINANCING.

Upon a certain fact the Wall Street bankers are silent; the "special interests" are silent; the stand-pat press is silent. Not one of them dares to whisper the facts about that certain truth. They wish to have a certain law repealed, but they dare not attempt it, because they know that if they did the public would learn about that law, and instead of it being repealed its scope would be widened and result to the enormous advantage of the people. Therefore a law which the Wall Streeters dread more than all other things is silently serving the public—silently, because it is kept a secret, because Wall Street fears that if the truth about this law were generally known the United States would issue and control its own money instead of giving the Wall Streeters the control as now.

How many people know about the law to which I have referred? This law was passed on the advice of Lincoln. By its authority there is in circulation \$349,093,016 of the kind of money which my amendment proposes. It is the only honest money now in circulation, because it is the only money that did not start on its mission of exchange without raking off a part of the people's earnings when it was first put into circulation.

That is why Wall Street and its agents are so profoundly secret about that law. Even Government officials dare not whisper it, for fear the Wall Streeters will undermine them if they do. Even the Secretary of the Treasury's daily reports dwarf the truth about the law by having it printed in minute type, so small that old people can scarcely read it and the younger pass it by unobserved, because the type in the rest of the report is so large as to obscure this. The purpose is to keep the people ignorant of the law, because it is believed that if they generally knew that the Government could, in the first instance, issue and pay into circulation currency it would be done in that way and the graft of the Wall Streeters would end. I have talked with Congressmen who did not know about this law. How can it be expected that the general public will know about it if Congressmen, whose duty it is to know, do not?

MORE EMPHASIS.

To further emphasize the fact, I repeat that by authority of the Lincoln law there is \$349,093,016 of legal-tender notes—money—in circulation, supported by the credit of Uncle Sam, on which the Wall Streeters got no rake-off at the time of its issue. It is the only honest money in circulation, because it did not get its start by grafting the people. All the rest of the money and credit has been given over to the control of the "special interests," and I reemphasize that the new currency law is the worst ever. The system is already gnawing at the very vitals of our Nation, and when the new law gets into full swing its teeth will sink deeper.

THE KEY.

The amendment that I propose is the key with which to open the door to a new system. Whenever the Government appropriates for Government expenses, it means that the amount appropriated must be collected from the people. There is no escape of the tax that results. Therefore, simultaneously with the tax levy, there should be an issue of legal-tender notes equal to liquidate the tax to be collected, and paid into circulation for Government expenses covered by the appropriations. How natural for these notes to return in payment of the tax and be canceled unless needed for a like purpose. No stringency would occur, and there would be no rake-off for the Wall Streeters—no interest to be paid. The only reason for opposition to my amendment is because of the fear of Wall Street. If my amendment is passed, it will not be long until we will have a scientific money and credit system—one that will measure the values in commercial exchanges without the terrible rake-off from the earnings of the people that my Table No. 1 shows, and the effects disclosed by my Table No. 2. If the amendment is adopted, never again will a tax of \$100,000,000 be imposed on the people in order to let the Wall Streeters keep the Government's deposits to speculate on.

THE BLAME.

This is not a currency bill; therefore I shall not discuss at length the intricate complications arising out of our present false financial system. I regret the various ways in which it is attempted to blame this, that, and the other thing for the trouble that is experienced by most of the people in securing the things that are necessary to their comfortable and proper living. We have an Industrial Commission, given three years' life, to find out why the cost of living is so high. We have passed a trade-commission law. Various proceedings are pending to prosecute individuals as well as the trusts, and legislation has been enacted which is alleged to be for the same purpose. All that work will go to waste and is a dead-weight and burden upon the people, and the acts to which I refer are mere temporary makeshifts, on which the "special interests" wish the people to hang their hopes for the future in the belief that they will be satisfied that something worth while will come out of all these things in the end. That is a game carefully played by the political parties.

WHO IS TO BLAME?

The trouble with public officials is not dishonesty. But too many of them are cowards. Shakespeare said: "Conscience doth make cowards of us all." If he had lived in our time and place, he might rightly have said: "Politics makes cowards of politicians." I have learned enough about public officials, both high and low in rank, to have formed a belief that most of them wish to accomplish the best for the public, but, as a rule, are too cowardly to do as well as they could for the public. They know that if they act independently in the interests of the public they would be opposed by the "special interests," and at the same time they believe that it would not be appreciated by the general public, because the latter is too busy with other matters to be informed thoroughly on the social and political problems. Therefore inactivity in the support of the public rights always

gets the favor of the "special interests" and their support in elections. That is why so few dare to take on a fight in the public interest. That may be a practical view for the politicians to take; and whether it is or not, many of them act upon it; and as long as that continues to the extent that it does now there will be many "make-believe reforms" before actual reforms will be provided. The public will be forced to learn by actual experience of the kind of grind that we are now subjected to industrially; the same kind of which the railways are complaining, though it is less severe on them than on the plain working people. This grind will never cease as long as property—dead material—is given first place, a preference, a privilege, to so-called reasonable profits, while men and women are given only sufficient to permit of their subsistence, and that in order that they shall be able to do the drudgery—the work necessary to maintain the system.

If we would get at the underlying causes of the present European struggle, we would find them in a greedy commercialism, in many respects similar, but older, than the system that exists in our own country. Our system was shaped largely by European influence in order that Europeans should have no example of a truly progressive people here. There the royalty, the aristocracy, the wealthy live off the working people. Here the speculators and aristocrats roll in luxury by extracting from the laboring people the accumulations of their labor. Of course there is dissatisfaction among those who perform the work and receive only a bare subsistence when they see the extravagance of the others—those who do nothing of value for mankind, but do all the spending. Anything is likely to be staged by those in power, enjoying all the advantages, to postpone the day when an honest system may be adopted which will result in universal prosperity instead of prosperity alone for the idle and useless, as it is now.

This war bill comes to us drafted by a committee and a secret caucus. We are forbidden the privilege of amendment, a proceeding quite common here in Congress. Such action enables the politicians to indirectly defeat the people's wishes without shouldering the blame themselves. Because the House has seen fit to permit the committee and the secret caucus to shut off all discussion and prohibit amendment, I am inserting my amendment in the Record. It is as follows:

SEC. — That the Secretary of the Treasury be, and he is hereby, authorized to issue on the credit of the United States, in such sums as this act provides, in addition to the amounts heretofore authorized, United States noninterest-bearing notes, payable to the bearer at the Treasury of the United States, and of such denominations as he may deem expedient; and such notes shall be receivable in payment of all taxes, internal duties, excises, debts, and demands of every kind due to the United States, except duties on imports and interest, and of all claims and demands against the United States, except where otherwise stipulated, and shall also be lawful money and a legal tender in payment of all debts, public and private, within the United States, except duties on imports and interest, as aforesaid. That said notes shall be issued as nearly as practical in the form of the notes issued under the act to provide ways and means for the support of the Government, to wit, the act of March 3, 1863, and shall be paid into circulation for the general running expenses of the Government in manner as follows: Ten millions of dollars shall be issued and paid into circulation for said purposes as soon as practical, and thereafter, conditioned that the said \$10,000,000 does not equal the average monthly collections made under the provisions of this act, such additional sums of said notes shall be issued and paid into circulation as may be required to make the total issue equal to the average monthly collections of taxes, internal duties, and excises made under the provisions of this act; and that when the said notes are returned to the Treasury they shall be repaid into circulation as soon as practical in anticipation of collection to be made under the provisions of this act, but to such extent only as will keep the outstanding issue authorized by this section equal to the average monthly collections made as aforesaid.

The amendment above proposed scared the Wall Streeters for fear their caucus system might fail them, so they published falsehoods about it. For instance, the New York Herald stated:

A brilliant contribution to the current debate on national revenue and taxation is made by CHARLES A. LINDBERGH, the new Representative from Minnesota.

"If there is liable to be a Treasury deficit of a hundred millions," says Mr. LINDBERGH, "why, print a hundred millions of greenbacks now and pay them out for running expenses of government; and if more should be needed, why, print them."

Several other newspapers in New York City and in other large cities also misstated the facts. Some of them published a whole column to make things appear falsely. That is the common practice of the "subsidized press." Fortunately there is an independent press also in this country.

Mr. PAYNE. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. Fess].

Mr. FESS. Mr. Speaker, on the 23d day of April, 1913, when the Underwood bill was presented, in the argument by the proponent of the bill, he read this statement and urged the House to note its meaning:

In presenting this bill the committee is met with a threatened deficit in revenue of about \$100,000,000, which it is compelled to meet

by extraordinary methods of taxation used heretofore only in time of war. As a revenue measure the committee at the very outset confesses this bill to be a failure. It would seem as if a party pledged to a revenue tariff would strive to make the revenue feature conspicuous.

That is a statement in the report of the Republican minority in opposition to this bill and quoted on the floor by the gentleman from Alabama [Mr. UNDERWOOD] when he presented his bill. Then he says in the same address on the same day:

We will raise by the income tax, according to the estimates, \$70,000,000.

Yesterday the same gentleman in presenting this measure now under consideration, which he proposes to force to adoption, announced that the income-tax receipts were \$31,000,000. The estimate a year ago was \$70,000,000, upon which the bill was based, and the actual receipts were \$31,000,000, a loss of \$39,000,000.

I can understand, I think, the embarrassment of the Treasury Department. I admit the serious situation of the Treasury Department, that it is heading directly to embarrassment. With that much I can agree with the gentleman from Alabama, but I do not agree with the methods of relief. I do not believe that this law is a success as a revenue producer. All that anyone needs to do is to look at the reports of the movement of commerce, which show increased importations and decreased exportations, and at the same time to the decreased income, both from customs revenue and from the income tax. They fall short of the requirements of the Government, even if economically administered on the basis heretofore, to say nothing about the extravagance of this year.

In discussing relief measures yesterday the gentleman raised the question, Who would go back to placing a tax on raw wool? I am one of the men who will go back and put a tax on raw wool. [Applause on the Republican side.]

Since the Democratic Party has come into power there has been a decrease of one-ninth of the flocks in this country. There has been a decrease of one-tenth of the fleece in this country. There have been imported into this country in seven months 207,807,000 pounds of raw wool upon which, when free, we raised not a dollar of revenue, and which, under the Payne law, would have raised over \$19,000,000. How are you going to make that up? By your law you have decreased the product of wool in this country, and thereby you have discouraged to that extent the woolgrowers in this country, and while you are thus reducing the supply by discouraging the producer, the price to the grower will decrease for a time, but will not be gained by the consumer. When you decrease the price of wool you will not give the poor man the cheaper clothing that you promised. [Applause on the Republican side.] I will also say to the author of this bill, in answer to his challenge, that I would restore the duty on sugar.

We have dismantled 12 sugar mills, one-sixth of the sugar factories of the country, built up under the Republican protective policy. The production a year ago was 600,000 tons, and one-sixth of 600,000 is 100,000; we will produce about 500,000 tons probably this year. With this decrease of the supply of sugar without decreasing the demand you increase the price of it. This can be verified by simply consulting the price schedule before the war in Europe broke out. [Applause on the Republican side.]

And yet you offered free sugar for the benefit of the consumer. Mr. UNDERWOOD said, April 23, 1913, "duties reduced would reduce cost of living."

I here insert his words, taken from the Record:

Now, I would like the gentlemen on that side of the House, who have maintained this indefensible system of taxing the poor for five decades, to listen to the other side of the story. On common soap you placed a tax of 20 per cent. We have lowered the tax to 5 per cent. [Applause on the Democratic side.]

You taxed the furniture of the poor man's house 35 per cent. We have lowered it to 15 per cent. [Applause on the Democratic side.]

You taxed bread and biscuits 20 per cent. We place them on the free list. [Applause on the Democratic side.]

On cotton clothing you taxed the people of this country 50 per cent. We have reduced it to 30 per cent. [Applause on the Democratic side.]

On the flannels that protect them against the cold winter storms you taxed the people of the United States over 93 per cent, and we have reduced the tax to 25 and 35 per cent. [Applause on the Democratic side.]

The tax on women's and children's dress goods under your system of levying a tax for the benefit of the manufacturer was about 100 per cent, and we have lowered that to 35 per cent. [Applause on the Democratic side.]

You taxed the shoes of the people of the United States, after giving the shoemaker free raw material and stating at the time you gave it that he did not need the protection; you gave him 10 per cent and we give free shoes to the people of America. [Applause on the Democratic side.]

Note that statement. You said the Republicans put a tariff on shoes and we will give free shoes to the people. What do you mean by free shoes? Are the people getting them without price or even any cheaper than they ever did under the old

tariff? Shoes have gone up. The price of clothing will go up, and for the same season. The price of sugar has gone up, and every other article of merchandise will go up when you make yourselves subject to a monopoly of the importer. [Applause on the Republican side.]

Mr. Speaker, who asks for this additional tax? The country does not want it. The Congress does not want it. No Republican or Democrat upon this floor wants it. No one need be in doubt about the accuracy of this statement. Then, who asks for it? The leader of your party, the President of the Nation. Why does he want it? To the general industrial depression so universal throughout the country, which has covered the land as with a pall, the President sees symptoms of a financial panic, the inevitable result of Democratic policy of "tariff for revenue only." He has determined not to employ the usual Democratic remedy of the issuance of bonds to care for the deficit due to Democratic legislation. He seems to think by changing the remedy the people may not discern the cause. By mere phraseology a people can be induced to accept without investigation. Business condition is merely psychological. Because of falling revenues when our country is at peace and the lanes of trade generally open, an emergency tax is tagged a war tax in the hope that the people will not detect the sophistry.

Mr. Speaker, the openly avowed purpose of a revenue tariff is to collect sufficient duties to defray the running expenses of the Government. This was the expressed purpose of the Wilson bill of 1894, and the widely heralded purpose of the Underwood bill of last year, under which we are now suffering.

As a revenue producer the near-free-trade scheme called "tariff for revenue only" has been a failure each time it has been tried. The scheme, if logically worked out, would place the tariff on the articles which we do not produce, such as coffee, tea, and so forth. This is England's method of revenue tariffs. But the Democrats have adopted the Republican plan in reference to these articles and left them on the free list. The authors of the revenue idea declare it wisdom to lay the duty on such articles as we import, the like of which we can produce, so low as to invite increased importation. The low rate will thus insure a vast bulk of importation, and in the aggregate yield a greater revenue than the higher rate on less importation.

As Mr. UNDERWOOD boldly argued, we want to open our American markets to the foreign producer, which means to place the American toiler in competition with the foreign laborer, and, in the language of the President, allow the American manufacturer to sharpen his wits in competition with his European competitor. It will be noted that the avowed purpose of this sort of legislation is to greatly increase importation and at the same time our revenues. Importations have increased under the Underwood bill, but revenues have decreased. The first seven months of the law the imports increased \$123,000,000, while the customs duties decreased about \$26,000,000 when compared with the same period of 1913 under the Payne law.

One of the trite arguments of the proponents of a "revenue-only tariff" is that if we open our markets to the foreign producer he in turn will open his to the American producer. In other words, if we increase our importations we will not only increase our revenue, but we will also increase our export. If we buy more, we in turn will sell more, is the dictum of this philosopher, the "revenue-only" advocate.

Here is the second item of disappointment in this legislation. During the first seven months of this law our exports, instead of increasing, decreased \$126,000,000. The direct results of this law—buy more, sell less, and collect less revenue.

In April, 1914, we imported about \$26,000,000 more and exported \$37,000,000 less than one year before, during the same period—a change against us of \$63,000,000. In May we imported about \$30,000,000 more and exported \$33,000,000 less, or we placed \$63,000,000 again on the wrong side of the ledger.

In June we imported about \$27,000,000 more and exported \$6,000,000 less than June, 1913.

In July we imported \$21,000,000 more and exported over \$6,000,000 less than July, 1913.

From April to July, inclusive, we imported \$104,000,000 more and exported \$82,000,000 less than in the same period of 1913, under the Payne law, making a loss to American labor of \$186,000,000 worth of goods, all of which should have been produced in the country, as it was one year before.

The reward for such a sacrifice to our own enterprise was a loss of about \$26,000,000 of revenue, which without any war would amount to over \$40,000,000 before the year is completed. And this amount will be further decreased when free sugar goes into operation, which will eliminate the one item upon which we have been collecting our largest amount of revenue, which last year amounted to \$50,000,000.

These figures point to but one result, namely, as a revenue producer the Underwood law is a failure. In this it is like its predecessor, the Wilson bill of 20 years ago, when Cleveland had to resort to the issuance of bonds.

Before the McKinley law was placed upon the statute books the Democrats charged that we were collecting too much revenue. They had conducted one campaign with that charge as the chief issue. No one had ever heard that a protective tariff was a failure as a revenue producer.

On the other hand, Cleveland was elected in 1884 on the pledge that he would reduce the surplus produced by a protective law. In Cleveland's second term the Wilson bill was the fulfillment of that pledge by law, as it had been fulfilled in the first Cleveland administration by extravagant and unwise administration.

The first year of the Wilson law saw the revenues fall from \$203,000,000 to \$131,000,000, or \$72,000,000, a loss of 35 per cent. The inevitable result of such legislation was either bankruptcy, a direct tax, or an issue of bonds. At that time there was no war in Europe, and it could not be called a war tax. A bond issue was seized upon, and Cleveland borrowed \$162,000,000 to pay the running expenses of the Government. For this money the Government had to pay 4 per cent instead of 3 per cent, the rate of the Spanish War bonds, or 2 per cent, Panama bonds—a suggestion of a measure of national credit between Democratic and Republican times.

Note how history is repeating itself. The Underwood law is a lower rate than that of the Wilson law of 20 years ago by nearly one-third. As I have pointed out, the decrease of customs dues prior to August, before war broke out in Europe, pointed to but one inevitable result—a deficit. The authors of the law explain the falling off on the basis that the income tax did not produce as much as estimated. If the falling off is due to the failure of the income tax to raise the estimate when the country was under a protective system, with every business running, what will be the disappointment from this source when the incomes of the producers in the country are entirely wiped out by a law that transfers these profits from American producers to European producers? Let the Democratic leaders responsible for such legislation seek comfort in the condition of the railroads, and dozens of other businesses, which, as the distinguished New York Democrat, Mr. METZ, declared on the floor of the House, were running at a dead loss to keep their organization together. This statement was made by a man heroic enough to tell the truth, and, of course, he is not now a candidate for reelection. It is not a question of explanation; it is a simple fact that a deficit was inevitable, without any war to blame it on.

In July the gain of imports was 15 per cent, while the loss of customs dues was 17 per cent. In August the loss of imports was 6 per cent, while the loss of customs dues was 37 per cent. No man can be blind to the significance of these figures.

In 1895 Mr. Cleveland met the deficit by an issuance of bonds. In 1914 Mr. Wilson declines to issue bonds to make up the deficit, because that would take it out of the channels of trade. He chooses to lay a tax upon the people. The administration seeks comfort in the phraseology by linking the deficit with a European war, with which we have nothing to do, and at a time when the channels of trade are open, and he chooses to name the deficiency tax a war tax, as if names could change the real situation.

From estimates submitted it is claimed this deficit will reach \$100,000,000. If it does, it will not be due to the continuance of the war. The channels of trade are still open between all the neutral countries. The allies at present control the seas, and will likely continue to do so, because of the vast preponderance of armament which permits much of the world's commerce freedom in transit. In view of this situation, I admit that one of two things should be done—either find a method to raise the deficit or retrench upon expenditures, or both. If we resort to the former alternative, then it must not be a temporary method. The remedy must be suited to the disease. The disease is a bad revenue law. The remedy, to be both speedy and effective, is not a war tax, but a rewriting of the revenue law, a repeal of the Underwood "revenue-only" law, and an enactment of a Republican protective law.

I will join the Members of this Congress in an effort to retrench upon wasteful expenditures or to rewrite the Underwood bill.

Whatever we may do about the production of revenue, we ought to set ourselves to cure the wasteful expenditures of this Congress.

When the present administration is judged by the standards of economy, there is but one verdict—gross extravagance. The supply bills of this Congress already passed, not including the

rivers and harbors bill, carry \$1,089,000,000, which is over \$30,000,000 more than the appropriations of the last Republican Congress. Had the \$53,000,000 rivers and harbors bill passed, it would reach an excess of \$100,000,000 beyond any Republican Congress, either in peace or war, say nothing of the proposed \$25,000,000 to Colombia and \$3,010,000 to Nicaragua. The saving to the Treasury of \$33,000,000 on the indefensible harbors bill was due entirely to Republicans in the Senate, led by Senator BURTON. In that body the freedom of debate is still respected.

This excess is equal to the amount of tax the administration proposes to levy upon the people.

It would be statesmanship to direct our energies to ways of saving the \$100,000,000 rather than means of direct taxation for increasing the people's burdens to that amount.

In the face of the platform declaration charging Republicans with profligate extravagance, it is the duty of the party in power to apply its own remedy and find a way to retrench, and thus back up its words by its deeds.

In the recent past we heard much abuse of the billion-dollar Congress.

The following statement of the appropriations since 1911 indicates how much retrenchment is attempted by the authors of the abuse:

1911	\$978,521,087
1912	995,799,462
1913	988,353,340
1914	1,057,605,694
1915	1,089,408,777

I want here to subjoin the items of this Democratic bill, prepared and enacted by the party of long and loud profession for economy.

These items were put through a House of 145 Democratic majority at a time when every department of the Government is in the hands and under complete control of the Democracy. The items tell their own story, and when compared with former Congresses the showing might well be called, in the language of the Washington Post, a Democratic sheet, "the record of waste."

The subjoined table, giving the amounts appropriated by Congress for the support of the Government for the years 1913-14 and 1914-15 is compiled from the chronological history of appropriation bills, second session of the Sixty-third Congress, prepared by the clerks to the Committees on Appropriations of the House and Senate, cents being disregarded:

Title	Law 1914-15.	Law 1913-14.
Agriculture.....	\$19,865,832	\$17,986,945
Army.....	101,019,212	94,266,145
Diplomatic.....	4,309,856	3,730,642
District of Columbia.....	12,172,539	11,383,739
Fortification.....	5,627,709	5,218,290
Indian.....	9,771,902	9,486,819
Legislative.....	37,630,229	35,172,434
Military Academy.....	997,899	1,099,302
Navy.....	144,898,716	140,800,643
Pension.....	109,150,000	180,900,000
Post office.....	313,364,667	285,376,271
River and Harbor.....		41,073,694
Sundry civil.....	110,070,227	116,795,327
Total.....	928,848,783	901,616,320
Deficiencies.....	23,303,587	28,074,912
Total.....	952,212,370	929,691,433
Miscellaneous.....	6,000,000	388,597
Annual total.....	958,212,370	930,080,030
Permanent.....	131,196,407	127,525,664
Grand total.....	1,089,408,777	1,057,605,694

This does not include the rivers and harbors bill, which, as it passed the House, carried \$53,000,000, or \$12,000,000 more than by the last bill.

If the proposed shipping bill, which carries \$30,000,000 more, should pass, the grand total of this Congress will exceed any Republican Congress by almost \$150,000,000, which increase alone would exceed the entire customs receipts by \$15,000,000 of the first year of the famous Wilson bill of 1894. If the proposed treaties are ratified, the excess would reach \$178,000,000.

The above statement shows one reduction, namely, \$11,000,000 less for pensions for Union soldiers. This is the only large item of reduction. This extravagance either shows the sincerity of the Democratic Party or its incompetency. It may be both. The party has prided itself in its professions of economy. It has quadrennially proclaimed it in its platform and as frequently charged its opponents with profligacy. It has pledged itself, if intrusted with power, to reduce the expenditures. This pledge has been kept before the eyes of the leaders by Republican as well as some Democratic leaders. Mr. FITZ-

GERALD, the Democratic chairman of the Committee on Appropriations, declared from the floor of the House that they had made a horrible mess of the whole thing, and when he thought of his duty to make a report to the country of the committee's work he felt like quitting his place.

The Democratic press of the country has likewise been vocal with utterances against it. But the hunger for place, stimulated by unexpected control of every department of the Government from cellar to garret, is too strong to be successfully resisted. The walls of efficient and economic administration must be battered down, the merit system must yield to the pernicious spoilsmen, to admit the hordes of hungry Democrats standing just without the breastworks. New offices must be created; new places must be opened to be filled by the faithful. This year \$29,000,000 more than last year must be appropriated for the Post Office Department to allow southern Congressmen to erect Federal buildings in unknown villages of less than 3,000 people, with postal receipts of less than \$200 per month.

There is scarcely a department that has not made its inroads upon the Treasury. There is no better illustration than the Treasury Department.

When the Democrats came into power there were 3,183 persons there; instead of the Democrats reducing the number of these employees as promised Secretary McAdoo asked for an increase of 358 of Treasury employees in Washington alone. When the Democrats came into power they found a field force in the Treasury Department of 1,407 persons, and under this economy program of the Democrats Secretary McAdoo asked for an increase in the field force of 678 persons. Think of it, an increase in the Treasury Department alone of 933 persons.

In these two instances "Democratic economy" will cost the Government over \$1,750,000 in increased salaries alone. Watch their extravagance increase in other directions.

Congressman GILLETTE, of the Appropriations Committee, most succinctly pointed out some items of expense that tell their own story, which I will read. The Congressman says:

Leaving these larger details of comparison, involving as they do such enormous sums of excess over the work of other sessions of Congress, and turning to smaller but no less extravagant accomplishments in the way of new offices created and salaries increased by this Congress, the record discloses, even by cursory examination, instances like the following:

The new banking law creates five new offices with salaries of \$12,000 each and increases the salary of the Comptroller of the Currency from \$5,000, at which sum it had remained for 50 years, to \$12,000 per annum.

The new trade commission act creates five commissioners at \$10,000 each and a secretary at \$5,000.

A new board of appeals, consisting of three members at \$4,000 each, is created in the office of the Secretary of the Interior.

For commercial attachés, to be appointed by and compensated at such salaries as the Secretary of Commerce may fix, and a clerk each, at \$1,500; and for traveling expenses, the sum of \$100,000 is appropriated for a year.

The salary of the private secretary to the Secretary of the Treasury is increased from \$2,500 to \$3,000, which means that the private secretaries to the other nine Cabinet officers must also be increased from \$2,500 to \$3,000.

A chief of division, created less than a year ago under the income-tax law, is increased from \$2,500 to \$3,500.

Six Assistant Attorneys General in the Department of Justice have their salaries increased from \$5,000 to \$7,500.

The salary of the assistant to the Attorney General was increased during the extra session on an urgent deficiency bill from \$7,000 to \$9,000.

The salaries of our diplomatic representatives to Argentina, Chile, and Spain are raised from \$12,000 to \$17,500 each per annum, and the three secretaries of the legations to these countries are increased from \$2,625 to \$3,000 each.

The mission to Paraguay and Uruguay is divided and a new minister authorized, with a new salary of \$10,000.

The Democratic House of the last Congress insisted upon and did abolish three internal-revenue collectors of the Republican administration, at \$4,500 each. At this session one of them is re-created, the place to be filled by a Democratic administration. If the office was not necessary to collect revenues then, how can it be needed now, except to meet some political exigency? [Applause on the Republican side.]

In the Pension Office 40 special examiners, at \$1,300 each, heretofore employed to facilitate settlement of claims for pensions of old soldiers, and whose appointments were controlled by civil-service law, are abolished. In their places 5 special examiners, at \$1,300 each, who are not under the civil service but are political appointments, are provided for.

DEMOCRATIC ECONOMY AS PRACTICED BY AUTHOR OF DEMOCRATIC PLATFORM.

The Secretary of State, when he appeared before the committee in January last to explain the needs of his department, said, with reference to his estimates:

"I was determined that there would be one department that would be run on less than it was before, if I could bring it about. * * * and the cost is \$120 less than it was last year." [Laughter on the Republican side.]

One hundred and twenty dollars did not seem a very striking economy. It did not substantiate the unceasing charge of Republican extravagance; and yet even that lonely and only economy was lost. Notwithstanding that brave statement, the appropriation bill came back from the Senate with two \$1,800 clerkships added, together with an assistant to the Secretary, at \$4,500. In view of his statement, it must be assumed that an extravagant Democratic Senate sought to thrust these needless places on Mr. Bryan.

The Secretary of the Treasury, too, asked and the Senate proposed to provide him with an assistant, at \$4,500, notwithstanding the law already provided for three Assistant Secretaries of the Treasury, at \$5,000 each, and other assistants to the head of that great department in the nature of bureau chiefs, division heads, and others, numbering thousands.

In view of this gross extravagance, self-admitted and self-charged, what should be the attitude of this side of the House toward your proposal to saddle upon the people an additional tax, a deficiency tax, which for the sake of political expediency you call a war tax? For one I shall refuse to be a party to that additional burden while this most extraordinarily extravagant expenditure continues and while this business-distracting legislation called the Underwood law is on the statute books. I repeat that I will join with you to lower expenses, as any prudent man would do in his private affairs, when depression sets in, or I will gladly join to rewrite the Underwood bill by placing a statute on the books which, while it raises revenue sufficient to defray the running expenses of the Government, will also protect American labor from the open competition with the cheap labor in Europe, which varies from 25 to 50 per cent of our standard of wages.

I must withhold my support from this deficiency measure unless it is reached by such legislation as will permanently cure the error.

The Underwood bill under normal conditions tells its own story of continued business distress. Its discrimination against the American producer, at the loss of purchasing power of the American consumer and at the loss of employment to American labor, is seen in every movement of trade.

When the increased imports are analyzed it will be noted to consist of finished goods made in a foreign country by foreign labor. The importation of goods to be used for further manufactures here has greatly decreased; that labor once employed here is now employed in a foreign country. The \$250,000,000 which marks the loss to American enterprise of the first seven months of the Underwood bill, and which is this country's tribute to foreign capital and labor, would have supplied work for 500,000 wage earners for the seven months at \$2.50 per day.

Had this merchandise been made in American shops and transported on American roads, the railroad situation would not be so serious. The statement of the roads, through their representative, Mr. Trumbull, to President Wilson, indicates the critical condition of American business. Note the significant utterance:

The net operating income of the railroads of the United States for the year ending June 30, 1914, was \$120,000,000 less than for the previous year, or about 15 per cent. The gross earnings for the year were \$44,000,000 less than for 1913. Expenses and taxes were \$76,000,000 more.

The maintenance of the credit of the railroads—and the credit of the railroads establishes the standard for all industrial enterprises—depends upon their ability to increase their net earnings. The railroads may have the most perfectly appointed plants in the world, but if the net earnings are not adequate new capital can not be attracted.

In the important Eastern Rate case the Interstate Commerce Commission unanimously found that the railroads in the richest section of the country needed more revenue. That finding was based upon the situation prior to the 1st of July this year—indeed, upon conditions of a year previous.

No emphasis need at this time be put upon the new railroad capital which has heretofore been required to provide for normal development, but this has been from \$400,000,000 to \$500,000,000 per annum, and railroads should not only be able to keep abreast of the times but should, even in this emergency, be in a position to anticipate the demands of an expanding commerce.

While President Wilson expresses sympathy with the distressed, he is persistent in his dogmas, and joins with his campaign managers and the Secretary of Commerce, his chief publicity agent, in declaring that business is looking up. One might well ask him how else it could look, when it is flat on its back?

The railroad situation is but one item in the general distraction of business not caused by the war, as some of our Democratic Members would make believe, but due to an unwise attack upon the producing capacity of this country by an ill-advised piece of legislation.

Instead of the war hurting American industries it will greatly stimulate them. Prices will be augmented because of the demand upon us to supply Europe with articles displaced by a disturbance of her own production.

That will materially help the seller, but not much the buyer. Another serious item in this legislation that is turning the foreign trade against us is the loss of gold to settle the balances.

If in seven months under the Underwood law we sell to Europe \$250,000,000 worth of goods less than we sold under the Payne law during the same period, it does not take a Congressman, even, to see that the foreign producer who supplied this merchandise secured the \$250,000,000 which this country secured last year. Especially does it become serious when the balance of trade is turned against us, as will be the case under this law.

When we sell more than we buy the settlement turns the gold current from Europe to America to pay for the balance. That is the Republican policy. When we buy more than we sell the gold current is toward Europe for the same purpose. That is the Democratic policy now in vogue.

Our vast circulation of currency, amounting to about three and one-half billion dollars, rests upon gold, of which we have about two billions. Under the law our Secretary of the Treasury is empowered to issue unlimited emergency notes, of which he has already issued something like \$300,000,000. The money of the country is safe, providing we avoid laws that drain us of our business energies and turn our gold to foreign producers instead of keeping it at home. Such laws will repeat the fright of 1893. The trouble is not with the money, but with bad revenue laws.

In 1896, when the Democrats were at sea for an issue, Mr. Bryan, the present Secretary of State, found the issue in a demand for free coinage of silver at 16 to 1. Most of us recall how Senator John Sherman pointed out the defect in our unwise tariff legislation placed upon the statute books two years before, a law that turned the balance of trade against us and drained our country of its gold. He demanded a repeal of the law as the remedy. The Dingley law the next year was the final answer to the craze of 1896. Have the people forgotten the greenback days of 1878?

Have they forgotten the 16 to 1 episode? Will the people be again fooled by the political nostrum vender? Will they see a repetition of the days of 1878 and 1896? Will they credit the Democratic explanation of an inevitable failure of revenue as due to the war, with which we have nothing to do, especially when the falling off began four months before any cloud had appeared in the horizon of Europe? "Money does not make business, business makes money."

Any legislation that looks to the displacement of American-made goods by foreign-made goods is in the interest of the foreign as against our own country. It is based upon the fallacy of the doctrine that the cheapest market is the most desirable market. The advantage is not in the cheapest market, but rather that market in which you can pay the easiest.

The cheap-market dogma is the planter's theory. The cotton States, now in control of the entire machinery of the Government, desire to buy in Europe rather than at home—industrial Europe, rather than industrial America, since Europe is their chief customer.

"Cotton is king" never was so significant as to-day. The Southland persistently confines itself to the raising of this one staple article to the almost entire exclusion of various other articles of consumption. It prefers to raise cotton, sell it, and buy the other necessities of life. In a word, it prefers to be a seller of cotton and a buyer of all other necessities. A glance at the census will indicate the dominance of this one article. Most of the cotton is therefore raised for export, but a small portion for home consumption. The time was when none was made into fabrics where it was grown. Even to-day most of it is shipped to a distant point for manufacture. Two-thirds of the vast crop goes out of the country to be made into the finished garment. Since these States sell chiefly to Europe it is but natural they would prefer to buy in Europe. Especially is this true when the article can be purchased at a lower price. The cheaper labor in Europe enables the manufacturer to sell his article cheaper, and if we remove the tariff and place New England in open competition with Europe the southern planter as well as the whole country for a time will get his article cheaper. This will continue up to the time when our own mills are closed and our market is under the control of the foreigner. Then we will pay the price he demands.

The error on the part of this country is in not manufacturing all this cotton in American mills, and thereby invest American capital, employ American labor, and maintain an American enterprise of stupendous importance to the Nation. There is absolutely no reason why raw cotton should be shipped to Europe, manufactured into cloth, and then shipped back to America. The South makes its first mistake in confining its energies to the cotton culture, rather than to a varied industry. Its second mistake is in seeking a market in Europe for the raw material, rather than working the raw material into the finished product here at home.

The cotton States pretend not to want protection of their cotton. It perhaps does not need it when one State alone in the cotton belt can and does produce three times the cotton that the next largest cotton-producing country produces. If the time should ever come when the South does not have a monopoly on cotton production, it will be insistent for protection as it is now on Angora goat hair and other articles it produces in small quantities.

If it would wisely inaugurate a plan to manufacture its own raw material, it would join New England in a demand for protection of the labor employed. As matters now stand the cotton section depends upon a foreign market where they not only persist in selling but also in buying. With the foreign market in temporary abeyance the States face a dilemma. Dependence upon any foreign buyer is as dangerous as dependence upon any foreign seller. Reliance upon a foreign consumer is as unwise as reliance upon a foreign producer. A wise policy would look to America for both.

To emerge from this embarrassment crudest proposals are being heard in legislative circles. One class of men propose that the Government issue Federal notes upon the security of warehouse receipts of cotton. This proposition has many adherents in this administration, chief of whom is Secretary McAdoo, whose soft-money ideas are disclosed whenever he refers to finance, as instanced by his contention that the 2 per cent bonds were worth par whether they commanded that price in the open market or not.

Another proposes that Congress permit the States to issue State currency as was done prior to the war; that is, remove the 10 per cent tax and return to wild-cat methods.

There is now a bill pending before the House to ask the Government to purchase the cotton at 10 cents per pound, to be held until it can command that price in the market. These crude suggestions remind one of the half-baked theories of pre-historic times, when it was thought that the government was capable of making all rich. Frequently we have been told that Uncle Sam could and should give us all a farm.

Already we hear it proposed that the Government should make large purchases of copper to help out the miners' situation, to keep the mines at work.

The Government is already issuing emergency currency, and no one can tell where it will stop. It is financing crop movements and playing it up in the press as a Government function. It has deposited \$75,000,000 in banks in certain parts of the country and refuses to call it in, but now proposes to replace it by an additional tax which they call a war tax. You say Republicans loaned to the banks. We did deposit funds when called, but we never resorted to direct taxation for the sake of keeping funds in banks when they were there subject to call. The Federal Board is sitting with the Morgan banking committee to form a pool to take care of our gold, and this is the board appointed by this administration which won much of its momentum by its turbulent assaults upon Wall Street. In 1907 Wall Street was the evil spirit of the money power. In 1914 Wall Street is a very present help in time of trouble.

These crass suggestions very much remind us of a recent proposal of a very much disgusted observer and citizen. He said:

Inflation is proceeding rapidly.

Let us help it along.

To hedges with the future when payment falls due; that is for posterity. It was on that principle that the railroads have been wrecked, so why not the Government?

Let us ask the Government to buy wool from the poor sheep raiser.

Let us start a movement to get the Government to purchase shoes from the shoemaker; malt from the malsters, who need help more than anyone I know; tin from the Steel Corporation, because the tin mills need aid; H. B. Clafin & Co.'s old stock, so that the creditors will get more than 20 per cent on the dollar; and so on through the list.

Why not?

All the Government has is what we pay in in taxes, and it is running behind in its revenue; but what is the difference? It can put a war tax on us to make up this difference and then another kind of tax, and then another, and use this money in buying silver, copper, cotton, wool, shoes, etc.

Let us go the limit and forget that some day we will have to pay—
"for to-morrow we die."

Members of the House may think these suggestions fantastic, but they are not more so than some of the harebrained theories proposed here. Already we are in the midst of financing the cotton and tobacco crops. In the name of common sense, why favor these southern products to the exclusion of all others?

Had we retained the protective system we would not now be in a spasm, emitting all sorts of crazy suggestions as remedies.

The experience of this Nation under protection justifies the statement. I challenge any man to point to a single period when in time of peace this country, under the protective system, had to resort to either the issue of bonds or a direct tax to provide funds for the Government. Where could a better example be cited than the period preceding the Underwood bill? We undertook the building of the Panama Canal, the world's greatest engineering feat. We estimated \$400,000,000 as the outlay for that purpose. Authority was given to either issue bonds to provide for the necessary funds or to apply current revenues if available. Look at the record. I challenge any man to present a better showing. Over half of the construction was cared for from current revenues. Only a portion of the

funds were provided by an issue of bonds. These were issued at 2 per cent, the lowest rate in our history. They always stood at par, until this Democratic administration began to disturb the credit, when they dropped to 96 per cent, which is the quoted price to-day. Think of it; the Government's own credit at a discount, and that at a time when, prior to the present Democratic control, the Nation was able to fund its debt at the lowest rate of interest known in the history of the credit of this or any other Nation.

This high credit is the result of that form of legislation that seeks to encourage American enterprise. Until recently we applauded men and women who achieved success in any and every constructive activity. The governmental expression of that applause was encouragement to capital and labor in the form of a protective tariff, which invariably raised the necessary revenue while it stimulated the employment of labor. True it is that after a successful protective law is in operation for some years it must be revised to secure sufficient revenue. When a protective duty is first laid it raises some revenue. This revenue decreases as we increase our home production. When we reach the point where we produce all we need, we cease to import, and thereby secure no revenue. This was true of many forms of steel. It was true of tin plate. It was true of many kinds of carpets and other forms of merchandise. It would be true of wool, and most certainly of sugar if we would but favor the production of each. This European war will operate as a protection tariff, and we will soon produce other articles of necessity.

Revenues decrease in two ways—by placing goods on the free list and by making them ourselves. The very basis of a protective tariff is to gradually decrease the revenue by a decrease of imports, displaced by our own manufactures. I repeat, the protective system is a success as a revenue producer. It is also a success by building up gradually the home market. It diversifies the country's industries. It gradually decreases the price of the article to the consumer. It makes the Nation independent at all times, and especially in times of stress.

Free trade, on the other hand, is a loss of the revenue that must be raised in some way; if not by tariff, then by direct tax as is now purposed in this bill. The price of the article increases to the consumer. As you discourage home production of any article, as, for example, sugar, the supply decreases. The demand does not decrease. The price goes up either with the decrease of supply or increase of demand, and especially so where both take place at the same time.

Take sugar for an illustration. Twelve of the 73 sugar mills will have dismantled. That means one-sixth of the capacity for sugar manufacturing. We produced last year 600,000 tons of sugar; one-sixth is 100,000 tons. This year we will probably produce but 500,000 tons, due to the dismantling of the mills. Another year we will produce less, because sugar goes on the free list in 1916. In this deal our production decreases, when it would easily increase by wise legislation. The demand will increase with the growth of population; hence the increased price to the consumer. This is especially true when the importer controls a monopoly, and he can fix his own price.

While the consumer pays a higher price, the industry representing a half billion dollars is crippled; the farmer has lost one of his most valuable crops and the Government has lost about \$60,000,000 of revenue that must be made up.

This sort of legislation depresses the producer without an advantage to the consumer. For example, the manufacturer of the cloth required for a shirt waist receives about 20 cents. The shirt waist is sold over the counter in a New York store for \$2.50. If we remove the tariff of 4 or 5 cents per yard from the cloth, the shirt waist will not be sold for less. The difference is so negligible that it will be taken by the middle man.

Likewise taking the tariff off of wheat will not reduce to me the price of my loaf of bread. What the wheat grower loses the bread eater does not gain. The reason is he eats bread instead of wheat. In this way it is clear why removal of protection does hurt the producer and does not help the consumer.

There is no one fact clearer than the fallacy of the Democrats on their claim to reduce the cost of living by removal of protection. On the other hand, they increase the cost of living without helping anyone. They can not longer resort to the cheap campaign cry so graphically expressed by the New England versifier:

"I ain't no statesman who can talk pertection ar free trade;

"My han's too stiff to hol' a pen, that's made to hol' a spade;

"Them 10-foot eddicated words my tongue can't wallop round;

"But I'll make the things you sell go up, an' things you buy come down.

"I can't talk on the currency, nor on the revenue,

"And on the laws and statoots I'm as ignorant as you.

"An' I jest simply promise you, sure's I am, Silas Brown,

"I'll make the things you sell go up, an' the things you buy come down."

The fairground echoed wide with cheers and loud huzzas thereat, For who can ask a better scheme of statesmanship than that? And next week at the polls he beat his rival high and dry. But things we sell continue low, and things we buy are high.

So long as the productive ability of warring Europe is disturbed our country will have a call for the foodstuffs, which will keep up for a time the price of the farmer's products. This will not be due to the Democratic tariff, but rather in spite of it.

In view of all the facts stated, I can not be led or frightened into a support of this measure. I will willingly join in placing a law on the books that will be a permanent cure, namely, restore the protective system. I will also join in a plan of retrenchment. I refuse to vote \$25,000,000 to Colombia as an apology for building the canal. I refuse to vote \$3,000,000 to Nicaragua for a doubtful protectorate. I urge that the rivers and harbors bill be pared of its pernicious pork-barrel features and confine it to meritorious projects already begun until the emergency passes, when we can take up new projects. I recommend to scale down the building program so as not to provide public buildings in towns of 1,500 people with negligible postal receipts. I will join any effort to shut off the project of creating useless offices for hungry politicians. But so long as this present defective revenue law stands on the books and this reckless waste continues I will refuse to be a party to increasing the burdens upon the American people, by whatever name. Let us set ourselves to the task of increasing our capacity to do rather than lessening our ability to achieve, and so find ways to save money rather than new methods to spend it.

Mr. UNDERWOOD. Mr. Speaker, how much time has been consumed on each side?

The SPEAKER pro tempore (Mr. McGILLICUDDY). The gentleman from Alabama has used 1 hour and 59 minutes and the gentleman from New York 2 hours and 15 minutes.

Mr. UNDERWOOD. I would like to yield 10 minutes to the gentleman from Kentucky.

Mr. PAYNE. If the gentleman will allow me, I would like to yield to two gentlemen 5 and 10 minutes, respectively.

Mr. UNDERWOOD. The gentleman from Kentucky says that is agreeable to him.

Mr. PAYNE. Mr. Speaker, I yield to the gentleman from Washington [Mr. HUMPHREY].

Mr. HUMPHREY of Washington. Mr. Speaker, first, I wish to extend my sympathy to my Democratic friends who, in a few short days, have been converted from shouting optimists to most doleful calamity howlers.

Now everything is wrong. Now the poverty, idleness, and want that the Republicans have been saying exists is freely admitted by our Democratic friends. What a change has "come over the spirit of their dreams." They wanted to tax the people, and in order to justify their action they now admit the truth.

I have been somewhat surprised that some of my Republican colleagues have seen fit to deny that the revenue proposed to be raised by the Democratic Party at this time is not a "war" tax. There can be no doubt that it is a tax made necessary by war. It is a tax made necessary by the war the Democratic Party has been waging upon American industry. [Applause.] Of course, no one believes that our Democratic brethren desired the war that is now raging in Europe or that they rejoice at it, but they have accepted the political advantage that it has brought to them with a cheerfulness and a fortitude that command profound admiration. The echoes of the first shot of the great conflict had scarce died away when the Democratic Party was demanding additional tax to meet the expense of government. They were anxious to take advantage of the situation promptly for fear that something might occur that would take from them this excuse. It is true the war did lessen our revenues, but it only hurried the inevitable. With decreased income and the most extravagant Congress in the history of the Nation an additional tax upon the people or a bond issue was near at hand and would have come whether war had occurred in Europe or not. With decreased revenues on the one hand and enormously increased expenditures on the other, only a Democratic statesman could fail to clearly see what the end would be. History repeats itself. A Democratic administration and an empty Treasury are synonymous. [Applause.]

Our Democratic friends assure us that the falling off in revenue and therefore the necessity for taxing the people is caused by the war in Europe. They tell us the war reduced the revenue for the month of August more than \$10,000,000 as compared with the corresponding month of last year. I wonder if it was the war in Europe that caused a decrease of \$4,818,189 in the revenue last July as compared with the same month a year ago. But if it is claimed the shadow of war reached back over July, when no one in all the world anticipated it, I wonder if it was the war that caused the decrease in the customs revenues of \$5,806,044 last

January as compared with the same month a year ago. I wonder if it was the war that caused a loss in revenue of \$9,995,512 last February as compared with the same month in 1913. Here is a loss almost as great as we sustained in August, and it came six months before the war. I wonder if it was the war that caused a decrease in the customs revenue for the year 1914, up to August 1, of \$23,360,549 as compared with the corresponding period of 1913. I wonder if it was the war in Europe, in the face of this falling income, that caused a Democratic Congress to forget its economy pledges, to forget its denunciation of Republican extravagance, and appropriate already at this session of Congress the staggering sum of \$1,089,409,777, the largest amount ever appropriated in a single session in the life of the Nation. I wonder if this unexampled extravagance was due to the war. And there is more to follow, as this mighty sum does not include either the rivers and harbors bill or the pending ship subsidy bill that will call for probably \$60,000,000 more after they are passed.

What is the matter with this Nation to-day? Is it the war in Europe that has closed mills and factories, brought idleness and poverty, universal business depression, that has turned the balance of trade against us, sent our gold abroad, and left us with an empty Treasury?

I wonder if it was the war that caused us in July last to buy \$20,605,521 more from the foreigner than we did in the month of July last year. I wonder if it was the war that in the same month caused us to sell the foreigner \$6,851,831 less than we did in the month of July a year ago. I wonder if it was the war that caused us in this single month, the last month before the war began, a loss in foreign trade of \$27,457,352, almost a million dollars a day. Was this enormous loss due to the war in Europe? I wonder if it is due to the war that since the Underwood tariff law went upon the statute books we have sold Canada 15 per cent less than we did under the Payne law for a corresponding period. I wonder if it is the war that has caused Canada to sell us 35 per cent more under the Underwood tariff law than it did under the Payne law for the same period last year. Here we have illustrated Democratic reciprocity—a 50 per cent gain to the foreigner. I wonder if it was the war that caused us during the first seven months of 1914—that is, the first seven months immediately preceding the war in Europe—to buy from the foreigner \$121,943,698 more than we did the first seven months of 1913. I wonder if it was because of the war that we sold to the foreigner during the first seven months of this year \$126,290,975 less than we did for the corresponding period in 1913. I wonder if this tremendous loss in our foreign trade of more than a million dollars every day, from July 1 to August 1, that the present tariff law has been upon the statute books, was due to the war in Europe.

During the first seven months of this year—before the war began—we lost in foreign trade the tremendous sum of \$248,234,673. I wonder if this was due to the military war in Europe or due to the Democratic industrial war in this country.

But the staggering loss of \$248,234,673 in our foreign trade in the first seven months of 1914 apparently meant nothing to the Democratic administration. They continue to spend money more lavishly and more extravagantly than has ever before been done by any other Congress. This \$248,234,673 of trade against us means that much gold or its equivalent taken out of the country. It means a loss in trade of more than a million dollars a day. It means that more than a million dollars a day, as compared with a year ago, is taken from the American workman and given to the foreigner. Remember this is the result of the tariff law that was to enable us to go forth and capture the markets of the world. And yet our Democratic friends, looking upon these figures, made public by their own official, express a profound surprise that mills and factories are closed or running on short time, that we have tramps and beggars, that millions are idle, and that there is universal business depression, and that our gold is going from us, and that we are facing an empty Treasury, and that the people must be further taxed to pay the expenses of the Government.

The trouble with this country is not the war in Europe, but the Democratic tariff law upon our statute books. It is not the war in Europe, but free trade, that has brought our industrial ruin. [Applause.]

THE MONEY IN THE BANKS.

If, as our Democratic friends contend, we need money to-day to meet the expenses of government, and it is admitted that we do—we always do under a Democratic administration—why not take the Government money deposited with the banks of the country? Why should this Nation loan its money to the banks of the country at 2 per cent interest and then directly tax the people to pay the expense of government? Is not this directly taxing the people of the Nation for the benefit of the

banks? Is it not directly taxing the people of this Nation in order that the Government may loan money to the banks at a cheap rate of interest that they in return loan at a higher rate of interest to the people to pay the identical taxes levied? If not, will some one explain why? The banks get this money from the Government for 2 per cent—that is, the money paid to the Government by the people—and then the banks in return again loan at from 6 per cent to 12 per cent to the people who paid it to the Government—a direct taxing of the people in order that the banks may make money by loaning Government funds that should be used to pay Government expenses.

And where is this money of the United States Government deposited? What banks are using it and profiting by it? Most of this money is in the banks of New York. So, while this Nation loans its money to assist speculators and gamblers it taxes the people, places a burden upon the legitimate industry, in order to do it.

The Democratic Party has been persistent in its denunciation of the "interests" and of the money power. They have sought to make great political capital by so doing. How does their vocabulary square with their acts? In the name of the people, the Panama Canal act was repealed, so that the railroads could increase their freight rates, and now in the name of the people the Government loans its money at 2 per cent to the banks that they may make money by loaning it again to those who are compelled to pay the tax.

I trust that the people of this Nation may be made to understand that they are taxed, not to pay the expenses of government, but to accommodate certain favored banks in New York and the South. What would be thought of a man that had money in the bank drawing only 2 per cent interest that would leave it there and borrow money at from 6 per cent to 12 per cent to run his business? Yet the Government does even worse. It takes the money of the people and loans it to the bank at 2 per cent and then taxes the people to pay the expense of the Government, thereby permitting the banks to again loan this money to the taxpayers at from 6 per cent to 12 per cent interest, and all this is done in the name of the people. All this is done in the name of reform; in the name of freeing the people from the burdens that the "interests" have so long placed upon them.

But our Democratic friends reply, "If you take the money out of the banks you will disturb business and take it out of the channels of trade." Can it be possible that such a proposition is seriously urged by sober-minded men? When money is taken out of the pockets of the people, is it not taken out of the channels of trade as much as if it were taken out of the banks? In fact, is not the money in the banks there for the express purpose of being placed in the pockets of the people in order that it may be used in the channels of trade? When the money is taken out of the pockets of the taxpayers, is it not taken out of general circulation as much as if it was taken from the banks? Is it possible to more widely disturb business than by direct taxation? Can you possibly conceive of any method that would more generally take the money out of the channels of trade than a direct tax?

Can it be possible that drawing \$8,000,000 per month from these banks, having on deposit more than \$75,000,000 of Government money, would disturb business as greatly as to levy this direct "war" tax of \$105,000,000 upon the American people in this time, as you now admit, of general business depression and uncertainty?

Under this wise Democratic provision the taxpayer takes the money out of his pocket and gives it to the Government. The Government then gives it to the bank, and the bank again loans it out at a high rate of interest to the taxpayer, and he again puts it into his pocket. And yet our Democratic friends tell us that if they take it out of the banks in the first place it disturbs business.

Looking at this proposition at any angle you please, to the ordinary mind it appears that the only difference in the two transactions is that in the one case you give the profits made by loaning at a high rate of interest to the banks and in the other you give it to the taxpayer. This administration evidently prefers to permit the banks to loan to the taxpayer at a high rate of interest the very money that he is compelled to pay to the Government. But of course this Democratic proposition is not done for the benefit of banks of the country, but for the benefit of the people. This is a perfectly plain proposition, and anyone that fails to understand it or does not agree with the Democratic position is an un-American partisan.

DEMOCRATIC ECONOMY.

The plank in the last Democratic platform in regard to economy is as follows:

We denounce the profligate waste of the money wrung from the people by oppressive taxation through the lavish appropriations of recent

Republican Congresses, which have kept taxes high and reduced the purchasing power of the people's toll. We demand a return to that simplicity and economy which befits a democratic government and a reduction in the number of useless offices, the salaries of which drain the substance of the people.

No one but a scared office-seeking Democrat can read that plank to-day without smiling. That plank of the Democratic platform, like the plank in regard to the Panama Canal, has been demonstrated to be merely "molasses to catch flies." It has been brazenly repudiated, as was the free-tolls plank and as the plank in regard to a second term for the President will be. Yet that Baltimore platform closed with these solemn words:

Our pledges are made to be kept when in office.

In the light of the present, that is the most humorous sentence ever uttered by a Democrat. What an altogether lovely picture Democratic promises and Democratic performances make when placed together!

Our Democratic friends so long attacked and denounced the Republican Party for extravagance that I am sometimes constrained to believe that some of the more credulous among them almost persuaded themselves that it was true. But now they have had the experience of running the Government themselves, and what is the result? What now about Republican extravagance and Democratic economy? This Congress cut \$11,000,000 from the pension appropriations. About \$20,000,000 less was needed this year for the Panama Canal than for some years past. But counting out \$30,000,000 for the canal and pensions, counting out more than \$40,000,000 for the rivers and harbor, counting out the \$40,000,000 proposed in the Democratic ship-subsidy bill, counting out this sum of more than \$100,000,000, and still this Democratic Congress, pledged to economy, that came into power with the hot denunciation of Republican extravagance upon their lips, has already appropriated \$100,000,000 more this session than was ever appropriated in any session by any Republican Congress that ever met in this Capitol. Yet, says the Democratic platform, "Our pledges are made to be kept when in office."

What has caused this unparalleled extravagance and this unexampled waste of the public money by this reform Democratic administration, pledged to economy? It is mostly due to incompetency in every branch of the Government. Every department and every bureau, it appears, has increased its expenditures. This extravagance is largely due to the increase of useless offices—the very thing that the Democratic platform condemns. This administration has dismissed from the service some policemen guarding a street crossing, getting \$900 per year, or some scrub woman on her knees, earning \$20 per month, and then created a list of jobs for useless commissioners, assistant secretaries, and special attorneys drawing salaries from \$3,000 to \$12,000 per annum. Some of this wasted money went to buy automobiles for petty officials, as was illustrated in the case of the Public Printer having two high-priced electric machines, one of them principally for social purposes; or to buy automobiles for Cabinet officers without authority of law, as in the case of the Secretary of Labor; or to pay so-called experts, as in the case where \$4,400 was paid to the editor of a Wall Street Journal to write the present Democratic banking law.

All the low-salaried offices abolished, let it be remembered, were under civil service. All the high-priced offices created were filled by faithful Democrats as a reward for public service.

Certainly the question may be fairly asked why the Democratic Party should indulge in these unparalleled extravagances, creating useless offices, wasting the public money to pay political debts when there is widespread business depression.

Is this a time to indulge in unlimited expenditures? The people everywhere are compelled to economize. The people of this Nation to-day are spending far less money than they did under Republican rule. They are buying less clothes; they are eating less food; they are spending far less for pleasures and enjoyments; they are denying themselves the luxuries and many of the comforts of life. In such times as these why should not the Democratic administration practice at least reasonable economy? Why should they now tax the people that they may be indulged in the most extravagant and wasteful expenditures in all the Nation's history? Why in such times as these should this single session of Congress appropriate the enormous sum of \$1,089,408,777, a sum more than \$100,000,000 in excess of that ever appropriated in a single session by a Republican Congress, and this does not include either the rivers and harbors bill or the proposed ship-subsidy bill.

If the Democratic Party had practiced reasonable economy, there would be sufficient money on hand to-day to meet the expenses of government. If they had only appropriated during this session of Congress an amount equal to the greatest appropriation ever made by the Republican Party, they would still have more than sufficient money for all necessary expenses.

In the light of these facts what becomes of the promises of Democratic economy and upon what grounds can they now justify taxing the American people? In the face of these figures is it possible that any American citizen is so stupid as not to know that the plea of "war" tax is a mere pretext to hide Democratic incompetency and extravagance? [Applause.]

Mr. PAYNE. Mr. Speaker, I yield to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, when I picked up my newspaper yesterday morning, I read a statement of the bringing in of this war revenue bill; I glanced at another column, and to my profound regret I found that our dear friend, our companion in arms and erstwhile ally, Francisco Villa, had left the constitutional reservation and taken to the warpath. And I wondered if it was this outbreak down on the Mexican border—that called for a rapid depletion of the visible supply of "Watchful Waiting Wins" buttons that had been recently displayed about the Halls of Congress—that was responsible for a war tax in time of peace. [Laughter and applause on the Republican side.] Mr. Speaker, I think it is awfully unkind of our dear friend. It shows a woeful lack of gratitude and appreciation on his part, after all the administration has done for him, to break out at this inopportune time. Why could not he have waited until after the election, as I understand he promised to do, before pulling off his little insurrection? [Applause and laughter on the Republican side.]

Never again may it be truthfully said, "There is no new thing under the sun," for Democratic incompetency has burgeoned and blossomed and brought forth a thing hitherto unknown, undreamed of—a war revenue, protruding its unwelcome presence at a time when we sustain relations of profound and unruffled peace with all the world, except our late friend and ally Gen. Villa, who, I regret to say, is on the warpath again.

But let no one suppose that the presence of this strange and hitherto unheard of thing is an evidence of the possession of unsuspected inventive genius on the part of a notoriously un-inventive, unimaginative political organization. In naming it a war revenue bill Democratic inefficiency and incompetency unconsciously and unwittingly pays tribute to truth, for while no martial note or sound of arms disturbs the quiet of our boundaries, this is in very truth a tax bill born of war; not of war abroad but Democratic war against thrift, industry, and prosperity at home. [Applause on the Republican side.]

The war whose losses and ravages you seek to repair and fortify against by forced levies on the people of a Nation at peace with all the world is not the war declared last month in the chancelleries of Europe, but the war against the welfare of the American people declared by your party at the beginning of your administration and relentlessly pursued to this day. Yours has been a war against sound, sane, and sufficient revenue and financial policies; against the lawful pursuit of legitimate enterprise and the wholesome and steady employment of honest labor; a war against that security of employment and income which is the anchor of the Nation's hopes and homes.

But the presence of this hateful, unusual, and unnecessary messenger of new burdens of taxation in the time of peace should occasion no surprise coming as a product of this Democratic Congress. The whole Nation will bear testimony that it is the expected and natural child of your policies. None can deny that it is the legitimate offspring of a Congress whose revenue legislation, paralyzing to prosperity, fails in the production of sufficient revenue for your extravagant expenditures. [Applause on the Republican side.] A Congress whose currency legislation fled to the Sombproofs of the Republican Vreeland currency law at the first sound of a hostile shot 4,000 miles away. [Applause on the Republican side.] A Congress whose Uhlans and Cossacks of fantastic radicalism have spread terror and dismay throughout our industrial Belghiums. A Congress whose acts and attitude have served to match the devastation wrought by the war abroad with a vastly wider, if less complete, industrial paralysis at home. [Applause on the Republican side.] A Congress which has made it clear to our industrial Louvains that peace may have its devastation but little less complete than that of war. [Applause on the Republican side.]

Sixteen years ago the 27th of last May this Chamber witnessed the introduction of a real and necessary war-revenue bill, which you, lacking in real legislative, inventive genius and imagination, have slavishly copied in your bogus war-revenue bill. Seventeen of the men, including our honored Speaker and the leader of the majority, Mr. UNDERWOOD, who then sat upon the Democratic side and with all their Democratic colleagues save three, voted against that bill, now occupy seats on this floor. No hateful rule of cloture stifled your voices or denied

you the right to amend. Two whole days and two night sessions gave ear to your declamations; an entire day was given to the consideration of amendments.

It was May. Dewey had just smashed the enemy at Manila Bay. Armies were organizing, the dogs of war were out of leash, the enemy's ships were at our water gates. What was your answer to that imperative patriotic call for immediate revenue? You voted against it. If you had had the power you would have withheld the needed revenue. You offered instead an income tax the Supreme Court had declared unconstitutional [applause on the Republican side], and which you did not propose to put in operation until four months after the date when hostilities actually ceased, peace was finally established, and the boys came marching home. [Applause on the Republican side.]

It is not the war in Europe, it is your war on prosperity and your reckless extravagance which has, in the main, created the situation that has urged your action. Your revenue bill failed from the start. Your extravagance accentuated the shortage. The loss of customs revenue through decreased imports, due to war, did not in the month of August exceed two and a half millions, and is not likely in the future to exceed that amount per month, or twenty-seven millions in a year, if the war lasts that long. The reduction in the appropriations for the current year below those of last year for pensions and the Panama Canal alone amount to almost exactly this sum. If it were not for the fact that, in spite of these decreases in expenditure, the total of your appropriations this year is the greatest in all our history, these reductions in expenditures would alone more than balance any loss of revenue by reason of the war in Europe.

The balance in the general fund of the Treasury is to-day, including \$12,000,000 obtained from the sale of two battleships, over \$121,000,000. It has been as low as \$74,000,000 under your administration, so it could be reduced without danger. But you prefer to lay direct taxes on the people rather than to call upon the banks for any part of the \$75,000,000 of this Treasury balance which they are holding at 2 per cent. Had you given us the opportunity to amend we gave you in 1898, we could have suggested how, if added revenue were necessary, it could be secured in such form as to aid rather than oppress our people; in such manner as to lay the burden on those seeking our markets rather than on our own citizens struggling to hold them. If you will neither retrench nor legislate wisely, to increase revenues without burdening the people, nor draw from the banks gradually a portion of the people's funds they now hold, still another course is open to you. Certificates of indebtedness, as provided by law, could be issued monthly in such sum as would represent the estimated previous month's loss of customs revenues, if any, due to decreased importations caused by war. Under the Republican administration of 1917, and the Republican prosperity which will come with it, the country would cheerfully and easily wipe out the debt you had accumulated. In fact, they expect to have to do that after Democratic administrations. We will support cheerfully any necessary measure of defense of the Public Treasury; but we refuse to vote a penny of added tax burden on the American people, in support of, or as a tribute to, your policies of war on prosperity, and of reckless extravagance in expenditure. [Applause on the Republican side.]

The SPEAKER. The time of the gentleman has expired.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. SHERLEY].

Mr. SHERLEY. Mr. Speaker, I believe there is some virtue in partisanship, but I believe that it also ought to be intelligent, and a great deal of the partisanship of the opponents of this bill that has been voiced here yesterday and to-day has lacked that quality. I have known members of the Republican Party to undertake many gigantic tasks. I have marveled sometimes at their courage even while I deplored their lack of discretion, but I have never marveled more than at the task that has been undertaken here. They would have the country believe that the European war is of such a character that its effect upon the financial and economical conditions of America can be ignored. Now, a man who is willing seriously to pro-pound that is willing to undertake anything under the sun. The most stupendous conflict of all time—one that has called actually into the field over 10,000,000 of men—is now in progress, and yet men would so minimize its results as to tell you that it has no effect upon the conditions of one of the great nations of the world. As a member of a great, historic party, I should be ashamed to advance any such absurd proposal, and I marvel at the Republican leaders undertaking to do so. Now, what are the plain facts, about which we all really agree? Approximately a thousand million dollars are raised annually by taxation of various kinds to run the Government. Of that one thousand million dollars, a little over \$300,000,000 comes from postal

receipts—about matching postal expenditures—and therefore can be ignored for the present. Of the seven hundred and odd millions of general receipts, the Republicans raised by customs dues during the last year when they were in power about 44 per cent. The Democrats have raised, under the first year that they have been in power, by customs dues about 5 per cent less, or 39 per cent. I shall submit tables showing in detail the revenues received from customs, internal revenue, and other sources for the fiscal year ending July, 1913, and the fiscal year ending July, 1914.

The following are the tables referred to:

Ordinary receipts, fiscal year 1913.		
Customs (customs receipts are 44 per cent of the total)		\$318,891,395.86
Internal revenue—		
Ordinary	\$309,410,665.81	
Corporation tax	35,006,299.84	
		344,416,965.65
Public lands		2,910,204.69
Miscellaneous		57,892,663.64
Total		724,111,229.84
Ordinary receipts, fiscal year 1914.		
Customs (customs receipts are 39 per cent of the total)		\$292,320,014.51
Internal revenue—		
Ordinary	\$308,659,732.56	
Corporation expenses	10,671,077.22	
Corporation income	32,456,662.67	
Individual income	28,253,534.85	
		380,041,007.30
Public lands		2,571,774.77
Miscellaneous		59,740,370.13
Total		734,673,166.71

Mr. SHERLEY. Now, it is perfectly manifest to anybody who will be frank that with most of the great nations of the world at war the customs revenues that would come to the Government, either under a Republican tariff law or a Democratic tariff law, would be greatly lessened. That is so plain that he who runs may read. That being true, there are these alternatives open to the party in power and responsible for the conduct of the business of the country—either to supply new sources of revenue, not to levy additional taxes in the sense of getting additional money from the taxpayers, because that is not the fact, but to change the source and method by which you were to raise the moneys necessary to run the Government, or to tide over the deficiency, if it could be tided over, by drawing on any surplus that the Government might have, or by selling bonds and putting a mortgage on the future.

The Democratic Party in facing those alternatives was big enough to consider what should be done from the standpoint of what is right rather than what should be done as a matter of expediency. We could have delayed the levying of this tax, we could have delayed the bringing in of the bill until after election, and have deprived you of any campaign thunder you may be able to get by virtue of what you will be pleased to say is an additional burden laid upon the American people. But, instead of that, we realized what every thinking, conservative man in America realizes, that in a condition of such world convulsion, with credits impaired as they are, it was of the utmost importance that the Treasury of the United States should not only be in a position to stand any present shock, but any future shock that might come by reason of this tremendous disturbance of conditions. We believed that it was important not to put any greater strain upon the banks than was already placed upon them by this condition, and so believing, we have not looked to the moneys to the Government's credit in the banks, but have sought to obtain by internal-revenue taxes the revenues no longer to be had at the customhouse.

Members rail at the Democratic administration because it has deposited \$75,000,000 with the national banks. Now, the only difference between the Democratic Party's action in that regard and the Republican Party's action in the past has been that you deposited money free of any interest and we have deposited money and asked 2 per cent interest on it. [Applause on the Democratic side.]

Now, the fact is this, also known of and admitted by all thinking men who are not talking simply for the sake of party advantage: We have lived under a currency system that has been the worst currency system of any civilized nation on the globe. Under it your discount rate upon speculative loans was always less than it was upon commercial loans, because there was no medium whereby you could rediscount commercial paper, and therefore the New York banks having reserves deposited with them by the interior banks had to loan money upon such character of collateral as would enable them in ordinary times to immediately get it back when money was called for by the interior banks that had loaned to them; and hence loans were

made upon stock and bond collateral, a collateral that is readily convertible in ordinary times, but which in times of great distress becomes the most difficult and in many ways the worst collateral that a bank could have. Here were the banks of America with a great mass of this collateral. Here were more than a thousand millions of dollars of American securities owned abroad, every Government in Europe wanting gold, and gold only, to finance the war, and every one of the peoples of those countries struck by the blighting effect of this war, with the need to immediately use every possible resource for cash. The necessary result was the instant offering to America of vast quantities of these American securities held abroad, with a consequent destruction of their market value. If the banks had not been in a position, or had refused to protect in some degree those offerings, they would have destroyed much of their own collateral, their own securities would have dwindled, credits would have vanished, many would have faced bankruptcy, although in point of fact more than solvent, amply able ordinarily to take care of all demands.

If the Government with that situation had let the country understand that it was going to add to the burdens of the banks instead of taking from the burdens of the banks as far as they could, you would have had a panic in this country, and then the very men who are here railing against us because we do not go to the banks now and draw out this money would have been loudest in their statement that it was a refusal of the Government to help business and financial institutions that had forced the panic on us. [Applause on the Democratic side.]

I say to you that it takes courage and statesmanship of the highest order to face disagreeable tasks, to face them knowing that criticisms will be made which to the casual thinker will carry weight, and to do it without regard to political fortunes, because it is in the true interests of your country. I do not believe there is a man within the sound of my voice, acquainted with real financial transactions, with world currents, but that in his heart of hearts approves of the action that the Government has taken in strengthening the banks throughout the country at this time instead of undertaking to weaken them.

Now, that is the condition that has confronted us. It is perfectly apparent. I care not what may be read about your receipts from customs dues for this week or that week or the month past; the man who does not believe customs dues are going to fall off and continue to fall off for a considerable period of time as the result of this world war has so little knowledge of economic trade currents and conditions as to not make it worth while to bother with him. Of course, you have a large number of customs dues being paid now as the result of goods being taken out of bonded warehouses, and you will continue to have them for some little time, for I understand there is something like \$50,000,000 worth of goods in such warehouses, and they will not be tax-paid until they are ready to be used in consumption.

But the gentleman from New York [Mr. PAYNE] says to us that communication between England and France and the United States is practically as free as before the war, and that Germany has found a method of exporting dyestuffs through Holland, as I recall, and that therefore we need not expect any great falling off in customs dues. Do you believe that Germany can put the army that she has put into the field, that France can put the army that she has put into the field, that England can put the army that she has put into the field and that she is preparing to put into the field, without affecting her industrial capacity and her capacity to export her manufactured products to other countries? A man who believes differently I do not know how to argue with, because his position is so patently absurd. All of us know that in those countries there is going to be a stagnation in trade and in business that will prevent them from being exporting countries in the true sense for many, many years to come, and of necessity the customs dues we would receive by virtue of importations from those countries will fall away.

The Democratic Party comes to the country and says that we need so much money, not a greater sum than we had anticipated, but we need money that we would have gotten from customs that, by virtue of this war, we will not now get, and therefore we will raise it by an internal-revenue tax. Why, to listen to gentlemen talk you would think there was some special virtue in a tax at the customhouse and some particular vice in a tax that was paid by internal revenue. In point of fact they are both taxes and are both burdens upon the people, and no amount of sophistry can make anyone believe that you get a benefit by levying a tax either at the customhouse or by internal-revenue methods. Taxes are the necessities and burdens of government. They are the price the people pay for the benefits

they get from the Government in protecting them in life, liberty, and property. So we do not go to the country with any proposition to lay additional burdens upon the people.

We go to the country simply with a proposal to supply the revenues that have failed through no fault of ours, and which you would have had to supply if you had been in power; only you would have had a greater failure of revenues, because you raised a greater proportion of your total from customs duties than we. To the extent that we have substituted income taxes and a corporation tax for customs dues, to that extent have we lessened the disarrangement of the Government finances by virtue of this world war. Therefore, if there be any difference in the attitude that the two parties would have been in in this emergency it is that we have a less sum to supply than you, because you would have had no revenues coming from an income tax and less from a corporation tax.

Now, statements are made here undertaking to prove that we would have gone bankrupt if there had been no war; and yet the fact is, as stated by the gentleman from Alabama [Mr. UNDERWOOD] and as shown by the receipts of the Treasury, that for the fiscal year 1913, excluding Panama, we had a surplus of receipts over expenditures of \$34,418,677, and, including those, there was a difference only of something like \$400,000. I consider that good finance. I do not believe, and I never did believe, that there was any merit in a system of taxation that piled up tremendous sums in the Treasury greater than were needed to be expended in a proper administration of the Government. I do not believe that there is any advantage in taxation. I repeat, I think it is a burden and not a benefit conferred upon the people.

Now, much is said also about extravagance, and much of it would find a receptive ear if it came from a little bit different source. [Applause on the Democratic side.] But, great heavens, think of it! Think of it when the gentleman from Wyoming [Mr. MONDELL] talks about economy. [Laughter on the Democratic side.] Think of it when the gentleman from Washington [Mr. HUMPHREY] talks about economy in the expenditures. Why, there is not a man here who does not know that every time we have had questions of appropriations up those have been the men who, if they have criticized us at all, have criticized us because we did not spend more instead of because we spent too much. [Applause on the Democratic side.]

The SPEAKER pro tempore. The time of the gentleman from Kentucky has expired.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. HULL].

The SPEAKER pro tempore. The gentleman from Tennessee [Mr. HULL] is recognized for 20 minutes.

Mr. HULL. Mr. Speaker, if playing politics in the face of a great crisis were proof of patriotism, I could pronounce a eulogy upon the Republican side of the House that would place them in the category of the truest band of patriots to be found upon this planet. During my entire service here—in fact, during my entire life—I have never seen any assemblage of grown-up men reduced to such serious and desperate straits that they were willing to lay aside their judgment, the facts, the reason, and the patriotism of the situation and devote their efforts to the propagation of extreme, hidebound, stand-pat partisanship.

The gentleman from New York [Mr. PAYNE], in his interesting speech on yesterday, turned his mind back, as is his custom, to the Payne law. This recalls the fact that the lamented Senator Dooliver made the timely statement that during the year 1909 two of the most colossal frauds of this generation were inflicted upon the American people. One was the discovery of the North Pole by Dr. Cook and the other was the enactment of the Payne-Aldrich tariff law [applause on the Democratic side], and that the President of the United States promptly and with much satisfaction sent a telegram of hearty congratulation to the author of each. [Laughter on the Democratic side.]

Now, Mr. Speaker, whatever merits the Payne-Aldrich law had have been thrashed out and passed upon, both here and by the people of the country. The people have repudiated that law in no uncertain terms. It became odious to everybody except the friends of special privilege. I hope that after this bill leaves the House we shall hear no more of that abominable iniquity, that ghastly abortion—the Payne-Aldrich law. [Applause on the Democratic side.]

We hear much talk upon the other side about other methods of taxation, but we see no suggestion in concrete form offered by any gentleman upon that side. If they were really sincere in their criticisms of the Underwood law, they would rise up over there as one man and say that this law has broken down, that it is a failure, that it will not only fail to meet the demands of the Treasury in times of peace, but far less will it meet them under war conditions such as we have, and they

would propose to repeal this law, with its income-tax provision, and reenact the Payne-Aldrich law. Why do they not do that? Why do they not offer some kind of a substitute if the country is going to the "demnition bow wows" so rapidly from the effects of the Underwood tariff law? They dare not propose to this House the reenactment of the Payne law and the repeal of the income-tax law, and go back to their constituents and tell them that they had decided that wealth ought not to pay its share of taxes in this country, that it ought to be exempt, as Republican administrations exempted it during all the past years [applause on the Democratic side], and that we ought again to restore a tax of 45 per cent on wool, 145 per cent on cheap woolen blankets, 90 per cent on cheap cotton socks, 60 per cent on ordinary woolen hats, 15 to 25 per cent on all agricultural implements that the farmers use, and on through the long category of all important necessities of the American people. They well know that they dare not make this offer, because the Progressive Republicans in the West—

Mr. CAMPBELL. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore. Does the gentleman from Tennessee yield to the gentleman from Kansas?

Mr. HULL. I have but a very few minutes. I will be glad to yield to the gentleman as soon as I have concluded the statement I am making.

The SPEAKER pro tempore. The gentleman from Tennessee declines to yield.

Mr. HULL. They know they could not get together upon a substitute bill of that character.

Now, I have been very greatly surprised at the attitude of the other side of the House in the face of this tremendous crisis, as compared with its attitude and the attitude of the Democratic minority during the Spanish-American War conditions. On that occasion the Democrats who addressed the House invariably stated that they had no disposition to delay the passage of a needed emergency revenue measure. They favored raising the war emergency revenue. They differed, however, as to some of the items that were to go into the bill, and whatever occurred in the way of discussion and votes on that occasion simply reflected differences of opinion as to the particular items that should compose the law.

Now, in that connection the gentleman from Ohio [Mr. FESS], with great glee, suggested that the Democrats proposed an income tax on that occasion to meet the emergency, but fails to do so now. Why, the gentleman has evidently given no attention to the surroundings at that time. At the time of the outbreak of that war we had a net balance in the General Treasury fund of \$118,000,000.

The Republicans, led by Mr. Dingley and others, insisted that we ought to have a good-sized general balance in the Treasury. The Democrats did not controvert this, but cooperated in the passage of an emergency war-revenue measure of \$100,000,000. Second, there was an immediate issuance of \$199,000,000 of bonds and the transfer of their proceeds to the credit of the Treasury; and, in the third place, as everyone knew and calculated, the customs receipts jumped up \$56,000,000 during the fiscal year 1899. The outcome was that the Republican administration during one fiscal year threw into the Treasury \$300,000,000 of new revenue, with the further result that they had \$100,000,000 surplus at the end of that fiscal year. When the Treasury was given immediate relief by the proceeds of \$199,000,000 of bonds it was but natural that Democrats would urge an income tax to aid the war expenses. They talk about economy now. I recall that on that occasion Democrats earnestly suggested economy. Our Republican friends disregarded every phase of economy, even with respect to normal expenditures, and we find that for the fiscal year 1899 they voted \$14,627,449 for rivers and harbors. We find that for that same year, in the very face of that crisis—

Mr. MANN. Will the gentleman yield?

Mr. HULL. Not now. I will be glad to yield later.

Mr. MANN. I do not wish to embarrass the gentleman.

Mr. HULL. I did not hear the gentleman. I find, according to the CONGRESSIONAL RECORD, that the appropriations were increased so that the normal expenditures were more than \$39,000,000 in excess of those of the previous year, to say nothing of tens of millions of dollars of authorizations for public buildings, rivers and harbors, and other miscellaneous appropriations. That is in strange contrast with the attitude of these gentlemen on this occasion.

Mr. Speaker, the conditions at this time are immeasurably more serious than they were at the outbreak of the Spanish-American War. I wish I had the time to read one sentence from a noted financial publication describing the utter disruption of international business affairs and the almost complete standstill to which not only the interstate but the international

commerce of the entire world has come. From the farthest countries of the world we are getting daily information that the people are in a state of terror as a result of this awful European conflagration, that business is suspended everywhere, and, of course, our international commerce is almost entirely paralyzed. Both our international credit and exchange has broken down. In the face of these tangible facts, admitted by the Republican press throughout the country, admitted by leading citizens everywhere who have been willing to be fair, we find the Republican minority here suddenly disposed, purely for the sake of temporary partisan advantage, to take the indefensible position they have announced on this floor.

They continue to harp about the Payne law as a revenue producer. I undertake to say, Mr. Speaker, and I would wager whatever reputation I have, that a board of experts, composed of fair men of both parties, who might go through all the facts and figures as to our imports, our exports, our Treasury receipts and expenditures, would unanimously hold that the Underwood tariff law during its first nine months yielded a greater revenue than the Payne law for the corresponding period of the year previous, or even greater than the Payne law would have yielded for the first nine months during which the Underwood law has been in operation.

The gentleman from Illinois [Mr. MANN] speaks about there being some excess of exports over imports during a portion of the recent past few months. Why, if he would turn back to the year after the Payne law was in operation he would find that the same condition existed. These temporary fluctuations signify nothing with respect to the operation and effect of a great tariff system. Furthermore, the Payne law was in operation four years. If the Republican administration had not issued two series of Panama Canal bonds, that law would have brought in a deficit to the Federal Treasury three out of those four years. In addition to that, it had an advantage that the Underwood law did not have in that during two of those years there were abnormal and unexpected and unaccountable increases from the internal-revenue proper—\$22,000,000 for one year and \$19,000,000 for another year. This makes \$41,000,000 to the credit of the Payne law that was wholly unexpected and unaccounted for. These receipts decreased during the first year of the Underwood law, as it happened. During the four years that the Payne law was in operation \$147,600,000 of Panama Canal expenses were paid. They issued \$41,000,000 of bonds. That leaves \$106,600,000 paid out of the general fund, or \$26,650,000 a year. The Underwood law paid \$34,000,000 of Panama Canal expenses last year, and still the Treasury came out about even. This canal feature reveals another annual loss of \$7,500,000 to the Underwood law which did not apply to the Payne law. This makes an average annual difference of \$18,000,000 derived from unexpected sources which went to the credit and advantage of the Payne law and which the Underwood law was deprived of. Now, we know—a blind man or a driveling idiot knows—that when this war broke out and our \$7,000,000,000 commerce with Germany, Belgium, Austria, and European Russia suddenly went out of existence, when our international exchange broke down, when our exports of \$650,000,000 of cotton and \$50,000,000 of tobacco ceased, when every class of international business came to a standstill, the Treasury suffered losses at the customhouse. The returns show patently to any person who will read, or see, or hear that the loss of customs receipts for August, for example, was \$11,500,000. Deducting the income tax average yield per month would make the net war loss at least \$7,500,000 for this one month. We know further that for September, according to the latest Treasury report, there is a loss of \$8,000,000 up to the 23d of this month. According to every calculation the loss to the customhouse growing directly out of the war will be for September near \$6,000,000 after deducting more than \$4,000,000 for the average monthly income tax yield.

If we therefore take the minimum of monthly customs revenue loss yielded since the war commenced, we would find a loss during this fiscal year of more than \$60,000,000. Furthermore, any person who gives consideration to our existing conditions knows that while England and France had on hand a surplus of goods with which they had been supplying us constantly before the war, and that after 30 days, and when the ocean became cleared of the enemy's vessels, they shipped to us as much of this surplus as they could, this was chiefly to fill orders received before the war. But since then virtually all of the factory workers in France have gone to the war. Stocks of raw material are rapidly disappearing, such as France and England procured from Germany and Belgium and other warring countries, with the inevitable result that our imports from Europe must naturally fall off as long as the war continues, and no one can prophesy that it will end within any short time.

That is the situation, Mr. Speaker; but in the face of all this serious condition we are upbraided, purely for blind partisan purposes, with not being able to secure not only enough money out of the Underwood tariff law to conduct the Government in a time of peace, but also to sustain the Treasury in a time of most serious war conditions. This is an extraordinary tax imposed for extraordinary purposes. While we are not actually at war, we are actually facing war conditions as much or more, in some respects, than if we were at war. Our international trade was never better than during the Spanish-American War. But the only answer we get from gentlemen on the other side in their political extremities and in their favorite pastime of undertaking to bunko the people again is that we ought to be economical. My God! a political organization that raised the ordinary national expenses of the Government from \$460,000,000 in 1897 to \$982,000,000 in 1913, more than doubled; first a billion-dollar Congress, and, second, as rapidly as they could get to it, a two-billion dollar Congress—they turn round and confront us with the impudent suggestion that we should be economical. [Laughter and applause on the Democratic side.] They say that this Underwood law that is helpless to protect the Treasury in times of peace and in times of normal trade is amply able, it has such great recuperative power in a time of war, that it will bring in ample revenue to meet all war emergencies. [Laughter and applause on the Democratic side.]

I can not understand another one of the many inconsistencies of gentlemen on the other side. I must confess, Mr. Speaker, that I am usually somewhat patient and have great respect for gentlemen on the other side and their opinions, but it is when they are asserting those opinions frankly, honestly, and candidly. I see my time is expiring, and I would say in conclusion that no one desires to pay this war tax, and no Member of Congress at all desires to impose it. It requires both courage and patriotism to impose this tax to meet inexorable war conditions, and it requires patriotism to pay it uncomplainingly. Neither will any two Members here agree on each item to be taxed. I did not get some of the important items I would have taxed. I strongly urged them. But being overruled by a majority of my colleagues and the President, I shall cheerfully go with them and help to meet this great war emergency by voting for the bill. Naturally, it will be repealed just as soon as conditions permit.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. GALLIVAN].

Mr. GALLIVAN. Mr. Speaker, this bill is our first official contribution to the cost of the European war—one of those glancing blows that the noncombatant nations must expect, I suppose—a spent bullet, so to speak, from the firing line. Fortunately, we are not hit yet in a vital part and the lesson written large on the eastern horizon is worth to our citizens all that this measure call upon them to pay.

A little over a month ago by the calendar—it seems a century in the march of events—we heard a chorus of criticism of the President's "colossal blunder" in Mexico. We were described in the opposition papers as "the laughingstock of Europe." Our "amateur diplomats," it seems, were a source of grief and shame as compared with the polished experts of the Old World. Well, by their fruits we know them better now. [Applause on the Democratic side.] The whirligig of time has not taken long to bring its revenges. Meanwhile the professional diplomacy of Europe has wrought a blunder so colossal that no man living can reckon its remote consequences. Will it set loose the repressed fanaticism of Africa and the near East? Will it bring Asia down upon the back of an exhausted and divided Europe? These are possibilities already discussed. And even if the equilibrium of the whole human race is not to be upset, the immediate result of the intriguers' handiwork must have horrified themselves if they have human feelings under the mask of professional calm. They see the young men of seven nations destroyed by new and hideous methods of slaughter or sent to the hospitals mutilated and enfeebled for life; womanhood wrung with anguish, children doomed to every privation. They see industry paralyzed, the harvests blighted, homes razed, villages burned, cities gutted and seared, venerable monuments laid low at the bidding of military necessity. Ten millions of men—the strongest, the freshest, the most capable—are torn from the paths and avenues of production and set to the task of destroying one another. The one sure harvest of this autumn in these seven nations involved, numbering over 400,000,000 human beings, is hatred. Children yet unborn will hate others yet unborn because of the extreme technical proficiency and masterly maneuvers of your "trained European diplomats." [Applause on the Democratic side.] Well may President Elliot, of Harvard, insist that a fruit of this war shall be the abolition of secrecy in the negotiations of

States and the adoption of more frank and democratic methods by which the various peoples, who have no murder-breeding differences with one another, may decide these momentous issues for themselves.

In this welter of barbarous passion we note with satisfaction that the names of American diplomats emerge with honor. A Gerard, a Herrick, a Brand Whitlock, and many more, have proved themselves equal to the emergencies which have confronted them and won the respect of the countries to which they are accredited. That "amused Europe" of which we heard so much envies us now our tranquillity. Among the chancelleries which acknowledged President Wilson's offer of mediation there is not one—or any thinking man anywhere to-day—that does not wish he could have been summoned at an earlier stage to avert the tragedy now moving before our eyes to its awful consummation.

To what does our President owe his commanding eminence at this juncture? To his lofty character? To his breadth of historical vision? To his humanitarian sympathy? To his steadfastness of purpose? To his sense of justice which has placed our country definitely and irrevocably in the vantage position of strict neutrality? [Applause on the Democratic side.] To these personal qualities the President owes much of his worldwide influence and his achievement in foreign as in domestic policy; but his position is even more secure as a worthy and convinced exponent of the American tradition. The principles upon which our Nation was founded have received in this year of grace a vindication which makes every one of us glow not with exultation or pride but with gratitude to the fathers who stamped a whole continent with their political conceptions.

We are sometimes told that it is our isolation that makes us peaceful. We are a unit, without divisions of boundary, between two oceans that interpose their might in our behalf against foreign invaders. No doubt these accidents of situation have been a blessing to us; but there is something more than accident in the resolute antipathy to war which is a specific, ingrained element of the American character. We love peace because our Government is a Government of the people. Democracy, precisely because it rests on justice, has a natural predilection for peace; aristocracy, which rests ultimately on force, has a natural inclination for war. In no other country in the world have workingmen the freedom and the power that they enjoy in the United States. In no other country are women so honored, so influential, so advanced in industry and education. These are the two great classes whose voice, if it could have been heard in Europe before the fury came and swept away all reason, would have prevented the war. They hate war because they suffer most by war. The victorious general has his medals and titles and other prizes worth striving for—his name in history, perhaps—but the mechanic or farmer who fights in the ranks, the wife or mother in the empty home, what souvenirs have they? Wounds, loneliness, and the dreary grind of a lifelong poverty. It is they who can recite with most fervor the inverted beatitude of the late Mayor Collins, of Boston: "Cursed are the war makers, for they shall see the devil." As women and workingmen gain power wars will become fewer. [Applause.]

I have said that democracy is essentially peaceful, because it rests on justice. It can not consistently build its own foundations on a declaration of equal rights and proceed to the denial of these rights by wars of subjugation. A democratic nation like ours must aim at prosperity through industry and commerce, not by foreign conquest and the addition of territory which other peoples have made their own.

It is true we have had great soldiers in America, and honored many of them—our list of Presidents includes a Washington, a Jackson, a Taylor, a Grant, a Garfield, and a McKinley, but they were citizen-soldiers. Not one of them for an instant set his soldiery above his citizenship or was possessed with the mania of war as a discipline for manhood. The Christ of the Andes, cast from the metal of melted cannon used in the wars between Argentina and Chile, and set up on the boundary between these two reconciled nations in pledge of perpetual peace, would have moved them more than any battle monument glorifying mere supremacy in combat. The beauty of our Memorial Day is that it is a day not of triumph but of reconciliation.

We are not only a peaceful Nation, we are a Nation composed of many elements. Descendants of all the European peoples live here in harmony and in equal status before the law. This circumstance gives our neutrality a certain positive character. It is not negative or indifferent, but active. If the opportunity should come, we shall enter keenly upon the task of mediation, precisely because we know the worth of all the warring nations through their immigrant children who have become our fellow citizens. Through these immigrants we hope to see a reaction

of the American idea upon Europe, so that the present calamity may be the last of its kind. Already democracy has worked its way into some of the most conservative nations of the world. We read of constitutions and parliaments in Turkey, China—even in Persia. As surely as that political conception spreads and its underlying philosophy is accepted, peaceful methods will follow and the appeal will be to reason and not to force. The only use of war in democracy is to punish the disturbers of peace. As the motto of Massachusetts runs, "*Ense petit placidam sub libertate quietem*"—"She draws the sword to insure peace under liberty."

Peace and liberty! They are the twin angels that guard us. May afflicted Europe soon turn to them for the protection which we enjoy! May a Christ of the Rhineland soon arise to guarantee friendship and mutual esteem between the great nations now locked in a barbarous death grapple, in which victory and defeat prove no more as to essential justice than the individual trial by combat of the Middle Ages.

Meanwhile Woodrow Wilson, President of the United States, stands before the world embodying the true American ideas—democracy, liberty, peace, and good will to all. As the exponent of these conceptions he has behind him the whole American people of to-day. [Applause.]

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. REILLY].

Mr. REILLY of Wisconsin. Mr. Speaker, the revenue bill now under consideration is an emergency measure for which the President and his party are in no way responsible.

The greatest war not only of modern times but of all times now being waged in Europe is alone responsible for the situation that makes necessary the passage of this bill. Six European countries from which we have been receiving large imports are at war, with the result that there has been a falling off in customs duties to the amount of about \$10,000,000 per month.

This bill does not provide for the raising of additional revenue. No additional revenue is required. This measure will furnish the Government with the same amount of revenue by other methods and from other sources that the Government would have received from customs duties if there had been no war in Europe.

This measure follows closely the lines of the Spanish War revenue law, except that certain articles are eliminated from and certain articles included in the tax list, and with the further exception that many of the rates are lower.

This bill is not just as I would have made it. I would have left out some of the articles upon which taxes have been levied, and I would have included other articles in the tax list.

However, a revenue bill can not be framed by one person alone, and it is impossible for each Member of this House to have a law to his liking. Legislation of this character is generally a compromise, and must necessarily be so.

I had hoped that it would not be necessary to pass any legislation of this character. In common with others, I thought that bonds could be sold to provide the necessary revenue until other and less objectionable methods for replenishing the Treasury could be put into operation.

After it became apparent that additional revenue from some source would have to be raised in order to take the place of our failing customs receipts I introduced an inheritance tax bill which provides a graduated scale of taxes on all devises, bequests, and transfers of property by will or the intestate laws of any State or Territory. My aim in drafting this bill was to subject the swollen fortunes of this country to a tax that would furnish a considerable sum of money for the support of the General Government. A tax on inheritance, together with an increase in the rates of the larger incomes, it was thought, would supply us with plenty of funds.

But the President and Secretary of the Treasury are of the opinion that a bond sale at this time would be impracticable and dangerous because of the critical financial condition of this country as a result of the war, and that revenues derived from an inheritance tax and from an increase of rates on larger incomes would not be available for some months. Therefore these methods for increasing the revenues of the Government could not be considered in this emergency.

Since the beginning of the European war more than \$1,000,000,000 of American securities owned by foreigners have been dumped, so to speak, upon our markets. The New York Stock Exchange was obliged to close its doors shortly after the war began, and business has not been resumed since. The fact of the matter is the European war has not only struck down our customs duties to the amount of \$10,000,000 a month, but it has

also completely demoralized trade and industry and brought about in this country a critical financial situation.

The United States Treasury can not stand the shrinkage of revenues resulting from this war. The financial integrity of the Government must be maintained.

Government funds now on deposit in various parts of the country for crop-moving purposes can not be withdrawn without running the risk of bringing about a financial and industrial crisis. For the same reasons a bond sale is impracticable at this time. A sale of \$100,000,000 of bonds would cause a withdrawing from the banks of that much money, and consequently make the financial situation more critical. Therefore it appears that there is nothing left for Congress to do but to pass this emergency revenue measure.

An effort has been made in this debate to make it appear that the President and his Secretary of the Treasury are advocating the passage of an emergency tax bill because they are trying to favor the banks of the country by refusing to withdraw Government funds now on deposit in the banks.

A sufficient answer to this contention is the fact that by the terms of this bill the banks are called upon to pay a substantial part of the total sum to be raised.

It has been the policy of this Government for many years to keep Government funds on deposit with the different banks throughout the country, and the only difference between this administration and former Republican administrations in this respect is that under the present administration the banks are required to pay 2 per cent for the Government money in their vaults, while under former administrations they got the money for nothing.

It has been repeatedly charged on this floor that this legislation has become necessary because of the failure of the new tariff law as a revenue producer. But the facts do not sustain this charge.

The Government receipts from all sources, not including postal receipts, for the fiscal year ending July 1, 1914, first year of the Underwood tariff law, were \$734,000,000, as compared with \$724,000,000, the receipts from the same sources for the last fiscal year of the Payne-Aldrich tariff law.

Instead of being a failure as a revenue-producing measure, the Underwood tariff law, with its income-tax feature, produced approximately \$10,000,000 more revenue in its first year than the Payne-Aldrich tariff law did in its last year. Therefore the tariff policy of the Democratic Party can not in any way be held responsible for the measure we are now considering.

Much has been said during this debate about the extravagance of the Democratic Party as a cause for this emergency tax measure.

Here again the facts do not support the charge.

The Democratic Party has been in partial control of this Government for 2 years, and in complete control for about 18 months, and during all of this period appropriations have been made for 3 fiscal years—1913, 1914, and 1915.

The appropriations for the fiscal years 1913 and 1914 were the joint work of a Democratic House, Republican Senate, and a Republican President, and both parties are responsible for these appropriations, although the record shows that when these bills became laws they carried appropriations to the amount of \$54,000,000 more than they did when they were passed by the Democratic House, as a result of increases made by a Republican Senate.

The appropriations for the fiscal year ending July 1, 1914, for which the Democratic and Republican Parties are jointly responsible, amounted to \$1,098,000,000.

The Democratic Party alone is responsible for the appropriations made by the present Congress, which amount to \$1,115,000,000, in round numbers. These appropriations provide for the expenditures of the Government for the fiscal year ending July 1, 1915.

Increase of appropriations of present Congress for fiscal year ending July 1, 1915, over appropriations of Republican and Democratic Congress for fiscal year ending July 1, 1914, \$17,000,000.

The present Congress has been obliged to make unusual and unavoidable appropriations for the fiscal year ending July 1, 1915, because of the development of the parcel post, the war scare in Mexico, the European war, and for the Panama Canal, as follows:

Increase in Post Office appropriations	\$28,000,000
Appropriations resulting from Mexican situation	20,000,000
Appropriations resulting from European war	8,000,000
Appropriation for Panama Canal in excess of amount required of last Congress	2,000,000

Total appropriations of present Congress that were unavoidable and unusual	58,000,000
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The pension appropriations for the present Congress were \$11,000,000 less than the pension appropriations of the last Congress because of a decreasing pension roll. Deducting \$11,000,000 from \$58,000,000, we have \$47,000,000 as representing the extraordinary and unavoidable appropriations required of the present Congress that were not required of the last Democratic-Republican Congress.

The increased appropriations because of the Mexican situation and the European war are accounted for as follows: The Army and Navy bills, when they finally became laws, carried appropriations amounting to approximately \$12,000,000 more than they carried when they passed this House. There can be no doubt at all but that the increases in these bills made by the Senate were the result of the critical Mexican situation at that time. Appropriations in deficiency bills for the Army and Navy as a result of the Mexican situation were made to the amount of more than \$8,000,000; \$2,750,000 was appropriated for the purpose of bringing Americans home from war-torn Europe; \$5,100,000 was appropriated for the purpose of starting a war-risk insurance bureau, made necessary by the European war, in order to enable American products to reach foreign markets; and \$1,000,000 was appropriated to enable our foreign embassies to take care of increased business as a result of the war. Our embassies are handling to-day the foreign business of the warring powers.

In passing, it might be noted that the Post Office Department of this Government, for the first time in a quarter of a century, is self-sustaining, thanks to Democratic efficiency, and the increased appropriations made by the present Congress for the development of the parcel-post and postal facilities in general can not in any way be made the basis for the charge of extravagance against the present administration.

Eliminating the unavoidable and unusual appropriations of the present Congress made necessary by the Mexican and European situation, and eliminating increased appropriations for the Post Office, which are taken care of by the revenues of that service, and eliminating the increased appropriations for the completion of the Panama Canal, it appears that this Congress in its appropriations for the fiscal year ending June 30, 1915, has retrenched and economized to the extent of \$30,000,000 in comparison with the appropriations of the Democratic and Republican Congress for the fiscal year ending June 30, 1914.

This is not the only comparison that can be made regarding national expenditures that will give us some idea as to what would have been the condition of the Public Treasury if the Democratic Party since coming into power had practiced the brand of economy that the Republican Party indulged in when it was in power.

The appropriations for the support of this Government were increased under Republican rule from \$485,000,000 in 1898 to \$986,000,000 in 1909, or an increase of more than 100 per cent in 11 years.

During its last six years of power the Republican Party increased the expenditures of this Government on an average of \$210,000,000 a year, and during its last three years of official control the appropriations for the support of the Government were increased \$307,000,000 over the appropriations for the three previous years, or an increase in national expenditures on an average of more than \$100,000,000 a year.

The total appropriations for the last three fiscal years, during which time the Democratic Party has been in partial and complete control of the Government, exceeded the total expenditures for the three previous years—Republican years—by \$150,000,000, an increase on an average of \$50,000,000 a year, as compared with an increase on an average of more than \$100,000,000 a year during the last three Republican years.

During the last 25 years appropriations for the support of the Post Office Department and for pensions have constituted the two big items that go to make up the sum total of our national expenditures, and in comparing the financial records of different administrations these two items may well be eliminated.

I say these two items may be eliminated because the Post Office Department, as stated herein, is self-sustaining, and any expenditures for that branch of the Government go directly for the benefit of the people and are paid for out of the growing post-office receipts and should not be considered at all in the matter of estimating increases or decreases in appropriations. Likewise should the appropriations for pensions be eliminated because, I take it, there are no Members of the Republican side of this House who will stand on this floor and denounce the Democratic Party for having made more liberal provisions for the old soldiers in their declining years.

Pension legislation has come to all parties as a result of our wars, and very little criticism has ever come from the public

generally because our pension laws have been made more liberal.

Personally I have no apologies to offer for any vote of mine on pension legislation. I believe that the gallant defenders of the Union—in fact, all the soldiers of the Republic—have received nothing more than they were entitled to at the hands of a grateful people.

I am satisfied that the Democratic Party will not be censured for having made appropriations to make easier and pleasanter the last days of the scarred veterans of the Republic as they march gallantly on toward the setting sun of life.

The appropriations for post-office maintenance for the last three fiscal years exceed the appropriations made for that service during the last three years of Republican rule by \$132,436,000, and the appropriations for pensions for the last three fiscal years exceed the appropriation for the same fund during the last three Republican years by \$41,478,000, or a total increase of appropriations for these two items during the last three years of Democratic control over the last three years of Republican rule of \$174,000,000.

If we eliminate the increase in appropriations made during the last three years for the support of the Post Office Department and used largely in the development of the parcel post, and if we eliminate the increase in appropriations for pensions made during the same period, we find that the expenditures for running this Government have been \$24,000,000 less during the said last three years under partial and complete Democratic control than they were during the last three years of Republican rule.

It is not contended that the Democratic Party has made the record for economy that it ought to have made since it has come into power in this House, but it is submitted that to be able to reduce the ordinary expenses of this Government \$30,000,000 in a single year is an achievement that ought to at least protect the party from being charged with extravagance by the survivors of the Cannon régime.

It would seem that the party that permitted the expenses of our Government to increase 100 per cent in 11 years, that the party that increased the appropriations for the support of the Government during its last six years of official power at the rate of \$210,000,000 a year on an average, ought not to be charging with extravagance a party that has been able to conduct the ordinary expenses of the Government with decreased and not increased appropriations.

If the Democratic Party had followed the example set by the Republican Party during its last six years of official life in the matter of governmental expenditures, the total appropriations for the present year, instead of being \$1,115,000,000, would have been closer to \$1,300,000,000.

Well might the gentleman from Pennsylvania [Mr. HULINGS], a Progressive Republican, state, as he did on the floor of this House in this debate, that "it lies not in the mouth of the Republican Party to charge the Democratic Party with extravagance."

A few weeks ago the ranking Republican Member of the Committee on Appropriations, the gentleman from Massachusetts [Mr. GILLET], read a lecture to the Democratic Party on its extravagance in the management of the finances of this country. The gentleman especially denounced the Democratic Party for creating a lot of Federal offices, and in particular did he object to the conduct of the party in the creation of the Federal Reserve Board and the new Trade Commission.

I have no doubt at all but that every sympathizer with the old régime objects to the creation of the positions made necessary by the enactment of the Glass currency bill and the Federal Trade Commission bill. If Cannon was still in power in this House, these offices would never have been created, because the Cannon part of the Republican Party would never have framed any such laws. These laws were passed for the purpose of controlling monopoly. The supporters of Cannon and the believers in Cannonism never had much use for legislation designed to control monopoly, and particularly for legislation that would interfere with Wall Street in its control of the financial affairs of this country.

Here, again, the record makes the apologists for the old Republican régime look ridiculous when it disclosed the wholesale increasing of Federal offices during the last 16 years of that party's lease of power.

When the gentleman from Massachusetts and his party came into power in 1897 they found a Government pay roll of only 178,000 names, but when they left office in 1913 they left a Government pay roll upon which appeared the names of 441,000 people.

In the four-year period from 1909 to 1913, when this country was under complete control of the Republican Party, there were

100,000 names added to the pay roll of the Government, or an increase in Federal offices at the rate of 25,000 a year.

Think of it! From the inception of this Government down to 1897, it was found necessary to create only 178,000 Government positions; yet the Republican Party of Cannon, Dalzell, and PAYNE found it convenient to increase the number of public offices 260,000, or more than 200 per cent, in 16 years, in order to find official pap for every party worker.

The opponents of this bill are not opposing it because they object to any of its items. They are opposed to the passage of this bill or any bill of this character. In other words, they are playing politics. They do not hope to beat this bill; they do not wish to beat it. They do not desire that their country's financial and industrial welfare should be threatened by a refusal to pass this measure, but in the hopes that it may better their political fortunes they are widely denouncing the Democratic Party for attempting to pass this measure.

How unlike the conduct of the Democratic Party when the Spanish War revenue measure was up for consideration! The Democratic Members of Congress at that time did not oppose the granting of ample revenues to the Government, although they did differ on the methods to be adopted for securing such revenue.

At the time of the Spanish War bonds to the amount of \$200,000,000 were issued and sold, and the proceeds turned into the Treasury, and an emergency revenue measure was passed providing for additional revenue to the amount of more than \$100,000,000 a year.

The Spanish War lasted only a few months. War was declared in April; Dewey sailed into Manila Bay and sunk the Spanish fleet in May; the Cuban campaign was practically over in July, and the boys were being mustered out in September.

Charles Morris in his history of the Spanish War estimates that this war cost the Government \$130,000,000.

Notwithstanding the fact that in the beginning of the Spanish War bonds were sold to the amount of \$70,000,000 more than the total cost of the war, on the 13th of June, 1898, the Republican Congress passed an emergency revenue measure providing for the raising of \$105,000,000 a year, and the said revenue measure remained on the statute book for more than 2½ years after the war was closed.

The fact of the matter is, the war was almost over when this revenue measure was passed, and after the Treasury had received from the sale of bonds more than enough to cover the total cost of the war.

Some of the Members on the floor of this House who assisted and were responsible for the financing of the Spanish War are now heard in denunciation of the Democratic Party in its attempt to raise \$100,000,000 by an emergency revenue measure to take the place of \$100,000,000 in customs duties struck down by the war.

It is a remarkable fact that the Members from the Republican side of this House who are most severe in their denunciation of this bill as an unjustifiable burden on the people, and who are loudest in their talk of economy, are the very Members who several months ago were trying to goad the President and this country into a war with Mexico. If these gentlemen had been successful in their efforts to bring about war in this country, what would have been the financial consequences of their efforts, not to mention the anguish and sorrow of mothers, fathers, brothers, sisters, and sweethearts of American soldier boys whose lives would have been sacrificed on the field of battle?

If our country was at war with Mexico to-day—and we would have had a war on our hands if the critics of this bill and of the Mexican policy of the President had had their way—the administration would be obliged to ask not for the passage of a hundred-million-dollar emergency revenue measure but for a billion-dollar measure.

This is not the time for playing politics when the credit and financial stability of the Government are at stake. The Democratic Party is facing a crisis not of its own creation. It is always disagreeable and highly dangerous from a political standpoint, especially on the eve of an election, to pass a tax measure.

President Wilson has solved this problem from the standpoint of what is right and not from the standpoint of what is expedient. The President believes in meeting all questions and all emergencies fairly and candidly; he believes in being honest with the people; and while it would undoubtedly be to his party's interest to have delayed the passage of this measure until after election, he is not the kind of a President to permit party expediency to interfere with what appears to him to be his plain duty.

Mr. PAYNE. Mr. Speaker, I yield to the gentleman from Nebraska [Mr. SLOAN.]

Mr. SLOAN. Mr. Speaker, I wonder if the gentleman from Massachusetts [Mr. GALLIVAN] had read the morning dispatches from the South what effect it would have had on his eloquent and beautiful exordium. [Laughter and applause on the Republican side.] I sat with interest listening to the eloquent gentleman from Kentucky [Mr. SHERLEY], who charged that the men on this side lacked intelligence in their defense and protest against the strong hand of taxation being laid on the American people. We on this side were all glad that the gentleman from Kentucky had not qualified as the official censor and critic of intelligence. I recognize in the gentleman from Kentucky the proof of intelligence and shrewdness which he denies us, because when the President of the United States suggested means of raising this revenue that it should be that from which there would be a "yield with a certain and constant flow"—mark the words—it meant malt first, vinous second, spirituous third. But the great product of Kentucky is exempt from the operations of this bill. [Laughter and applause on the Republican side.]

We think in triads. So when the first and second articles included in the suggestion were named, and then they suddenly sidestepped the third, took a tangent and burdened business, it was a violence to rhetoric, a shock to logic, but it seemed to conform to the demands of geography. [Applause on the Republican side.] The gentleman from Tennessee [Mr. HULL] saw fit to refer to those who happened to differ with him in respect to this bill as "driveling idiots." I deplore his adverse judgment. I will not answer in kind, because I know he is not. I want you to remember the gentleman from Tennessee is the author of the income tax; he predicted that from personal incomes we would raise \$70,000,000 in the first year, whereas the actual amount realized is little more than \$30,000,000. He came within \$40,000,000 of it. Under the circumstances we can probably afford to take the gentleman's adverse characterization as complimentary. That is the second great failure feature of the Underwood law.

The gentleman from Tennessee also invoked the shades of the eloquent Senator from Iowa, Mr. Dolliver, who had in a moment of passion seen fit to characterize adversely the tariff law of 1909 as a fraud. Yes; and I venture to say that if the eloquent and superb Senator from the State of Iowa, once a Member of this House and now gone to his reward, could return to earth and look upon the legislation enacted since he departed, eloquent as he was, imaginative as he was, with such a profound command of the English language, with that precision and purity of diction for which he had no peer in America, he would have looked upon the Underwood bill, and, quailing at the task of proper characterization, said, "As a legislative folly and failure it was the last word in legislation." [Applause on the Republican side.]

The real proposition before us is that we shall lay the strong hand of the Government upon the people in the form of taxation, to wring from industry and the poor nearly a quarter of a billion of dollars. The sum is not \$100,000,000, as asked by the President, nor yet \$105,000,000, as discussed by the committee. The bill by its terms becomes operative upon its passage, presumably in a few days, except the stamp tax, which goes into effect November 1, 1914. The stamp tax ceases by the terms of the bill December 31, 1915. If the bill goes into effect early in October, the amount collected by the time the stamp tax terminates will amount to about \$130,000,000. Taking into account the location of the veto power, those representing the people and opposed to this tax can not force its repeal before some time after March 4, 1917, when the collections will have amounted to \$120,000,000 more, or a quarter of a billion in all.

The eminent author of the Underwood law endeavored to defend it as a revenue producer save for the loss of customs duties incident to the European war. He forecasted the customs income for the first year at \$267,000,000, or \$22,250,000 per month. The receipts from customs fell short of this average in November, December, February, April, and May following passage of the tariff act. The average falling off for August and September from that average was only \$3,921,376 per month; and if this war continued with unabated fury for a year and customs duties not tend to become normal the deficit from that source would be less than \$48,000,000. This is not possible; \$30,000,000 would more probably fairly meet it. Now, the Underwood law will remain in operation, and even though it should fall short \$30,000,000 on customs and \$40,000,000 on income tax next year, as it probably will, there is no occasion for wresting a quarter of a billion taxes out of the people. In this appears the real reason why all amendment to the bill is forbidden by the rule under which its consideration is being conducted. An amendment to limit the operation of this law to six months or a little longer would have probably car-

ried in the House if the Members had been free to vote on it. But the large purpose of the majority is to create a large fund to tempt large and extravagant appropriations.

The Underwood law is a failure, first, in its primary purpose as a revenue producer, as confessed in the presentation of this bill within a year after its passage. No great law should be constructed for simply "summer skies and sunshine"; it should be constructed to meet emergencies as well as ordinary demands. It fails in its two principal features—first, customs duty; second, income tax.

As a revenue producer from customs, it fails largely because of its fundamental injustice and discrimination against the producers of America. Had farm products not been placed upon the free list, or rates so radically reduced, the revenue arising from their importation would have more than made up for all the probable loss that may arise by reason of the vast war zone of Europe. Farm products for the last year have been coming in from Australia, Canada, and South America, which are not embraced in the war zone. The importations for the first 10 months of the Underwood tariff law of 27 leading farm products amounted to \$143,766,341, as opposed to \$53,610,961 worth in the corresponding period under the former law. The loss of revenue for that period, due to the removal and reduction of rates of the Underwood law, amounted to \$40,183,580.04. Assuming that the last 2 months of the first year of the present law will average with the other 10 months, the total loss of revenue on these 27 articles will be \$48,540,296.06. That this will really amount to more than \$50,000,000 I am convinced, because I have just received the figures for August, and while the increase for 10 months amounted to only 168 per cent up to the month of August, 1914, the increase of these 27 articles over the August before amounted to 190 per cent. The amount of imports of these 27 articles for the month of August, 1913, was \$4,246,659, while for August, 1914, it was \$12,354,801. The following is a list of the losses of revenue upon each of these 27 articles for the first 10 months under the present tariff law:

	Loss of revenue.
Horses	\$301,756.95
Cattle	4,678,137.45
Sheep	69,448.43
Other animals, including poultry	69,961.29
Corn	2,041,161.15
Oats	2,026,988.64
Wheat	302,479.40
Hay	305,006.00
Beef and veal	2,856,859.21
Mutton and lamb	207,498.97
Pork	159,271.57
Bacon and ham	143,353.24
Prepared meats	534,039.50
Bread and biscuits	95,573.25
Milk and cream	148,919.85
Butter and substitutes	268,980.88
Cheese and substitutes	1,060,301.74
Eggs	301,405.20
Beans	296,072.20
Onions	182,479.60
Peas	169,218.20
Potatoes	415,572.75
All other vegetables	146,472.30
Wool	23,402,612.27
Total for first 10 months	40,183,580.04

It will be seen by this that had the farmers of this country not been discriminated against there need be but little deficit in the Treasury, although the extravagant expenditures practiced by this Congress should be insisted upon and carried through.

When the President asked for \$100,000,000 there was pending, with good prospect of passage, a rivers and harbors bill appropriating fifty-three millions. A determined minority of the Senate has since caused that to be cut down to twenty millions, thereby saving more than the reasonably expected deficit in customs receipts for the 12 months following the beginning of the war. There is a ship-purchasing bill, involving \$30,000,000.

The present terms of that bill provide the amount to be raised by bond issue; but the President's message clearly shows that the bond issue would not be available at this time. Then, too, the Congress would probably do with this as it did with the Alaska bill. There it was proposed to raise the amount of money by the issuance of bonds, but when it came to the test Congress refused to issue bonds, and simply arranged for the payment out of the Treasury. Undoubtedly that would be the course followed in the ship-buying project. Then there is the project for paying Colombia \$25,000,000 for some vague and shadowy claim which that country is asserting, which would make up, in all, \$88,000,000. It would be very easy, by reasonable economy, to make up the additional \$12,000,000 and dispense with any necessity of this war-revenue bill.

Everybody in the United States with a due sense of our conditions for the last 16 months has been economizing. Even

here in Washington more Members and Senators are dining at Childs's and fewer at the New Willard than have been for two decades.

The following is an editorial from the *Beatrice Sun*, the leading Democratic paper of the congressional district which I represent:

Our beloved country is at peace with the world, yet it is proposed to impose a war tax upon our people, and, what is worse, special taxes upon business, which has not been as brisk as we could wish. Before the Government is fully committed to that policy for increasing its income, why not consider doing something to expenditures to make them come down to speaking terms with income?

In our individual affairs, when income is curtailed by bad crops, slow business, sickness, fire, storm, or any cause whatever, we try to get along with it some of the things we would have bought had the income been unimpaired. The summer vacation is shortened or cut out altogether. The straw hat that saw its best days a year ago is made to serve. The old automobile is polished up and used another season instead of being traded in on the newest creation. When his income slacks up the prudent man tries to put the brakes on his expenditures.

The gentlemen with whom we have intrusted the running of our Government do not seem to apply the same principles to the public's affairs that they would apply to their own. Why not try to make appropriations meet income, part way at least, instead of imposing burdensome taxes upon the people and upon business in peaceful times in order to get money for Government luxuries? To a man up a tree it looks as though some economies might be effected "and still the White House carpet not be threadbare."

The farmers, business men, and laborers of the United States are not prepared to accept and are making their protest felt against the levying of war taxes in time of peace when the Treasury can be replenished by the exercise of the reasonable economy which the citizens of the United States are now observing. But the great reason for levying this war tax in time of peace is not to replenish the Treasury, but to enable the banks to keep the \$75,000,000 now on deposit. Chairman UNDERWOOD said this money was deposited to the extent of \$60,000,000 in the banks at the time his party came into power, and his party's administration has increased that amount to \$75,000,000. This is a remarkable utterance in the light of the following plank in the Baltimore platform:

We condemn the present methods of depositing Government funds in a few favored banks, largely situated in or controlled by Wall Street, in return for political favors, and we pledge our party to provide by law for their deposit by competitive bidding in the banking institutions of the country, National and State, without discrimination as to locality, upon approved securities subject to call by the Government.

Even as this debate proceeds the Secretary of the Treasury is charging many of the banks, some of which are holding this Government money, with unduly hoarding their funds and charging an exorbitant rate of interest to their borrowers for what they had let out.

The farmers and business men do not want to pay through the price of gasoline, through the sum paid when they sign a note, execute a mortgage, or make any conveyance this money just to enable the banks in the East and South to hoard Government funds for which they pay 2 per cent interest and loan it out at from 6 to 10 per cent.

Neither do bankers, who obtain no advantage whatever from these deposits, nor other business men selected by this bill to bear special burdens of tax, feel that they are being properly treated by the taxing power of this Government in being required to pay a war tax in time of peace in order to raise money to pay the running expenses of the Government, while the Government has deposited, payable upon demand, \$75,000,000 in certain banks. I might say in passing that not a dollar of this Government money is deposited in the congressional district I represent, and it has one of the largest crops in its history to move.

Of course, the second and most important failure of the Underwood tariff law is its disastrous effect upon business. The nonemployment of labor, the inactivity of factories, the stagnation of business generally, and the increasing purchase of foreign-produced articles have changed the course of the golden current which has heretofore been running into this country and sent it rushing to Europe. The balance of trade, beginning with April and ending with July, this year has been against us, in the sum of \$20,500,000. For 13 months ending July 31, 1914, imports have increased \$102,034,509 over the corresponding period, while the exports have fallen off in the sum of \$108,166,147—a loss to us in our trade relations, so far as production of money is concerned, of \$210,250,656. If that amount of money, which should have been kept in this country, were retained here and in the banks or elsewhere, there would not be so great a stringency as we have been suffering from for several months past entirely independent of the war.

I am not convinced that the drawing of two to four million dollars per month out of the banks for use by the Government—knowing that a very large portion of it would be returned to some of these banks—would seriously hamper any of them. And

I believe that if this legislation is passed as it is being attempted to be passed—upon the basis that it would disturb the banks to have the Government draw its own money from them for its own purpose—it would cause the banks to lose more money from other depositors than all the Government might see fit to draw.

This bill should be defeated because it can only be necessary if unnecessary expenditures are made. Unnecessary expenditures need not be made if the Government will economize, as its citizens are doing. It is unnecessary and unwise to create a fund which at the end of this foreign war condition will leave from \$150,000,000 to \$250,000,000 in the Treasury to be exploited in all kinds of unwise, improvident, unsound, and unnecessary governmental expenditures. [Applause on Republican side.]

Mr. KELLY of Pennsylvania. Mr. Speaker, I yield to the gentleman from Illinois [Mr. THOMSON].

Mr. THOMSON of Illinois. Mr. Speaker, I shall vote against the passage of this bill. I shall do so with some reluctance. I would like to avoid, if possible, the casting of a vote that even had the appearance of being cast for political reasons. But, although a vote against this bill in the face of the reasons that are advanced for its passage may seem to some to be one inspired by a desire to play politics, I assure the House, and particularly those on the majority side, that I am not opposing the bill for any such reasons. I would support the administration in this matter without the slightest hesitation and vote for the imposing of further taxes if I was convinced that any such step was necessary at this time or that it was going to be necessary in the near future.

In proof of these statements I think I have but to point to the fact that I supported the President in the Panama tolls matter in the face of the fiercest kind of opposition, and I also voted in favor of the resolution upholding his course with regard to Mexico. But I am utterly unable to see the necessity of this bill now. It might be necessary to take such a step as this in time, and if that time came I would support such a measure as this, but until it does come I shall oppose it.

Mr. Speaker, the worst thing about this bill is the special rule by means of which it is being jammed through this House. Such a rule as this makes a joke out of representative government. It is without the slightest excuse or justification for existence and is the most outrageous and disgraceful of all such rules that the majority has brought into this House.

In the report filed on the war-tax bill by the majority of the Committee on Ways and Means they tell us that it is expected that the taxes it proposes will amount in the first year it is in force to \$105,000,000. The special rule forced through the Committee on Rules and then forced through the House by the majority here under which we are considering this bill provides for seven hours' general debate, at the conclusion of which, the rule provides, "the previous question shall be considered as ordered on the bill to final passage without intervening motion, except on a motion to recommit." In other words, we are asked to tax the people of this country \$105,000,000 in the next 12 months by placing additional taxes on the commodities and documents specified in this bill with a limit of seven hours placed upon its consideration and discussion. And we must take this bill with its terms just as they are or leave it, for under the terms of this special rule there is not only no hope of having the House adopt any amendment, but under the rule we are denied the right to even offer an amendment. What a farce such a proceeding is! Who is representing the people of the 435 congressional districts of this Nation in the making of this legislation so far as this House is concerned?

The majority members of the Ways and Means Committee are representing them, or, when you get right down to bedrock, their sole representative here is our genial and able friend from Alabama [Mr. UNDERWOOD]. He wrote this bill, and without the change of a letter, except as I shall note in a moment, it has been recommended by the committee and will be passed by the House.

What were the Members of this House sent here for? To turn over all their powers and duties and rights as legislators to the leader of the majority, whoever he might be? Not at all. But that is the practical result of the adoption of this special rule. Why, by means of the force and power that goes with greater numbers, compel Members of this House to take or leave a bill as one man chooses to offer it? Why jam a gag rule through the committee and the House, which refuses a full and free discussion of this measure, first, as to its necessity as a whole, and, second, as to the wisdom or need of its specific provisions?

All the time consumed on debate of any measure under a rule like this one is a joke. To be logical, those who believe in put-

ting legislation through in this way should have their rule provide for no debate at all. The result would be the same. But why do they not carry their theory to its logical end and put their legislation through without uselessly taking up even so brief a time as seven hours in debate that can not possibly affect the legislation in question? To fool the people, to give the proceeding the appearance, at least, of legislative procedure. To one looking on from the outside the use of such machinery as this to get a bill through the House would seem to mean that all the wisdom of the House resides in the minds of the majority members of the committee reporting the bill. But certainly the last word has not been spoken, either on the wisdom or the correctness of the detail of legislation, when the committee is through. The necessity of two corrections in the bill has been discovered since the bill was reported on Tuesday. Doubtless there are other changes that should be made and that could and would be suggested by the membership of this House but for this gag rule. And the majority makes this rule so drastic that it takes away from the House even the right to vote on the two changes that have been found to be necessary, for the rule provides that the two amendments making these changes shall, upon the adoption of the rule, "be considered as offered and agreed to." This is gag rule run mad.

I confess that when I come to consider and determine my vote on a bill, under the circumstances created by such a rule as this, I do so with something akin to a prejudice against the bill itself. I have made every effort, however, not to permit my disgust for the rule to interfere with my conclusions upon the bill.

Now, why are we asked to provide for this additional taxation at this time? Because during the month of August there was, as compared with the corresponding month of last year, a falling off of \$10,029,538 in the revenues collected from customs, and we are told that a continuation of this decrease in the same proportion throughout the current fiscal year would probably mean a loss of customs revenues of from sixty to one hundred million dollars.

As I have considered that reason which has been advanced by the majority for this proposed legislation, two things have occurred to me. The first is this: The supposition that the falling off in revenues collected from customs during the month of August will or may continue throughout the present fiscal year is a pure guess, and I do not believe we ought to base a revenue bill calling for a hundred millions in additional taxes on a guess. It is admitted that the Treasury is in no need of these additional taxes to meet obligations now, but we are urged to avoid future embarrassment by providing for these additional revenues at this time. If the consideration of this legislation were postponed until the coming short term of Congress to be held this winter, we would then be able to tell much more accurately what the falling off in customs revenues would be for this fiscal year, because we would then know whether the falling off for August, the first month of the disturbance in Europe, was continuing about the same as it showed for that month or was increasing or decreasing. In other words, it seems to me that the figures for the first 30 days of the war are too uncertain on which to base additional revenue legislation, and before passing such legislation we might better wait until we are in a position to frame it and pass it in the light of the falling off in customs revenues which actually occur in the first three or four months of the war. If our Treasury did not enjoy its present balance on the right side of the books, the case might be different. But with a general fund balance in the Treasury amounting to about \$119,000,000, it seems to me we can afford to wait before passing such a bill as this, at least until we have more than one month's experience with the results of the disturbance in Europe on our customs receipts.

Mr. UNDERWOOD told us yesterday that if the party in power kept silent on this question now and after the elections were over brought in such a bill as this the charge would be made that they had deliberately attempted to deceive the people and had avoided meeting the issue until after the election. I believe he is right about that. But any such result could easily be avoided by a frank statement issued by some official in authority to the effect that if the falling off in our revenues continued for several months as it had during the first month or two months of the war it would be necessary to provide for additional revenues, but that the passing of such legislation would not be taken up until after the first of the year, so that an opportunity might be given to determine as definitely as possible, first, whether conditions due to the war were going to so affect our revenues as to make such a measure necessary, and, second, if it did prove to be necessary, just how much further revenue was going to be needed. If the position of the party in power were thus clearly made known, and legislation

did prove to be necessary later, no charge of attempting to deceive for campaign purposes could successfully be made.

Another thing that I would call attention to is this: We are asked to provide for additional revenue to the extent of a hundred million dollars on the ground of a ten-million-dollar falling off in customs revenues for the month of August compared with August, 1913. A falling off in the customs revenues to that extent does not warrant the levying of these additional taxes, it seems to me. The best friends of the Underwood tariff bill admitted that it would result in a falling off in customs revenues, and, of course, it did. This has nothing at all to do with merits or demerits of the present tariff law, and I do not wish to be understood as defending the old law. What I mean is that the present law, because of its lower duties, must necessarily have resulted in a falling off in customs duties. The party in power provided for that very result and put the income-tax law on the statute books so as to provide the Government with revenues to the extent of the falling off that was going to result from the lower duties provided in the new tariff law.

Now, if we are going to pass a bill at this time providing additional revenue for the Government based on the falling off in revenues, we should determine the amount of additional revenue called for in this bill, not on the falling off in customs revenues, but on the falling off, if there is any, in the total revenues. It is just as unreasonable to base the amount of additional tax to be levied by this bill on the falling off in customs revenues as it would be to argue that there could not possibly be any reason for any additional tax because of the increase in income tax collected in any given month this year over the corresponding month last year.

Mr. Speaker, I hold in my hand a copy of the daily statement of the United States Treasury giving the figures up to the close of business on Wednesday of this week, September 23. That statement shows the following facts with reference to the general fund balance: The total receipts of the Government, including customs, internal revenue, and miscellaneous, for the month of September up to and including the 23d were \$42,319,728.53. The total receipts for the same period last year amounted to \$44,050,174.72. This means a falling off in the total receipts of the Government for this period amounting to \$1,730,446.19. The falling off in the total receipts for August of this year, as compared with August of last year, amounted to \$10,527,298.86. In other words, present indications seem to point to the fact that the falling off in the total revenues, amounting in August to about ten million and a half, is going to amount to less than two million and a half for the present month.

In figuring up the falling off in revenues from all sources for any given month another fact must be taken into consideration. Under the income-tax law practically all the revenue from that source comes into the Treasury during May and June, and therefore we ought to spread the revenue from this source over the entire year in estimating a falling off in revenue for any one month as compared with the same month last year. If we pursue that course in estimating the falling off in revenues from all sources for August, that falling off will amount to only seven million and a half, for in spreading over the revenues from the income tax we would have to credit some \$3,000,000 for each month. When we take this item into consideration in determining the condition of the revenues during the present month, instead of there being a falling off in revenues from all sources during September, as compared with this month last year, we will actually be running ahead about half a million dollars.

These facts prove to my mind that Congress is not justified in passing this bill levying more taxes and raising additional revenue, based on the supposition that the \$10,000,000 falling off in the revenues that occurred in August is going to continue throughout the fiscal year. But even assuming a loss in revenue for the current year to the extent of a hundred million dollars, which I have shown will probably not be the case, I still contend that this measure is not necessary at this time. The majority tells us in their report on this bill that this loss of revenue will cause a serious deficit in our Treasury balance "unless replaced by taxes from some other source." That is not the only alternative open to us.

Retrenchments and economies can be made and practiced which will accomplish the same result. A good start has been made in reducing the appropriations made in connection with the rivers and harbors bill by reducing them from \$53,000,000 to \$20,000,000, provided they are kept there. It would be well to keep both eyes on that bill, by the way. It would be a fine spectacle if the Senate amendment to that bill should be disagreed to here and the bill sent to conference, there to slumber until after the elections and after additional revenues had been

assured by the passage of this bill, and then during the short session be returned by the conference committee in its original form or anything like its original form.

Another step in the right direction can be made by not passing the so-called shipping bill. Aside from the fact that there are good reasons why the Government should not take any such course as is suggested by the terms of that bill, particularly at this time, there is the additional reason for not passing it, that it can not be afforded. If that bill is not passed, the Government Treasury will be spared an expenditure of \$40,000,000.

I believe a public-buildings bill has been contemplated for the session of this Congress to be held next winter. How many millions that bill would carry no one can tell. I presume forty millions would not be far out of the way. Most, if not all, of that should be eliminated at this time. If the purchase of no new building sites is authorized and the construction of no new buildings is provided for by this Congress, but such a bill confined to provisions for continuing contracts on projects now in course of construction, millions of dollars can be saved.

All the appropriation bills for the present fiscal year have been passed except the rivers and harbors bill. We were told yesterday that, disregarding that bill and the corresponding bill for last year, the total appropriations made for the current fiscal year exceed those made for last year by about \$1,000,000, and that statement has not been denied. Although Congress has passed the bills making these appropriations, there is no law that I know of that compels the different departments to spend all the money that has been appropriated. Even the proponents of these large appropriations would have pared them down millions of dollars if they could have looked into the future. Events that were in the future when the appropriations were made are now conditions of the present. Economies necessitated by these conditions can be practiced by the departments notwithstanding the appropriations. If that course is taken, the condition of our Treasury is not such as to need the increased revenues contemplated by the taxes proposed in this bill.

We are told that we have a general fund balance in the Treasury amounting to about \$119,000,000, of which \$75,000,000 is on deposit in the national banks on call. It is intimated that the withdrawal of these funds might disturb business. Doubtless it would if the banks were called on to return all these millions to the Treasury at once. But no such course as that is necessary. If this money was withdrawn from the banks and returned to the Treasury gradually, business would not be disturbed and the end sought would be reached, for the money would be available for Government use if needed. Certainly there is no justification for the raising of additional revenue by taxation for the purpose of maintaining deposits in national banks.

Mr. Speaker, these are the reasons why it seems to me the passage of such a bill as this, proposing the raising of \$105,000,000 in additional revenue through the taxes specified in the bill, is not required at this time. As I said in the beginning, solely for the reason that I believe it is unnecessary, I shall vote against this measure.

Mr. KELLY of Pennsylvania. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. SHREVE.]

Mr. SHREVE. Mr. Speaker, the war measure now being considered is unjustified by existing conditions and unnecessary at the present time.

While customs have declined under the Underwood tariff law, the returns from internal revenue are heavy.

Banks have been allowed to issue emergency currency and, as shown by recent report of the comptroller, are in good condition.

The burden of taxation will fall heavily on our people, already oppressed by change in our system of raising revenue.

Under the Underwood bill nearly everyone in the district I have the honor to represent is taxed.

The farmer will have to pay his full share of the burden. The oil refiner having outstanding contracts on the gasoline he produces will have to continue his operations at a loss. The banker is not exempt. The manufacturer who ships his products will have to pay his part. The man who signs a note or makes a deed or executes a mortgage or takes out life insurance or protects his property with fire insurance is taxed. Everybody is taxed. [Applause.]

Mr. Speaker, the present Congress has been the most extravagant that has ever convened in Washington. Its appropriations exceed by more than a hundred millions any of its Republican predecessors.

By practicing economy we can easily meet the situation created by the war in Europe. Everybody now is practicing economy. Why not the Government?

It is impossible to consider this measure without being reminded that during the campaign of 1912 capital was rejoicing in its productiveness, work was plenty, labor was enjoying the right to sell its services at prices which brought happiness and comfort to all of our homes.

Under Republican rule we as a Nation had witnessed a long period of prosperity, with a steady rise of compensation for every service, whether of brain or muscle.

So securely established seemed our prosperity that many of our citizens thought it beyond the reach of politics, something to be calculated upon with certainty, and something beyond the reach of tariff changes. [Applause.]

Mr. Speaker, the Democratic Party met in convention at Baltimore and adopted a platform. It told the country just what it would do if it had a chance. The election followed and a Democratic House and a Democratic Senate and a Democratic Executive were elected. A free-trade tariff bill was passed, and to-day we are engaged in passing measures that will still further place a burden on the American people. But the change that was so much sought for two years ago has not produced the great benefits to humanity that were so much desired. The cost of living instead of being lowered has reached a higher plane. With the large shipments of farmers' products from Argentina, Canada, and Australia, the farmer finds that his ever-increasing load of indebtedness has not been reduced by reason of the change in party administration. If by virtue of Europe's producing ability being disturbed by the war new demands for foodstuffs will temporarily increase the price of our farmers' goods, it will nevertheless not lessen the burdens laid upon him by additional taxes. Many of our workshops are idle, and the honest and willing laboring men are seeking employment. Merchants suffer because consumers have no money. When we turn the searchlight of public opinion upon our present conditions the American people see things more clearly and now begin to realize that the program of the party in power as it relates to the interests of our people has not been satisfactory.

Mr. Speaker, going back over the history of our country for the last quarter of a century, and after carefully considering the last Democratic administration and comparing it with the present one, we see the deadly parallel and are irresistibly drawn to the conclusion that the paramount issue of this campaign is the tariff.

It will play the determining part in the next campaign for President. Shall the policy of protection, under which the country has so greatly prospered, be continued, or shall we continue under the Underwood tariff, with all of its demoralizing conditions, or shall a radically different policy be inaugurated? The Republican Party is ready with its answer. There is no uncertainty about its position on the tariff. It believes that to abandon the protective policy would be to inflict a serious blow upon American industries. It believes that the American people should supply the wants of America, and in order to accomplish this we must assure the American people of American markets. "Made in America" should be our slogan, inspiring, unifying, and fundamental. Let us carry this banner at the head of our columns.

Our products should be sold in the best markets of the world, American markets; sold where the people have the most money, right here in the United States of America; sold where the laboring man is best paid, best fed, best clothed, and best educated in all the world. Instead of this bill we need a protective-tariff law which will turn the balance of trade in our favor. So, then, it becomes our duty at once to lay the foundation for the victory of 1916 and to establish the principles and practices of protection. Depression will then have its last day. I am confident if the people will elect a Republican majority in the House this fall the Republican Party in 1916 will be returned to the control of national affairs. [Applause.]

Mr. PAYNE. Mr. Speaker, I yield to the gentleman from Iowa [Mr. TOWNER]. [Applause on the Republican side.]

Mr. TOWNER. Mr. Speaker, the President delivered his "war" tax message to Congress on September 4. It is now September 25. Twenty days have passed, not in open debate, not in the open at all, but in private meetings of party leaders behind closed doors, in secret committee conferences, and a secret party caucus. And now, after all these long days of subterranean scheming, this bill emerges, protected by a caucus rule which limits debate and prevents amendment. It is not possible to consider the measure and debate its merits. Barely time is allowed the minority to voice its protest. No opportunity is given to amend the terms of the bill, to strike out some of its items, or to substitute others. The bill must be

taken as it is, and the administration demands that it be passed without change, and at once.

The present Democratic House was elected partly as a protest against what was denominated the tyrannous Cannon rules and upon a promise that there should be free debate and a fair chance to consider on its merits every bill proposed. Instead of this, White House dictation and the caucus have instituted a reign of party tyranny that makes the Cannon régime pale into insignificance. This bill can not be considered under this rule on its merits, and the rule was expressly designed to accomplish that result. The only chance it has of real consideration will be in the Senate, where gag rules can not be applied. But the country is entitled to have measures affecting so vitally its interests considered by its Representatives, fresh from the people and understanding their condition and desires. They will not approve the shackling of their Representatives, and this bill will not the more commend itself to their favor when they understand the manner in which its passage was secured.

NATURE OF THE TAX.

This bill proposes to levy an extraordinary tax of \$105,000,000 annually, distributed as follows: On beer and other fermented liquors, \$32,500,000; on domestic wines, \$6,000,000; on gasoline, \$20,000,000; on bankers, brokers, amusement places, and so forth, \$10,000,000; on manufacturers and dealers in tobacco and cigars, \$5,000,000; on telephone and telegraph messages, \$1,500,000; stamp taxes upon deeds, mortgages, bonds, notes, agreements, bills of lading, and so forth, \$30,000,000.

The estimate on the amount which will be derived from gasoline is admittedly too low. It will be more likely \$30,000,000 than \$20,000,000. And the amount paid as a tax will not measure the amount paid on its account by the consumer. Iowa uses 75,000,000 gallons of gasoline annually, and the consumption is rapidly increasing. Its use is not confined to automobiles. It is used by farmers and mechanics all over the State in their stationary engines, and by the housewives in their kitchens. It is purchased for some purpose by nearly every family and is used in a multitude of ways. The direct tax paid on this 75,000,000 gallons will be \$1,500,000 annually. But the tax is paid by the producer, and the jobber will add one-half cent to his price, the retailer one-half cent to his, and the consumer will pay at least 3 cents more per gallon on account of the tax. This will mean for Iowa alone an annual contribution of \$2,250,000 to the Democratic "war" tax on gasoline alone.

REASONS GIVEN FOR ITS INFLECTION.

The President's advisers, by inducing him to recommend and force through this so-called "war" tax, have subjected him to a threefold attack: First, the Secretary of the Treasury and the sponsors of the new banking and currency scheme have been afraid to put their plan in operation unless they can force the people to contribute to the Treasury so that its resources and surplus may be piled mountain high as a refuge in case of a coming financial storm; second, the author of the Underwood tariff law and his party associates and the authors of the income-tax law, seeing the utter failure of those laws as revenue producers, seize upon the European war as an excuse for a forced assessment on the American people to make good their default; third, the managers of the Democratic Party in the House and Senate, realizing the record of reckless extravagance which their party has made in this Congress, and realizing also that more money must be obtained if they do not bankrupt the Government by their profligacy, inflict this tax to pay for their extravagance.

CONDITION OF THE TREASURY.

The contention that there is justification in the present condition of the Treasury for the imposition of a "war" tax is not justified. There is no necessity for any action at present, so far as the condition of the Treasury is concerned. The Government is not by any means insolvent. There is no deficit in sight. Even under the most pessimistic view we can safely run for months without any change in our laws. We are still operating the finances of the Government under Republican laws. When the Republicans turned over the Government to the Democrats on March 4, 1913, there was a net balance in the general fund of the Treasury of \$149,000,000. It is true the Democrats have reduced this surplus until it is now but \$119,000,000, but it is still a fairly good balance.

We had gold coin and bullion in the Treasury September 15, 1914, \$1,213,000,000. It is true that we had depleted our fund of gold by \$100,000,000 during June and July, for we were compelled to ship it abroad to pay the deficit on our adverse balance of trade. But we still have by far the largest gold reserve of any nation in the world. Although the European nations have been accumulating gold for months in anticipation

of the war, we have six times as much as Germany, four times that of Great Britain, and twice that of France or Russia.

THE BANKS.

The President realizes this, for in his message to Congress he says:

The Treasury itself could get along for a considerable period, no doubt, without immediate resort to new sources of taxation. But at what cost to the business of the community? Approximately \$75,000,000, a large part of the present Treasury balance, is now on deposit with national banks distributed throughout the country. It is deposited, of course, on call. I need not point out to you what the probable consequences of inconvenience and distress and confusion would be if the diminishing income of the Treasury should make it necessary rapidly to withdraw these deposits.

According to the President's statement, it is not because the Government does not have the money to meet its needs, at least for a considerable time, but because a large part of it is deposited in the banks, and it would "inconvenience" them to withdraw it.

A singular justification for this imposition of a "war" tax on the people! This money was deposited by the Government in the banks, not for them to keep and consider their own, but only as a temporary deposit—"on call," as the President says, until the Government should need to use it. The Government now needs to use it. Why should it not do so?

The President says it would "inconvenience" the banks. No doubt that is true. The banks pay but 2 per cent interest on these Government deposits and loan them doubtless at 8. To the extent of their profit of 6 per cent they would be "inconvenienced." But is an inconvenience to banks who took the Government funds subject to call justification for a "war" tax that will injure and punish every man, woman, and child in the United States? Is the loss of the profits to the banks on these deposits of more consequence to the administration than the laying of \$105,000,000 of taxation upon the people of the country?

But the President says that to "rapidly withdraw these deposits" would not only occasion "inconvenience," but also "distress and confusion" to the banks.

In the first place, it may be said that there is no necessity to withdraw the Government funds "rapidly" from the banks. The President estimates the deficit for the fiscal year, which it is necessary to make up by this proposed "war" tax, at \$100,000,000. That is but \$8,000,000 per month. It would be necessary to withdraw but \$8,000,000 per month of the Government's money from the banks, and this amount would supply the expected deficit for nine months. That to do so would bring "distress and confusion" to the banks is not reasonable to suppose.

An examination as to the present condition of the banks shows that never in the history of the Nation were they as strong as now. Two causes have contributed to this: First, the widespread business depression occasioned, as we believe, by the free-trade policy of the administration has caused the banks to get ready for the regular Democratic panic which inevitably follows such legislation. The banks have therefore increased their resources to stand the storm when it should come. Second, the passage by the administration of a new banking and currency law which entirely changes our present system, and, indeed, revolutionizes our whole financial system, has caused the banks, in apprehension as to the anticipated consequences, to pile up their reserves mountain high, so as to be able to protect themselves against the unknown consequences of this theoretical and experimental legislation.

To such an extent has this been carried as to incur the angry denunciation of the Secretary of the Treasury. On the very day we commenced consideration of this bill he gave out a public statement saying that "there was an extraordinary hoarding of money by banks throughout the country and a piling up of resources without occasion." The legal requirements are but 15 per cent, but the Secretary gave instances where they had been increased to over 70 per cent. The Secretary severely censures these banks, publishes a list of them, and declares that no additional favors shall be given them.

And yet we are told that it is necessary to tax the Nation \$105,000,000 rather than take out the money of the Government from banks which are unnecessarily piling up their reserves and hoarding their money.

The increases in the national banks within a year have been nothing less than marvelous. From June 4, 1913, to June 4, 1914, they increased their store of specie, mostly gold, \$67,000,000; they increased their surplus and undivided profits \$2,774,000; they increased their individual deposits \$315,000,000, their Government deposits \$15,000,000, and their postal savings deposits \$5,000,000; they increased their total resources \$445,000,000.

Their deposits June 30, 1914, amounted to \$6,286,000,000. To withdraw from this vast sum \$3,000,000 per month would hardly make a noticeable diminution. It would be only about one-hundredth part of 1 per cent.

That such withdrawal would in any perceptible degree impair the general business interests of the country is ridiculous when it is considered that besides the amount of deposits in national banks already stated there is on deposit in State, private, and savings banks and loan and trust companies \$11,520,000,000, so that the total amount of money now on deposit in the banks of the country is \$17,222,000,000.

It appears clear that it will not occasion "distress and confusion" to the banks for the Government to gradually withdraw and use as it may need its deposits. The American people will never justify the imposition of a "war" tax merely because the banks would prefer to keep the funds which the Government has deposited with them subject "to call" and because it would "inconvenience" them to allow the Government to withdraw and use its own funds when it needs them.

EFFECT OF THE DEMOCRATIC TARIFF.

The President, in his message to Congress, gives as his only reason for asking that Congress impose this extraordinary "war" tax upon the people that on account of the European war imports are falling off, with a consequent loss in revenue, and that if the falling off continues there will not be enough money to run the Government through the year. He says that—

During the month of August there was, compared with the corresponding month of last year, a falling off of \$10,629,538 in the revenues collected from customs.

If continued, he says, this will mean a loss in the year's revenue of \$100,000,000. Then at once he adds:

I need not tell you to what this falling off is due. It is due in chief part not to the reductions recently made in the customs duties, but to the great decrease in importations, and that is due to the extraordinary extent of the industrial area affected by the present war in Europe.

It would be inferred, of course, from this statement that there had been no lessening of revenue because of lowered duties, but that suddenly the European war came and at once—in one month—our revenues fell off \$10,000,000. In fact, for every month since the Democratic tariff has been operative the revenues have fallen off as compared with the corresponding month a year ago. The President is quick to call attention to the diminished revenues for August, the first month of the war, and to attribute the loss not to the Democratic tariff but to the war. But why did he not tell the country of the diminished revenues for July, when there was no European war and when the excess of our imports over our exports was over \$8,000,000, and of June, when the balance against us was \$650,000, and of May, when the balance against us was over \$2,000,000, and of April, when the balance against us was \$11,000,000?

As a matter of fact, during all these months and before the European war we had increased imports but diminished revenues.

Our imports for the first seven months of the present year up to the 1st of August, when the European war broke out, amounted to \$1,137,000,000. Our imports for the corresponding seven months last year under a Republican tariff were but \$1,016,000,000. This shows an increase in the imports of \$121,000,000 for this year. Now, mark the difference in revenue. Instead of a proportionate increase in revenue there was a large decrease. The duties collected last year were \$196,000,000, while the duties collected this year were but \$152,000,000—a loss of \$44,000,000 in revenue for the first seven months of this year under the Democratic tariff. In other words, with \$121,000,000 more imports we had \$44,000,000 less revenue.

Why do our Democratic friends conceal these facts? Why is not the truth told regarding the "tariff for revenue" law?

During these seven months American products and American labor were displaced by foreign products and foreign labor to the extent of \$121,000,000, while during the same period the Government lost \$44,000,000 in revenue.

But that does not measure the loss to the Nation, for during the same period our exports fell off over \$126,000,000. In seven months the loss to American producers and American labor was over \$247,000,000. And all this was before any European war was thought of in America.

And what have been the compensating advantages of this immense sacrifice of American interests and Government revenue? None whatever. The cost of living has not decreased. No legitimate American industry has been benefited. On the contrary, factories have closed, business has stagnated, all lines of trade and commerce are depressed or ruined. Over a million workmen with steady employment at American wages

have been thrown out; 242,000 freight cars that should be busy moving the crops are idle. These conditions are not the result of the European war, they existed before the war. They are the direct result of the Democratic tariff law.

It should surprise no one that such results follow such policies. They always have. The most recent previous Democratic experiment in tariff reform brought about the same conditions. In that instance the Cleveland administration was compelled to issue bonds to carry on the ordinary expenses of the Government in a time of world-wide peace and following an era of Republican prosperity such as the country had never known before.

Now, the shadow of that humiliation hangs so heavily that the Democrats do not dare resort to the old expedient. Instead, they propose a "war" tax. In a time when the Nation is at peace with all the world a "war" tax is found necessary. It would have been better if they had again adopted the old plan. That would have forced a final consideration of the real difficulty, and might have led to a real remedy.

DEMOCRATIC FINANCIAL MANAGEMENT.

The inability of the Democratic leaders to comprehend questions of revenue and finance is further shown with regard to the income tax. They estimated that it would yield a revenue of from \$70,000,000 to \$100,000,000. Instead, it has produced but \$31,000,000. The collection this last year was only for 10 months, but it is not expected the receipts for the present year will exceed that amount. There are not many flourishing incomes nowadays.

Their utter lack of method is shown in their delay in passing the necessary supply bills. As the gentleman from Massachusetts [Mr. GILLET] has stated, the fiscal year of the Government begins July 1 of each year. The appropriation bills for each year should all be passed before July 1, for expenditures commence then. For 14 years, from March 4, 1897, to March 4, 1911, the Republicans controlled both branches of Congress. Every appropriation bill was passed before July 1, although there are 13 regular appropriation bills to prepare and pass each year.

How different is the Democratic record! During their first year nine of the appropriation bills were not passed for nearly two months after July 1. The Government was carried on by joint resolutions continuing the appropriations provided by a Republican Congress. In their second year the great sundry civil bill was not passed at all, and that was one of the reasons President Wilson gave for calling a new session of Congress. This year four of the great appropriation bills were not passed until weeks after the fiscal year had expired. It has been necessary during this Congress to pass three deficiency bills, and more are anticipated.

This is, however, but what might have been expected. It is but a repetition of the record under Cleveland. In his administration Congress was obliged to sit the whole year round to get the appropriation bills passed. This was not necessary for 20 years until last year and again this year. Twenty years ago, with 80 majority, the Democrats could not keep a quorum present to do business without docking the Members' pay. Now, with 141 majority, they are compelled to resort to the same device.

But the failure of the Democratic tariff and income tax as revenue producers do not justify the imposition of an extraordinary "war" tax. It is not a temporary ailment we are called upon to treat; it is a permanent disability. Nobody proposes a "war" tax as a permanent burden on the country. Nobody should support a temporary expedient for an inherent defect. Especially is this true when the demands of the present can be supplied from a surplus which Republican prudence and foresight has provided. The deficient revenues are due to two causes, neither of which can be remedied by a bill of this character. These causes are, first, theoretical and experimental legislation, based not on investigation and facts but upon political expediency and speculation; second, lavish expenditures and reckless extravagance. The remedy lies in getting back to well-trying principles and proceeding on safe lines.

Republicans are not in favor of excessive tariff rates. They only wish to so adjust them as to promote American industries and protect American labor. They do not oppose an income tax. They want to see the wealth of the country bear its fair share of the burdens of the Government. What is needed now is not the imposition of a "war" tax, but a rearrangement of our fiscal policy, so that sufficient revenue to run the Government, economically administered, can be obtained and our prosperity again established. And there is ample time to do that, even with diminished revenues. It will require nine months, if no further extravagances are indulged in, to exhaust the Republican surplus. In the meantime a frank and fair investigation

of conditions can be made and something that will not be so burdensome secured to meet these conditions.

It is not claimed that the European war will not cause at least a temporary decrease in our revenues, but the Republican contention is that that decrease is not the principal cause of our falling revenues and our business depression. Of course we shall suffer because of the European war. The whole world will suffer. But with our present surplus in the Treasury we do not need to burden our people with an extraordinary "war" tax. We can take time to rearrange our fiscal policy and adjust it with reason and care to whatever changed conditions exist. Especially is it unwise to respond to this ill-judged hysterical demand for more taxes, to meet not the changed conditions resulting from the European war but from Democratic free-trade policies, experimental legislation, and reckless extravagance.

DEMOCRATIC EXTRAVAGANCE.

It is not only necessary to provide funds; it is necessary as well to keep our expenditures within our income. No matter how large our revenues, if our expenditures exceed them the Nation will become bankrupt. Not only has the dominant party failed to provide adequate revenue to meet the expenditures of the Government, but it has during the last three years made a record of extravagance in expenditures unparalleled in the country's history. With diminished revenues and increased expenditures, the administration cried for help. It is because of this and not the European war that this tax is proposed. While the surplus provided by Republican legislation is as yet unexpended, and there is no immediate emergency, the administration knows that a final deficit is inevitable and will finally be made known.

It is a remarkable omission that the President in his address to Congress, in which he sets forth the deplorable condition of the Treasury, calling for an extraordinary increase in taxation, says not a word about the necessity for economy in expenditures. Is it only necessary to consider how to fill the Treasury and not to care how it is emptied? And this omission is the more remarkable in view of the fact that his party associates in both House and Senate were seeking by every possible means to drive through Congress a river and harbor bill, the largest and most lavish ever proposed in the history of the country, besides other expenditures of millions entirely unnecessary, especially in view of our diminishing resources.

The President presents his demand for more money with the deepest regret, saying that he does it "to discharge a duty which I wish with all my heart I might have been spared." Yet with this sad duty in his mind, in the fulfillment of which he tells the country they must tax themselves \$105,000,000, he knows his supporters are by every parliamentary practice endeavoring to force a "pork-barrel" bill through Congress which would add \$53,000,000 to our expenses.

REPUBLICAN RECORD ON ECONOMY.

The appropriations of the last Congresses exclusively controlled by Republicans, namely, the Sixtieth and Sixty-first Congresses, were remarkable for the fact that there was little increase during the four years. The ordinary appropriations, excluding the permanent and post-office appropriations for the four years, were as follows:

For fiscal year ending 1909.....	\$627, 516, 000
For fiscal year ending 1910.....	648, 191, 000
For fiscal year ending 1911.....	663, 725, 000
For fiscal year ending 1912.....	634, 549, 000

The total appropriations for the last year amounted to \$1,026,682,000. The Democrats were quick to denounce it as a "billion-dollar Congress." Their national platform declared:

We denounce the profligate waste of the money wrung from the people by oppressive taxation through the lavish appropriations of the recent Republican Congresses, which have kept taxes high and reduced the purchasing power of the people's toil. We demand a return to that simplicity and economy which befits a democratic government and a reduction in the number of useless offices, the salaries of which drain the substance of the people.

DEMOCRATIC RECORD.

Now mark the return to Democratic "simplicity and economy." The first Congress Democratic in both branches marks its advent by appropriating more than \$100,000,000 in excess of the last Republican Congress, which the Democrats denounced for its "profligate waste" and "lavish appropriations."

The appropriations this year exceed their own record of last year by \$31,803,000, and are by far the largest ever made by any Congress in the history of the Government. Besides, if the bills become law which have already passed the House, \$68,469,000 will be added to the total.

With regard to the amount of the total appropriations this year, the showing is worse when it is considered that the amount for pensions is smaller by \$11,150,000 than last year on account of the large mortality among the survivors of the Civil War and that the appropriation for the Panama Canal was \$14,108,000 less than it was last year.

The increases made in appropriations by this Congress have not been confined to any particular line; they have been all along the line. It will be remembered how Republican Congresses were denounced for their lavish support of militarism; yet the Army appropriation this year is larger by \$7,644,000 than any Republican Congress ever passed. It will also be remembered how the Republicans were accused of useless extravagance in their appropriations for the Navy, yet the Democrats appropriated \$17,590,000 more for the Navy this year than any Republican Congress ever allowed.

Take the Alaskan bill. We appropriated \$36,000,000 to build a railroad, or rather a system of railroads, in Alaska. It was entirely justifiable to build a line from the coast to the interior, tapping the principal coal fields. As I showed on the floor of the House during the debate, such a road could have been built for \$20,000,000. A distinguished Alaskan is quoted as saying it could have been done for \$10,000,000. Yet the majority would not listen to argument and voted down every amendment to curtail the expenditure. They were bound to spend \$36,000,000, and they did.

RIVER AND HARBOR BILL.

As originally introduced the river and harbor bill was large, altogether too large. It contained items which were not only unnecessary but ridiculous. On the floor of the House Republicans pointed out the defects and protested, but in vain. They would not listen to protest or appeal. The estimates submitted called for \$34,266,000. The House, with its tremendous majority, forced an increase to \$39,408,000, with authorizations for \$4,061,000 additional in contracts, or a total of \$43,469,000, or nearly \$10,000,000 more than the original estimates. When it got to the Senate the Democratic committee increased this amount \$10,000,000, so that the Democratic Party tried hard to pass a river and harbor bill carrying over \$53,000,000. That it was cut down to \$20,000,000 was not due to Democratic economy, but to Republican courage, persistence, and ability.

The action of the Democrats in trying to force through a large river and harbor appropriation this year is the more inexcusable when it is remembered that last year the Democrats passed a river and harbor bill carrying \$41,000,000. From 1897 to 1904 the Republicans passed but two river and harbor bills—one for \$16,000,000 and the other for \$26,000,000. These were prosperous years, and certainly the need of river and harbor improvements was as great then as now. Last year the Democrats passed a bill carrying \$41,000,000, and this year endeavored to pass another of \$53,000,000, a total of \$94,000,000 in two years. This is the Democratic record of "economy" as against the Republican record of \$42,000,000 in seven years. Their action is still more inexcusable when it is known that there was on June 30 last an unexpended balance from previous appropriations of \$45,338,000. Surely it would have been better to have waited until at least a larger part of the balance had been expended before forcing another appropriation.

It is a great service which the Republicans of the Senate have done the country in forcing down their appropriation from \$53,000,000 to \$20,000,000. It is known the Republicans of the House will endeavor to reduce the \$20,000,000 to \$5,000,000. I sincerely hope that may be done. If any appropriation at all is justified this year, \$5,000,000 is ample to carry us over another year.

There has been no attempt or pretext of economy. Bill after bill has been passed, carrying appropriations which might have been omitted altogether, and in many cases where the appropriation was justified the amount was excessive.

And the program of lavish expenditures seemingly has only begun. The next bill to be considered is a proposition to expend \$30,000,000 in buying ships to embark the Government in the shipping business.

Back of that lies the proposition to pay \$25,000,000 indemnity to Colombia, and \$3,000,000 for something in Nicaragua.

Where is the money to be had for these questionable projects? Is it deliberately proposed to provide for contemplated expenditures of this character by these "war" tax levies?

DEMOCRATIC TESTIMONY.

It is unnecessary for Republicans to prove the extravagance of this Democratic Congress and administration, for their own leaders admit it and fitly characterize it. The chairman of the Appropriations Committee [Mr. FITZGERALD] has vainly endeavored to stem the flood of extravagance. In one of his appeals to his colleagues, delivered on the floor of the House, he said:

In a few months I shall be called upon in the discharge of my official duties to review the record that this Democratic House shall have made in its authorization of the expenditure of the public moneys. Whenever I think of the horrible mess that I shall be called upon to present to the country on behalf of the Democratic Party, I am tempted

to quit my place. I am looking now at Democrats who seem to take amusement in soliciting votes on the floor of the House to overturn the Committee on Appropriations in its efforts to carry out the pledges of the Democratic platform. They seem to take it to be a huge joke not to obey their platform, and to make ridiculous the efforts of the members of our party who do try to live up to the promises they made to the people. I know that some Members on this side are voting continually for appropriations, because they fear the wrath of the public if they do not vote out of the Public Treasury assistance for everything anyone suggests.

We charged the Republicans for 12 years of my service in the House, under Republican administrations, with being grossly extravagant and reckless in the expenditure of the public money. I believed that charge to be true. I believed that my party, when placed in power, would demonstrate that the charges we had made in good faith were true. We are entitled to the help and to the support of the Members on this side of the House in honest efforts to carry out the pledges of the Democratic Party, and in our attempts to show that what we charged in order to get in power was true. We have not had that support. Our Democratic colleagues have not given that support to us thus far during this session of Congress.

They have voted against recommendations that they should not have voted against. They have unnecessarily piled up the public expenditures until the Democratic Party is becoming the laughingstock of the country.

I appeal to them now before it is too late. I appeal to them now before we have gone beyond recall to stop the conduct of which they have been guilty. Do not continue to vote for these improper and improvident appropriations. Those who propose to continue to do so should at least have the courage openly to assert upon the floor of this House that they believe that the professions of the Democratic Party have not been made in good faith, that they can not be carried out, and that we are not entitled to power because of those professions.

And the gentleman from Mississippi [Mr. Sisson], a leading member of the same great committee, said:

I said this in a speech before, in the last session; and when I made that speech Members of the Democratic House came to me and asked me not to put it in the Record, because it would be used by the Republicans in their campaign book. Let them use it. If they do, it will be by way of confession and avoidance. They can get no consolation out of it, except that we know better. You may use that statement now, gentlemen, because when Democrats get to be so violently extravagant that it makes our record look bad as compared with the very wicked records of the Republicans, I must apologize to you Republicans for having ever used the words "criminally extravagant" in criticizing the appropriations that you made, for if that expression, "criminally extravagant," was proper to apply to you, my God! the English language has never found an adjective strong enough to apply to Democratic extravagance.

ABOLISHING USELESS OFFICES.

But the record would be incomplete without reference to another demand and promise made by the Democratic Party. In its platform it demanded "a reduction in the number of useless offices, the salaries of which drain the substance of the people."

The new administration came in with loud promises of reductions in offices. It at once dismissed a number of small-paid clerks. Most of these have been replaced, but in the replacement Democrats have been substituted for Republicans. Besides this the number and variety of new offices and places created for hungry Democratic office seekers is bewildering. Especially in the creation of big, fat jobs, with large salaries, are our Democratic friends adepts.

The new banking law creates five new offices with salaries of \$12,000 each, with a multitude of other places.

The salary of the Comptroller of the Currency has been increased from \$5,000 to \$12,000.

The new Trade Commission creates five new offices, at \$10,000 each; a secretary, at \$5,000; and an unknown number of subordinates.

The new board of appeals has three members at \$4,000 each.

Commercial attachés may be appointed by the Secretary of Commerce at any salary he may name, and for the payment of their salaries he is given for the first year \$100,000.

The Secretary of the Treasury has been particularly active and strikingly successful in getting new places created in his department. Not only are the large number in the new banking department to his credit, but by some means he has secured the war-risk bureau also, although it properly belonged to the Department of Commerce. For the salaries in this branch \$100,000 was appropriated, with \$5,000 for the chief. Besides this he demanded a new assistant at \$4,500, although he had three already at \$5,000 each. When he took the place from his Republican predecessor there were 3,183 persons employed. At once he demanded an increase in the force in Washington alone of 358. At that time the field force of the department was 1,407. He demanded an increase in this force of 678. But yesterday he demanded 2 additional clerks in the division of loans and currency, 26 clerks and 16 counters in the office of the Comptroller of the Currency, 4 laborers in the same office, and 3 clerks, 2 counters, and 2 laborers in the office of the Treasurer. This little addition will only cost \$41,260 a year.

The Democratic Senate has added 35 new employees at a total annual additional expense of \$49,380.

Increases in salaries are almost "too numerous to mention." The salary of the private secretary to the Secretary of the Treasury has been increased from \$2,500 to \$3,000; chief of division income tax, \$2,500 to \$3,500; six Assistant Attorneys General, each \$7,000, to \$9,000; ministers to Spain, Chile, and Argentina, each \$12,000, to \$17,500. Besides a new minister to Uruguay has been created at a salary of \$10,000.

In January last Mr. Bryan appeared before the Appropriations Committee and said:

I was determined that there would be one department that would be run on less than it was before, if I could bring it about.

And he submitted estimates that made the total expenditures for his department \$120 less than it was the year before.

But his reputation as a reformer was lost when the bill was amended in the Senate at his request with the addition of an assistant to the Secretary at \$4,500 and two clerkships at \$1,800 each. He had economized by adding to the annual expense roll \$7,980.

The ex-editor of the Commoner and bosom friend of Mr. Bryan was appointed governor of the Canal Zone at a salary of \$14,000. This he was compelled to give up because the law abolished the office April 1. In order that the matter should be arranged satisfactorily, an entirely superfluous place was made for him. The authorization could not be secured until May 20, so, in order that there might be no break in his salary, President Wilson made an official order that the salary should commence April 1.

These are instances of the return to that "simplicity and economy" which the Democratic platform demands. It is not surprising that with a record of such extravagances Mr. Fitzgerald and Mr. Sisson should have berated their party colleagues for their inconsistency, violated promises, and bad faith.

This proposed "war" tax has no justification from any standpoint. We can not hope for prosperity under a Democratic administration. That party never has given the country prosperity, and apparently never can do so. But we ought to endeavor to injure the people just as little as we can. We ought not to burden and punish them unnecessarily and wantonly. If we will defeat this bill, adopt a system of the most rigid economy, such as everybody else is doing in these days, and after careful, nonpartisan, and intelligent investigation endeavor to readjust our revenue system so that we may meet the necessary expenses of the Government as they arise, we can get along until the next election, which will bring again a Republican administration and good times.

Mr. KREIDER. Mr. Speaker, when President Wilson, on September 4, delivered his address at a joint session of the two Houses of Congress and asked that additional revenue be provided for the Government, and gave as a reason for this request the failure of sufficient customhouse receipts, I am sorry that he did not furnish us with a general statement of the receipts by the Government from all sources, as well as a statement of the disbursements of all kinds, so that we might have had a full and clear understanding of our financial standing; for I take it that the levying of additional taxes is a matter of such extreme importance that it should be given our most careful thought and consideration. We should have a free, full, and, if necessary, a prolonged discussion, and only as a last resort should we levy additional taxes.

OPPOSED TO BILL.

Mr. Speaker, I am opposed to this bill. I am opposed to the levying of extra taxes, thereby placing an unnecessary burden on the people. I wish it were possible to prevent the passage of this bill by this House. I wish it were possible to prevent its enactment into law, for it must be borne in mind that we are passing through an industrial depression caused largely by the laws we have already passed, and the greatest possible service this Congress can render to the country is to repeal about \$57,000,000 of extravagant, unnecessary, and reckless appropriations which we have already passed and then adjourn. If we do this, we will not need the revenue that it is proposed to raise by this war-tax measure.

The revenue laws now in force will produce sufficient revenue if we manage our affairs along business lines and avoid unnecessary and extravagant appropriations. On certain items we are able to make a considerable saving, especially on pensions and Panama Canal expenses. Last year we appropriated for pensions \$180,300,000, this year we appropriated for pensions \$169,150,000, making a saving on this item of \$11,150,000. Last year we appropriated for the Panama Canal \$34,826,941, this year we appropriated for the Panama Canal \$20,718,000, making a saving on this item of \$14,108,941, or a total saving on both items of \$25,238,941.

But we find when we count up the appropriations made by this Congress that the appropriations exceed last year's appropriations by \$31,803,082, which, if added to the saving on pensions and Panama Canal expenses, to which we have referred, makes a total excess appropriation of over \$57,000,000. These figures do not include the rivers and harbors bills of either year. The House passed the rivers and harbors bill, which is now in the Senate, which with amendments calls for appropriations of \$53,000,000; but thanks to the strenuous and successful opposition of the Republican Senators, led by Senators BURTON of Ohio and KENYON of Iowa, this is one instance where the Republican minority, after a most severe and determined fight, has been successful in curtailing Democratic extravagance. The appropriations in this bill will be cut down.

To this must be added the Democratic treaties with Colombia and Nicaragua, the former carrying an appropriation of \$25,000,000 and the latter \$3,000,000. In addition to these enumerated there are a large number of other bills pending, some of which have already passed the House, which carry appropriations amounting to about \$35,000,000; so that if all these bills are passed, your appropriations will be more than \$100,000,000 in excess of last year's appropriations. Would it not be better to cut out these appropriations which are really not necessary and practice a little economy, same as everyone else does under similar circumstances, instead of taxing the people? Had the President given instructions to the heads of the departments to economize instead of instructing Congress to levy taxes it would have been better.

Mr. Speaker, I want to show that the Democratic Party has received and disposed of a larger income since they are in power than the Republicans ever had to dispose of in a similar length of time. When President Wilson was inaugurated on March 4, 1913, a little over 18 months ago, there was a balance in the Treasury of \$149,335,777.78. To show the result of the fiscal year's business ending June 30, 1913, for which the Republicans were responsible, although they relinquished office on March 4, 1913, I will quote receipts and disbursements of the Government, which include all receipts and disbursements except that of the Post Office Department, which department showed a profit:

Total ordinary receipts for 1913 were.....	\$724, 111, 230
Total ordinary expenditures for 1913.....	682, 770, 706
Leaving a net balance to our credit of.....	41, 340, 524
Total ordinary receipts for 1914 were.....	734, 343, 701

DEMOCRATIC EXTRAVAGANCE.

This is an increase of ordinary receipts over the previous year's ordinary receipts of over \$10,000,000, and the previous year shows a credit balance under Republican management of over \$41,000,000, and now under Democratic management, with an increase of over \$10,000,000 in receipts, you come to Congress, 60 days after the close of the year, and demand that additional taxes be levied to raise money for the Government, when, as a matter of fact, had you practiced the same economy that the Republicans had practiced you would have a balance of over \$50,000,000 on hand.

The President stated that this tax is necessary because of the falling off of the revenue in the customhouses. We understood and you told us, when you passed the Underwood tariff bill, that you expected this falling off, and this was your excuse for passing the income-tax law, which you said was necessary to make up the deficit or falling off in customhouse receipts. And it did make up this loss, as the following figures will show. We collected at the customhouses for the year ending June 30—

1913.....	\$313, 891, 366
1914.....	292, 128, 528

Showing a shortage of..... 26, 762, 838

The income tax has produced about \$36,000,000, which is about \$10,000,000 more than was lost in the tariff revenue, which accounts for the \$10,000,000 increase in the ordinary receipts over the previous year to which I have referred. Of course the income from customhouse receipts this year will be less. Last year we had the benefit of the Payne law for three months, and the duty on wool for five months, as well as the sugar duty. Had the Underwood bill been in force for the entire year, even with the sugar duty that it carries about a year longer, the receipts would have been about \$26,000,000 less, and on the same volume of receipts next year it will be so much less, and when the duty on sugar goes off in a little over a year from now you will lose about \$40,000,000 more; and should the country be so unfortunate as to have the Democratic Party in control at that time, you must then pass some legislation to raise revenue, but such legislation is not needed now.

GOVERNMENT DEPOSITS.

When the President delivered his address on September 4 there was a balance in the Treasury of \$122,843,190, of which \$75,000,000 was deposited in national banks on call. It is a splendid thing for the Government to deposit funds in the banks to assist in moving crops, and so forth; and when you did this you only followed the Republican policy, but the difference is when the Government needed the money the Republicans withdrew it gradually as the Government needed it, but you Democrats are going to tax the people in order to keep it in the banks and tell us that if you withdraw it, it might disturb business by its withdrawal. I fail to see why the drawing of \$100,000,000 from the pockets of the people is preferable to the drawing of \$75,000,000 from the vaults of the banks.

NEW TARIFF BILL CAUSE OF TROUBLE.

Mr. Speaker, the real trouble is caused by the Democratic so-called "competitive" tariff bill passed by this Congress. Not only because it has proven a failure as a revenue producer, but rather because it has opened our markets to the manufacturers of the world and has resulted in increased importations of foreign merchandise, which in turn is responsible for the industrial depression which we are now experiencing. It was supposed that this bill would reduce the high cost of living. In this it also failed.

Mr. Speaker, there is another point in which it has failed which I consider of most extreme importance, to which I wish to call the attention of this House.

BALANCE OF TRADE.

It has affected our balance of trade adversely. Before the enactment of the present tariff law you told us that if we expect to increase our foreign business we must reciprocate by buying foreign goods, and that the present tariff law prevented the importation of these goods; but if this tariff law was removed and lower duty imposed, so that foreigners could sell more goods here, they would then buy from us in much larger quantities and that new markets would be opened to us.

Now, let us see what has happened and compare the results of the Payne law with the competitive tariff:

In 1911 our exports exceeded our imports.....	\$522, 094, 094
In 1912 our exports exceeded our imports.....	551, 057, 475
In 1913 our exports exceeded our imports.....	652, 875, 915
In 1914 our exports exceeded our imports.....	470, 457, 375

And in November, 1912, the very month in which the Democratic Party was successful at the polls, we imported merchandise amounting to \$153,094,898, and during the same month we sold abroad merchandise aggregating \$279,244,191, leaving a balance of trade in our favor for that month alone of \$126,149,293. It seems to me that these figures would convince any fair and open minded person that it is not necessary to buy abroad in order to sell abroad. You will notice the effect of the Underwood tariff bill in the figures of 1914. You will notice that our trade balance fell off over \$182,000,000 as compared with the previous year, due entirely to the "competitive" tariff; whereas, as you will also notice, that under the Payne law this balance had gradually increased year after year.

The falling off as shown in the figures of 1914 continued month after month, growing less and less, until in the month of April we find a balance of trade against us amounting to \$11,339,544, and this balance of trade has continued against us every month since that time. You will notice that these figures represent the conditions of trade when there was no thought of war in Europe. If these figures do not convince fair-minded persons of the utter failure of the Democratic Underwood tariff bill, I do not know what would convince them.

This bill has not opened up to us the markets of a single country that was not opened to us before the passage of the bill, but it has surrendered our markets to foreign countries; so that, aside from the loss of revenue for the Government, it has been far more harmful in that it caused and is directly responsible for the terrible depression of the manufacturing interests and the desperate condition of the wage earners, and it has resulted in turning the balance of trade against us.

It is indeed discouraging to look forward to the time when our year's bill must be squared, when we have no trade balance in our favor. Let us hope that, even though it be caused by the unfortunate war and conditions of foreign countries, we may succeed in exporting more goods and importing less, and again turn the balance of trade in our favor. Otherwise we will have a tremendous bill to settle. There have been, no doubt on account of the foreign war, turned back to us possibly \$200,000,000 of stocks and bonds; we must pay out possibly \$200,000,000 more for ocean freight carried in foreign bottoms. We have an interest account to settle on stocks and bonds held by foreigners, which will require possibly \$200,000,000 more. The American tourists in foreign countries have spent fully

\$100,000,000. All of these obligations must be paid in gold or its equivalent. If the President is fearful that the withdrawal of \$75,000,000 from the vaults of the national banks, which money would be put immediately in circulation again in this country, will disturb business and affect the banks, what does he think will happen when from \$600,000,000 to \$700,000,000 in gold must leave the country in payment of our foreign debts?

It is certainly high time, and far more essential and important, that we should be concerned about this trade balance and the general depressed condition of the country than in levying additional taxes to provide funds to take care of the excessive, unprecedented, and extravagant appropriations made by this Congress, which have broken all previous records.

Mr. PAYNE. Mr. Speaker, I yield to the gentleman from Oregon [Mr. SINNOTT].

Mr. SINNOTT. Mr. Speaker, this war-tax measure before the House has necessarily focused attention upon the Underwood tariff bill. Under the Democratic gag law under which we are working, and under which I am now speaking, it will be impossible for me to pay attention to but one feature of the Underwood bill as it affects my State, the Pacific coast, and Northern States.

Mr. Speaker, the Underwood bill was brought before the House when I was but a juvenile, a freshman Member, when I had served but a few days in the House. On first glancing at that bill I noticed that cotton ties and cotton bagging were on the free list. I glanced down toward wool sacks and wool bagging and wheat sacks, and I noticed that they were not on the free list. I thought for a while, in my simple juvenile innocence, that this was an oversight, an inadvertence, that it would surely be corrected by our Democratic friends as soon as their attention was called to this seemingly careless omission of free wheat sacks; so I, like "innocence abroad," offered an amendment to put wheat sacks on the free list. Being artless and unsophisticated, I supposed, of course, that my amendment would carry. I saw myself making campaign thunder for my campaign in Oregon and on the coast, but alas! to my great dismay my amendment was defeated. Why was it defeated, Mr. Speaker? Why was the duty left on wheat sacks and wool bagging, while cotton bagging and cotton ties were placed on the free list? Mr. Speaker, I hold in my hand a campaign document, the campaign book issued by Mr. UNDERWOOD, the majority leader, in his senatorial campaign in Alabama last spring. It is headed:

"Democratic senatorial campaign. 'The issue and the facts. 'The man of the hour,' OSCAR W. UNDERWOOD, statesman, Democrat."

On the bottom of the first page is this quotation from the Bible:

"And ye shall know the truth, and the truth shall make you free."

[Applause on the Republican side.]

And he gave them free cotton bagging and ties! [Applause on the Republican side.] On page 13 of Mr. UNDERWOOD's campaign book in that memorable campaign against Mr. HOBSON he shows the saving to the cotton growers, his constituents and party friends, to be over \$5,000,000 on account of free cotton bagging. Again, I call the attention of the House to page 35 of this campaign book, under the heading of "The mantle of Ananias," where he says:

"One of the innumerable conscious misrepresentations of R. P. HOBSON is with reference to the tariff tax on"—

And then, in large, heavy type—"bagging and cotton ties. This is disposed of by Mr. UNDERWOOD's speech at Collinsville."

Here is the speech quoted:

"Capt. HOBSON charges I took the tax off of whisky and put it on cotton bagging and cotton ties to tax the farmers."

And again, this line in heavy type:

"That statement is as false as any ever made in the history of mankind. The exact opposite is true. We did not change the tax on liquor, but I did put cotton bagging and ties on the free list."

[Laughter and applause on the Republican side.]

Gentlemen, would that I could return to Oregon and say that I put wool bagging and wheat sacks on the free list. [Applause on the Republican side.] He says further in his speech:

"The records will sustain me in this statement. Why any sane man, knowing the record as Capt. HOBSON does, dares to make such a statement contrary to the facts I can not understand. The facts are that when we tried to pass the free list containing cotton bagging and ties over President Taff's veto, Capt. HOBSON was absent and did not vote."

I will have to skip down to the part where again in heavy letters he states:

"The item putting cotton bagging and ties on the free list is in the bill that is now a law."

Yes, Mr. Speaker; the item is in the Underwood bill. Free wheat sacks and free wool bagging denied to the North and the West; free cotton bagging and free cotton ties given to the constituents of the gentleman from Alabama for campaign thunder and campaign arguments in a senatorial contest in Alabama account, Mr. Speaker, for five or six million dollars of deficit in our revenue, which we must now supply with a war tax. [Applause on the Republican side.]

Again referring to the front page of this campaign book of our senatorial candidate in Alabama, "the man of the hour," OSCAR W. UNDERWOOD, I read:

"And ye shall know the truth, and the truth shall make you free." (St. John viii, 32.)

Yes; free from Democratic tariff discrimination against the North and the West.

I desire to cite another example of free-trade inconsistency and discrimination against the West practiced by our free-trade friends. I shall read from the CONGRESSIONAL RECORD of March 27, 1914, on page 5623, from the remarks of the author of the bill to repeal free tolls on the Panama Canal, Mr. SIMS of Tennessee, who endeavored unsuccessfully to conceal his desire for protection for the timber of his State, his free-trade inconsistency, and discrimination against the West behind the bogie man of the Lumber Trust and the Weyerhaeuser interests:

"Mr. SIMS. * * * Now, you southern people that are interested in forest products, that are interested in the value of lumber on the east and Gulf coasts, if you give the Lumber Trust, the Weyerhaeuser interests of the West, free passage through that canal, lumber on the Gulf and Atlantic coasts will go down from \$3 to \$5 a thousand. It will affect the price of lumber back from the coast for 500 miles. Yet gentlemen who represent a subsidized and protected monopolistic interest are willing to do it, even if they destroy or damage their own particular industry.

"In the hearings before the Interstate Commerce Commission Mr. Walker, representing the hardwood-lumber interests of the South, said distinctly that even now lumber from Washington is invading southern hardwood markets on the Gulf and Atlantic coasts. Now, you can see why the gentleman from Washington [Mr. HUMPHREY] stands where he does. If you give these Weyerhaeusers the privilege—

"Mr. COOPER. Will the gentleman yield?

"The SPEAKER. Does the gentleman from Tennessee yield to the gentleman from Wisconsin?

"Mr. SIMS. Certainly; if he is not a subsidist.

"Mr. COOPER. Do I understand that the gentleman is opposed to having western lumber compete with southern lumber?

"Mr. SIMS. Oh, no; but I am trying to show you what a very foolish thing it is to give the Weyerhaeusers the free use of a Government facility, paid for by the taxes of the people, when to do so reduces the value of the property of millions who pay these taxes.

"Mr. COOPER. You are trying to protect the South against the competition of the West.

"Mr. SIMS. I am trying to show the people in the southern hardwood country the folly of doing something which will reduce the price of their own products and to submit to being taxed in order to do it."

How cunningly our free-trade friend Mr. SIMS pleads for protection for the timber of Tennessee against the Pacific coast product. He wants his protection in the guise of tolls at the Panama Canal.

Again I read the Biblical quotation from Majority Leader UNDERWOOD's senatorial campaign book, which I hold in my hand:

"And ye shall know the truth, and the truth shall make you free." (St. John viii, 32.)

The voters will know the truth at the November elections, and we shall be free from sectional favoritism in congressional legislation.

Mr. PAYNE. Mr. Speaker, I yield to the gentleman from North Dakota [Mr. NORTON]. [Applause.]

Mr. NORTON. Mr. Speaker, President Wilson, in his message delivered to the Congress on the 4th of this month asking and urging Congress to provide additional revenue for the Government, assured us in clear-sounding phrases that the request was made by him with deepest regret, but that the necessity for further legislation to provide additional revenue was occasioned by the rapid falling off of the revenue under existing laws and prevailing conditions.

He cited to us the fact that there was a falling off in revenues collected in customs during the month of August amounting to \$10,629,538, and he maintained that while the Treasury could, no doubt, get along for some time without any immediate resort to new sources of revenue, it would cause inconvenience, depression, and confusion of business to withdraw, to pay the running expenses of the Government, any of the approximately

\$75,000,000 of the general funds of the Government deposited on call with the national banks in different parts of the country.

The falling off of the revenues, the President further says, "is due in chief part not to the reduction recently made in tariff duties but to the great decrease in importations." The President seems to have in mind that some one might have a suspicion that the falling off in revenue was in part due to the reduction recently made in the customs duties. As usual he gives no facts and cites no authority from which his conclusion is drawn. In his message he treats this whole subject in glittering generalities and with studied and pleasing phraseology.

The gist of his message, however, is that the present Democratic administration needs more money to pile up in the Treasury and in favored banks and to meet its extravagant expenditures. His conclusion is that under present conditions the easiest way to get this money is to take it out of the pockets of the people who toil on the farms, in the factories, and in the shops of the land.

The usual Democratic recourse to a bond issue to secure money to carry on the business of the country has been cast aside at this time, for, as the President says, the business of the country is in such condition that "the offering for sale of bonds would make an untimely demand on the money market, as this is manifestly not the time to withdraw working capital from other uses to pay the Government's bills."

"Draw it from the pockets of the people, not from the banks or the business of the country," seems to be the President's direction. Get the money and get it "so that it will begin to yield at once and in certain and constant flow," his message urges.

For many months business throughout the country has been in a very bad way. More men have been idle and seeking jobs than for many years. Whether this is due largely to the inefficiency of the present administration to conduct the Government safely and hold the confidence of those engaged in business, or whether it is due to the European war—which is now the Democratic stock excuse for all their blunders and mistakes—need here take no time for discussion. This fact is clear, however, that the country is in the throes of hard times. The fact, too, is that the customs revenues of the Government have not only fallen off, as the President has said, in August, but have been falling off for several months past.

The Underwood tariff bill has already, like other Democratic measures of its kind, proven to be a flat failure as a producer of sufficient revenue and as a means of reducing the high cost of living. For many months the working people of this country have had to deal with the existing business depression. They have been obliged to economize and curtail expenses in every possible way. In view of the protestations made in the past by the party now in power it might be expected that some of its preachments of economy would be put into practice at this time.

This is one of the planks of the Baltimore platform, on which the present administration rode into power:

We denounce the profligate waste of the money wrung from the people by oppressive taxation through the lavish appropriations of recent Republican Congresses, which have kept taxes high and reduced the purchasing power of the people's toil. We demand a return to that

simplicity and economy which befits a democratic government and a reduction in the number of useless offices, the salaries of which drain the substance of the people.

How inconsistent have been the practices of the party since it has come into power! With the Democratic Party in full power and the South in the saddle, the party has shown its inability to manage the country. This Congress has been more reckless and more extravagant in its appropriations and expenditures than any Congress in the history of the country.

The table below, prepared by the clerks of the Committees on Appropriations of the House and Senate, give a chronological history of the appropriations made for the fiscal years 1914 and 1915.

The appropriations made for the fiscal year 1914 aggregated \$1,057,605,694.40, not including the amount carried by the river and harbor act approved March 4, 1913, and which appropriated \$41,073,094 and authorized contracts in addition amounting to \$6,795,000.

The amount already appropriated by this Congress for the fiscal year 1915, not including the amount carried in the river and harbor bill, is \$1,089,408,777.26, which is \$31,803,082.86 more than appropriated by the last session of the Sixty-second Congress for the fiscal year 1914. The good Lord Himself only knows what the appropriations carried by the river and harbor bill this session would be if it were not for the long and hard-fought opposition made by Republican Members of the House and Senate to the outrageous expenditure proposed in this bill. When it is recalled and taken into account that the pension bill enacted by this session carries \$11,150,000 less than the pension bill for the fiscal year 1914 the extravagant appropriations made by this session become more apparent.

Showing the disregard of economy that has been evidenced by the different departments of the Government and the growing tendency to extravagant use of Government funds is the fact that the Executive at the beginning of the session and at different times since has submitted estimates for appropriations for the fiscal year 1915 amounting to \$1,112,415,382.02. These estimates exceed by \$23,006,604.76 the extravagant total appropriations that have been made.

Where economy has been exercised in any of the appropriation bills it has been largely due to the efforts made by this side, or by individual members of the Republican Party. The defeat in the Senate of the river and harbor "pork-barrel" bill, saving to the taxpayers of the country between thirty and forty million dollars, was due not to the President nor to any of the proponents of the bill or of the Underwood tariff bill, but to the persistent work of Republican Members of the House and of the Senate and to the response from the country, which was awakened to the further attempted extravagances of the present majority in Congress.

There really is no necessity for this additional tax on the people if a sensible economy in the management of the Government appropriations and expenditures is practiced at this time as the conditions of this country and the conditions in the world at large warrant.

Chronological history of appropriation bills, second session of the Sixty-third Congress, estimates and appropriations for the fiscal year 1914-15, and appropriations for the fiscal year 1913-14.

Title.	Estimates, 1915.	Reported to the House.		Passed the House.		Reported to the Senate.		Passed the Senate.		Law, 1914-15.		Law, 1913-14.
		Date.	Amount.	Date.	Amount.	Date.	Amount.	Date.	Amount.	Date.	Amount.	Amount.
Agriculture...	\$19,061,332.00	1914.		1914.		1914.		1914.		1914.		
		Feb. 20	\$18,947,232.00	Mar. 14	\$18,988,232.00	Apr. 16	\$19,511,302.00	May 23	\$20,089,012.00	June 30	\$19,865,832.00	\$17,986,945.00
Army.....	104,947,758.65	Feb. 16	94,194,277.16	Feb. 28	94,190,577.16	Mar. 21	101,815,583.35	Mar. 28	101,730,118.50	Apr. 27	101,019,212.50	94,266,145.51
Diplomatic and Consular.....	4,447,042.66	Apr. 17	4,483,702.66	May 16	4,455,852.66	June 12	4,359,986.66	June 16	4,366,086.66	June 30	4,309,856.66	3,730,642.66
	District of Columbia ¹	14,491,614.49	Dec. 15	11,465,480.49	Jan. 12	11,436,150.49	Mar. 6	13,137,256.49	Mar. 13	13,137,456.49	July 21	12,172,539.49
Fortification..	9,124,399.40	Jan. 23	5,175,200.00	Jan. 29	5,175,200.00	Feb. 6	6,895,200.00	Feb. 9	6,895,200.00	June 27	5,627,700.00	5,218,250.00
	Indian.....	10,208,865.06	Jan. 28	8,661,737.82	Feb. 20	8,661,737.82	May 15	10,787,577.76	June 24	10,800,763.76	Aug. 1	9,771,902.76
Legislative, etc.....	39,584,709.70	Apr. 1	36,449,169.70	Apr. 17	36,532,109.70	May 25	37,238,278.70	June 15	37,841,158.70	July 16	37,630,229.70	35,172,431.50
Military Academy.....	1,052,875.61	Feb. 23	988,289.75	Feb. 28	988,289.75	Mar. 21	1,009,199.54	Mar. 28	1,009,099.54	Apr. 15	997,899.54	1,099,302.87
Navy.....	144,417,453.53	Feb. 28	139,964,333.61	May 7	139,808,333.61	May 14	140,990,833.61	June 2	141,164,433.61	June 30	* 144,868,716.61	140,800,643.53
Pension.....	169,150,000.00	Apr. 1	169,150,000.00	May 9	169,150,000.00	June 8	169,150,000.00	June 16	169,150,000.00	June 20	169,150,000.00	180,300,000.00
Post Office.....	206,953,117.00	Jan. 12	306,952,867.00	Jan. 24	307,013,867.00	Feb. 18	310,652,267.00	Feb. 28	311,772,067.00	Mar. 9	313,364,667.00	285,376,271.00
River and harbor.....	(24,266,395.00)	Feb. 24	(39,221,504.00)	Mar. 26	(39,408,004.00)	July 18	(43,330,404.00)				(8)	(41,073,094.00)
Sundry civil.....	7,119,779,896.83	June 4	107,694,009.28	June 25	107,944,209.28	July 6	111,411,159.06	July 8	112,269,138.56	Aug. 1	* 110,070,227.39	* 116,795,327.01
Total.....	943,218,975.02		904,126,899.47		904,344,559.47		926,958,644.17		930,224,534.82		928,848,783.65	901,616,520.75

[For footnotes see next page.]

Chronological history of appropriation bills, second session of the Sixty-third Congress, estimates and appropriations for the fiscal year 1914-15, and appropriations for the fiscal year 1913-14—Continued.

Title	Estimates, 1915.	Reported to the House.		Passed the House.		Reported to the Senate.		Passed the Senate.		Law, 1914-15.		Law, 1913-14.
		Date.	Amount.	Date.	Amount.	Date.	Amount.	Date.	Amount.	Date.	Amount.	
Urgent deficiency.....	\$25,000,000.00	1914. Feb. 19	\$9,639,397.79	1914. Feb. 26	\$9,754,068.59	1914. Mar. 17	\$10,843,321.98	1914. Mar. 18	\$10,850,821.98	1914. Apr. 6	\$10,626,825.54	\$28,074,912.31
Deficiency, 1914 and prior years.....		May 13	6,770,632.24	May 21	6,835,632.24	May 22	6,835,632.24	May 22	6,835,632.24	May 25	6,835,632.24	
Total.....		July 10	4,585,584.08	July 15	4,594,485.08	July 17	6,079,900.00	July 18	6,318,184.95	July 29	5,901,128.83	
Miscellaneous.....	968,218,975.02		25,126,513.58		25,528,745.38		950,717,498.39		954,229,173.99		952,212,370.26	929,591,433.06
Total regular annual appropriations	981,218,975.02										958,212,370.26	930,080,030.28
Permanent annual appropriations	131,196,407.00										131,196,407.00	127,525,664.12
Grand total, regular and permanent annual appropriations	1,112,415,382.02										1,089,408,777.26	1,057,605,694.40

Amount of estimated revenues for fiscal year 1915..... \$728,000,000
 Amount of estimated postal revenues for fiscal year 1915..... 308,000,000
 Total of estimated revenues for fiscal year 1915..... 1,036,000,000

- ¹ One-half of the amounts for the District of Columbia payable by the United States, except amounts for the water department (estimated for 1915 at \$136,860), which are payable from the revenues of the water department.
- ² Includes \$4,635,000 out of proceeds of sale of battleships *Idaho* and *Mississippi*.
- ³ Includes all expenses of the Postal Service payable from postal revenues and out of the Treasury.
- ⁴ No river and harbor act having become a law, the amount of the estimates, the dates and amounts of the bill in its several stages of consideration up to this time, and the amount of the last law are shown (in parentheses) in order to preserve their history, but none of the amounts are included in the totals stated herein.
- ⁵ No river and harbor act has become a law at this session, but the sum of \$6,988,500 is appropriated in the sundry civil act to carry out contracts heretofore authorized for river and harbor improvements.
- ⁶ The sum of \$10,045,795 was appropriated in the sundry civil act to carry out contracts authorized by law for river and harbor improvements for 1914.
- ⁷ This amount includes \$7,217,500 to carry out contracts authorized by law for river and harbor improvements and \$28,326,985 for construction and fortification of the Panama Canal for 1915, and is exclusive of \$6,506,221 carried under "Miscellaneous."
- ⁸ This amount includes \$6,988,500 to carry out contracts authorized by law for river and harbor improvements and \$21,842,475 for construction and fortification of the Panama Canal for 1915.
- ⁹ This amount includes \$10,045,795 to carry out contracts authorized by law for river and harbor improvements and \$21,135,393 for construction and fortification of the Panama Canal for 1914.
- ¹⁰ This amount is approximated.
- ¹¹ This is the amount submitted by the Secretary of the Treasury in the annual estimates for the fiscal year 1915, the exact amount appropriated not being ascertainable until two years after the close of the fiscal year. This amount includes estimated amount of \$60,717,000 to meet sinking-fund obligations for 1915.
- ¹² In addition to this amount contracts are authorized to be entered into, subject to future appropriations by Congress, as follows: By the fortification act, \$600,000; by the naval act, \$26,650,000; by the sundry civil act, \$810,000; in all, \$28,060,000.
- ¹³ In addition to this amount contracts are authorized to be entered into, subject to future appropriations by Congress, as follows: By the Army act, \$150,000; by the District of Columbia act, \$1,615,000; by the fortification act, \$300,000; by the naval act, \$21,296,524; by the river and harbor act, \$6,795,800; by the public buildings act, \$38,347,850 (exclusive of \$8,161,000 for authorizations without contracts, etc.); in all, \$68,505,174.

This statement from the Department of Commerce shows that while the customs receipts under the Underwood bill have been much less than under the Payne bill, the combined customs receipts and ordinary receipts have been and are now sufficient to meet all reasonable, necessary, and economical expenditures of the Government:

Customs revenue and total ordinary receipts for the fiscal years 1912, 1913, 1914, and 1915 to date.

CUSTOMS REVENUE.				
Month.	1912	1913	1914	1915
July.....	\$23,404,502.50	\$28,136,502.27	\$27,806,654.54	\$22,988,465.04
August.....	25,952,466.21	30,205,331.96	30,994,952.44	19,431,362.52
September.....	24,746,309.77	27,475,127.85	26,794,494.25	
October.....	25,757,036.40	30,216,824.02	30,138,049.37	
November.....	24,704,345.15	25,666,353.25	21,173,627.85	
December.....	24,587,327.25	24,248,161.30	21,510,139.99	
January.....	24,654,652.30	29,334,124.09	23,528,079.83	
February.....	26,337,528.23	27,605,115.83	17,609,603.70	
March.....	30,408,561.39	27,457,489.20	25,927,212.90	
April.....	26,184,467.79	23,693,966.76	22,232,766.57	
May.....	26,578,973.14	20,434,749.21	20,800,573.25	
June.....	28,065,501.99	24,417,650.12	23,672,372.94	
Total.....	311,321,672.22	318,891,395.86	292,128,527.63	42,419,827.56

TOTAL ORDINARY RECEIPTS.				
Month.	1912	1913	1914	1915
July.....	\$52,085,061.76	\$59,536,333.50	\$60,231,524.12	\$73,224,173.55
August.....	54,803,682.82	60,205,002.32	61,600,197.16	51,072,898.30
September.....	56,335,353.09	55,682,556.08	56,073,397.05	
October.....	56,054,411.33	64,469,504.07	64,196,633.15	
November.....	56,588,831.93	59,069,393.94	55,515,132.92	
December.....	53,749,605.62	55,821,538.88	53,152,435.89	
January.....	52,461,711.56	60,542,363.45	53,977,886.39	
February.....	53,932,609.01	54,803,419.47	43,633,857.33	
March.....	59,296,026.64	56,720,083.57	54,803,890.84	
April.....	53,305,711.82	53,452,556.72	50,488,806.53	
May.....	58,369,952.26	55,370,363.84	55,389,211.77	
June.....	84,795,507.53	88,438,114.00	125,280,727.05	
Total.....	691,778,465.37	724,111,229.84	734,343,700.20	124,297,071.85

I have here a statement giving the customs receipts by months for the years 1911, 1912, 1913, and up to September 1, 1914:

Duties collected from customs, by months, from January, 1911, to August, 1914, inclusive.

Year.	Month.	Duties collected.
1911.....	January.....	\$24,293,336.53
	February.....	25,219,082.29
	March.....	30,108,417.99
	April.....	23,658,705.89
	May.....	24,073,286.02
	June.....	24,358,275.26
	July.....	23,404,502.50
	August.....	25,952,466.21
	September.....	24,746,309.77
	October.....	25,757,036.40
	November.....	24,704,345.15
	December.....	24,587,327.25
1912.....	January.....	24,654,652.30
	February.....	26,337,528.23
	March.....	30,408,561.39
	April.....	26,184,467.79
	May.....	26,578,973.14
	June.....	28,065,501.99
	July.....	28,136,502.27
	August.....	30,205,331.96
	September.....	27,475,127.85
	October.....	30,216,824.02
	November.....	25,666,353.25
	December.....	24,248,161.30
1913.....	January.....	29,334,124.09
	February.....	27,605,115.83
	March.....	27,457,489.20
	April.....	23,693,966.76
	May.....	20,434,749.21
	June.....	23,668,598.63
	July.....	27,806,654.54
	August.....	30,934,952.44
	September.....	26,794,494.25
	October.....	30,138,049.37
	November.....	21,173,627.85
	December.....	21,510,139.99
1914.....	January.....	17,609,603.70
	February.....	25,927,212.90
	March.....	22,232,766.57
	April.....	20,800,573.25
	May.....	23,672,372.94
	June.....	
	July.....	
	August.....	

This shows that the falling off in customs receipts in February, 1914, as compared with February, 1913, was greater than the falling off of receipts in August, 1914, as compared with August, 1913.

Much of the real cause of the troubled business condition in the country and the hard times prevailing may be found in the following table showing our imports and exports of merchandise for the years 1912, 1913, and 1914:

Imports and exports of merchandise, by months.

Months.	Imports.				Exports.			Excess of—	
	Free of duty.	Dutiable.	Total.	Per cent of free.	Domestic.	Foreign.	Total.	Imports.	Exports.
1912—January.....	\$80,489,225	\$73,097,183	\$143,586,408	56.1	\$200,042,367	\$2,403,906	\$202,446,273		\$58,859,865
February.....	70,854,771	63,333,667	134,188,438	52.8	196,836,787	2,007,539	198,844,326		64,655,893
March.....	80,939,284	76,637,754	157,577,038	51.4	202,491,847	2,919,015	205,411,462		47,834,424
April.....	88,713,339	73,857,820	162,571,159	54.6	176,159,441	3,140,901	179,300,342		16,729,183
May.....	84,475,481	71,222,405	155,697,886	54.3	171,204,137	4,085,921	175,390,058		19,682,172
June.....	66,698,563	64,332,234	131,030,797	50.9	133,682,197	4,551,545	138,233,742		7,202,945
July.....	77,130,205	71,536,533	148,666,738	51.9	146,166,703	2,718,632	148,885,335		218,617
August.....	84,068,025	70,688,745	154,756,770	54.4	165,103,787	2,741,084	167,844,871		13,088,101
September.....	76,523,920	68,295,573	144,819,493	52.8	196,908,711	2,769,351	199,678,062		54,858,569
October.....	102,711,717	75,276,269	177,987,986	57.7	251,587,995	3,045,509	254,633,504		76,945,515
November.....	89,688,024	63,406,874	153,094,898	58.6	275,077,667	3,166,524	278,244,191		125,149,263
December.....	90,051,367	64,044,077	154,095,444	58.4	247,344,417	2,971,390	250,315,807		96,220,363
Total, 12 months.....	992,343,921	825,729,134	1,818,073,055	54.6	2,362,696,056	36,521,937	2,399,217,993		581,144,938
1913—January.....	90,413,718	72,649,720	163,063,438	55.3	224,272,058	2,760,872	227,032,930		63,969,492
February.....	80,101,323	69,812,595	149,913,918	53.4	191,136,844	2,861,098	193,996,942		44,083,024
March.....	84,216,033	71,229,465	155,445,498	54.2	183,446,790	3,979,921	187,426,711		31,981,213
April.....	76,826,345	69,368,116	146,194,461	52.6	196,233,706	3,579,732	199,813,438		53,618,977
May.....	69,006,928	64,716,785	133,723,713	51.6	191,035,800	3,551,622	194,607,422		60,883,709
June.....	66,786,557	64,459,320	131,245,877	50.9	160,172,880	3,232,036	163,404,916		32,159,039
July.....	71,806,155	67,255,615	139,061,770	51.6	158,173,653	2,817,125	161,000,778		21,929,008
August.....	70,062,817	67,538,736	137,601,553	50.8	185,114,273	2,794,747	187,909,020		50,257,467
September.....	92,031,627	79,053,216	171,084,843	53.8	215,817,627	2,422,374	218,240,001		47,155,158
October.....	81,553,889	51,395,413	132,949,302	61.4	269,003,434	2,854,030	271,867,464		138,912,162
November.....	91,498,137	56,738,399	148,236,536	61.7	243,375,068	2,163,974	245,539,042		97,302,506
December.....	117,547,218	66,478,353	184,025,571	63.9	230,483,344	2,712,284	233,195,628		49,170,057
Total, 12 months.....	991,850,747	800,745,733	1,792,596,480	55.3	2,448,284,477	35,733,815	2,484,018,292		601,421,812
1914—January.....	94,511,619	60,231,304	154,742,923	61.1	201,609,006	2,457,597	204,066,603		49,323,680
February.....	92,471,968	55,572,808	148,044,776	62.5	171,605,138	2,315,007	173,920,145		25,875,369
March.....	111,644,978	70,910,326	182,555,304	61.2	183,934,601	3,564,633	187,499,234		4,943,930
April.....	107,779,852	65,932,262	173,762,114	62.0	158,969,703	3,582,867	162,552,570	\$11,209,544	
May.....	103,148,377	61,133,138	164,281,515	62.8	157,492,718	4,239,901	161,732,619	2,548,896	
June.....	93,446,062	64,083,388	157,529,450	59.4	154,105,460	2,966,534	157,072,044	457,406	
July.....	94,585,449	65,091,842	159,677,291	59.2	150,959,659	3,179,288	154,138,947	5,538,344	
August.....	79,925,410	49,474,036	129,399,496		108,198,262	2,170,852	110,369,114	19,030,382	
Twelve months ending Dec. 31	1908.....	504,644,541	611,729,546	1,116,374,037	45.2	1,728,670,188	24,165,259	1,752,835,447	636,461,369
1909.....	699,714,958	775,805,768	1,475,520,724	47.4	1,700,721,985	27,476,660	1,728,198,645	252,677,921	
1910.....	769,426,798	793,477,353	1,562,904,151	49.2	1,829,022,929	37,235,975	1,866,258,904	303,354,753	
1911.....	794,444,253	737,914,995	1,532,359,160	51.8	2,053,413,224	34,113,522	2,092,526,746	560,167,586	
1912.....	992,343,921	825,729,134	1,818,073,055	54.6	2,362,696,056	36,521,937	2,399,217,993	581,144,938	
1913.....	991,850,747	800,745,733	1,792,596,480	55.3	2,448,284,477	35,733,815	2,484,018,292	601,421,812	

This shows clearly that there has been a constant falling off in our balance of trade since the enactment of our present tariff law until now; and since April of this year, for the first time in 16 years, the balance of trade is against us. In October, 1913, our exports exceeded our imports by \$138,912,162. In August, 1914, our imports exceeded our exports by \$19,030,382. This accounts for the drain of millions of gold from this country to Europe as well as for many of our idle factories and workshops.

What our people need now is a lessening rather than an adding to their tax burdens. I am confident that there is no one in this Chamber but realizes deep down in his heart that with any reasonable economy in Government appropriations there would be no necessity for this tax at this time. When the people of this country are given the opportunity to right and readjust themselves and to again adopt a policy of government and legislation that will bring about a balance of trade in our favor, and under which the exports of our manufactured products will increase rather than decrease from month to month, all will be well. Then there will be no talk or discussion of a war-tax measure like this at a time when we are at peace with the whole world. [Applause on the Republican side.] No defense in reason can be made to the "gag" rule under which this bill has been brought into the House and under which it is now being considered. Under the rule not a single amendment to the bill can even be offered. The introduction of such an almost unheard-of rule by the majority on a measure of this kind is a plain admission that a free discussion of the different items of the bill is feared by its authors. The gentleman from Oregon [Mr. SIKKOT], who has preceded me on the floor, explained somewhat how cotton bagging and cotton ties were placed on the free list in the Underwood tariff bill, while in the same bill a duty was placed on wheat sacks and wool bags, and made clear the prominent part free cotton bagging and free cotton ties played in the recent senatorial campaign in Alabama. In examining this bill I have been unable to discover any good reason why California wines should be so heavily taxed and Kentucky whisky should escape any additional tax. Doubtless the authors

of the bill have a reason which has not yet been clearly disclosed to the House.

The tax on gasoline provided for in this bill will lay a heavy burden of taxation on many families in the Northwest, where gasoline is so generally used in the household and for the operation of farm machinery. If in an emergency and under an economical and careful administration of the affairs of the Government such a tax as this were actually needed to meet the necessary expenses of the Government, our people, who are the most generous and patriotic people in all the world, would cheerfully pay it. But when there has not been shown any real necessity for the additional tax at this time and when extravagant appropriations and inefficient management of the Government have given rise to the legislation before us, it should be opposed by every citizen, irrespective of what his party affiliations may be. I trust that an aroused public will bring its influence to bear to defeat this unnecessary legislation as it assisted in the defeat of the indefensible appropriations that were proposed in the river and harbor bill. [Applause on the Republican side.]

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Ohio [Mr. CROSSER].

Mr. CROSSER. Mr. Speaker, because of the great war now raging in Europe the amount of goods imported into this country is much less than usual, and, consequently, the amount of money which is collected as duties on goods shipped into this country is very much less than usual. The receipts of the Government are, therefore, not sufficient to pay the expenses. On account of this fact the President has recommended to Congress the passage of a war-tax law, which will provide an amount of money sufficient to make up the shortage in receipts which has been caused by the decrease in importations.

It is not a pleasant task at any time to levy taxes such as are proposed by the pending bill. Nevertheless, if such a tax be necessary in order to provide money to carry on the Government, then every courageous, broad-minded Member of this House, of

whatever party, should support the bill, and every person who has the country's best interest at heart will approve the action of the House in passing such a law.

I say that it is unfortunate that it has become necessary on account of the great European war to pass a war-tax bill. However, though we are not at war with any other nation of the world, yet the war that is now raging in Europe is so great in its proportions that it has seriously affected the trade of this and every other country in the world, because ships of commerce dare not sail the seas.

Yes, it is unfortunate that because of war in another part of the world we must pass this emergency war tax, but how much worse, how much more unfortunate it would be if we were compelled to levy a war tax because of a war in which this country itself were engaged.

The fact that this great Nation is at peace with all the world and is free from strife is something for which every citizen of this country should rejoice and be thankful. And yet if some of the so-called leaders of the opposition party could have had their way during the last year this country would no doubt be embroiled in one of the bloodiest and most disastrous wars in its history. When the present administration came into power it found the so-called Mexican problem on its hands. A state of revolution existed throughout all of Mexico. President Madero, of Mexico, had been murdered, and Gen. Huerta at once set himself up as dictator. The United States Government, with President Wilson at its head, refused to recognize Huerta as President of the Republic of Mexico. We declared that a Government which had secured its power by murder would not be recognized as a Government by the United States.

For taking this stand President Wilson, Secretary Bryan, and those of us in Congress who supported this policy were severely denounced and sneered at by those whose chief concern is to place themselves in power, regardless of how well the party in power may be conducting the affairs of the Government.

Time and time again our policy in regard to Mexico was severely criticized by some of the leaders, not the rank and file, of the Republican Party, and referred to contemptuously as a policy of "watchful waiting." Let me say, sir, that the American people are now very, very thankful that we did have a policy of "watchful waiting."

To-day 10,000,000 of men in foreign lands have been placed against each other for mutual slaughter. The modern guns and instruments of warfare are proving their awful power to slaughter human beings and destroy property.

Throughout Europe to-day there is misery and desolation. Hundreds of thousands have already been slain, and hundreds of thousands more have been far worse than killed—they have been horribly maimed and mangled. Young men who had their whole lives before them, who were the pride and joy of their parents, and who were looked to by their aged fathers and mothers as their sole support in old age, have either given up their lives or have been made absolutely helpless. Men who a little while ago were strong and rugged and cheerful will soon be wandering about unable to earn a living. Some will be hobbling about on wooden stilts; others will have empty sleeves hanging by their sides. Beautiful cities have been laid waste, homes have been destroyed, and many, many of the people who are not actually on the battle field are wandering about on the highways without a home of any kind to shelter them. Little children are asking piteously about the return home of their fathers, and sad-eyed, tender mothers have not the heart to tell them the truth.

All this because the statesmen of Europe listened to the jingoists. All this because the heads of European Governments gave heed to the silly talk about national honor.

It is only a few short months ago that President Wilson and Congressmen who supported him were sneered at and jibed, not only by the interests and party advantage seekers in this country, but also by the press and public men of the nations now at war in Europe. But the Government of the United States fortunately could not be stampeded and rushed into a war with Mexico, a war which would have had more serious results than many people supposed, and to-day ours is one of the few nations of the world which is enjoying peace and comfort.

And yet many of the people in this country have their sorrow because of the European war. Sons and brothers of many of our people have already fallen on the battle fields of Europe. Fathers and mothers of many of our people have been made penniless and are suffering terrible hardship. As a Nation, however, we are at peace with all the world.

Mr. Speaker, it is well to consider for a moment why this is so. It is because the Government of the United States is a Government of the people. The people of any country seldom

make war, although it is they who must fight the battles when war is begun. In this country public officials are supposed to represent the will of the people. So far as a public servant carries the will of the people into effect, just so far is he a really successful official. In the years past we have had Presidents and Congresses who would engage us in war with little provocation, and there were always some who sympathized with that idea, but the great majority of the people never willingly entered upon a war without complete justification.

Almost every person in the United States is thankful to-day that we are not engaged in war. The President and Congress have done the will of the people in keeping out of war, and the people are showing unbounded confidence in those who have thus been true to their trust.

Mr. KELLY of Pennsylvania. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. FARR].

Mr. FARR. Mr. Speaker, I shall oppose this measure because I believe it to be unnecessary and an additional hardship to many already oppressed by the injurious effects of the Underwood tariff law.

The great, vital, material bread-and-butter issue before the American people is the tariff question as comprehended in the slogan, "Made in America."

The Underwood low-tariff measure has been disastrous from its very beginning. It has demoralized industry and trade and shattered confidence. It has not only increased the cost of living but has deprived several millions of wage earners from opportunities to earn any living.

The Underwood bill has forced a drain upon our gold that necessitates the remarkable pooling proposition of bankers to raise \$100,000,000 in gold to pay debts and help our credit in distracted Europe. Instead of curtailing expenses and deferring expenditures upon projects that can be postponed, it is proposed to pass an emergency measure to take from the pockets of the people in times of peace \$100,000,000 to make up for the losses in revenue that month by month has resulted from the made-in-Europe articles that have been placed on the free list and shipped here to displace American labor.

Instead of giving a balance of trade in our favor of three to five hundred million dollars a year to protect our gold supply, it has turned trade against us for goods made in Europe to the startling extent of about two hundred and forty millions a year. The war abroad is not responsible for this disastrous showing. Free-trade legislation is simply repeating its history.

The lowered duty on sugar was a serious blow to the sugar industry, cane and beet, throwing out of employment thousands of men and destroying millions of dollars of investments. It has lessened the home product by nearly 150,000 tons, strengthened the monopoly of the refiners, and added 2 to 3 cents a pound to the price to the consumer, and has already cost the Government twelve and a half million dollars in revenue.

Eight million fewer sheep in the United States is the result of the agitation for free wool and the removal of the duty, with consequent great losses to that industry and loss of employment to textile workers because of increased importations of woolen goods. This unwise legislation has deprived the Government of nearly twenty millions in revenue. It has not reduced cost of wearing apparel, but has displaced thousands of wage earners and has added to the cost of meat by lessening the supply of lamb and mutton.

The increased freight and passenger rates demanded by the railroads because of the large decrease in business and impairment of earnings the Underwood bill has caused to that great industry making and employing force will be another burden upon the people that should cause us to hesitate before passing this measure.

Senator BURTON's successful effort in forcing the Democrats to agree to a reduction of fourteen millions of dollars in the rivers and harbors bill shows what can be done. Reduce expenditures. That is the way to make unnecessary a war tax on the people in time of peace. Other expenditures should be deferred, and not burden the people with an additional tax of one hundred millions in a period of hardship that the Nation is now passing through. It is the duty of the Nation as well as an individual to economize in expenditures when the income is falling off. The present Congress has spent millions more than the previous Congress, yet it purposes to take another hundred millions in an emergency tax from the people.

Mr. KELLY of Pennsylvania. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. VARE].

Mr. VARE. Mr. Speaker, a great deal has been said on the floor to-day concerning the failure of the Underwood tariff bill. I do not understand why so much stress is laid on that, because it is no new thing for a Democratic tariff law to be a failure. [Laughter and applause on the Republican side.]

Mr. Speaker, it is my intention to vote against this war tax bill because I am opposed to a system whereby the people in my district are to be forced to pay for Democratic improvidence, extravagance, and financial mismanagement.

The tariff for revenue only which the Democratic Party put into effect in October, 1913, is now admitted to be a failure. Under the guise of making up revenue lost by reason of the war, the Democratic Party is in reality trying to cover up the failure of the new tariff law to raise the revenue which it was expected from it.

Coming into power under an absolute pledge of strict economy, the Democratic Party has been wholly heedless in its extravagance. If the tariff for revenue only had not been enacted, the Treasury would not now be depleted. If the Democratic Party had been economical, there would be no necessity of raising \$100,000,000. Unfortunately, however, there has been no attempt at economy, and none of the policies of the Democratic Party has been designed to build up. The river and harbor bill was framed with a view to satisfying preferences and prejudices and not with any idea of the national importance of the rivers involved. As a result, the entire bill has been discarded. The Delaware River, which should have had more than \$1,000,000 for continuing work, now must go without any appropriation for such work because of the Democratic folly and mismanagement.

Why should the people of the country be taxed to pay the bill of the Democratic Party? Why should the people be compelled to pay additional taxes when the party in power, by the exercise of a little economy and the exercise of a little judgment in tariff making, could have conserved the revenues of the country? It is all very well to say that the European war brought about this condition in the Treasury, but the fact is that the revenues had fallen off to an alarming degree long before the war began. Later on I will cite figures in proof of this statement.

It is significant, however, that the revenues of the country have always fallen into an alarming condition after the enactment of these so-called tariffs for revenue only. After the passage of such measures four Presidents of the United States have been compelled to appeal to Congress for more revenues.

In his message to Congress in September, 1837, after the "sliding-scale act" had failed to properly finance the Government, President Van Buren said:

I deeply regret that events have occurred which require me to ask your consideration of such serious topics. I could have wished that in making my first communication to the assembled Representatives of my country I had nothing to dwell upon but the history of her unalloyed prosperity. Since it is otherwise, we can only feel more deeply the responsibility of the respective trusts that have been confided to us, and under the pressure of difficulties unite in invoking the guidance and aid of the Supreme Ruler of Nations and in laboring with zealous resolution to overcome the difficulties by which we are environed.

President Buchanan, in his message to Congress nine months after the passage of the "progressive free-trade act," said:

The earth has yielded her fruits abundantly and has bountifully rewarded the toil of the husbandman. Our great staples have commanded high prices, and up till within a brief period our manufacturing, mineral, and mechanical occupations have largely partaken of the general prosperity. We have possessed all the elements of material wealth in rich abundance, and yet, notwithstanding all these advantages, our country in its monetary interests is at the present moment in a deplorable condition.

In calling Congress together in special session, four months from the time of his inauguration, the "tariff for revenue only" having failed to maintain the Government, President Cleveland said:

The distrust and apprehension concerning the financial situation which pervade all business circles have already caused great loss and damage to our people and threaten to cripple our merchants, stop the wheels of manufacture, bring distress and privation to our farmers, and withhold from our workmen the wage of labor.

President Wilson, in his message September 4, 1914, said:

Gentlemen of Congress, I come to you to-day to discharge a duty which I wish with all my heart I had been spared, but it is a duty which is very clear, therefore I perform it without hesitation or apology. I come to ask very earnestly that an additional revenue be provided for the Government. During the month of August there was, as compared with the corresponding month of last year, a falling off of \$10,829,538 in revenues collected from customs. A continuation of this decrease in the same proportion throughout the current fiscal year would probably mean a loss of customs revenues of from sixty to one hundred millions.

And we ought not to borrow. We ought to resort to taxation, however we may regret the necessity of putting additional temporary burdens on our people. I respectfully urge that an additional revenue of \$100,000,000 be raised through internal taxes devised in your wisdom to meet the emergency.

The argument of President Wilson is not tenable. Imports to the United States under the operations of the present law for 10 months ending July 31 increased \$102,478,621, according to a table of the Bureau of Foreign and Domestic Commerce. In the same period, as shown by figures from the same source,

duties paid on imports decreased \$30,770,070, which is more than 30 per cent of the deficiency which the administration, preparing to levy special taxes, attributes to the European war.

A gain in imports was to be expected under the lower duties imposed by the Underwood bill, but it must come as a shock to those who framed the law that revenue has decreased to such a point where extra taxation is necessary.

Had a deficiency occurred under duties such as were levied by the Payne-Aldrich bill, we would have the satisfaction of having produced in our mills, with American labor, a large part of the manufactures accounted for in the increase of more than \$100,000,000 in imports. As the matter stands, however, we have not made the goods, our working people do not get the wages, and we are more than \$30,000,000 short in revenue, which is now to be made up by the further taxation of our people. This is unjustly charged to the war account.

The attempt to blame the decreases in revenue solely upon the war is shown up in its true light by the customs figures of Philadelphia.

At the port of Philadelphia the duties collected in August, 1913, amounted to \$2,167,000 as against \$1,208,000 for last month, a decrease of \$959,000. If the theory of those who would blame the war is sound, then there must have been an unprecedented decrease in the imports received. The figures show, however, that \$6,923,000 worth of goods entered at Philadelphia last month and \$7,000,000 in August of 1913, a difference of only \$122,000. Thus, under the Underwood tariff law, there was in one month a decrease in imports of only \$122,000, while the decrease in duties collected reached the figure of \$900,000.

The consequences of the tariff for revenue only policy were plainly in evidence before the European war began, and it will not be possible for the Democrats to attribute conditions to the European disturbances.

If the United States had been squarely upon a protectionist basis at the time of the European war it would have been in a better position to meet the shock of the situation. Mills would have still been running full time. There would have been employment for everybody and there would have been no convulsion of capital and labor. The country would have been able to meet the emergency much more boldly and effectively. Whenever the tariff issue has been presented squarely to the American people they have voted overwhelmingly for protection, but due to the split in the Republican Party in 1912, although a large majority voted for protection, a plurality elected Wilson and gave the excuse for the abandonment of the protective principle. It is for this error that the country is paying the price to-day, and the effort to confuse the situation by attributing the disasters to the European war will not be effective with any thoughtful person.

Even though it were not the acts and omissions of the Democratic Party which had brought about the conditions which this war tax is designed to meet, I would oppose the program, because it is as unscientific as the rest of the Democratic policies.

This bill is as haphazard as the tariff bill, and based on the same hit-or-miss policy. Just as the Democratic Party failed to guess what the tariff for revenue only would do, it may fail to guess what the war will do. And all this guessing falls heavily upon the people who pay the bill.

What does the administration know about the need of additional revenue? How can it say that \$100,000,000 will be needed in the future? This bill is pure guesswork. The imports in August decreased, but no one can say what will happen in October or November or December. No man can tell whether the decrease in revenue for the fiscal year will be \$25,000,000 or \$150,000,000.

We could figure it out on the basis of decreases in revenue prior to the European war, but the Democratic Party preferred to ignore these decreases and regard merely the European war results. If this tax has been figured out solely on the basis of what has happened in one month of war, why should an estimate of losses be made for a whole year? What authority has the Democratic Party to say that this war will last a year?

It is impossible to consider the question of Democratic legislation without analyzing the Democratic policy as it is declared in acts and achievements rather than in promises. Since the beginning the Democrats have declared themselves to be the foes of what they called special privilege. They maintained, on the one hand, that conferring privileges on favored individuals or corporations was a crime against the general welfare, and on the other they averred that whether or not it was vicious or beneficial it was morally wrong to use the law-making power to such end and purpose.

It will be conceded that special privilege is as great an evil as the Democrats have declared it to be. It is a great evil to give to one at the expense of another through the medium of

a statute. But special privilege can work two ways. It is as bad theoretically so to frame statutes that those specially hated or feared shall receive punishment as that those favored or loved shall receive privileges.

The handing out of punishment by the same method stifles industrial activity, reduces the measure of prosperity, and there is no question of fair or unfair division of the profits, for the simple reason that there are no profits. There is only stagnation, unemployment, and taxes—always taxes and more taxes.

The further the investigation into recent legislation is carried the plainer it becomes that the lawmaking power of the Nation has been perverted, that statutes have been enacted to the end that political enemies might be punished. The aim of the tariff law was to hurt those who had succeeded. Rates were delicately adjusted so that they would do the most harm to the hated corporations, and the degree of the hate can be determined by a glance at the rate. No consideration was given to the prosperity of the country, and any industry which had shown a disposition to grow to large proportions was to have its activities reduced and profits impaired as a punishment for its success.

Now, we find that this system of tariff making is a complete failure. Industries have been injured and workmen thrown out of work. Revenues have fallen off and advantage has come to nobody. The remedy proposed is to tax the people to make up a prospective deficiency of the Treasury, without knowing what that deficiency is going to be.

The Democratic Party promised to reduce the high cost of living, and the result has been an increase in the cost of living. The Democratic Party promised to end special privileges, and the result was constant legislation to destroy industry and employment and lower wages. The Democratic Party promised an era of economy, and the result has been a period of unparalleled extravagance. The financial management of the Government has been bungled and the people of the country are now to be forced to pay the bill.

In estimating the needs of the Treasury at \$100,000,000, without knowing anything about what will be actually needed, the Democrats are deliberately making the country swallow extravagance. This tax will bear upon the small storekeepers and the consumers; upon men and women who can ill afford to pay additional and unnecessary taxes, which could be avoided by the exercise of the most ordinary economies. I want to voice my protest against this iniquitous oppression of the people who had been promised an economical administration, and who are now being asked to pay for blundering legislation and unprecedented extravagance. [Applause on the Republican side.]

Mr. HAWLEY. I can find no justification for laying upon our people at this time the great burden of this war tax of \$100,000,000 when we are at peace with all the world. An effective and economical administration of the revenues of the Government would have reduced the deficit to a much smaller sum, and that should be made up by no war tax but by a revision of the tariff on a basis of moderate protection to agricultural and competitive manufactured products, thereby restoring the markets to our producers, employment to labor, and prosperity of the country.

Mr. KELLY of Pennsylvania. Mr. Speaker, I yield to the gentleman from Idaho [Mr. SMITH].

Mr. SMITH of Idaho. Mr. Speaker, I regret that I can not concur in the recommendation of the President that the revenue bill under consideration should be enacted. It proposes to tax the industries of the country to make up the deficiencies in the customs duties. There appears to me to be no immediate necessity or justification for levying additional taxes upon the people, who are already overburdened, when there are other and better ways to meet the embarrassing situation which confronts the Government.

Why would it not be wiser to curtail our appropriations for a year to the extent of \$100,000,000? When a wise man is confronted with a reduction of his income he practices economy, and why should the Government not do the same thing, instead of imposing further taxes?

Would it not be wiser to offer for sale the Panama bonds still unissued, or a portion of them, and bring from hiding millions of dollars withdrawn from circulation, the bonds to be paid when the customs receipts again become normal?

Why not restore to the dutiable list wool, sugar, and a few other articles, which would doubtless bring ample revenue to meet the deficiency and thus avoid levying a tax as proposed, which should only be considered in a time of war?

When the Government is operating under a protective tariff system we have a surplus in the Treasury instead of a deficit. In addition, we are then selling abroad more than we buy, while

industries are built up, labor is employed, and the people generally are prosperous.

Every thinking man must recognize that the business conditions of the country and the lot of the wage earner are far less satisfactory than at the close of the last administration 18 months ago. Since the enactment of the Democratic tariff bill it is a deplorable fact that many manufacturers in the country have curtailed production because of a lessening of demand for their products, which has resulted in the discharge of hundreds of thousands of employees, while some have closed down entirely to await sufficient orders to warrant resumption, and their employees have sought work elsewhere, generally without success.

But few, if any, merchants, professional men, farmers, or wage earners are as well off as one year ago, and there is not much hope for more prosperous times in the immediate future under existing conditions.

As intelligent beings it is natural that we should inquire into the cause of these adverse conditions, and correct them.

Is it not a historical fact that whenever the Democratic Party has enacted a revenue tariff depressed business conditions have followed? What other result could be expected when the home market for the products of the American manufacturer and farmer is surrendered to the foreign importer, and we buy abroad many things which we can produce and thus keep our money in our own country?

The Wilson revenue tariff law of 1894, enacted by a Democratic Congress, not only resulted in a long siege of slackened business and unemployment, but our revenues were reduced to such an extent that a bond issue was necessary in order to raise money to pay the expenses of the Government, and \$162,000,000 was borrowed at 4 per cent interest. Under the succeeding Republican administration the credit of the Government had been so improved that the Spanish-American War bonds of 1898 were floated at 3 per cent and the Panama Canal bonds a few years later at 2 per cent.

The Democrats are again in power and we are again confronted by a deficit in our revenues, due, in part, it is true, to a curtailment of imports on account of the European war, but largely because of the great falling off during this year of our revenues from customs duties as a result of the operation of the Underwood tariff law placing many articles on the free list and a radical reduction of the duty on other articles. Because of this partisan legislation the American people must now submit to a most arbitrary and unnecessary tax, which is soon to be forced upon the business interests of the country, which because of a gradual reduction in the commercial activities of the country during the last 18 months can not bear additional burdens without embarrassment.

The Democratic tariff law has resulted in great damage to the business and agricultural interests of my State, but the beet-sugar industry has suffered irreparably and will be forced out of existence if the tariff is finally removed, as provided for in the recent tariff law. The farmers will not raise the beets if the price to them is reduced, and the sugar manufacturers there can not compete with the foreign manufacturers without reducing the cost of production. A slight reduction has already been made in the price for raw material and in wages, and a large reduction in dividends to the stockholders, because of the reduction of the duty provided for, and yet the price to the consumer is higher than for years.

The lumber industry, the stock-raising industry, and the lead-mining industry, all of which are important factors in the prosperity of our people, are retrograding because of the disturbed business conditions due to the baneful effects of the abandonment of the protective-tariff policy of the Republican Party, under which this country has always prospered. [Applause on the Republican side.]

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Speaker, most of us would, I think, be glad if we could avoid the necessity of passing this bill, but its necessity arises out of conditions far beyond our control. The dreadful war now raging in Europe, which is wiping out myriads of lives and, like a great conflagration, destroying billions of dollars' worth of property, is seriously affecting every civilized country in the world, ours included. It will cause people to suffer the pangs of hunger in some countries because they can not have the food, while the people in other countries will go bankrupt because they can not sell them the food products they have to spare. It will drain working capital from every portion of civilization to invest in ways and means for destroying human life.

The world is far smaller than it used to be in a certain sense. Places that a generation ago were comparatively remote

and difficult of access are now linked together. Steam and electricity, the great ocean cables, and the wireless system of telegraphy have brought the ends of the earth together and have made neighbors out of distant nations.

Each one has learned to utilize the products of the others and to take advantage of them to such extent that the nations now constitute a kind of plexus, or web, so that a serious disturbance to any of the great industrial nations results in a corresponding industrial disturbance in the others.

The present cataclysm involves not one, but seven of the great nations of the earth with fair prospects of involving others. Populations aggregating 450,000,000 are involved directly and over 500,000,000 more are involved indirectly through colonies or subject races, almost two-thirds of all the inhabitants of the earth.

The whole machinery of the world's commerce is thrown out of gear. It is impossible that the effect would not be seriously felt. Our commercial relations with the nations involved were peculiarly close, and the effect on us is, of course, manifest.

In the development of the world's commerce, the high seas had been covered with fleets of merchant ships, busy carrying food and wares from country to country, so that the greatest danger to navigation arose from the collision of ship with ship. The seas were not big enough for safety.

But when war showed its horrid front, the ships that were abroad sought havens of refuge, and those in the harbors remained there. Commerce practically ceased.

A large part of our Federal revenue is derived from taxes collected from imports brought in through the customhouses of the country. But under existing conditions there will be, of course, a great falling off in imports and a consequent falling off in revenue.

These are indisputable facts, and facts are stubborn things. What shall we do under these circumstances? How shall the situation be met? True, there is no immediate stress. The Treasury is far from empty, and if we had assurance that the exigency confronting us would be brief, there were little need to take any action. But there is no such assurance. Indeed, to ordinary foresight, the prospect is the other way; it points to a somewhat prolonged struggle, with the probability that yet other nations will become involved. Under such circumstances we can not afford to take any risks. We must not be found like the foolish virgins. We must procure oil for our lamps and keep them trimmed.

Indeed, under the conditions existing at this time, it is peculiarly necessary that the Federal Treasury be maintained in a perfectly sound condition.

Among the things which the European conflict will compel us to consider is the large amount of indebtedness we owe in Europe, which we will, no doubt, be called upon to pay on maturity. New York City is preparing to meet such a demand for \$100,000,000 at an early day, and this is only typical of many other cases. To run the risk of an empty Federal Treasury at a time when our working capital is so likely to be depleted were worse than folly, it were madness.

We are criticized by our Republican friends for levying a war tax in time of peace. Of course we know, as everyone knows, that our Republican brethren would like to convince the country that our way is the wrong way. Their teeth have long been watering for the flesh pots. We know that, and the country knows it. But every thinking man also knows that the present disturbance in the industrial life of the country, resulting from this worst of wars, is greater than the disturbance caused by our little war with Spain 16 years ago.

Dependent as we are on Europe for many of the ingredients which enter into our manufactured products and without which we can make little headway in many lines, such as dyestuffs, alkalies, potash, tin in its various forms, and many other things, with far the greater part of the civilized world in desperate deadly strife, with so many of our industrial and financial interests bound up with theirs, with a large portion of our ordinary revenues cut off by the war, the need for action is so apparent that we should forget small politics and see only that larger patriotism befitting Members of the American Congress.

Gentlemen seek to place the blame for the falling off in revenue on the present tariff, and, harking back to the Payne law, insist that it would furnish sufficient revenue if it were now in force.

Our stand-pat protectionist friends, who lose no chance to lament the extinction of the Payne tariff law, think, or pretend to think, that if it were now in force it would produce plenty of revenue. It is pathetic, the superstitious faith they have in a protective tariff. It can produce a given result to-day, then, presto! change, and it produces the very opposite result to-morrow. The very purpose of it was to keep foreign-made goods

out, but when we need more revenue, in spite of all danger of capture on the high seas, it would bring them in. Its tremendous capacity for producing diametrically opposite results is illustrated almost as well in the current number—September 25—of what might be called the official journal of protection, the American Economist, as it is in the speeches of protectionists on this floor. I quote:

The whole aniline-dye trade, although aniline dyes were the discovery of an Englishman, has fallen into the hands of Germany simply because of the policy of free imports, which allowed the product of cheap German labor to replace that of the better-paid British workman.

Think of it! Oh, ye gods! The cheap labor of protected Germany taking the work away from the better-paid labor of free-trade England. But in the next issue, or possibly somewhere else in this issue, of this organ—or, rather, oracle—of protection, we will be told about the high wages paid under protection and the low wages paid where that fetish is not worshipped.

The Payne tariff law could not produce the necessary revenue under existing conditions any more than the present one can. Such a claim is preposterous. How could we get a revenue from imports that were not imported? What difference to the revenue whether the tariff was 1 per cent or 100 per cent on goods that never came? Would a high tariff on the goods carried enable the ship that carried them to successfully evade the enemy's cruisers?

The gentleman from Alabama estimates that the falling off in revenue from customhouse taxes during the next year will amount to about \$125,000,000. It is claimed that this is too high an estimate, as shown by the imports for last month—August—which fell only about \$8,000,000 below the receipts for August, 1913. But last month does not furnish a fair test.

War was declared by Germany on the 1st day of August. But many ships were then on the way with cargoes, and, no doubt, most of them reached their destination. Then, again, England did not declare war till the 5th, and it was her entrance into the quarrel which did most to interfere with ocean commerce. And, again, it took all the belligerents some time to get their ships of war in action, so as to sweep the seas of merchantmen, so that the actual falling off in revenue for August does not mark the fair average loss for subsequent months. There is another reason for the slight loss in August which must not be overlooked. Many importers allow the imported goods to remain for some time in the Government or bonded warehouses at Boston, New York, Philadelphia, and other ports. The duty is not paid on these goods while they remain in the warehouse; it is only paid when they are taken out.

Thus the duty was paid in August on many goods imported long before, and the receipts for that month made larger than the actual imports justified.

The conditions which confront us are extraordinary. The world has never before witnessed anything like them. Great world responsibility may be thrown upon us at any moment. The industrial or financial exigencies of the situation may at any moment throw grave national responsibilities upon the Government.

We should be able to meet any of these with a full purse. We are well able to pay this additional tax. We hope not to have to pay it very long; but whether we do or not, we should act in time and place the Nation's Treasury and the Nation's credit above all questions of fear or doubt.

[Mr. GOLDFOGLE addressed the House. See Appendix.]

Mr. UNDERWOOD. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. HARDY].

Mr. HARDY. Mr. Speaker, it seems to me that it comes with peculiarly bad grace from such a standpatter as my friend from Kansas [Mr. CAMPBELL] to be complaining of this measure on the ground that it imposes a burden of \$1 per capita on the poor man of this country, or \$5 to each family. Especially does that complaint come with bad grace from that side, who have for the 50 years of their practically continued power been delighted to lay heavy burdens on the great masses of the people by their exorbitant tariff taxes. But I wish to call attention to the fact that this measure does not tax in any sensible degree the great masses of the people.

This bill calls for a tax on beer, raising \$32,500,000. I know that some of the poor people use beer, but it is classed as a luxury, and is an unnecessary expenditure. Six million dollars is raised from a tax on wine and \$20,000,000 is raised from gasoline. None of those taxes in any sensible degree touch the poor, and they amount to \$58,500,000 in the aggregate. And then a tax amounting to ten millions is levied upon banks, brokers, custom brokers, theaters, and so forth, making \$68,500,000 thus far, and practically none of it has yet touched the

poor. And after that there is a revenue tax on tobacco running to \$5,000,000, making in all \$73,500,000, and then a tax on telephone messages where the charge is 15 cents or over, and that does not touch the masses. Then there is a tax of 1 cent each on telegrams. The average man may sometimes pay this telephone and telegram tax, from which \$1,500,000 is expected. This makes \$75,000,000, of which, I think, we can safely say not 1 per cent will be paid by the poor man. Then we come to the stamp tax. Stamp taxes are imposed on the following items:

Bonds, debentures, or certificates of indebtedness, etc., for each \$100	\$0.05
Certificates of stock, original issue, for each \$100	.05
Certificates of stock, transfers, for each \$100	.02
Sales of products at exchanges, for each \$100	.01
Promissory notes, for each \$100	.02
Express receipts	.01
Freight receipts or domestic bills of lading	.01
Bonds of indemnity and bonds not otherwise specified	.50
Certificate of profits, for each \$100	.02
Certificate of damage	.25
Certificates not otherwise specified	.10
Broker's contract	.10
Conveyances, exceeding \$100, for each \$500	.50
Entry of goods at customhouse (according to value)	\$0.25-1.00
Entry for withdrawal of goods from customs bonded warehouse	.50
Insurance:	
Life, on each \$100 of the amount insured	.08
Marine, inland, and fire, on each \$1 of premium charged	.04
Casualty, fidelity, and guaranty, on each \$1 of premium charged	.04
Mortgages and conveyance in trust, exceeding \$1,000, for each \$1,500	.25
Passage ticket (according to value)	1.00-5.00
Power of attorney to vote	.10
Power of attorney to sell	.25
Protest of note, check, etc.	.25
Sleeping and parlor car tickets	.02

Study the list carefully and there are few, very few of the items on which the poor man will pay. It might be that the tax on conveyances would be paid by the home buyer, but in my country when we sell a tract of land the seller pays for the execution of the deed, and all expenses connected with it. He sells for so much an acre, and this was one tax collected under the McKinley war revenue act in 1898 that the poor man never did pay. You can read over the whole sum up of taxes provided by this bill and scarcely 1 per cent will fall upon the poor. The truth is that this tax measure falls upon the rich, and that is the reason why gentlemen on that side are so strongly opposed to it. They have been so used to taxing the poor that they view with special horror any measure that might tax the rich. [Applause on the Democratic side.]

There is one thing further, Mr. Speaker, that I wish to call attention to. Gentlemen say it was justifiable to pass an internal-revenue tax measure to meet the conditions at the time of the Spanish-American War, but they see no conditions arising from this European war calling for the same action now by the Government. Why, when the Spanish-American War occurred it was a gentle breeze, so far as it affected the general conditions—commercial and industrial—of this country, as compared with the storm that this great war in Europe is producing and its effect upon the industrial conditions of the people of the United States and upon the revenues of the Treasury. Gentlemen talk to you about the Underwood tariff and revenue bill, and profess to believe that the diminution of our revenues has been caused by defects in that law. They know that, whatever the tariff law, you can get no revenue from its operation when there are no imports coming in, and they know that this war has had the effect of very largely cutting off our imports, and that under any tariff law the revenues of the Government would to-day be so diminished that other means would have to be found to supply the lost tariff taxes. But, then, they say we ought to raise all the added revenue we need by increasing the income tax. They know that such a tax would bear no immediate fruit, and that our need of revenue is now, and not next year. Does it not seem strange to hear the Republican Party now urging increased income taxes when during their nearly 50 years' lease of power they refused to levy an income tax at all? We, the Democrats, put the income tax in the Constitution and on the statute books, and we are not afraid to use it when it can be used. The Republicans do not want an income tax; they just want to find fault, justly or unjustly, with the bill we have presented. They are playing politics and trying to fool the people. Gentlemen here to-day on the other side even urge that we issue bonds rather than levy this tax, and they shed crocodile tears over taxing the poor. God save the mark. The country will see through their flimsy excuses and pretenses to their political hypocrisy.

The man who refuses to see conditions as they are to-day, who professes to believe that the Underwood revenue law, and

not the European war, is the cause of the deficit in the Treasury, I think, does not even fool himself. He is not equal to the ostrich. That bird, it is said, in the open desert will stick its head in the sand and actually believe that all its feathers are hidden. If the Republican Party is equal to the ostrich, and does actually believe that it is hidden behind its criticisms and carpings, then, during this campaign, at least, that party ought to be known as the G. O. P., meaning thereby the Great Ostrich Party. [Applause on the Democratic side.]

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. UNDERWOOD. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. FOWLER].

The SPEAKER pro tempore. The gentleman from Illinois [Mr. FOWLER] is recognized for five minutes.

Mr. FOWLER. Mr. Speaker, nations as well as individuals pass through crises. The world is now passing through one of the greatest known to history. The reason America has not been drawn into that dreadful bloody contest in the East is because of the statesmanship of the man who now occupies the White House. [Applause on the Democratic side.] While he was planning for the best interests of this country during the Mexican war, you on the other side of the aisle often ridiculed his administration with "watchful waiting"; while he was struggling to save the lives and property of American citizens by standing neutral in that war, you on the other side of the aisle stood on the floor of this House and bitterly denounced his course and sought to inflame the minds of the public against him; while he has been struggling since his inauguration to enact wise and constructive legislation for the interests of the many, you on the other side of the aisle have been yelling "panic," and have done everything within your power to bring about depression in the business of the country; while he has been industriously laboring for the progress and prosperity of all, you have been appealing by your speeches on the floor of this House to the prejudice and selfishness of the rich in order that you might create a panic in this country, hoping thereby that you would be able to carry the next election; while he has been practicing statesmanship, you have been playing politics; and when his course in national affairs developed into the highest order of statesmanship and the people of the country, regardless of political affiliations, applauded him throughout the land, your guns were silenced until this revenue measure came in.

The President knows that a revenue measure is unpopular. He knows that an election will take place in every State in the Union within the next 40 days. He knows that the enemies to his administration will use this measure as a campaign document and that it will be used by designing politicians for the purpose of appealing not to the patriotism of the American voter, but to his selfishness, and in standing for a revenue measure just before the election, the President says to the country and to the world that the welfare of America is greater than the welfare of any party. [Applause on the Democratic side.] His management of national affairs is a wonderful exhibition of the highest order of statesmanship, and to-day he stands first among the heads of nations. You, on the other side of the aisle, have filibustered for the purpose of hindering and obstructing his plans and policies and, in my opinion, when you go before the people of this country during the remaining few days of the campaign, preaching from the stump the shortcomings of Mr. Wilson, you will receive an icy reception. One of the Republican politicians in the late campaign in Maine told me that every time he mentioned the name of Woodrow Wilson it was followed by a tremendous applause, and in voting against this measure with a view of manufacturing fresh campaign material you will find that the people will regard it as an effort to play cheap politics and not the result of a conscientious conviction.

Mr. Speaker, I would rather discharge my duty as a public servant in Congress for one term than to be in office 20 years playing politics the greater part of the time. Duty often calls upon men in high places for decisive action, and it requires courage to stand firm in the discharge of that duty, regardless of consequences. That is what Woodrow Wilson is doing to-day, and the fact that he is brave enough to discharge his whole duty, regardless of the consequences to his party, will go down in history as one of the greatest deeds of one of the greatest Presidents. [Applause on the Democratic side.]

During the last fiscal year, under the Underwood tariff law, we raised \$10,000,000 more than was raised for any year since the Spanish-American War; and were it not for the danger now confronting us on account of the European war we would have plenty of money to run the Government. But the President says it is best to be on the safe side. He says it is necessary

to pass this bill, and I will vote for it, because I love my country and I will not stand against its best interest.

Mr. Speaker, there are some things in this bill which I would not have placed in it if I had prepared it. [Applause on the Republican side.] But legislation must necessarily be a compromise to a greater or lesser extent, and the Member who can not go into a legislative body and there make up a bill the best that can be made under the circumstances and then march up boldly and vote for it is not, in my opinion, equal to the occasion. We can not always have just what we want, especially in a legislative body, and the man who is always trying to put the burdens on the shoulders of others without being willing to share a portion of them himself must indeed be selfish, and is not worthy to be the representative of a free people.

Mr. Speaker, I hail Woodrow Wilson as the strongest man in public life and the greatest statesman in the world. [Applause on the Democratic side.]

Mr. UNDERWOOD. Mr. Speaker, I yield 10 minutes to the gentleman from Kentucky [Mr. JOHNSON].

tucky [Mr. JOHNSON] is recognized for 10 minutes.

Mr. JOHNSON of Kentucky. Mr. Speaker: An emergency revenue bill is now before this body for consideration, but more discussion has been devoted to the Underwood Act and to the former Payne Act than has been given to this bill. I had long ago reached the conclusion that the Payne Act was beyond discussion except in the States of Utah and Vermont.

We heard yesterday afternoon the gentleman from New York [Mr. PAYNE] himself extolling the great virtues of his act and telling how much better it was than the Underwood Act, under which we are now living. That, I thought, was a question which had been buried so deep by the American people that even its author would never attempt to resurrect it for discussion again. In the report of the minority of the Ways and Means Committee, which I assume was written by the gentleman from New York [Mr. PAYNE], I find this sentence:

If we should defeat this bill, we would then compel the administration to economize or to resort to a bond issue.

Everybody knows that the Republican Party has never wished to economize in the expenditure of public money, and everybody knows that the Republican Party would like to place the Democratic Party in the position of resorting to a bond issue rather than pass a bill which places a tax upon luxuries and not upon the necessities of life.

If the Democratic Party were to resort to a bond issue, it would finally be paid by taxing the necessities of life. When the money that the Government now needs is paid, it will be paid, not by taxing necessities of life, but by taxing the luxuries of life.

The first item which we have in the bill now before us is to increase the tax on beer from \$1 to \$1.50 a barrel. That does not increase the tax upon all the families of this country, but it increases the tax only upon the families of those who use beer. If beer is to be taxed at all, it can stand more tax than is imposed by this bill. If beer were taxed according to the alcohol that is in it, in the same proportion that whisky is taxed upon the alcohol that is in it, each barrel of beer would be taxed about \$2.79 a barrel instead of \$1.50 a barrel as is provided in this bill. Some votes are going to be cast against this bill by gentlemen who represent the wine districts of California, because they say that a tax of 100 per cent on wines will confiscate the product; yet for years and years the production of whisky has continued while paying a tax between 400 per cent and 500 per cent, according to the price of grain.

Some gentlemen will vote against this bill because it proposes to raise revenue at all upon intoxicants. Others will vote against it for other reasons. The opponents of this bill seem to prefer to tax bread instead of beer. While opposing this increase of tax upon beer, they are at the same time, without saying so in so many words, advocating a tax upon bread.

In the second paragraph of this bill I find a tax upon wine. Those who oppose the bill are more in favor of a tax upon swine than upon wine. The swine product is the pork which the laborer must have upon which to do a good day's work.

The third section of this bill is that which taxes gasoline. We all recall that only a year or two ago the Republicans stood almost to a man in favor of a tax upon farm implements and farm wagons. They seem now to prefer a tax upon those implements rather than to place 2 cents a gallon tax upon gasoline that is used in automobiles.

In the fourth section of the bill there is a tax upon the capital stock of banks. The gentlemen who oppose that seem to prefer to impose a tax upon the stocks of wearing apparel in the clothing stores.

The broker is to be taxed. What tax can be more equitable than that? He is the middle man through whose hands farm products pass and who really gets the big profit. It is better that the tax should be upon the broker than upon the farmer.

Lower down in the same paragraph the Republicans oppose taxing pawnbrokers. But no one has ever heard a Republican lift his voice in opposition to the taxing of the pawn. I say, let us tax the pawnbroker rather than the pawned property of the poor man.

In the fourth section of the bill another class of brokers is taxed \$20. They are the brokers in goods, wares, produce, and merchandise. The Republicans seem to prefer to place tax on produce and merchandise, as was done in the Payne bill, rather than to put an occupation tax on the broker as is done in this bill.

The Republicans oppose section 5 of this bill which puts an occupation tax on the customhouse broker. Yet they are in favor of a tax upon every article which goes through the customhouse.

This bill proposes a tax upon idle amusements, but the Republicans seem to prefer to tax instead everything that goes into the workshop. This bill proposes a tax upon circuses, but the Republicans seem to prefer to tax the hay and peanuts fed to the elephant. It proposes a tax upon other public exhibitions, one of which is baseball. When the free-lumber question was up the Republicans proposed a tax upon lumber, and they are now insisting that lumber should be taxed. When we ask them to tax the proprietor of a baseball park they say "No," and insist that the boys pay a tax on the knotholes in the pine-board fence through which they must look.

The Republicans object to taxing the proprietor of a billiard room.

They also object to the tobacco broker paying a tax.

In the Democratic report upon this bill it is stated, and it is not denied, that import duties will fall off \$125,000,000 in the next year. The Republicans prefer to levy this \$125,000,000 upon the necessities of life. By this bill it is proposed to collect \$105,000,000 of that amount without putting a single dollar of it upon the necessities of life. Which do you prefer?

The Democrats prefer to tax the gasoline which goes into the automobile. We prefer that kind of a tax rather than to tax the necessities of life.

A gentleman said a few moments ago, in referring to the speech made by my colleague [Mr. SHERLEY], that perhaps he was undertaking to dodge the imposition of a tax upon whisky. I have just said that whisky is paying a tax of between 400 per cent and 500 per cent. Some would vote against this bill if it imposed a tax upon whisky at all, while others would vote against it if it imposed more. Answering the suggestion made in a speech a short time ago by the same gentleman, in which he intimated, with as little truth, that perhaps I, too, was interested in whisky, I wish to say that I have never been interested either in the manufacture or sale of whisky, and that thus far in life I have never swallowed a drop of either whisky or beer. [Applause.]

Republicans are to-day talking about economy.

I do not now recall a yea-and-nay vote during this Congress upon the passage of any appropriation bill except that which was had on January 12, 1914, on the District appropriation bill. Upon that roll call there were 36 votes against the passage of the bill. Among them were the gentleman from New York [Mr. PAYNE], the gentleman from Kansas [Mr. CAMPBELL], and the gentleman from Wyoming [Mr. MONDELL]. I and a number of others voted against that appropriation bill, because we were unwilling for our constituents at home to be taxed to pay half the taxes of the people in the District of Columbia. However, the three gentlemen whom I have just named, together with a few other Republicans, voted against the passage of the bill because it did not appropriate more money and because the bill required the owners of abutting property to pay part of the cost of the building of streets. The three gentlemen just named have, during to-day and yesterday, inveighed vigorously against the alleged extravagance of a Democratic Congress. I can not now recall a single appropriation that any one of the three of them has ever voted against, except the District bill just referred to, and in that case their objection was because the bill was a saving to the Public Treasury, and not because of extravagance. For instance, the gentleman from Wyoming [Mr. MONDELL] was very active when one appropriation bill was up, in which there were some provisions relating to the District of Columbia.

When, during this Congress, appropriations were sought with which to build "convenience stations," the gentleman from Wyoming [Mr. MONDELL] made a desperate effort in favor of an expenditure of \$10,000 for each of two convenience stations.

Finally, when it was proposed to reduce the amount from \$10,000 to \$3,500 for each of these convenience stations, the gentleman from Wyoming spoke of them as "miserable little shacks."

In my section of the country when a man has a residence worth \$3,500 he not only considers himself well off, but he really is. He would not think of expending more than \$50 for a "convenience station" upon his premises.

In the tirades of the gentleman from Wyoming against alleged extravagance he must not forget that he considers \$10,000 for a "convenience station" as modest, and that \$3,500 for a "convenience station" will build nothing but a "miserable little shack."

I see gentlemen sitting before me who have clapped blisters upon their hands as big as walnuts in applauding Republican reference to Democratic extravagance, while not one of them has ever been known to vote against a bill which took money out of the Treasury.

The gentleman from Ohio [Mr. FESS] in a speech made to-day said that the imports under the Underwood tariff bill had increased, but that the tax from that source had decreased. That statement is true; and, to me, it is a matter of real congratulation. That means nothing more nor less than that the rate of taxation upon the necessities of life which were imported from other countries was decreased by the Underwood bill.

The first day that the Underwood bill went into effect the tax paid at the New York customhouse alone upon clothing, blankets, and other such necessities of life amounted to \$10,000,000 less than if that tax had been paid the day before under the Payne-Aldrich bill. That means nothing more and nothing less than that those goods were distributed among the people of the United States at a decrease in price to them of \$10,000,000. In other words, if the Payne-Aldrich law had continued in force that amount of \$10,000,000 would have been imposed as a tax upon the people of the United States.

During this debate it has been stated several times that the tax upon goods imported from other countries is constantly falling off, and it is predicted that the tax upon goods which, under ordinary circumstances, would come from the European countries which are now at war will fall off a hundred and twenty-five million dollars during the next year.

There is one piece of consolation about that matter, and it is this: The people will still have the hundred and twenty-five million dollars, which, if the tax had been gathered, they would not now have.

The gentleman from New York [Mr. PAYNE] has stated, and many times reiterated, that the Payne-Aldrich bill would have realized more money than the Underwood bill produces. That is true; and because it is true the Payne bill has been repealed and a bill imposing less tax has been passed in its stead.

The people of this country must remember that every dollar which the Payne-Aldrich bill would have taken from them, and which the Underwood bill does not take from them, is a dollar left in their hands. The argument of the gentleman from New York [Mr. PAYNE] is that his bill taxes the people more than does the Underwood bill. I admit that to be true; and, in consequence, I am an advocate of the Underwood bill. In other words, I am for the Underwood bill as against the Payne bill because the Underwood bill levies the lesser tax upon the people.

The Federal Government is now in need of money. It is claimed that if the Payne law were in force ample money would now be in the Treasury without levying this special war tax. But it would have been derived from taxes collected at the customhouses upon the necessities of life; while, as I have said, the bill which is now before us will collect the needed amount from beer, wine, gasoline, brokers who deal in stocks and bonds, pawnbrokers who charge usurious rates of interest, commercial brokers who may be termed the "middlemen" between the producer and the consumer, customhouse brokers, theaters and other places of idle amusement, circuses, billiard rooms, and tobacco dealers other than the grower.

Every Republican speech made during yesterday and to-day says that if the Payne-Aldrich bill were still in force there would now be plenty of money in the Treasury, but they must admit that it would have been derived from taxes upon articles such as clothing, blankets, shoes, and other articles of necessity.

No one can say that the present bill proposes to raise revenue by a tax upon any of the necessities of life. I believe that the general masses of the people of this country have self-interest and sense enough to prefer that a tax be imposed upon luxuries rather than upon the necessities of life.

Every fair man is bound to admit that the revenues at our customhouses have fallen off materially because of the war in Europe. Several Republicans have said in the course of this

debate that that was not true, because the seas are still open to commerce. Last year nearly \$120,000,000 was gathered in tax upon articles which came from Germany alone. Is there a man upon the floor of this Chamber who is reckless enough to say that the seas are now open for German vessels between Germany and the United States? Does not every man here know that Germany can not afford to send out a valuable cargo from that country to this, for fear that that cargo will be captured either by French or English vessels? It is well known to every school child in this country that France and England are now masters of the Atlantic Ocean, through which German products must come to this country if they come at all. Besides this, their mills and factories are closed. All the men have gone to the war. In addition, what goods they have for export can not be gotten to the coast for shipment.

There are seven countries which are now at war in Europe. From the imports from those countries last year we collected, in round figures, \$386,000,000. That amount is falling off every day. No man living can say to what extent it will fall off, because no man can tell how long the war will last or what other complications will arise. It is, however, conservatively estimated that during next year our revenues upon imports from those seven countries will fall off \$125,000,000.

The gentleman from Wyoming [Mr. MONDELL] only a few moments ago stated that this bill is the result of hysterics and fright. He said that when the first gun was fired in Europe, during the early part of August, Woodrow Wilson and the Democratic Party took fright, although that shot was 4,000 miles away.

I wish to admit that we and our President did take "fright," and that "fright" has grown since we have learned of the terrible carnage and the destruction to commerce which has followed that shot. It is well for us that our President so fully appreciates the situation that he stands in dread and fear for the welfare of the American people just at a time when there is waging the most extensive and the bloodiest war the world has ever known.

Woodrow Wilson's "fear" in this uncertain situation is but simple love for the American people. With him "fear" and "solicitude" are synonymous. If he, in these perilous days, did not "fear" for, was not solicitous and apprehensive about, the continued peace of our country and the safety of our people, we, too, would be engaged in war—first with Mexico and then with some great power in Europe.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Illinois [Mr. FITZHENRY].

[Mr. FITZHENRY addressed the House. See Appendix.]

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Indiana [Mr. CLINE].

[Mr. CLINE addressed the House. See Appendix.]

Mr. UNDERWOOD. I yield to the gentleman from Alabama [Mr. BLACKMON].

[Mr. BLACKMON addressed the House. See Appendix.]

Mr. UNDERWOOD. I yield five minutes to the gentleman from Pennsylvania [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, if this were a bill to increase taxes, it would be difficult for me to support it. But it is not a bill to increase taxes. It is a bill to shift taxes from a failing and uncertain source to a source at once certain and unailing.

The pretense of the critics of this emergency proposition that it is made necessary by the failure of the Underwood revenue bill to supply the Treasury is as false as the other pretense that this bill involves an addition to the burden of taxation. We are here providing for a deficit occasioned by a decline in customs receipts. This deficit is estimated at about \$100,000,000 for the current fiscal year. That is the estimated loss due to failing import receipts. The paralysis of commerce following on the heels of European war has brought about this result, and it could not be otherwise, even were the Payne-Aldrich tariff in operation at this hour.

Mr. GORDON. Will the gentleman yield?

Mr. BAILEY. Yes.

Mr. GORDON. Is it not a fact that if the Payne-Aldrich law was in force the deficit would be very much greater?

Mr. BAILEY. Very much greater, indeed.

The imports from which a revenue has been derived at the customhouses have very largely ceased, and we can not expect a return to normal while war continues to rage and industry abroad in consequence languishes. In all probability it will be months, if not years, before we can reasonably hope for the return of normal conditions in our foreign commerce.

Meanwhile the Government must go on. Its needs must be met. Its functions must be discharged. Its obligations must be observed. Its credit must remain unchallenged. All its myriad activities must be sustained and its vast machinery kept in order. How can this be done if its revenues be inadequate? How shall it preserve its standing and maintain its dignity if it shall be reduced through falling customs receipts to a state of indigence?

I do not say nor would I have it understood that this measure is my ideal, even for the emergency we are facing. Personally, I would prefer more direct methods than those embodied in the bill under consideration. In fact, when the need for funds to compensate the losses due to falling customs receipts began seriously to be discussed I prepared and introduced a bill providing for a supertax on incomes of \$20,000 and over, but when President Wilson came before us with the statement that the situation was so acute that to wait on relief would be imprudent I decided to forego any effort to press my own measure and to allow expediency to determine my course.

And the expedient thing at this juncture is not so far removed from the right thing as might at first appear. At the worst, the taxes provided for in this bill are an improvement on the tariff taxes which they are intended to replace. They fall upon the people less obliquely. They will be less capable of concealment. Few of them will accumulate in volume between the point of assessment and the point of liquidation. They will come more nearly staying where put than most indirect taxes; and for this reason they are less odious from an economic standpoint than those indirect taxes on commodities which our Republican friends lament.

Mr. Speaker, let me digress for a moment to note that gentlemen on the other side have scoffed at the gentleman from Tennessee [Mr. HULL] with reference to his miscalculation of the money-raising quality of his income tax. He thought it would bring in \$70,000,000. It has actually yielded something less than \$35,000,000. But it does not seem to have occurred to his critics on the other side of the aisle that the mistake of the brilliant Tennessean was in underestimating the capacity to falsify their returns of those malefactors of great wealth who are chiefly supporters of Republicanism. The incomes were there to yield the \$70,000,000, but they happened, in considerable part, to belong to men of extremely flexible conscience.

No one more than myself can deplore the circumstances which have conspired to make this tax bill necessary. The war in Europe was not of our making. It is true that we may in a degree have promoted it by our stupid and mischievous policy of preparedness, which gave stimulus to a similar policy in Europe. But in no proper sense can we be charged with immediate responsibility for the monstrous tragedy now being enacted on the blood-soaked soil of the Continent. Yet we must suffer some of its horrible penalties. We can not escape paying part of the price. We are paying it in ruined markets, in vanishing trade, in paralyzed industry, in unsettled credits, in disturbed finance, in decreased customs receipts, in hundreds of direct and indirect ways which make for unrest and uneasiness.

Should we add to this unrest and this uneasiness at this time by calling in the funds distributed among the national banks for crop-moving purposes? This has been suggested and urged by our Republican friends. But would they themselves resort to that were the responsibility theirs? Think of the possible results. These deposits are now absorbed in loans which it would be necessary to call were the Treasury to draw back the funds held by the banks. What would this mean to your constituents and mine? Might it not very well mean sacrifices of a most serious and far-reaching sort? Might it not mean keen distress in some quarters and possible ruin in others? Might it not indeed bring us to the very verge of a great financial disaster, which we may readily avert by resorting to another means of meeting a most unfortunate emergency?

In this business, as in other matters with which we have been called upon to deal, I stand with Woodrow Wilson rather than with the gentleman from Kansas [Mr. CAMPBELL], the gentleman from Wisconsin [Mr. LENROOF], or the gentleman from Illinois [Mr. MANN]. I stand with him in this as I stood with him in the fight for an equalization of tax burdens, for a curb on Wall Street cupidity, for international good faith in the matter of canal tolls, and for all the other big things with which his name is indissolubly associated; and I think in thus standing with him I am doing what the emergency calls for and what my people would have me do. [Applause on the Democratic side.]

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. FIELDS].

Mr. FIELDS. Mr. Speaker, the bill under consideration is not a bill to increase the rate of taxation; it is a bill designed to change the source of taxation to meet the emergency for

which we are not responsible, but which was forced upon us by the European war, the effect of which is world-wide on trade and commerce, thereby affecting one source of our revenue, namely, the customs revenue. We have three sources of revenue from which we derive the funds to support and maintain the Federal Government. One of these sources is customs revenue or tariff taxes, levied on goods shipped into our country from foreign countries and collected at the United States custom-houses. Another source is what is known as internal-revenue taxes, which is a certain tax levied upon goods manufactured or articles produced or sold, or on legal or commercial transactions in our own country and collected by the collectors of internal revenue throughout the country. The third and last source is an income tax, which was written into law and put into operation by the present Congress, which levies a tax upon incomes above a certain fixed amount, and by and through these channels the funds are collected to meet the expenses of running the Government of the United States.

The first two sources named levies a tax on goods consumed by the people, which, of course, added to the price of the goods, will ultimately be paid by the people who consume them, and it matters not whether the tax is levied on goods coming from foreign countries or goods which are manufactured in this country, it must be paid by the people who consume the goods, and means the same to them in dollars and cents regardless of whether the goods are produced at home or abroad. The third and last source, the income tax, does not levy a tax upon goods consumed by the people, but upon the incomes of the wealthier classes of the people, and I will say here that the Democratic Party advocating, as it always has, that the wealth of the country should bear its just proportion of the burden of taxation, fought for many years to secure the passage of an income-tax law, which it succeeded in enacting into law early in the present Congress and which contributes many millions of dollars per year to our Federal Treasury.

Mr. Speaker, the question of taxation is a delicate question with which to deal. A tax in any form is usually unpopular and regarded as a necessary evil; and if this were a bill to increase taxes, it, too, would be an unpopular bill. But it is not the purpose of this bill to increase taxes, but to shift the tax temporarily from customs receipts to internal receipts. This necessity is brought about by reason of the fact that the countries of the world from which we secure our imports in the main are now engaged in the bloodiest and most far-reaching war known to civilized man—a war of such magnitude and horror that it has staggered humanity, pauperized industries, and caused rivers to run red with human blood. On the one side are engaged Austria and Germany and on the other side are engaged Serbia, Belgium, France, England, Russia, and Japan. Ten million soldiers face each other in deadly conflict, fighting with the greatest implements of war that the world has ever produced; fighting on the land, on the seas, under the seas, and in the air, raining terror from the skies upon even the non-combatants; and the able-bodied men of each country are rapidly enlisted or being drafted into the military service by their respective Governments to supplement the daily losses in the lines of battle. With this state of affairs existing the business of these countries is paralyzed. Their farms are deserted and their factories are closed. The exportation of their manufactured products to foreign markets is rapidly depleting to such an extent that other countries which have collected a portion of their revenues from customs levied on goods coming from these countries now engaged in war must collect same from other sources, for to the extent that the importation of dutiable goods decreases to that extent our revenue decreases.

During the last fiscal year we imported from Austria-Hungary, \$15,232,645; Belgium, \$21,324,417; France, \$95,445,062; Germany, \$119,383,978; Russia, \$2,420,602; Serbia, \$9,627; United Kingdom (Great Britain), \$132,173,220; making a total of \$385,989,551 on which we collected approximately \$125,811,000 customs revenue.

With present conditions in the warring countries and the present falling off in our imports from them, due to conditions there, it is reasonable to assume that our customs revenue for the next 12 months will decrease \$100,000,000. We must therefore turn to some other source to raise revenue sufficient to supply the deficit until the emergency shall have passed and normal trade conditions are restored; at which time this measure will be dispensed with. And, Mr. Speaker, in the face of this situation the question presents itself as to what sources shall we turn. Shall we issue and sell bonds? No; we should not resort to that course, for it would ultimately add an increased burden of taxation to the American people to the extent of the accrued interest on the bonds. Nor can we meet the present emergency by an increase in the income-tax rate, for the

reason that the revenues derived from the income tax is not available until June 30 of each year, and the deficit caused by our diminishing customs duties must be met before that time. Then if we do not issue bonds we must shift our collection of customs taxes to internal-revenue taxes, and in shifting to internal-revenue taxes we should do what this bill proposes to do and will do, so far as it applies to goods and wares, we should tax the luxuries of life and leave free from taxation the necessities of life that are consumed daily by the toiling men and women of the land.

Mr. Speaker, this bill is not a new proposition nor a departure from long-established precedent. Our country and other countries have always adjusted their revenues to meet conditions in time of war. In 1898 Congress passed a similar bill to meet conditions incident to the Spanish-American War, identical in part with this bill. But some gentleman on the other side of the aisle said a moment ago that conditions at this time do not compare with conditions at that time; that that bill was passed for the reason that we, ourselves, were then engaged in war, and are now at peace with the world. Why, Mr. Speaker, that contention is preposterous and absurd, and the gentleman knows it. Conditions are worse now than they were during the Spanish-American War, so far as our customs revenues are concerned, for the reason that during the Spanish-American War the importation of foreign goods to our country was not disturbed. They continued to come to our customhouses, and we continued to collect the revenue from them. But to-day the importation of dutiable goods has practically ceased, thereby cutting off our customs revenue. Yes; we are at peace with the world, and glad that we are. But while that is true, gentlemen should not be so blind to reason as to contend that the European war does not affect our revenue and our trade and commerce.

Mr. Speaker, I have followed this debate with a great deal of interest, and I must say with some degree of amusement at the arguments advanced on the other side; and I must confess that I am unable to decide from the speeches which have been delivered on that side, whether there is a division in the party across the aisle on this question or whether its members are engaged in an organized effort to create Republican campaign literature suitable for each congressional district of the United States, so divided and constructed that it will serve the purpose in the various localities of the country and meet the peculiar demands of each candidate of their party in his district. I am, however, inclined to believe that the latter is the correct conclusion to draw. Some of the speakers on that side contend that there is no need of this legislation, that the Underwood tariff law is producing sufficient revenue to meet the demands of the Government, and will continue to do so, regardless of the war, and that this bill is unwarranted and indefensible. I suppose, Mr. Speaker, that that is the kind of speeches they will frank out into districts where all the Democrats and most of the Republicans are satisfied with the Underwood tariff law, in the hope that they may create the impression that this bill means an additional tax. Then, others say that additional revenue is necessary, and that the necessity is wholly chargeable to the Underwood tariff law and that this law has proven its insufficiency to raise revenues to meet the running expenses of the Government. I assume that that character of speeches will be franked out by the Republican national committee to the districts that advocate a protective tariff, in an effort to rekindle and arouse the spirit of tariff protection to a sufficient degree to divert the attention of the voter from the achievements of the present administration. So there are two distinct lines of contradictory argument on that side. Then comes the gentleman from Iowa [Mr. GREEN] and says that this measure is Republican doctrine, and that as soon as the storm clouds arose that the administration was forced to take shelter under a Republican law, for this bill is in the main a reenactment of the Republican war tax bill of 1898. Then following close upon his heels comes the never-tiring orator from Wyoming [Mr. MONDELL] and vociferously avers that the bill is not in any degree a Republican policy, but that it is the newest thing under the sun; and I suppose, Mr. Speaker, that Mr. GREEN's speech will be franked out to those sections of the country where the Republican revenue law of 1898 was unpopular, and that the speech so eloquently delivered by the gentleman from Wyoming [Mr. MONDELL] will go to the stand-pat districts where new ideas are looked upon with disfavor.

Mr. Speaker, my opinion that these gentlemen are playing partisan politics is based first upon a statement that I heard from a very reliable source a few days ago and, second, upon the performances in evidence. I was advised a few days ago by a reliable gentleman that the Republican Party would not get out a campaign textbook this year, but would make its fight by franking out to the different districts of the country such

campaign documents as are most suitable in each particular section. So, from the statement received and the widely diversified speeches that are coming from even the leaders of that side, I think it morally certain that they in their desperation are exerting their efforts to manufacture campaign dope to meet their strenuous needs throughout the length and breadth of the land. But in this enlightened age, when the world reads, when 60 copies of the CONGRESSIONAL RECORD go into each congressional district and the weekly and daily papers and magazines go into almost every home, the people can not and will not be deceived by such acrobatic performances. We are frank to admit that some of these gentlemen are first-rate political acrobats, but we are unwilling to concede that they can ride two different horses in opposite directions at the same time and convince the people that both horses are going in the same direction. But inasmuch as they realize how scarce they are of campaign material at the present time I do not wonder at their efforts to manufacture same to meet the emergency which the splendid and wonderful achievements of the present administration have thrust upon them. But I want to serve notice upon them now that their efforts will be in vain, for the people have not forgotten the failure of that party to keep its platform promises in 1908, which led to its utter disorganization in 1912. Neither are the people in harmony with their opposition to the President's policies through which we are to-day at peace with the world. Nor are they overlooking the achievements of the present administration and its faithful performance of its campaign promises in 1912, upon which I desire to make a few brief observations.

We promised the country in 1912 that if we were returned to power we would repeal the Payne-Aldrich tariff law which placed the heavy burdens of taxation upon the necessities of life and the cheaper commodities which are consumed by the poor. We have kept that promise. We passed the Underwood tariff bill which places upon the free list the prime necessities of life, including the principal food products, shoes, farming implements of every description with which the farmer must till his soil, and barbed wire with which he fences his fields.

We have also placed upon the statute books a banking and currency law which takes the control of the finances of the country out of the hands of Wall Street and places it under the supervision and control of the Federal Government, thereby depriving the powerful Money Trust of its power to create a financial panic such as the country suffered in 1907. We have passed antitrust measures, which will soon become laws, to prevent the capitalization of watered stock in great corporations, on which the people heretofore have paid enormous profits to the favored few, and by the same laws we have provided for Federal regulation and control of monopolies, to the end that they can no longer monopolize the sale of commodities and the prices at which they sell, to the detriment and everlasting burden of the consuming public. These laws have been demanded by the country for many years, but previous attempts to enact them have been defeated by the great special interests, who have for a half century played a potent part in national legislation, but who have been driven from the halls of legislation by the present administration. We have enacted many other valuable laws since the beginning of this administration, but I shall not take the time to refer to them here.

But I can not close without making some reference to the foreign policies of President Wilson, which have received the unanimous support of the Democratic Members of Congress. These policies led to a satisfactory settlement of the differences between the United States and Japan incident to the California land laws. These policies averted armed conflict with Mexico, which would have cost us millions of money and possibly incalculable toll of human lives. In brief, it can be truly said that had it not been for the wisdom, patriotism, forbearance, and peace-loving principles of Woodrow Wilson and the loyal and unswerving manner in which the Democratic Members of Congress have held up his hands in handling the Mexican situation your sons and my sons might to-day be numbered with the countless dead on a Mexican battle field; and further still, while the horrors of war, the shedding of blood, and the bankrupting of the treasuries of the leading countries of Europe are going on, our President, supported by a Congress in harmony with his policies, continues to steer our ship of state in the channels of peace, to the credit and the glory and the honor of the Nation.

But while the President was working out a solution to those delicate questions which threatened to involve our country in war gentlemen on the other side of the aisle continued to do as they are doing now—assault him from every quarter and urge intervention in Mexico. But the President, supported by the Democratic Members and the less partisan Republican Members of both branches of Congress, stood like the rock of

Gibraltar in advocacy of peace, and as a result of same he is to-day recognized throughout the civilized world as the earth's greatest champion of peace. His course is approved by a grateful people, who are in sympathy with his policies, and the wisdom, the judgment, and the patriotism of the American people will not permit a change in the National Congress at this critical time, but they will show their appreciation of Woodrow Wilson and his efforts for peace, his championship of the people's rights, his untiring efforts to have written into law the legislation for which they had contended for many years by going to the polls on the 3d day of November and returning a Democratic Congress to hold up his hands. [Applause.]

Mr. UNDERWOOD. I yield to the gentleman from Alabama [Mr. HOBSON].

Mr. HOBSON. Mr. Speaker, I wish to express first my gratitude to the gentleman from Alabama for giving me time even though I am opposed to the bill. I thought I had time from the other side, but my understanding proved to be a mistake.

I desire to state that my opposition to the bill is based on its containing sections 1 and 2, which place taxes on intoxicating liquors.

The temperance and prohibition forces of the country are opposed to this Government's further embroiling itself with the liquor interests. I will place in the RECORD telegrams of protest:

PITTSBURGH, PA., September 24, 1914.

Hon. R. P. HOBSON,
House of Representatives, Washington, D. C.:

Presbyterian board of temperance, representing 9,500 ministers and 1,500,000 members, asks that the Federal Government shall not compromise itself by accepting revenue from the vices of its citizens, as is the case when it takes toll from the liquor traffic, thus further intrenching said traffic. We therefore ask that the revenue bill be so amended as to eliminate this objectionable feature.

CHAS. SCANLON, General Secretary.

NEW YORK, September 23, 1914.

Hon. R. P. HOBSON,
House of Representatives, Washington, D. C.:

The board of managers of the National Temperance Society desires you to present its emphatic protest against the proposition to increase the national revenue by any tax upon fermented and spirituous liquors which would further commit this Government to dependence for income upon the vices of its people.

JOHN W. CUMMINGS, Secretary.

PITTSBURGH, PA., September 23, 1914.

Hon. RICHMOND P. HOBSON,
House of Representatives, Washington, D. C.:

At a civic mass meeting held in the First Presbyterian Church, Pittsburgh, this evening, attended by more than 1,000 persons, the following resolution was unanimously adopted:

"Whereas there is a measure now before Congress to increase the national revenues; and

"Whereas it is proposed to raise a portion of said revenue by placing an additional tax upon alcoholic liquors; and

"Whereas the effect of such taxation would be further to intrench the liquor traffic by making the Federal Government more dependent upon said traffic and give the traffic more influence in national affairs; and

"Whereas the patriotic people of the United States are able and willing to support their Government without allowing it to traffic in the weaknesses and vices of her citizens: Therefore be it

"Resolved, That this meeting expresses its earnest convictions that the Federal Government ought not to compromise itself by accepting revenues from the sins of its citizens, and we request that said measure be so amended as to eliminate all revenue from this objectionable source."

J. R. PARK, Secretary.

SPRINGFIELD, MO., September 23, 1914.

Hon. RICHMOND P. HOBSON, Washington, D. C.:

The thirty-second annual convention of Woman's Christian Temperance Union now in session, representing 10,000 women, register a protest against levying a war tax on wines and liquors.
(Not signed.)

NEW YORK, September 24, 1914.

Hon. RICHMOND PEARSON HOBSON, Washington, D. C.:

New York State Woman's Christian Temperance Union, 35,000 members, protest against increased war tax on alcoholic liquors.

ELLA A. BOOLE.

EVANSTON, ILL., September 22-23, 1914.

Hon. RICHMOND P. HOBSON,
House of Representatives, Washington, D. C.:

We have energetically protested to President Wilson and to UNDERWOOD against proposed revenue tax on liquors.

ANNA GORDON,
Acting President National Woman's Christian Temperance Union.

WINNEBAGO, MINN., September 24, 1914.

RICHMOND PEARSON HOBSON,
House of Representatives, Washington, D. C.:

Minnesota Methodist Episcopal Conference of 160 ministers, representing 20,000 members, earnestly protests against Underwood bill increasing revenue on beer and domestic wines.

Bishop WM. O. SHEPHERD, President.
H. O. LEACHOUT, Secretary.

JERSEY CITY, N. J., September 24, 1914.

Hon. RICHMOND PEARSON HOBSON,
House of Representatives, Washington, D. C.:

Hudson County Woman's Christian Temperance Union of New Jersey, in convention, representing 500 members, send protest against increased taxation on wines, beer, and whisky for revenue, and urge amendment of bill so that revenue will not be raised from the vices of the people.

HUDSON COUNTY WOMAN'S CHRISTIAN TEMPERANCE UNION.

This bill is called an emergency bill—to raise revenue.

Abroad the emergency for revenue among the belligerents is far greater than it is in America, and yet not a belligerent nation has adopted taxes upon intoxicating liquors to increase their revenues and intrench the liquor interests. Instead of seeking more tax from liquor they are foregoing sorely needed revenue and seizing the opportunity to suppress the liquor traffic. In Russia they are stopping the sale of vodka. In France absinthe has been suppressed. Paris has the lid on. Germany is suppressing even beer. England has forbidden liquor to be sent to its soldiers. In the light of modern science these Governments have come to recognize that there can be no emergency that would justify any action whose effect tends to undermine the public health, to undermine the public morals, tends to undermine the national efficiency and the national vitality. [Applause.]

Mr. GOLDFOGLE. Will the gentleman yield?

Mr. HOBSON. If the gentleman from New York will get me some more time.

Mr. GOLDFOGLE. I only want to ask one question. Is the gentleman in favor of taxing some other article than beer and wine?

Mr. HOBSON. I certainly am since the administration reports the need of additional revenue and the Democratic caucus has decided on that action. I hope before the bill comes back from the Senate that sections 1 and 2 will be stricken out and our party will not be put in the position of offering an affront to the temperance and prohibition forces of the Nation. The moral standing of our party is largely involved. While some individual interests may be affected for a while, the great organized liquor interests of America are gloating over the action of our party in framing this bill. Our party was long in eclipse largely because of its intimacy with slavery. We should free it from the threat of a similar intimacy now with liquor.

I do not believe that it is generally known by Members of Congress that the temperance and prohibition forces of the country do not wish this tax imposed and that they regard it as an affront. These temperance forces know that the beginning of the alliance of the National Government with the liquor interests, the beginning of the sinister power of liquor in politics, date from the internal-revenue bill of 1862, adopted in a war emergency against the protest of Abraham Lincoln. They believe that this Government ought to begin to free itself from any dependence upon a revenue raised in this way.

At the close of my very brief remarks I will print a statement on "Big facts and big conclusions about rum," setting forth the reasons for their opposition to liquor. Three facts have been definitely established about alcohol: First, that liquor is a protoplasmic poison; second, that alcohol is a habit-forming drug. There are 4,000,000 heavy drinkers in this country and 1,000,000 confirmed drunkards—5,000,000 abject slaves; more abject than any black man ever driven by a slave driver. Third, that alcohol is a universal specific cause of degeneracy. It makes a deadly attack upon the line of any creature's evolution. Whatever that line is, wherever the species is building, there is where the tearing-down effect of alcohol is deadliest. In the human species the line is in the top part of the brain, the seat of the will power, the seat of the moral sense, the consciousness of right and wrong, the consciousness of God, of duty, the impulses of good will, of charity, of love, of self-sacrifice, the test of character. Drink lowers fully 20 per cent the economic efficiency of our Nation; it must lower much more the average standard of character, thus undermining the foundation of our institutions and threatening the life of the Nation itself. Here in America 2,000 American citizens die prematurely every day between sunrise and sunrise as the result of liquor. In all the fields of war operations abroad there is not as large an average of killed. The soldier that falls on the field of battle with a bullet through his heart has no blow struck at his spiritual nature, no blow at his character, but every one of these victims of alcohol has been assaulted more in character than he has been in physical vitality. Just imagine a devilish weapon being invented that when fired at a man would not only tear the flesh, but would make a deadly wound in the character, in the soul. Then think of 2,000 American citizens falling by such weapons every day. What do you think of a party or a govern-

ment joining in this slaughter of its own citizens and sharing the spoils and blood money, forsooth, because we have an emergency?

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. HOBSON. I will print here, under the general permission, my statement on "Big facts and big conclusions about rum."

The statement is as follows:

"BIG FACTS AND BIG CONCLUSIONS ABOUT RUM.

"BIG FACT NO. 1. ALCOHOL IS A PROTOPLASMIC POISON.

"Alcohol is the waste product, the excretion, of the great scavenger, the ferment germ, and as such is a toxic poison, a poison to the ferment germs themselves, which accounts for fermentation decreasing as the alcohol increases, stopping altogether when the alcohol exceeds 12 per cent solution, and a poison to all forms of life of a higher order than the ferment germ. Since the ferment germ is practically at the foot of the scale of life, its waste product, alcohol, is a 'protoplasmic' poison, a poison to all living organisms. An organic substance in alcohol is 'preserved,' because no organisms of decomposition can penetrate the alcohol, not even the ferment germs themselves.

"This big fact, which is an undebatable finding of science, undermines the whole popular conception of 'food value' in alcohol and the idea of virtue in its 'moderate' use. This big fact is the true foundation for the up-to-date, scientific education of the public mind on this great subject. Especially should the periodical literature of the day emphasize before the reading public the fact that no matter in what quantity it is administered alcohol in proportion to the quantity is a poison to all living tissues of plants, of animals, of man.

"This is why drink affects fundamentally the health of the individual and the public.

"BIG FACT NO. 2. ALCOHOL IS A SPECIFIC CAUSE OF DEGENERACY.

"The severest attack of this poison is on protoplasm that is tender and unstable. This is why drinking is doubly harmful in children and in youth. The tenderest, most unstable tissues of a living organism are those most recently evolved in the life history of the species. In the human species the latest tissues evolved are those of the nervous system, especially the tissues of the brain, the cortex of the cerebrum. These tissues of the cortex are the seat of the center of inhibition, the seat of self-control, and the seat of those activities associated with the moral sense—in a word, the seat of character. Nature is trying to evolve a race of men of ever nobler character. Alcohol's deadliest attack is upon this seat of character. Careful observation of a sober man of high character, who takes one drink, then another, and another, will show how his self-control is affected early, his consideration for others, his delicate sense of right, his moral conceptions, the transformation being a progressive brutalization. Though restoration to the normal may seem to gradually follow when the alcohol is eliminated, yet the process oft repeated makes the effect more and more permanent, till the man passes down to a lower plane, that of the semicivilized or even the savage. This process is what causes most of the deeds of violence to be committed 'in drink,' most of the lapses from virtue in man and woman to be preceded and attended by drinking.

"This is why drink affects fundamentally the morals of the individual and of the public. As stated above, tissue in the line of evolution is the tenderest; this tissue is at the tenderest stage in the prenatal and embryonic period. Drinking, then, has an appalling effect upon the heredity of the offspring, especially the nervous system. The investigations of Dr. Laitinen, of Helsingfors, show that of children born of total-abstaining parents nine out of ten are normal, while of children born of alcoholic parents only one out of six is normal, one out of five becoming insane, one out of three epileptic, idiotic, or feeble-minded.

"BIG FACT NO. 3. ALCOHOL IS A HABIT-FORMING DRUG.

"Alcohol has the property of ether and chloroform of quickly penetrating the fatty substance that protects the nerve fibers, and by deadening these fibers prevents the messages of pain that would otherwise be sent to the brain from the poisoning. Alcohol is thus its own anesthetic, and the sensations attending drinking, instead of being those of pain, to warn the drinker, are rather pleasurable sensations of exhilaration. This is why Solomon called wine a 'mocker.'

"This big fact undermines the popular conception of alcohol's being a stimulant and removes it entirely from its old position of a general medicinal remedy. The periodical literature of the day should emphasize this fact, that, instead of being a medicine, alcohol, in poisoning the tissues of the body

and the corpuscles of the blood, lowers their vitality and opens the system to the attack of diseases.

"When the tissues come out from under alcoholic anesthesia their discomfort causes a yearning to be relieved by being put again under the anesthetic. Thus the appetite for drink grows with the drinking. The will power weakens as the appetite grows; hence the drink habit. The person is no longer a normal free-will being, but is only a slave to labor for those who sell the liquor.

"Beverages of this drug are easily made and served in attractive forms and lend themselves readily to social intercourse. Thus the traffic in this attractive, deceptive, habit-forming drug is the easiest means of drawing on the substance of the people, and for generations has been exploited by a powerful trade and by the revenue policies of all the Governments of the world.

"SCOPE AND MAGNITUDE OF THE RUM PROBLEM.

"The rum problem is the biggest problem of the Nation and of humanity. It strikes deep at the root of national efficiency and prosperity. The poisoning effects of even moderate amounts of alcohol lower to a marked degree the efficiency of all kinds of labor. German experiments indicate for temperate regular drinkers a loss averaging from 25 per cent to 40 per cent. Reliable estimates place the number of drunkards in the United States at 1,000,000, the number of heavy drinkers at 4,000,000, and the number of temperate regular drinkers at 20,000,000, while unestimated millions are occasional drinkers.

"The lowered efficiency of these millions of producers represents a huge loss of productiveness to the Nation. Remembering that the retail cash liquor bill of the Nation is over \$2,500,000,000 yearly, spent on a poisonous beverage, remembering rum's share of the cost of crime, pauperism, insanity, and untimely death, we see that in spite of so many railroads and industries banishing rum from their employees the economic loss from rum overshadows the losses from all other causes combined.

"Rum strikes an equally heavy blow at the national health. French investigations have demonstrated that the mortality from tuberculosis is proportional to the amount of alcohol consumed per capita, and that in France alcohol is responsible for considerably over half of all deaths from consumption. Similar investigations show that alcohol shares a serious part of the responsibility in the mortality for other diseases. A general average of life insurance records show that a young man at the age of 20 as a total abstainer will live to the average age of 65, as a temperate drinker will live to the average age of 51, and as a heavy drinker will die at the average age of 35.

"The investigations of the British interdepartmental committee on physical deterioration, of the registrar general of England, and life insurance companies' records show in general that between the ages of 25 and 65 the mortality of the people at large is 1,000 deaths every year for each 61,000, while for total abstainers it is only 560 per 61,000. This astounding difference confirms the conclusions from the disease mortality investigations that rum strikes a deadlier blow than all other causes combined at the public health. Mr. Gladstone was right when he declared drink was more destructive than war, pestilence, and famine combined.

"Rum menaces our liberties and institutions as seen above. The attack of alcohol is more severe upon character than upon economic efficiency. The consumption of about 25 gallons of alcoholic beverage per capita for every man, woman, and child means an appalling lowering of the average standard of character of the Nation. History and reason alike demonstrate that free institutions and self-government demand a relatively high average standard of character of the citizenship.

"The facilities and profits of the traffic increase with the density of population, causing degeneracy in general to grow in proportion to the growth of city life. The growing venal degenerate vote in our great cities already constitutes a grave menace, not only in municipal but also in State and National elections. With the present rate of growth of city life over country life we can not wait long; we must solve the rum problem in our generation, or else our posterity will see the degeneracy of city life overthrow the liberties of America as it overthrew the liberties of Greece and the liberties of Rome. The same degeneracy that overthrows the liberties of a free people will ultimately entail the decline and the downfall of the Nation itself.

"The rum problem for America thus involves the very law of self-preservation itself. It also involves the evolutionary law that nature imposes on a nation as on every living thing, the law of improvement. It is the degeneracy from rum more than all other causes combined that interferes with nature's efforts to insure that each generation shall rise higher and nobler than the previous. Thus from the deepest law of nature we draw our first big conclusion, that—

"IN OUR GENERATION, WE MUST SOLVE THE RUM PROBLEM.

"Before nature and nature's god, every child has a right to be well born, without any taint of degeneracy in its blood. Rum, more than all other causes, taints the heredity of the Nation and violates the rights of citizens before they are born.

"Every child has a right to be born in a home with parental love for its tender years. Rum more than all other causes combined disrupts the homes of the Nation and violates the rights of citizens in childhood.

"Every child has a right to a real education and to protection from physical and moral harm during youth.

"Rum, more than all other causes combined, drives the girls and boys into the factories and mines and upon the streets, where rum in turn will capture them as easy prey. The investigations at Bellevue Hospital of the antecedents of their thousands of drunkard patients indicate that more than two-thirds of all the drunkards had contracted their drinking habits before they were 21 years old; that 30 per cent had contracted their habits before they were 16; that 7 per cent had contracted their habits before they were 12. What a slaughter of the innocents! Investigations show that few men begin to drink after they are grown.

"A man may drink, himself, but if he is a good man he does not want his boy to grow up drinking, or his neighbor's boy. There are very few men who would debase themselves by teaching a boy to drink. Who is it that thus debauches the boys and youth in the years when they are entitled to protection? Those who profit by the practice—the liquor interests themselves—who develop and maintain their business by a systematic debauching of the youth. Evidence before the Judiciary Committee of the Senate shows that they send liquor free to boys through the mail. Therefore we have the second big conclusion, that if we can kill the liquor interests the systematic debauching of the youth will cease and the next generation will grow up sober.

"This is in accord with nature's method of curing an organic disease, not so much by curing the old diseased tissue as by the building up of young tissue kept free from contracting the disease.

"The rum problem, then, is not a question of stopping old drinkers from drinking; it is not a problem of rescue work, but a question of insuring that the young shall grow up sober. This can be insured by destroying the organized liquor interests. So the question is, How can we destroy the liquor interests of America? Evidently license and regulation do not suffice. They have been tried in practically all lands with the same result. It is under these that the debauching of the youth now goes on. The quasi partnership of Government gives protection and respectability under which the traffic flourishes. Indeed, a comparison of the number of saloons in our cities with the number of United States tax receipts or licenses shows that illicit sale flourishes unregulated in the midst of regulation.

"Evidently prohibition by small areas can not suffice. It is better to have a county dry than wet, but if wet counties adjoin the virus will go over and infect the dry. It is better to have a State dry than wet, but in spite of the interstate-shipment law, if wet States remain the virus will go over and infect the dry. The disease in its very nature is not only organic but contagious—treatment in spots will not suffice. To realize a cure it must be put out of the whole body. National prohibition is the remedy. In what form? Not simply by a Federal statute, for what one Congress does another can undo. There could be no rest. Every national election would be torn and rent with this issue. The policy would shift back and forth from wet to dry. The time elements necessary in the treatment of organic diseases would be lacking; the young generation would not have time to grow up during the dry intervals. No; statutory prohibition is only superficial treatment. This is an organic disease and must have organic treatment. Prohibition must be placed in the organic law of the land, the people's law, where it would rest during a generation and permit a new generation to grow up sober. So our big conclusion No. 3 is that 'We must put prohibition in the Constitution of the United States.'

"In September, 1911, on the eve of the last election in Maine, the late Mrs. L. M. N. Stevens, national president of the Woman's Christian Temperance Union, issued a proclamation calling upon all friends of temperance and all patriotic and uplift organizations to join in a united movement for national constitutional prohibition. Upon the convening of Congress that year I introduced a joint resolution in Congress submitting to the States for ratification an amendment to the Constitution of the United States to forever prohibit in the United

States and the territory under its jurisdiction the sale, manufacture for sale, importation for sale of all beverages containing alcohol. To this original resolution I added later the words 'exportation for sale,' and 'transportation for sale.' In a speech published in the CONGRESSIONAL RECORD of February 2, 1911, called 'The Great Destroyer,' I set forth the results of investigations that I had made with the cooperation of the Library of Congress. These investigations were disinterested and scientific and lead to the clear, inevitable conclusion that for a real cure we must have the organic treatment of placing prohibition in the Constitution of the United States. With the aid of friends I have sent out more than 2,000,000 copies of this speech, chiefly to the colleges, schools, and those who mold the thought of the young, and have written about a million and a half of letters to the youth of the land. During the last three years I have delivered lectures in all parts of the country and spoken on the subject to conventions, national, State, and local, of prohibition, temperance, religious, civic, uplift organizations.

"The second week in November last the greatest convention ever held in the world was held in Columbus, Ohio, at which were assembled official representatives of 97 national uplift organizations, including the churches and Sunday schools of all denominations, Christian Endeavor, Epworth League, Woman's Christian Temperance Union, Antisaloon League—practically all of the national uplift organizations of the Nation. For the first time the moral forces of a whole nation were assembled in a single convention. This convention unanimously adopted the proposition for nation-wide constitutional prohibition and for a nation-wide campaign of education on the whole question of rum to be carried forward together. The National Antisaloon League, in convention at the same time, unanimously adopted a similar proposition and authorized a committee of 1,000 men to be sent to Washington to memorialize Congress. On the 10th of December this committee, numbering nearly 3,000 men, coming from every State and Territory in the Union, met at Washington jointly with a similar committee of the Woman's Christian Temperance Union and memorialized both Houses of Congress to pass a joint resolution submitting to the States for ratification an amendment for national constitutional prohibition. The form of the resolution finally decided on is given in House joint resolution 277, which in substance is the same as my original resolution.

"In both Houses the resolution was referred to the Committee on the Judiciary. The Judiciary Committee of the House of Representatives has completed its hearings and has made a report without recommendation. So the resolution is on the calendar, and will probably be voted on before Christmas.

"The Judiciary Committee of the Senate has concluded its hearings, which were conducted through a subcommittee. The general opinion is that their report will be favorable.

"The prospects are that before the end of the present Congress, March 4 next, both Houses will vote on the resolution.

"The resolution will require for passage a two-thirds vote of both Houses, and for ratification will require ratification by the legislatures of three-quarters of all the States—36 out of the 48 States.

"About 55 per cent of all the people of the United States now live under prohibition law, and about 71½ per cent of all the area of continental United States is now under prohibition law. This majority of American people, as far as they could do so, practically have in regular form requested Congress to be allowed to pass on this great question. Under the spirit of our institutions they have a right to pass on it. Remembering that it deals only with the sale, and does not have the Federal Government touch the question of use, manufacture for use, transportation for use, and so forth, and thus does not invade the sanctity of the home or the rights of the individual; remembering that it is a referendum to the States to accept or reject, and is not, therefore, an encroachment upon the rights of the States; remembering that its great object is to stop the debauching of the youth, with which object all good men must be in accord, except those financially interested; remembering that practically all the organized moral forces of the Nation have unanimously resolved to make the question the paramount issue, irrespective of party affiliation, in every congressional and senatorial campaign; and remembering that Congress by passing the resolution would relieve itself of all responsibility and transfer the whole question to the States—remembering all of these considerations, we are led to big conclusion No. 4, that at a comparatively early date both Houses of Congress will pass the joint resolution proposing an amendment to the Constitution of the United States for national prohibition.

"When the proposed amendment goes before the States the opposition to ratification will be centered chiefly about the interests directly affected.

"The overwhelming consensus of experience shows such marked increase in general prosperity when prohibition has been adopted in cities, counties, and States, even with imperfect enforcement, that there will be but partial opposition on the part of interests affected only indirectly.

"Heretofore the advocates of prorum policies have prided themselves in the claim that 'prohibition does not prohibit.' This is not only a confession that the traffic is inherently lawless, but is also an admission that the wishes and rights of prohibition communities and States are ruthlessly invaded. Therefore the staunch advocates of State rights and local self-government will ultimately rally to the support of the amendment, recognizing in it not an encroachment upon the States, but a referendum to the States, which, when the will of three-fourths of them all is expressed, will create in the Federal Government simply an additional effective agent to carry out the will of the States.

"Drinkers who are not yet degenerates will quickly come to recognize that the amendment deals only with the question of sale, founded upon the public principle of contract, does not invade the home, does not infringe the rights of individuals or individual liberty, but in prohibiting the sale simply stops one citizen from gaining profit by harming a fellow citizen, thus simply destroying the organized rum traffic and putting an end to the systematic debauching of the youth; therefore the bulk of the drinkers and even some good men among the rum dealers themselves will ultimately support the measure as a means to insure that the next generation and future generations of Americans shall grow up sober.

"Extreme prohibitionists, who at first blush may be inclined to think that the measure does not go far enough, will soon realize that it does not prevent the States and smaller subdivisions from going further.

"Thus the opposition will center chiefly about the big cities, where the rum interests are controlled and the degenerate vote is gathered. Now, the big cities are located in a few States. Eleven States could be spared and yet ratification be completed. The fact that 71½ per cent of the area of Continental United States is now under prohibition law and that before the year is over the Pacific Coast States will almost certainly fall in line with Virginia in voting state-wide prohibition, shows how great will be the initial strength of the ratification campaign. Indeed, there are 36 States in the Union, the number necessary for ratification, within whose combined borders there are fewer saloons than in the one city of New York.

"When we realize that the vast bulk of the uplift forces of the Nation, practically all of the organized moral forces, are united and fast becoming unanimous in support of this measure and are marching forward, over 4,000,000 of petitioners having already petitioned Congress; when we remember that in the campaign for ratification these forces can adopt the strategy of concentrating their full efforts upon each State in turn, defeating the enemy in detail; when we remember that a State having once ratified remains always on the side of ratification, while an effort for ratification in any State falling at one time can be repeated as often as may be found necessary; when we remember that the whole process is educational and will steadily take home to the great body of our people the big facts about rum—when we remember these things we must come to big conclusion No. 5, that the joint resolution will not only be passed by the necessary two-thirds majority in both Houses of Congress, but will also be ratified by the necessary three-quarters of the States, making this prohibition amendment part of the supreme law of the land, part of the Constitution of the United States, where it will remain forever.

"With the destruction of the organized rum traffic the systematic debauching of the youth will end. Old drinkers in many cases will continue to drink, making for personal use their own distilled or fermented liquor, except as stopped or regulated by local-option laws of their individual States or counties or municipalities. But as the old drinkers die off, their places will not be filled by new drinkers, and America will in time become in scientific reality a sober nation.

"The big facts about rum are now known and are being disseminated with governmental aid in all civilized lands. Big conclusions, like the ones above, will be arrived at inevitably in other lands. America's leadership will be followed by the other nations. It is not simply a prayer rising from the heart of humanity, but a scientific demonstration, that leads to big conclusion No. 6, that the age-long reign of rum is doomed.

"With the overthrow of rum a millstone will be cut from around the neck of humanity. The great evolutionary laws of nature can then work their beneficent results with the human species. Applying a new energy and a new efficiency to industry, the world will groan with the bounty of production and

prosperity. Sordid and selfish purposes will gradually vanish in industrial, political, and social activities. Wonderful reforms, insuring industrial and social as well as political justice for all, will soon follow. The germs of decay will gradually vanish from even city life. Nations will flourish for thousands of years and then be but in the vigor of youth. The human race, instead of being sloughed off as it rises, will produce wonderful thoroughbred types of intellectual and moral beauty. The great struggles will no longer be between good men fighting other good men, but between all good men fighting the powers of darkness as they are driven farther and farther back.

"Moral and spiritual forces will assume the ascendancy in individuals, in communities, in nations, and will permeate the relations of nations to each other. All the nations will be organized into a world body and bring about world peace and world justice; altruistic forces will develop a great brotherhood of man for complete and effective cooperation with nature, to cause a maximum of evolutionary development, a maximum of uplift of humanity, to fulfill the will of God in the world.

"RICHMOND PEARSON HOBSON."

Mr. UNDERWOOD. Mr. Speaker, I will ask the gentleman from New York to use the balance of his time.

Mr. PAYNE. I will yield the balance of my time to the gentleman from Michigan [Mr. FORDNEY].

Mr. FORDNEY. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. LANGLEY].

Mr. LANGLEY. Mr. Speaker, the present distress of the country is not the result of President Wilson's psychology; it is the pathological sequence of democracy. [Laughter and applause on the Republican side.] I am opposed to this bill, not because of its Democratic parentage, but because it is unwise and unnecessary, although the two propositions are very frequently synonymous. [Laughter.]

Mr. CLARK of Florida. Will the gentleman yield for a question?

Mr. LANGLEY. No; I can not yield.

Mr. GOLDFOGLE. I only want to ask the gentleman one question.

Mr. LANGLEY. Oh, no; I am sorry, but I have not the time. Eighteen months ago this country, in a healthy condition and prosperous, fell into the hands of the Democratic Party.

Two years ago a war in the Republican Party forced the Democrats into power, and now the Democratic Party is hoping and praying that the great war in Europe will keep them in.

Two years ago the Democrats promised not to disturb prosperity, and ever since then they have promised to bring prosperity back. When and how did prosperity take wings?

Two years ago mills were running, trains were running, candidates were running. To-day only the candidates are running.

Two years ago men were busy, money was busy. To-day the taxgatherer is busy.

The country has been fed on "wishes, hopes, and promises, the currency of idiots," and now in its impoverished condition, weakened and industrially and financially anemic, debilitated almost beyond the power to resist further unskillful treatment by the quack doctors of the Democratic Party, it is about to be given another dose of Democratic medicine labeled "War taxes in time of peace."

This is not a war-revenue bill. It is a Democratic revenue bill, for notwithstanding the war in Europe we would have been able, with proper management, under the policy of protection and economy to have met the unusual conditions and passed any crisis without resort to additional taxation of our own people.

Business men have acted—

said President Wilson to the Virginia editors June 25, 1914—

as some men do who fear they will have to undergo an operation and who are not sure that when they get on the table the operation will not be a capital operation. But—

The President added—

the treatment is to be constitutional rather than surgical.

The treatment certainly has been constitutional, and who blames the business man for fearing he will have to undergo an operation?

First, this quack clinic of Democratic doctors made a wrong diagnosis. The patient was healthy and strong, but a good subject upon which to experiment with quack theories.

They then administered a dose of free trade, which was entirely foreign to the patient's system and unknown to modern political materia medica, which at once debilitated the patient and impoverished his blood, reducing his weight and his resisting power. The Democratic doctors, failing to note the change for the worse, proceeded further to carry out the course of treatment prescribed by the quack clinic by next injecting a

hypodermic of currency into the patient's financial arteries, which, though slow in taking effect, threatens obesity.

The patient's condition growing still worse, and his financial pulse becoming quite irregular, the doctors in desperation injected a magnum of old-time Republican emergency currency, according to the formula of the eminent authority, Dr. Vreeland-Aldrich. This somewhat restored the patient's confidence and his hope of recovery, but other and more violent symptoms developed as a result of the foreign free-trade treatment, clearly indicating marasmus, or wasting disease, and although dieted upon the "New feed 'em," consisting of one part whole cereals from Argentina and Canada, one part noncompetitive raw materials, duty on, and two parts finished articles, free listed, the patient could not assimilate this food, and his ad valorem and internal-revenue canals failed to perform their functions.

To reassure his patient, Dr. Wilson told him that "as the diagnosis has progressed it has become more and more evident that no capital operation is necessary." In fact, the patient's constitution by this time was too enfeebled to withstand an operation.

The quack clinic now declares that after all there is nothing the matter with the patient, that his condition is "psychological," a state of mind altogether.

Then they proceed to administer the old-time Democratic remedy of cupping and leeching. He must be bled. He must have his spinal income trephined, his corporation surplus siphoned, his table of contents X-rayed, and his interlocking system separated.

This treatment, they declared, will be absolutely painless under the influence of an antitrust anæsthetic, which produces first wakeful watching and then "twilight sleep." While in this condition of helpless inertia the patient, like a good and trustful patient, is divested of what little he has left of mind, body, and estate through an alleged war-revenue tax, which is only a subterfuge with which to cover the incompetency of doctors of the old Democratic school who never learn anything by experience.

To revive the patient and restore him to normal will require the "Republican Red Cross Society" and the protection pulmotor.

Mr. Speaker, the war in Europe, absorbing in interest as it is, and affecting us as it undoubtedly does and will, can not divert the attention of the American people from the consequences to themselves that this Democratic administration's policies have inflicted upon them. Before the war's effects could be felt here in diminished imports and exports and loss of customs revenue our people were aware of the fact that the Democratic tariff law was a failure; that it did not do anything that its Democratic friends promised for it, but did do everything its Republican opponents said it would do.

The one great thing promised for it was that it would reduce the cost of living. This it did not do; but it reduced the chance to make a living. It increased importations of competitive goods by lowering or altogether abolishing duties thereon, and created a free list such as to put this country on practically a free-trade basis.

On this free list are finished manufactured goods, while the raw materials which go into them are in many instances made dutiable. The American producer is thus whipsawed. He is injured both ways, coming and going. At the same time the Treasury of the United States is deprived of revenue from customs duties and the consumer buys, if able to buy at all, at no less cost.

In July last, before the war in Europe commenced, our imports of foreign goods were valued at \$160,078,133, on which were collected \$22,988,465. In the month of July, 1913, under the Republican tariff law the imports were \$139,061,770 worth, or \$21,016,363 less than under the Democratic law; yet the revenue collected in July, 1913, was \$27,806,654, or \$4,818,189 more than in July of this year.

These figures alone illustrate the difference between a free-trade law, that lets in foreign goods to displace American goods without compensation either to the consumer or the Treasury for the privilege, and a protective-tariff law, that safeguards both the American market from foreign invasion and the United States Treasury from a deficit.

This happened before the European war. This happened also in each and every month, save one, since the Underwood tariff has been in effect. At the same time our exports fell off alarmingly. As imports increased, exports decreased. In this respect, as in others, the American people were made to burn their candle at both ends.

For the first time in 20 years the balance of trade in April, May, June, and July was against us. Imports for those months

were greater than exports. We were buying more from foreigners than we were sending to them. Here are the figures:

	<i>Excess of imports.</i>	
April	-----	\$11,339,544
May	-----	2,476,896
June	-----	653,522
July	-----	6,462,233
Total	-----	20,932,195

The President, in his address to Congress asking for \$100,000,000 more revenue by taxing our own people, said there was a falling off in August last in revenues collected from customs of nearly \$11,000,000. The President might also have stated that there was a falling off of revenues collected from customs in July of \$4,818,189, in June of \$115,151, in April of \$1,461,200.19, in March of \$1,530,276.30, in February of \$9,995,512.13, and in January of \$5,806,044.26, or a total decrease for the first seven months of 1914 of \$23,360,549.39.

But the President saw fit not to refer to these facts.

The President, however, also stated in his address that the people "know and understand, and will be intolerant only of those who dodge responsibility or are not frank with them."

Absolute frankness, I submit, would have dictated a revelation by the President of our economic conditions during the months prior to the war in Europe, and not alone the conditions for the first month of the war, which were not due entirely to the war, but to the unfavorable operation of the Democratic tariff law.

It is true, as the President said, that the people "will be intolerant only of those who dodge responsibility." Yes. "The people know and understand" where the responsibility rests for the destruction of industries which the Democratic Party promised not to injure, for the lack of employment to American workmen, for reduced wages, for curtailment of production, for general business distress and failures, for the arrest of development, for diminished revenues, for extravagance, and for the high and increasing cost of living.

The people knew and understood all these things before the foreign war began, and their minds will not be diverted from the facts of hard experience by any untoward circumstances. The people are not easily fooled. The Democratic Party already was weighed in the inexorable balances of public opinion before this war came on, and it can not now use that war successfully as a cloak with which to cover its own deception, its own broken promises, and its own incompetency.

The Democratic Party, ostrich-like, may hide its head in the shifting sands tossed upon our shores by the terrible undercurrents and billows of a great foreign war; nevertheless, its misdeeds are in plain sight of the American people.

No, Mr. Speaker, in ascribing wholly to the terrible conflict abroad the cause of our fast diminishing revenues the President did not deal frankly with us, and did not state all of the facts. Nor was the President altogether frank or happy in referring to the condition of the Treasury.

We have to-day a working balance of about \$118,000,000, thanks to the revenue-producing quality of a protective-tariff law. This is \$50,000,000 less than was the balance in the general fund at the end of the fiscal year 1913. Of the \$118,000,000 balance at the present time the President stated that about \$75,000,000 is on deposit with the national banks on call. "We ought not to draw this money out to help tide over the shortage," said the President, "because of probable inconvenience to the banks. Neither ought we to borrow," he said, "for to do so would be a most untimely and unjustifiable demand on the money market. But," he said, "we must resort to taxation and put burdens on the people."

In effect, the President says we must not think of drawing out of banks our own money for our own needs; the country is not able to stand a loan, but we will reach down and take what we need out of the people's pockets.

Mr. Speaker, this is strange reasoning, and to the American people who will feel the burden of additional taxation it will remain inexplicable. The people will want to know why they must be taxed in time of domestic peace to the extent of another \$100,000,000 to run the Government when the Government has \$75,000,000 of its own in the banks.

The people will want to know why they are to be taxed to meet a prospective deficit when, if necessary, the Government could as easily float a popular bond issue as did the city of New York a few days ago, which was cheerfully subscribed for by foreign investors as well as by our own people. Small capital, unable to find employment in the development of industries, appears eager to be invested in municipal securities. Why not, then, in the bonds of the United States? Has the administration itself lost confidence in the ability of our people or does it think the people have lost confidence in the administration?

But, Mr. Speaker, I do not advocate either the borrowing of money in time of domestic peace nor placing additional burdens of taxation upon an already overtaxed people. I believe this exigency, so far as one really exists, is due chiefly to Democratic fiscal policies and that it can be met in other ways than by borrowing from or taxing the people.

In the first place, I would economize. That is what the prudent and careful business man would do. But, Mr. Speaker, the President in his address recommending additional taxation of the people did not once suggest economy. In fact he has never once in any official paper since he has been President touched upon the subject of expenditures or economy, although elected on a platform which pretended to cry aloud for retrenchment. In this one respect alone, if in no other, he has allowed Congress to have its own sweet will. And Congress has piled up one extravagance upon another without a word of dissent from the White House.

Moreover, the Democratic caucus, when it had a chance to adopt a sensible and economical budget system as recommended by a Republican President, deliberately voted it down.

There is ample room for economy without unduly hampering the public service or its efficiency.

Even now it is not too late for legislative action that will save to the Government the \$100,000,000 which President Wilson wants to take from the people's pockets.

If the Democratic Party really stands for economy, as it fooled the people into believing, it will throw this taxing bill into the discard and set about saving the people from the burden this bill imposes upon them by saving some of the people's money from wasteful and useless expenditure.

I would also restore protective rates of duty on foreign importations. Not all of the ocean lanes of commerce are closed. Most of them are open. Even with diminished imports a protective tariff, as in the past, would insure against a deficit in the Treasury and at the same time revive and protect our industries, which have languished or been displaced by the workings of the Democratic tariff law. Put back the duty on sugar, or even a reasonably protective duty. This would yield about \$25,000,000 alone. Reducing the duty 25 per cent has enriched the Sugar Trust. The Treasury since March 1 has been losing sugar revenue at the rate of over \$2,000,000 a month. The consumers have not benefited in the least. The Sugar Trust absorbed the tariff reduction, and then had the audacity arbitrarily and criminally to put up the price of sugar and blame it on the war in Europe. The Sugar Trust pays only 2½ cents a pound for Cuban raw sugar, the cost of refining is but one-third of a cent, yet it has sold the refined granulated from 6 to 9 cents a pound, and the fancy grades, such as cube and crystal domino, at much higher prices. This is the same crowd who were caught red-handed by the Republican administration and made to disgorge about \$4,000,000 in duties withheld through frauds in weighing. Why should this Democratic administration play into the hands of the Sugar Trust at the expense of the Treasury? Can anybody explain it? Why should the Secretary of the Treasury, the President's son-in-law, deny to the State of Louisiana, whose sugar industry lies prostrate, the scant privilege of going into court to determine whether or not the Sugar Trust ought to pay the higher duty under the Cuban reciprocity treaty or the lower duty which it has been paying since March 1 under the Secretary's own construction of the Underwood law? The State of Louisiana can not have this legal question determined without authority of Congress, and the Secretary of the Treasury, jealous of his ministerial act in fixing the lower rate for the benefit of the Sugar Trust, declined to recommend favorable action upon the request pending before the House Judiciary Committee in the form of a joint resolution introduced and urged by the gentleman from Louisiana [Mr. BROUSSARD].

What possible harm can come, except perhaps to the Sugar Trust, from having the matter judicially determined? If the Secretary of the Treasury had fixed the higher rate of duty, the Government would already have been the richer by \$14,000,000, and the Sugar Trust, if it felt aggrieved, could have appealed to the board of appraisers and to the customs court.

But the Secretary having fixed the lower rate under the Democratic tariff, the State of Louisiana can not appeal and must look to Congress for authority to go into court. This administration tore up its platform promise of free tolls for our ships at the Panama Canal on the hypocritical pretense of national honor, and secured the repeal of the free-tolls law because Great Britain, an old and powerful nation, had demanded it. Yet, when it came to keeping faith and upholding our national honor with Cuba, a young and weak nation, for which we stand sponsor before the world, a Cabinet officer, the Secretary of the Treasury, utterly disregarded our solemn obligations to

that country and by his own dictum threw our reciprocity treaty with Cuba to the winds.

It seems to me that this needs an explanation and a very good reason why the Secretary of the Treasury should act as a buffer for the Sugar Trust.

If the revenue, about \$14,000,000, which has gone into the pockets of the Sugar Trust is possible of recovery, as appears, it would help out at this time. Then why not go after it?

The local Federal attorneys uncovered some little fellows here in Washington not long ago who were indicted under the anti-trust laws for conspiracy in restraint of trade by price fixing, and the Department of Justice made a loud noise about it. But what of the great and mighty Sugar Trust, against which the State of Louisiana and several hundred of her citizens have suits pending under the antitrust laws and can get no satisfaction?

The State of Louisiana, becoming weary of watchful waiting for the Department of Justice of this Democratic administration to prosecute the suits against the Sugar Trust filed by Republican Attorney General Wickersham, itself last week instituted oyster proceedings against the trust in the United States district court in that State.

The patience of Louisiana was exhausted by the procrastination, indifference, and dilatoriness of and the apparent friendliness for the Sugar Trust on the part of the present administration, and will try its own hand as prosecutor, using the testimony unearthed by a Republican administration, by which the Sugar Trust was brought to book for its wholesale frauds upon the Government revenues.

Is the Department of Justice, as well as the Treasury Department, afraid to tackle the Sugar Trust? If so, why?

Perhaps the paid agent of the Sugar Trust who wrote the sugar chapter in the Democratic campaign textbook, promising the people \$125,000,000 saving if sugar were free listed, can explain.

Mr. Speaker, if it were not for such instances of unwise fiscal policy and administration as are presented in the Underwood tariff law and the friendly treatment of the Sugar Trust, and if it were not for the extravagance of this Democratic Congress, I might feel myself bound, as a public duty, to support this bill. But I can not delude myself or be deluded into the belief that it is necessary to impose these additional taxes on our own people. The argument or plea advanced by the President and by the Committee on Ways and Means in its report is untenable, in my judgment, if not disingenuous.

That it is ingenuous there can be no doubt. The war in Europe is the one adventitious thing that Democratic Congressmen needed as a blind with which to hoodwink the people into forgetting and forgiving them for wrongs inflicted and blessings withheld. They seized upon it at once and are working it overtime.

The committee says blandly and without regard for facts that if it had not been for the war in Europe the tariff act of October, 1913, and the other sources of revenue would have yielded sufficient revenue to meet the demands of the Government.

They show that the revenue collected for the fiscal year from July 1, 1913, to June 30, 1914, amounted to \$292,000,000, which is true. But they do not show, and studiously avoid showing, that of that amount \$105,794,498 was collected under the Republican tariff law.

They do not state what is a fact, that the 25 per cent sugar reduction did not take effect until March 1, 1914, and that between October 3, 1913, and March 1, 1914, about \$42,000,000 were collected under the Republican law.

Nor did they state that the free raw wool provisions of the new law did not go into effect until December 1, 1913, and the provisions relating to the hair of the Angora goat, alpaca, and so forth, until January 1, 1914, and that between those dates and October 3, 1913, there was collected under the Republican law \$8,397,000.

Nor did the committee state that for three months and three days, from July 1, 1913, to October 4, 1913, there was collected under the old law \$55,550,119, or a grand total of \$105,794,498, while the Republican law was wholly and in part effective during the fiscal year 1914. In other words, 36.19 per cent of all the customs revenue collected during that year was based upon Republican rates.

The committee does say that \$85,500,000 was collected before the present law went into effect, but it does not state the whole amount that was collected, nor does it give the old law any credit for having helped to supply more than one-third of the total customs revenue for that year. Deduct this amount from the total for the year and apply the rates of the Underwood law and its big free list and then see how much revenue the Treasury would have from customs. It would have less than the

amount collected under the old law, or a deficit of \$105,000,000, which by coincidence is exactly the amount that the committee estimates will be collected as additional taxes from the pockets of the people under this Democratic revenue bill.

The Underwood law was deficient as a revenue producer before the European war began. It failed to collect enough money both from customs and from income taxes. And yet the committee, disregarding the facts of recent history, has the nerve to say that if it had not been for the war in Europe the Underwood law would have yielded sufficient revenue. Why, at the average rate of loss of revenue per month of \$1,511,000 for the five months from March to July, when the Underwood bill stood alone without Republican aid, as compared with the corresponding period of last year; with the prospect of diminishing customs revenue each month as the law with its big free list becomes better known abroad; large withdrawals of imported merchandise from bonded warehouses that came in under the old law and awaited lower rates of duty under the present law before withdrawal; the failure of the income tax to meet the shortage in customs revenue and the further prospect of its failure owing to shrinkage of incomes by reason of the general business slump produced by a tariff law in favor of foreigners. It can be seen clearly, even by a man with but one eye, that a deficit in the Treasury was inevitable within this fiscal year without the aid of a foreign war.

And be it remembered that at the end of another short year sugar, that greatest of all revenue producers, goes absolutely on the free list. That will mean \$60,000,000 approximately lopped off altogether which the Treasury will not get. How will it be made up? It is not to be expected that foreign nations will again be so obliging as to constitute themselves a relief corps and get into another scrap or prolong this one for the benefit of the Democratic Party, so that it can levy more taxes on our own people and then say: "The war did it." But says the committee: "The new law provides an income tax to make up for the reduction in customs revenue."

But will it? What assurance have we that it will do better than it already has done. So far it has failed to meet expectations. But what if it does become more of a revenue producer? That will mean that we have abandoned the policy of collecting from the foreigner for the privilege of coming into our splendid home market with his goods; that we expect to make up the difference from the pockets of our own people, and at the same time expect our own business men successfully to cope with foreign competitors. And if they do not, and are compelled to go to the wall and blame it on the Democratic tariff, then they are to be hung on a gibbet as high as Haman's, in accordance with the President's announced policy.

I do not share fully the feeling of most of my party colleagues regarding this so-called gag rule, although I voted against the rule because it cut off the privilege of amendment and I wanted to offer some amendments to the bill. As a result of Republican division, you of Democracy, although representing the minority of the voters, have been vested with the legislative and executive power of the Nation, and are temporarily in control of its destiny. You are responsible to the country for what is done while that power continues. You have framed this bill through your party leaders the way you want it, and days of argument, criticism, and denunciation would not change it in the slightest. We Republicans who have been pleading in vain for economy in our finances can show our good faith by practicing economy of time. So far as I am concerned, I am ready for the vote, and have been since the bill was taken up, and really feel it a waste of time to talk at all. There is sometimes mercy in expedition. Please jam this nauseous dose down our throats as quickly as possible and let us be done with it. [Laughter and applause on the Republican side.]

I shall avail myself of the privilege granted by the House to extend and revise my remarks in the RECORD.

Mr. UNDERWOOD. Mr. Speaker, I said a moment ago that there would be but one more speech on our side, but I had forgotten one promise that I had made, and if the gentleman from Michigan will yield, I would like to yield for a short speech on this side.

Mr. FORDNEY. Certainly.

Mr. UNDERWOOD. Mr. Speaker, I yield five minutes to the gentleman from Indiana [Mr. GRAY]. [Applause.]

Mr. GRAY. Mr. Speaker, while all must regret the prostration of the world's commerce by reason of the European war, and the consequent falling off of imports upon which our tariff taxes are levied, and the resulting loss of revenue to the Government, it should be realized that the loss, which this bill is being enacted to make up to the Treasury, will be trivial in comparison to the burdens of a great war debt to hang over the people for a generation, to say nothing of the appalling sacri-

fice of human life, the wounded, the mangled and the dead, the widows and orphans, and the anguish of bereavement in the thousands of homes, which we will suffer if we fail to preserve peace, if we fail to maintain neutrality, if we fail to avert war.

In this world-war crisis through which we are passing it should be realized that our first and highest duty is to preserve peace; that every citizen and every public official, as well as the acting head of the Government, is chargeable with the grave responsibility of maintaining neutrality and averting war. A single spark of fire may start a conflagration and consume a great city, and the word or act of a single individual or official of the Government may serve to inflame the public mind, precipitate a conflict among men involving nations. [Applause.]

In this crisis it should be realized that men of different races and nationalities are in all things too apprehensive as to wrongs and injuries committed against them. They are too ready to assume and take to themselves words and acts as indignities and encroachments not intended or directed toward them. They are too ready to involve themselves and their governments in hostilities to avenge imaginary wrongs and injuries existing only in apprehension. In this crisis it should be realized that we are brought face to face with an intensely practical side of human life; that we must take the world as it is and not as we may think it ought to be; that we must deal with men as they are constituted and not as we may think they should be constituted. In this crisis the question is not what we have a legal right to do under international law, nor what it is possible for us to do, nor what we have power to do, nor what we have the force to do, nor the might to do. But the one supreme question of the hour is what it is policy for us to do, what we can do that will best preserve peace, best maintain neutrality and best avert war.

Mr. Speaker, I believe all the world to-day honors the flag of this Nation. I believe all the world to-day respects the citizenship of this Republic. I believe all the world to-day is actuated by motives of good will and friendship toward us, and desires only to continue in such honor, respect, and cordial relations. But a great world war is being waged around us. The nations are engaged in mortal strife and deadly combat about us, and in the frenzied haste of battle, in the feverish throes of life against life and the death struggle, belligerents are not always careful, cautious, and considerate of the welfare of their neutral neighbors. In this crisis it should be realized that a wise and prudent course requires that we should not see all that there is to be seen, that we should not hear all there is to be heard, that we should not know all there is to be known, and that we should not understand all that there is to be understood [applause], and that we should act only with caution, deliberation, and considerate judgment upon that which we are compelled to see and hear and know and understand.

In this crisis it should be realized that policy, discretion, diplomacy, and a close and good faith adherence to the principles of justice, equity, and right between nations and their people will be of far greater avail in preserving peace, maintaining neutrality, and averting war than all the force and might which armies and navies could bring to bear; that a parade of our Army or a review of our Navy or a display of our military power or naval strength would serve only to jeopardize our peace, impair our neutrality, and invite hostilities; and that such policy, discretion, diplomacy, international equity, justice, and right is our only assurance of peace, our only safeguard of neutrality, our only security against war.

In this crisis it is no time for the display of an exacting honor, a captious dignity, or a false national pride, but a time for a broad, charitable view of human affairs, a comprehensive consideration of the welfare of humanity at large, and the subordination of selfish motives, prejudice, impulse, and all the animosities dividing men and arraying them against each other. This is a time for the realization of our responsibilities as citizens of a great Republic exercising sovereign power, directing the affairs of state, shaping world-wide policies and the destinies of the human race.

Whether acting as private citizens or public officials, we can not absolve ourselves from the responsibilities we have assumed as such citizens and public officials. Our obligations are more than to preserve our own peace, more than to maintain our own neutrality, more than to avert war with our own country. We can not perform our full duty without extending our good offices to restore peace abroad and bring a termination of the cruel and devastating war now drenching the earth in human gore and strewing its valleys with the mangled bodies of the dead.

And in this crisis no quest of profit in trade should be allowed to swerve us from our course of duty and service to mankind; no hope of selfish gain should be suffered to impair the good faith and confidence we hold of all nations of the world to-day;

no act of selfish aggrandizement should be permitted to prejudice the powers now at war from accepting the tender of our good offices to terminate hostilities and restore peace.

In this crisis a great opportunity awaits this Nation—the one great power remaining neutral—to serve mankind; an opportunity for mediation and to bring peace to the wounded and bleeding nations of the world at war; an opportunity to become a world power. Not a world power of brutal force, of savage might, of human carnage, or of death, desolation, devastation, and war, but a world power for peace, for human happiness, for the cultivation of all the arts and graces of civil life, and all the charities that soothe and heal and bless; a world power of true fame, true glory, and true renown to endure through all the ages. [Applause.]

EMERGENCY REVENUE LEGISLATION.

Mr. TREADWAY. Mr. Speaker, I am absolutely opposed to all features of the so-called war revenue bill. In the first place, the name itself is a misnomer. This country is at peace with all the world. We are neither at war nor are we in need of war revenue. Comparisons are made between this bill and the act of 1898. At that time we were engaged in war and needed the revenue to support the Army and Navy of the United States. The speeches of the gentlemen advocating this bill today, made at that time, make pleasing reading now. The present Speaker of the House and the able leader of the minority both made speeches against the enactment of what was at that time necessary legislation. Let the Democrats cover up and make such explanations as they can, the people during the next month will learn, if they do not already know, the real cause of the enactment of this bill.

There are two plain and simple reasons for this enactment. These reasons are the failure of the Underwood tariff law as a revenue producer and the extravagance of the Democratic Congress. The convincing figures already submitted by the various gentlemen during the progress of this debate and in the minority report show conclusively the correctness of this statement.

It is the plainest form of subterfuge to claim that this new burden of taxation upon the people is caused by the foreign war. These figures alone show a loss of commerce of \$182,000,000 for the year. Not only has this loss been sustained by our business, but the increased loss to the people of our country through decrease of trade and wages can not be estimated. Notwithstanding this loss of occupation, it is to-day proposed by the Democracy to tax our people to make up the deficiency caused by Democratic failure to construct a suitable revenue-producing measure.

The other great cause is Democratic extravagance in appropriations. I need only to call the attention of the House to the able speech of my colleague [Mr. GILLET] for convincing proof of this statement. The Democratic platform condemns Republican extravagance, but the appropriations of this Congress exceed those of the last Republican Congress by over \$100,000,000. Most emphatically have our Democratic brethren strained at the gnat and swallowed the camel.

An editorial from the New York Sun of September 7, based upon the figures made by the Committee on Appropriations, is illuminating, and from it I quote as follows:

THE RECORD OF WASTE.

The subjoined table, giving the amounts appropriated by Congress for the support of the Government for the years 1913-14 and 1914-15, is compiled from the chronological history of appropriation bills, second session of the Sixty-third Congress, prepared by the clerks to the Committees on Appropriations of the House and Senate, cents being disregarded:

Title.	Law 1914-15.	Law 1913-14.
Agriculture.....	\$19,865,872	\$17,986,945
Army.....	101,019,212	94,256,145
Diplomatic.....	4,309,856	3,730,642
District of Columbia.....	12,172,539	11,583,737
Fortifications.....	5,627,700	5,218,250
Indian.....	9,771,902	9,486,817
Legislative.....	27,650,223	35,172,434
Military Academy.....	997,849	1,049,502
Navy.....	144,868,716	140,800,647
Pension.....	169,130,000	180,500,000
Post Office.....	313,364,667	285,376,271
River and harbor.....		41,073,034
Sundry civil.....	110,070,227	116,795,327
Total.....	928,848,783	901,616,520
Deficiencies.....	23,363,587	28,074,912
Total.....	952,212,370	929,691,433
Miscellaneous.....	6,000,000	388,597
Annual total.....	958,212,370	930,080,030
Permanent.....	131,196,407	127,525,664
Grand total.....	1,089,408,777	1,057,605,694

The comparison of total appropriations, excluding river and harbor appropriations, for a series of years shows this disturbing record:

Year.	Amount.
1911.....	\$978,521,087
1912.....	995,799,462
1913.....	988,333,340
1914.....	1,057,605,694
1915.....	1,089,408,777

The appropriations which are given in detail above were made by a party in full control of the legislative and executive departments, which won power on a platform denouncing Republican extravagance and pledging its candidates to frugal administration.

Neither denunciation nor protest need be added to this record. It carries with it a lesson no thoughtful man can escape.

Economy in appropriations is the proper method of securing necessary funds to transact the Government's business, not the levying of additional taxes upon the people.

The newspaper cartoonist, daily in search of bright ideas to place before the people, must keep his ear close to the ground. The present situation is aptly covered in the cartoon in last Sunday's Washington Star, and I am glad to see that one of the papers in Massachusetts copied it on Tuesday. The wider publicity of this cartoon the better. The poor, shivering lamb of a taxpayer, the wool already removed and even the hide penetrated in many places, is tied to a stake, while Miss Democracy, with the shears of extravagance levying a war tax, faces the cringing lamb and says, "I hate to do it—with winter coming on, too."

After November 3 Miss Democracy will feel still worse about it, for the taxpayer, grown to his full strength as a voter, in a mighty army of his comrades will dig a deep pit for Miss Democracy and will place over her grave a monument with the epitaph:

Here lies the body of Miss Democracy, the victim of broken promises to the people, of extravagance and incompetency in governmental management.

Mr. FORDNEY. Mr. Speaker, I yield to the gentleman from Iowa [Mr. Good].

Mr. GOOD. Mr. Speaker, the Democratic Party has been in full power for more than 18 months. With the Chief Executive and both branches of Congress Democratic, that party has had full opportunity to redeem its pledges to the American people. Parties, like men, are to be measured by their performance and not by their promises. To-day the Democratic Party has many apologists, less defenders, and few champions. The Underwood tariff law has not accomplished a single thing its advocates claimed would follow its enactment. The Democratic Party has not redeemed a single pledge nor performed a single promise made to the American people in 1912.

Fortunately for the Democratic Party the terrible war in which all the great powers of Europe are now engaged has befogged the issue in the forthcoming campaign. The secret hope of Democracy is that this terrible war will be cruel enough and deadly enough and protracted long enough to distract the voter's mind from the broken promises, the unredeemed pledges, the stupendous blunders, and the unparalleled extravagance of this Democratic Congress.

DEMOCRATIC PROMISES.

In 1912 the Democratic Party was very prolific in promises. It had a sure cure for every ill and an unflinching remedy for every imaginary wrong.

It promised the consumer to reduce the cost of living.

It promised the farmer cheaper farm implements.

It condemned the Republican Party for extravagance in the administration of governmental affairs and promised the people an economical administration. It denounced display by Government officials, and pledged the party to return to that "simplicity which befits a democratic government." These are but samples of the many promises which the Democratic Party made in 1912, but they are typical of them all.

Wonderful were the Democratic claims of the great benefits that would flow as the direct result of a Democratic tariff law. Beautiful, indeed, were the theories advanced which contemplated that the consumer would be able to buy the necessities of life cheaper, and that the farmer and the producer would be able to sell these same necessities of life for a higher price. Everything the consumer had to buy was to be cheap, and everything the farmer and producer had to sell would be high. These were some of the benefits that would follow as the direct result of the enactment of a Democratic tariff law. Useless offices, "the salaries of which drain the substance of the people," were to be abolished and \$300,000,000 annually saved to the people by Democratic economy.

In their delirium millions of voters thought they saw the dawning of a new millennium. Bright and cheerful and optimistic were these Democratic promises in 1912. To many voters they seemed almost irresistible. This promise to make every-

one's lot easier, without making anyone's lot harder, was accepted by many American voters in all seriousness.

UNFULFILLED.

But how has the Democratic Party kept its pledges? How has it performed these promises? Let our Democratic friends give an account of their stewardship. Let them explain to the American consumer wherein they reduced the cost of a single necessary of life. Let them explain to the farmer wherein they reduced the price of a single tool or machine. Let them explain wherein they economized in a single department of the Government. Let them explain wherein they kept a single material promise. No one can truthfully claim that they have accomplished any of these things. On the question of the performance of these solemn pledges, made in 1912, our Democratic friends are as silent as the voice from the tomb. How that party roared in its promises then and how it whispers in its performances now. History will record that it completely failed to keep a single promise or redeem a single pledge made to the American people.

THE BURDEN OF TWO UNDERWOOD BILLS.

The Underwood tariff law, designed to raise revenue for running the Government, has been in force for 11 months. That it became a law too soon and has remained on the statute books too long most people now admit. We have before us now a second Underwood revenue bill, designed to replenish a Treasury rapidly being depleted by the first Underwood law and extravagant appropriations of a Democratic Congress. The first Underwood tariff law relieved importers, who are contributing under assumed names to Democratic campaigns, from the payment of import duties. The second Underwood tariff bill levies a heavy tax on honest American industry to replenish a Treasury which is being looted by unjustifiable extravagance.

Keeping in mind the platform declarations of the Democratic Party, it is not strange that it should single out agriculture for its principal attack in tariff legislation.

THE DEMOCRATIC TARIFF AND THE FARMER.

The attention of the farmer is called to some of the provisions of the Underwood tariff law in so far as they relate directly to farm products. I particularly desire to call the farmer's attention to certain reductions which that law made in tariff duties on agricultural products. The following is illustrative of the agriculture schedule:

	Duty under Payne law.	Duty under Underwood law.
Animals, domestic, for human food.....	20 per cent.....	Free of duty.
Bacon and hams.....	4 cents pound.....	Do.
Beef, fresh.....	14 cents pound.....	Do.
Buckwheat.....	15 cents bushel.....	Do.
Buckwheat flour.....	25 per cent.....	Do.
Cattle, domestic, for human food, less than 1 year old.....	\$2 per head.....	Do.
One year or over:		
Valued at not over \$14 each.....	\$3.75 per head.....	Do.
Valued at over \$14 per head.....	27 1/2 per cent.....	Do.
Corn.....	15 cents bushel.....	Do.
Corn meal.....	40 cents 100 pounds.....	Do.
Cream, fresh.....	5 cents gallon.....	Do.
Eggs.....	5 cents dozen.....	Do.
Fresh beef, lamb, mutton, pork, and veal.....	14 cents pound.....	Do.
Oats.....	15 cents bushel.....	6 cents bushel.
Poultry.....	3 cents pound.....	1 cent pound.
Sheep, domestic, for human food:		
Less than 1 year old.....	75 cents per head.....	Free of duty.
One year old or over.....	\$1.50 per head.....	Do.
Rice, flour, meal, and broken.....	1/2 cent pound.....	1/2 cent pound.
Wheat.....	25 cents bushel.....	Free of duty.
Wheat flour.....	25 per cent.....	Do.

It is to the credit of the Republican Party that in all tariff legislation the farmer was given the same degree of protection that was given to other American industries. Not so with the Underwood tariff law. Search any other schedule contained in the law and you will find no such sweeping reductions as these. Why was the agriculture schedule singled out for attack? Why was the American farmer and the products of the American farm made the subject of this unjustifiable and un-American onslaught? Was it because the farmer's occupation was considered less honorable by the Democratic Party? Was it because that party did not understand his industry? Was it that Congress did not comprehend the farmer's real need for protection that caused the Democratic Party to write into its tariff law a discrimination against a farm population in the United States of 30,000,000 people? Of course, one not in the confidence of the Democratic administration can not state authoritatively what its real object was. As for myself, I am satisfied that these unjustifiable reductions were written in the law as a deliberate, unsympathetic, and un-American plan to reduce the price which the American farmer received for his

product by completely surrendering his home market in agricultural products to the farmers and stockraisers of the world.

In the elections of 1910 and 1912 the Democratic Party was committed to free trade in agricultural products grown in the North. In the election campaign of those years the Democratic national congressional committee circulated in the cities of every northern and western State a campaign circular entitled "The High Cost of Living." This circular was not sent to the farmer. It was sent only to voters in the cities. I have a copy of this circular before me. It contains a list of 15 articles the prices of which it claimed were too high. That circular bitterly assails the Republican Party for its tariff legislation, and charges that the high prices of those 15 articles are the direct result of the protection under the Republican tariff law. It pledges the Democratic Party to a return to the prices that prevailed on those articles in 1896. Think of it! The Democratic Party pledging to the voters of the cities a return to the bankrupt prices of farm produce of 1896! Here is the list of these articles the prices of which the Democratic Party claimed were too high, together with the prices which it claimed the retail dealer should receive for them:

- Salt pork, 5 cents per pound.
- Pork chops, 10 cents per pound.
- Pork ribs, 6 cents per pound.
- Smoked shoulder, 7 1/2 cents per pound.
- Sausage, 7 1/2 cents per pound.
- Lard, 7 cents per pound.
- Corned beef, 5 cents per pound.
- Butter, 10 cents per pound.
- Eggs, 10 cents per dozen.
- Cheese, 13 cents per pound.
- Flour, \$3.50 per barrel.
- Chickens, 4 cents per pound.
- Sugar, 21 pounds for \$1.
- Steak, 10 cents per pound.
- Roast beef, 10 cents per pound.

This Democratic circular points to the prices that prevailed in 1896 for farm products as ideal prices. If the present tariff law does not fully restore those bankrupt prices it is not the fault of the party in power, for that was its promise to the consumer. It is because of conditions over which it had no control. That it promised the voter in the cities to restore those prices all must admit. To-day that party is saying to the voters in the city that high prices are due to the war in Europe, while to the American farmer it is saying that it is due to a Democratic administration.

I have before me a bulletin of the Department of Agriculture, being No. 41, entitled "A Farm Management Survey of Three Representative Areas in Indiana, Illinois, and Iowa." This bulletin gives the actual financial results which obtain on the farms to-day. It disproves the statement so often made that men are becoming enormously wealthy by agricultural pursuits. From page 10 of this bulletin I quote:

The assertion that farmers are making large profits is erroneous. They are living on the earnings of their investment and not on the real profits of the farm. * * * The average investment from the farms in Illinois is 3.6 per cent, in Iowa 3.2 per cent, and in Indiana 3.5 per cent.

It is to be regretted that this great industry, which pays the farmer less than 3 1/2 per cent on the investment, should have been singled out for this unjustifiable onslaught, and the protection which our farmers have enjoyed taken from them. It is not strange that the circulation of this bulletin, first published on January 14, 1914, should be discontinued, in view of Democratic legislation, designed to reduce still lower the return to the farmer on his investment and his toil. It was in keeping with the Democratic administration to immediately suppress the circulation of this one of their own publications, because it published facts inconsistent with Democratic theories.

To-day the principal powers of Europe are at war. Men ordinarily engaged in gainful pursuits have left the plow and the reaper and answered their country's call to arms. War prices for farm products is the inevitable result. When conditions again become normal, as they will, when peace shall have been declared in Europe, as it will, the millions of men now engaged in that terrible war will again take up the avocations of peace, and prices will again seek their level. Then the farmers of this country will realize the baleful effects of an un-American policy of surrendering our home markets in farm products to the farmers and stock raisers of the world.

PROMISE OF CHEAP FARM MACHINERY A FAILURE.

But what has become of the Democratic promise to reduce the price of farm machinery? How about the great saving the farmer was to enjoy in the purchase of his tools and machines? The gentleman from Indiana [Mr. ADAIR] told us that the "placing on the free list all kinds of farm implements will without question save the farmers of the country millions of dollars annually." It remained, however, for the eloquent gentleman from Kentucky [Mr. JAMES], now a Senator of the

United States, to picture the glories that would be realized by the farmer through free trade in farm machinery. In support of that bill he said:

I want to appeal to both sides of this House for the passage of this bill. I appeal irrespective of politics in behalf of the American farmer, and I beg this House to pass this bill giving to the farmers of our Republic free farming implements—tools of trade, implements to till the earth—free from any tariff taxation. In the name of millions of honest hearts which beat in the bosoms of these Americans behind the plow, upon the harrow, at the drill, those who make the harvesters sing in fields of golden grain, I beg you in their name to take the heavy hand of taxation off of the tools with which they woo from the earth the food which feeds the millions of this world. The farmer stands, under your Republican policies, bowed by the weight of your oppressive tariff, even upon the implements with which he farms. He leans upon his hoe and gazes upon the ground. The emptiness of ages in his face and on his back the burden of the world.

Can you, will you, deny him this relief? God grant that you will pass this bill. [Loud and continued applause.]

Farm implements were placed on the free list. Almost a year has passed since the Democratic Party took the alleged "hard hand of taxation off of the tools with which they woo from the earth the food which feeds the millions of this world." What has been the result? Can the farmer buy his tools and machinery cheaper? No. That law has not reduced the price of a single tool or lowered the cost of a single machine. Being obliged to purchase some farm machinery this year, I wrote to an implement dealer in my home city, asking for prices and calling his attention to the promise of reduction made by the Democratic Party. Here is his reply:

CEDAR RAPIDS, IOWA, February 27, 1914.

In reply to your favor of the 24th instant, will say the Underwood tariff has not lowered the price of farm machinery yet. We are paying higher prices for the same than last year. The farmer seems to be getting the worst of it, as his produce is on the decline.

J. W. EMERSON.

Yes, you traded the farmer's home market in all he produces in the North for free farm machinery. You put him in open competition with the farmers and stock raisers of Canada, Mexico, and Argentina, and when war prices cease to prevail that competition will bring down on your heads the righteous indignation of the farmer in the North. Yes, your promises to the farmer have absolutely failed. You now propose to lay on him a heavy tax to pay for your folly and your extravagance. Still—

He leans upon his hoe and gazes upon the ground. The emptiness of ages in his face and on his back the burdens of the world.

LOSSES IN REVENUE BY FREE FARM PRODUCTS.

But these are not the only losses occasioned by the removal of the duty from agriculture products. Under the Payne law the agriculture schedule was third in importance as a revenue producer. The following table will show the loss in revenue by the removal of the duty on cattle, beef, veal, prepared meats, sheep, mutton and lamb, corn and oats, for eight months ending July 31, 1914:

Loss in revenue from October 1913, to July 31, 1914.

	Imported.	Duty.	Loss in revenue.
Cattle.....	\$17,326,435	Free.....	\$4,678,137.45
Beef and veal.....	17,967,668	do.....	2,856,859.21
Prepared meats.....	2,136,158	do.....	534,089.50
Loss in revenue.....			8,069,086.16
Sheep.....	423,208	Free.....	69,448.43
Mutton and lamb.....	1,305,025	do.....	207,498.97
Loss in revenue.....			276,947.40
Corn.....	113,607,741	Free.....	2,041,161.15
Oats.....	22,522,066	6 cents per bushel.	2,026,988.64
			4,068,149.79
Total loss in revenue on above articles.....			12,414,133.35

¹ Bushels.

BEEF TRUST BENEFICIARY.

Who got the benefit from these reductions? The Government lost the revenue, that is certain. Did the consumer buy these articles for a less price? No; there has not been a single reduction in the price to the ultimate consumer. The Beef Trust and the Corn Products Co are the beneficiaries of this legislation, and the consumer is now called upon to make good the shortage in revenue. The total loss in revenue through the removal and reduction of the duties on articles in the agriculture schedule will approximate \$40,000,000 annually.

Under normal conditions our farmers can not compete on even terms with the cheap land of Canada or the still cheaper land and low wages paid for labor in Argentina. Our farm land in the corn belt sells at from \$100 to \$250 per acre, and good farm labor is usually scarce at \$30 per month with board. Corn land in Argentina can be had all the way from \$20 to \$100 per acre, while farm labor commands only from \$12.50 to \$15 per month. Freight rates on corn from Argentina to New York is from 3 to 7 cents per bushel, while freight rates from Omaha to New York is 17 cents per bushel. If a protective tariff is not to equalize this difference in the cost of production, what will equalize it? Without protection the difference will not be equalized at all. Argentina will take our home markets and control the price.

We have recently been called upon to vote on a bill appropriating \$5,000,000 to insure American cargoes of corn, wheat, and cotton for the war zone. At least we were told by the gentleman from Alabama [Mr. UNDERWOOD] that these were the products which it was desired to ship abroad. It appears that during the very week the House was considering that bill more wheat was exported from the United States than was exported for the corresponding week in 1913. We had a short corn crop in 1913, and of that crop we will export this year less than 9,000,000 bushels. Hence it is not wheat or corn for which we must make this extraordinary provision to export. That appropriation of \$5,000,000 was made to send cotton abroad in the interest of the cotton farmers and not in the interest of the raiser of wheat and corn.

On that question our Democratic friends find themselves in a most ludicrous position. A year ago, according to them, the price of corn and of wheat was too high, and they removed the tariff on these articles in order to lower the price. Now, while the price of wheat and corn is 25 per cent higher than it was then, they would make enormous appropriations in order to export our surplus of wheat and corn, which would result in sending the price of foodstuffs at home still higher. And all the time we are receiving Argentine corn and Canadian wheat free of duty. Democratic stupidity is accomplishing for Argentina and Canada what the statesmen of those countries can not secure for themselves, namely, the exportation to the war zone of their surplus of corn and of wheat at the expense of the United States. But the appropriation of \$5,000,000 for insurance and \$30,000,000 for the purchase of ships is not the greatest hazard we assume or the greatest liability we may incur. All foodstuffs are conditional contraband of war, and the shipment of them in American bottoms with the safe delivery insured by the Government of the United States is not the wise policy of a neutral power. Such action may yet involve this country in that terrible war that threatens the annihilation of a large part of the Old World. Whatever our domestic policy may be, our foreign policy must be to observe strict neutrality.

"WAR" TAX IN TIME OF PEACE.

This is the first time the country has been called upon to pay a "war" tax in time of peace. It is not the first time, however, the country has witnessed a surplus in the Treasury dwindle into a threatened deficit as the result of Democratic free-trade legislation. History is only repeating itself. Twenty years ago Republicans turned the affairs of the Government completely over to the Democratic Party. Then the Treasury was full to overflowing. Times were good and labor was well employed. In less than a year times were hard, labor was begging for bread, and a bond sale was necessary to prevent national bankruptcy.

So, under the Underwood law, before the war in Europe was declared, times were hard, workmen were losing their positions and shipments of our gold to Europe to pay for excessive importation of goods that came in free of duty was rapidly depleting our Treasury. The United States was losing at both ends in the transaction. The reduction of the duty brought in increased importation, which called for gold in settlement. The goods coming in free of duty or by greatly reduced duty reduced the revenue to the United States. The balance of trade, which for 16 years had been in our favor, now, under the Underwood law, turned against us for the first time since the Cleveland administration.

THE VANISHING TRADE BALANCE.

In November, 1912, when the American electorate was voting the Democratic Party in power, we purchased foreign-made merchandise valued at \$153,094,191 and sold our merchandise abroad valued at \$279,244,191, leaving a balance of trade in our favor, for that month, of \$126,149,293. During the month of April, 1914, we purchased foreign-made goods valued at \$175,896,476 and exported our goods valued at \$162,550,870, leaving a balance of trade against us of \$11,345,606. Under the Repub-

lican policy we received in a single month over \$126,000,000 in excess of what we paid in the exchange for foreign goods. Under this Democratic administration we paid out in a single month for foreign goods \$11,345,006 more than we received for our merchandise exported abroad. How long could such a condition exist without producing hard times and a shortage of money, even in times of peace in Europe?

WAR ON AMERICAN INDUSTRY.

War in Europe is the excuse for levying these taxes, but it is not the cause. That may satisfy you in your plea for votes as a justification for levying this heavy tax, but the verdict of the American people will be that it is the result of Democratic extravagance and un-American tariff legislation.

We are told that this is a "war" tax. This is a "war" tax of \$105,000,000 a year on our people when we are at peace with all the world. This "war" tax is not because of the war in Europe. This "war" tax is because of the war declared by the Democratic Party against honest American industry and honest American labor. It is a "war" tax to pay for Democratic extravagance. It is a "war" tax to pay for Democratic "pork-barrel" appropriations.

A CONTRAST.

Mr. Speaker, under the policy of protection the Republican Party was able to pay all the expenses of the Government from revenues received and in 10 years to pay more than \$200,000,000 toward the construction of the Panama Canal, and to turn over to this administration a Treasury full to overflowing; and now, in less than 18 months of Democratic rule, we are asked to resort to the drastic practice of taxation to pay the expenses of the Government as administered by the Democratic Party. What has become of the much-heralded promise of economy?

The Underwood law levied a tax on incomes to take the place of the loss in revenue through reduced duties. That tax has produced a large income. No large expenditure of money, such as building the Panama Canal, is making a draft on the Government. Is there any real reason why the administration should at this time increase the burdens of our people by laying on them the heavy hand of taxation? There is one reason always present when the Democratic Party is in power, and that is extravagance and inefficiency. If this administration would voluntarily practice the same rigid economy that individuals and families are compelled to practice, taxation at this time would be unnecessary. A strange commentary on Democratic economy is that while one branch of Congress is considering a bill to lay a heavy tax on our people, claimed as necessary to run the Government, in another branch of Congress Republican Senators were compelled to speak continuously for days to strike out useless items of the worst "pork-barrel" rivers and harbors bill ever considered by Congress. Less pork-barrel legislation in Congress and the practice of a little economy would make additional taxation unnecessary. Promising economy, the administration has practiced wholesale extravagance. Protests of a return to simplicity "which befits a democratic Government" have been followed by notorious practices of outward gorgeous displays hitherto exhibited only in royalty.

EXTRAVAGANT IN PROMISES AND APPROPRIATIONS.

This Democratic administration was elected on a platform which provides:

We denounce the profligate waste of the money wrung from the people by oppressive taxation through the lavish appropriations of recent Republican Congresses, which have kept taxes high and reduced the purchasing power of the people's toil. We demand a return to that simplicity and economy which befits a democratic government and a reduction in the number of useless offices, the salaries of which drain the substance of the people.

How faithfully it has kept this promise is revealed by a comparison of appropriations for several years, leaving out of consideration river and harbor appropriations for the entire period, as no appropriation has yet been agreed upon for this year:

Total appropriations, excluding rivers and harbors act.

1911	\$978,521,087.68
1912	995,799,462.72
1913	988,353,340.41
1914	1,057,605,694.40
1915	1,089,408,777.26

Elected on a platform of economy, this Congress has appropriated more than \$100,000,000 in excess of the appropriations made for 1913. The last year of the Taft administration. Why?

So indefensible was this Democratic record of extravagance and waste that the Democratic chairman of the Appropriation Committee roundly condemned it on the floor of the House. Here is his admission of Democratic inefficiency and extravagance:

Mr. Chairman, it may seem somewhat strange, but I hope it is not out of place to remind Members on this side of the House that the

Democratic platform pledged us in favor of economy and to the abolishment of useless offices; but it did not declare, Mr. Chairman, that the party favored economy at the expense of the Republicans and the abolition of useless offices in territory represented in this House by Republicans while favoring a different doctrine wherever a Democratic Representative would be affected. In a few months I shall be called upon, in the discharge of my official duties, to review the record that this Democratic House shall have made in its authorization of the expenditure of the public money. Whenever I think of the horrible mess I shall be called upon to present to the country on behalf of the Democratic Party I am tempted to quit my place. I am looking now at Democrats who seem to take amusement in soliciting votes on the floor of this House to overturn the Committee on Appropriations in its efforts to carry out the pledges of the Democratic platform. They seem to take it to be a huge joke not to obey their platform and to make ridiculous the efforts of the members of our party who do try to live up to the promises they made to the people.

But this was to be expected. No one familiar with the history of Democratic legislation expected an economical administration. heedless of the advice of Chairman FITZGERALD, his Democratic colleagues continued to vote lavish appropriations for the establishment of new offices and for extravagant expenditures of money in Democratic districts. While much has been said about abolishing "useless offices, the salaries of which drain the substance of the people," this Congress not only refused to reduce the number of offices, but it has increased them all along the line.

For instance, when this administration came into power there were 3,183 employed in the Treasury Department at Washington. Instead of reducing the number, this administration increased it to 3,541. This administration found a field force under the Secretary of the Treasury of 1,407 persons, mostly civil-service employees. A Democratic Congress removed these positions from the classified service, destroyed the merit system in the field force to make place for Democratic spoilsmen, and increased that field force to 2,085 persons. Instead of a reduction, as promised, we find that in a single year there is an increase of 1,036 officers and agents in a single department of the Government. Democratic economy in this instance alone cost the taxpayers \$1,750,000 annually.

You absolutely failed to reduce the number of officials, but, on the contrary, you increased them all along the line. Here are a few of the many increases:

The new banking law creates five new offices with salaries of \$12,000 each and increases the salary of the Comptroller of the Currency from \$5,000, at which sum it had remained for 50 years, to \$12,000 per annum.

The new trade-commission act creates five commissioners at \$10,000 each and a secretary at \$5,000.

A new board of appeals, consisting of three members at \$4,000 each, is created in the office of the Secretary of the Interior.

For commercial attachés, to be appointed by and compensated at such salaries as the Secretary of Commerce may fix, and a clerk each, at \$1,500; and for traveling expenses, the sum of \$100,000 is appropriated for a year.

The salary of the private secretary to the Secretary of the Treasury is increased from \$2,500 to \$3,000.

A chief of division, created less than a year ago under the income-tax law, is increased from \$2,500 to \$3,500.

Six Assistant Attorneys General in the Department of Justice have their salaries increased from \$5,000 to \$7,500.

The salary of the assistant to the Attorney General was increased during the extra session on an urgent deficiency bill from \$7,000 to \$9,000.

The salaries of our diplomatic representatives to Argentina, Chile, and Spain are raised from \$12,000 to \$17,500 each per annum, and the three secretaries of the legations to these countries are increased from \$2,625 to \$3,000 each.

The mission to Paraguay and Uruguay is divided and a new minister authorized, with a new salary of \$10,000.

The Democratic House of the last Congress insisted upon and did abolish three internal-revenue collectors of the Republican administration, at \$4,500 each. At this session one of them is re-created, the place to be filled by a Democrat. If the office was not necessary to collect revenues then, how can it be needed now with less revenue to collect, except to meet some political exigency?

"WILD ASSES" AND SOME "GREEN CORN."

Senator TILLMAN proved himself a prophet, for at the very beginning of this administration he said:

The Biblical quotation I used a few days ago will become historical: "The wild asses of the desert, at first and hungry, have broken into the green corn." That applies all along the line from top to bottom. The Democrats have been out in the cold so long * * * that they are simply wild.

They are becoming quite tame now. They have all the old jobs and thousands of new ones, and the people are now about to be taxed to pay their salaries.

DEMOCRATIC SIMPLICITY.

This is a sample of real Democratic economy. But how about a return to the Democratic simplicity? The Secretary of Labor asked for an appropriation of \$9,500 for the purchase of automobiles for his use, a seven-passenger limousine car and an electric runabout. In support of this estimate he urged that if the automobiles were not purchased it would be necessary for the Secretary to have six horses—to employ coachman and footman for the Secretary. It was claimed that each of the Cabinet officials have at least two span of horses, and all of them have footmen in addition to the coachmen.

The Secretary of the Treasury, in violation of the law which provides that "revenue cutters shall be used exclusively for public service and in no way for private purposes," has turned large vessels of the service into luxurious steam yachts to be used by Democratic politicians for ocean cruising at Government expense. At the same time a Democratic Congress appropriated \$475,000 to build two new boats to be added to this pleasure craft, "for the good of the service."

Even the great commoner, the present Secretary of State, who is credited with having written the last Democratic platform, has ceased to lead the simple life. Finding his salary of \$12,000 inadequate to meet his living expenses, he has been obliged to neglect his official duties in order to supplement it by lectures. The manner in which Mr. Bryan would enforce the simplicity plank of the Democratic platform is best told by a great Democrat, Col. George Harvey, editor of the North American Review:

I would direct your attention to the fact that only the other day the Secretary of State appeared before the Senate Committee on Appropriations and announced with pardonable pride that, while he had been conducting the affairs of his department with all the fire and dash of an angler, he had reduced the estimated expenditures of his department from \$354,160 to \$354,040, thus effecting a net saving of \$120 per annum. He achieved this reduction, moreover, without impairing the so-called efficiency of his force. Acting under the inspiration of his financial astuteness, by the simple method of dropping a clerk who had been drawing \$900 a year, he was enabled to employ a footman, and added, somewhat pathetically, "You gentlemen, of course, know that you can not get along with a driver alone when engaged in the matter of returning cards." The Senators addressed nodded understandingly, and, probably to show their own familiarity with the conventions, granted the allowance. So, too, finally did the House, though with less grace, because Representative Good, of Iowa, disliked the appellation "footman" and wished to substitute "messenger who shall act," etc. After Mr. Good's motion had succumbed to a point of order, Representative MURDOCK, of Kansas, objected to the appropriation for "equipment for drivers," which he insisted meant "livery and nothing else," and said emphatically, "I know the Secretary of State; I protest for him; I know the country from which he hails and its customs; we do not believe in that sort of thing out there." Nevertheless, since nobody seemed to know what is considered a suitable costume for a footman where footmen are unheard of and the only cards known are euchre decks, the protest passed unheeded and the appropriation was made with one condition, that "equipment" should not comprise "skin-tight pants," thus completely demolishing the theory of the Peacham philosopher that "it's not the coat that makes the man, it's the pants."

OBJECTIONS TO PROPOSED TAX.

Mr. Speaker, it is proposed by this bill to raise, by taxing the American people, \$105,000,000 annually. In his message to Congress urging this legislation the President says:

Approximately \$75,000,000, a large part of the Treasury balance, is now on deposit with national banks distributed throughout the country. It is deposited, of course, on call. I need not point out to you what the probable consequence of inconvenience and distress and confusion would be if the diminishing income in the Treasury should make it necessary rapidly to withdraw these deposits.

And we ought not to borrow. We ought to resort to taxation, however we may regret the necessity of putting additional temporary burdens on our people. To sell bonds would be to make a most untimely and unjustifiable demand on the money market; untimely, because this is manifestly not the time to withdraw working capital from other uses to pay the Government's bills; unjustifiable, because unnecessary. The country is able to pay any just and reasonable taxes without distress. And to every other form of borrowing, whether for long periods or for short, there is the same objection.

I can not agree with the President in this. Where is the money now which will be required to pay this tax? Is it not in the banks? It will be withdrawn from the banks to pay this tax. Every reason assigned by the President against a bond sale can also be urged against this tax.

Government funds on deposit with certain national banks, if gradually withdrawn to pay current bills, would soon find its way back to the banks in the usual course of business. By taxing the people \$105,000,000 annually does not create a single dollar of currency. If it is a hardship on the banks to pay the Government what they owe it, how much more will be the hardship on the American people to require them to pay what they do not now owe? By this bill we add to their obligations; we create new debts for them; we add to their burdens by this heavy tax.

The final result is that in order for the Government to loan \$75,000,000 to the banks at 2 per cent the people will be taxed \$105,000,000, which they will have to borrow to pay the tax from the same banks at 7 per cent interest. Since when have

we become a Government of the banks, by the banks, and for the banks?

The Washington Post of to-day contains the following statement issued yesterday by Secretary McAdoo:

Senator LEA of Tennessee informs me that the State of Tennessee has \$1,600,000 of short-term notes, maturing October 1; that the State desires to renew or extend \$1,400,000 of these notes; that a commission representing the State has been in New York for some time trying to effect this loan, but without success.

It is preposterous that one of the great States of the Union should find it impossible to procure from the banks such a comparatively small amount of money. Senator LEA informed me that he was going to New York last night for the purpose of joining the commission in its efforts to secure the needed loan.

If Senator LEA and his associates are unable to procure from banks in the city of New York or elsewhere, and upon reasonable terms, the desired loan, I will myself see if banks can not be found to take up this loan for the State of Tennessee on October 1 next, upon reasonable terms and at a reasonable rate of interest.

If it will inconvenience the banks of the country to repay gradually to the Government what they owe it, how much more will it inconvenience the banks to be compelled to make a new loan to a State of \$1,600,000? If banks are to be coerced to make this loan to the State of Tennessee, shall they not likewise be compelled to make new loans to all the other States or to municipalities needing funds? If it is necessary for the National Government to tax our people \$105,000,000 in this emergency, why should not the State of Tennessee resort to taxation to pay its maturing obligations? If the Government is to lay a tax on our people in order for the Government to loan money to banks, should not the State of Tennessee by taxation raise money to pay her debts to the same banks?

FRUGALITY TAXED; LUXURIES ESCAPE.

Mr. Speaker, this Democratic Congress has decreed that this bill shall be passed without amendment. The Democratic majority in the House has passed a special rule limiting debate to seven hours and denying the right of Members to offer amendments. Certainly if the American people could vote on this measure it would be defeated by an overwhelming protest. You lay a tax on business and refuse to tax certain articles of commerce because some of that tax would come from the South. You tax the cigar maker and cigar dealer, but refuse to levy a tax upon the luxury itself. You tax frugality while encouraging extravagance. You lay a tax of \$8 a year on a man because he protects his wife and little ones with a \$10,000 life insurance policy, but you leave untaxed the Kentucky whisky, for which his fellow laborer spends his wages to become intoxicated, only to abuse his wife and children. The fact that the Democratic caucus refused to increase the tax on whisky gives credence to the report that the Whisky Trust from Kentucky and Tennessee was maintaining a lobby in Washington to prevent any increase in the tax on whisky.

If we should place the same tax on cigars, tobacco, snuff, and cigarettes that is levied by Great Britain, the annual revenue, based upon present consumption, would be more than \$400,000,000 from that source alone. Great Britain and Ireland levy a tax of \$2.99 per gallon on distilled spirits. Canada taxes distilled spirits at \$2 per gallon, while the United States taxes distilled spirits at only \$1.10 per gallon. We collect from this source at the present rate over \$140,000,000 annually. It is not proposed by this bill to increase the tax on whisky. If we strike from this bill the tax on gasoline, which will amount to \$20,000,000 annually; the special taxes, which will amount to \$16,500,000 annually; and the stamp taxes of \$30,000,000 more, and place an additional tax on distilled spirits of 50 cents per gallon, such an increase on whisky alone would yield annually over \$70,000,000 in revenue; add to this the increase on beer and wine carried in this bill and a total annual revenue of \$108,500,000 would be the result.

If we must raise money by taxation in order to loan certain national banks \$75,000,000 at 2 per cent, and to make extravagant appropriations, let the tax be on the luxuries and not on the necessities of life. In support of the gag rule under which we are considering this bill, the gentleman from Tennessee [Mr. GARRETT] said:

This bill will be unpopular. Taxes are always unpopular. Everybody says "tax the other fellow."

That is what this Democratic Congress, dominated by the South, proposed to do, "tax the other fellow."

Before long our people will discover the real reason for this tax. Charles S. Barrett, of Union City, Ga., president of the National Farmers' Union, at joint conference of the Texas District Union at Fort Worth, Monday, August 31, gave one reason for it, and he said:

There is only one thing to do, and it is this: That the United States must buy three or four million bales of cotton at not less than 10 cents a pound from the farmers of the South. Three or four hundred million dollars is all that will be required.

The South is in the saddle at Washington and the South can do whatever it wants. The boys at Washington will do whatever you tell them to do if you give them what you mean business.

HISTORY REPEATS ITSELF.

Yes; this Democratic Congress has been doing what "the boys" were told to do. Individual responsibility has been made subservient to the demands of the political boss. Real statesmanship has given way to a policy of political expediency. Truly, history repeats itself, and what Senator GORE said of the Fifty-second Congress applies in every particular to this, the Sixty-third Congress. In a speech delivered at Dallas, Tex., in 1896, he said:

The trouble with the Democratic Party is it is a party of statesmen without statesmanship, patriots without patriotism, heroes without heroism. Their policy begets farmers without farming, laborers without labor, freemen without freedom.

The Fifty-second Congress had a Democratic majority of 148, and if it redeemed a single pledge, observed a single promise, kept a single command, or discharged a single obligation made to the people of the United States, I will quit the stump and retire from the canvass.

The Fifty-second Congress was elected on retrenchment and economy, the free coinage of silver, and the repeal of the McKinley law. In the matter of economy that Congress exceeded the Republican \$1,000,000 Congress by \$40,000,000.

BETRAYAL OF TRUST.

I shall vote against this bill as an unwarranted and unjustifiable tax on the American people to replenish a Treasury becoming depleted by Democratic extravagance. This Congress was elected on a platform to reduce the burdens of the people; absolutely failing to do that, it would by the enactment of this law add to their burdens by direct taxes \$105,000,000 every year. To the constituents of Members who vote for it I commend the splendid advice of the present Secretary of State, in his speech to the Pennsylvania Legislature a year ago:

The Representative who secures office on a platform and then betrays the people who elected him is a criminal worse than he who embezzles money.

Mr. FORDNEY. Mr. Speaker, I yield to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Speaker, under a gag rule which limits debate and prevents the offering of any amendment the Democrats in the House are imposing an additional tax burden of over \$100,000,000 upon the American people.

The Democrats acknowledge that this tax will not be popular. They know why. They know that the reasons put forth for the necessity of it are not correct. It is called a war tax. In reality it is a tax to cover a deficiency caused by the failure of the Underwood tariff. That such a deficiency would occur before the year 1914 ended was apparent the 1st of last May—90 days before war broke out in Europe.

In a letter written the last of May and read at the Washington State Republican convention in Tacoma, June 7 of this year, I made two predictions—one was that in a short time a quorum of this overwhelmingly Democratic House could only be kept here by force; the other was that a deficit would occur. Both predictions have come true, and I say frankly that one did not have to be much of a prophet to make the forecast. I thought the Democratic administration would be forced to issue bonds, as Grover Cleveland was obliged to do at the time of the last low-tariff experiment.

But the war in Europe furnished an excuse to get away from an issue of bonds and furnished an opportunity for the levying of a direct tax, wrongly called a "war tax."

The designation of "war tax" is absolutely inaccurate. There was a war tax in 1898, when the Nation, through the constitutional exercise of congressional power, declared war upon Spain and brought about a happier condition of affairs in distressed Cuba. There is no need now for such a tax. The United States is at peace with all the world and even the expense of the naval crusade to Mexico, the capture of an unoffending seaport, and the maintenance of an army at Vera Cruz did not add enough millions to the national expense to create trouble. It is absurd to talk of a war tax in time of peace.

THE DEMOCRATIC CONTENTION.

The Democratic contention, plainly set forth by Mr. UNDERWOOD, the Democratic leader, is that there is a deficiency in the revenues due to the decrease in importations. His estimate is that the falling off in revenues during the next 12 months from the countries which are at war will be \$125,000,000. He admits that the total imports, free and dutiable, in August, 1913, aggregated in value \$137,000,000, while in August, 1914, they were \$129,000,000, a difference of only \$8,000,000, but asserts that a very large quantity of undutiable material came from countries which are not at war. He defends, also, the various methods by which the tax is to be raised, calling especial atten-

tion to the fact that as to almost every item the scheme of the Republican levy of 1898 had been followed.

This position is peculiarly interesting, in view of the fact that Mr. UNDERWOOD opposed and voted against the war tax of 1898, because, as he then said in debate, it would "fall almost entirely on the hard-working and industrious artisans, merchants, mechanics, farmers, and professional men of the country, but not on idle wealth that is protected but never made to pay for benefits received."

This characterization is appropriate to the tax legislation which the Democrats are now seeking to enact.

REPUBLICAN POSITION.

The Republican position, voiced by Representative MANN and others, is that the deficiency in the revenues is not due to the European war, but to the failure of the tariff law to produce income, besides which the Democratic Congress has, by extravagant appropriations, involved the Government in expenses which can not be met except by additional taxation. It is shown, for instance, that last January the falling off in customs revenues was \$5,800,000, and in February the decrease was \$9,995,000, with a steady decline up to August 1, when the war began.

As to the appropriations, the figures show that this Congress has already contracted to expend \$70,000,000 more than the last Republican Congress, with \$20,000,000 to be added by the river and harbor bill; \$25,000,000 asked for Colombia, \$3,000,000 for Nicaragua, and \$30,000,000 for creating a merchant marine. The Republicans assert that if the Democrats had practiced what they preached in the matter of economy, or if the revenues had not been depleted by a free-trade law, the present emergency would not have arisen.

In addition to this, the administration is criticized for refusing to take out of the national banks the Government deposits of \$75,000,000, it being claimed that it would have been better to have taken the money out of the banks than out of the pockets of the people.

If the Senate passes the bill—and debate in the Senate will not be shut off, as it was in the House—the people will pay the increased taxes.

The American people can not allow the Government to fail in meeting its obligations. They must go down in their pockets to meet the deficiency and leave the question of responsibility to be settled at the polls.

MONEY LOANED TO BANKS.

The Treasury is admittedly in a bad way. Why? Because \$75,000,000 has been loaned to the big national banks, which banks are even now accused by Secretary of the Treasury, McAdoo with hoarding money. The United States money is out on call. Why not call it in—not all at once, but just fast enough not to cripple the banks?

The President, in his address which he read to the House on September 4, said:

The Treasury itself could get along for a considerable period, no doubt, without immediate resort to new sources of taxation. But at what cost to the business of the community? Approximately \$75,000,000, a large part of the present Treasury balance, is now on deposit with national banks distributed throughout the country. It is deposited, of course, on call. I need not point out to you what the probable consequences of inconvenience and distress and confusion would be if the diminishing income of the Treasury should make it necessary rapidly to withdraw these deposits.

The President practically admits that there is no necessity of increasing the revenues of the Government at this time if the Government could make use of the \$75,000,000 which it now has on deposit with the national banks.

Think of the proposition for a moment. Is it not rather odd that the Government should collect money by taxation, deposit it in the national banks of the country as a matter of convenience, or otherwise, and then, when money is needed, instead of drawing the deposits out of the banks, increase the taxes in order to raise more money, a portion of which will likely be again deposited in the banks?

WHERE DOES THE MONEY COME FROM?

Also, what do you think of the proposition that it would be an injury to the country for the Government to withdraw its deposits from the banks, but is no injury to draw additional taxation from the pockets of the people or their bank accounts?

The gentleman from Illinois [Mr. MANN] has put the case clearly in the following words:

If the Government draws its deposits out of the banks with which to pay its bills, that does not take the money out of circulation. It will go right back into trade and commerce and probably back into the banks. It certainly will be no more distressing for the banks to pay out the deposits which have been made with them, and which they clearly have taken with the idea of paying out, than it will be to take from the pockets of the people permanently increased taxation which they can never recover and which will be taken from them only that

we may deal more kindly with the banks which owe the Government the deposits.

Mr. MANN says further:

The President seems to think that it will not withdraw working capital from other uses if the people pay the money as taxes, and that it will not make any demand on the money market for the people to pay the money in the form of taxes.

Here is another novel theory. Why does it not make just as much of a demand on the money market and just as much withdraw working capital from other uses for people to pay money to the Treasury in the form of taxes as it would for them to pay money to the Treasury in the purchase of bonds? The bonds would only have to be issued as needed, and no more would need to be issued than were necessary. On the other hand, the additional taxes may and probably will raise much more money than is needed, and is much more likely to withdraw the money from the market and from working uses than would be the issuance of bonds or temporary certificates of indebtedness.

ORDINARY REVENUES SAME AS LAST YEAR.

Our imports for August, 1913, were \$137,651,553 in value of goods, while for August, 1914, they were \$129,767,890, a falling off of less than \$8,000,000 during the first month of the war, when shipping conditions were at their worst, and these conditions have greatly improved since.

The following figures were obtained this morning from the Department of Commerce, showing the imports of merchandise at New York City for the weeks of August and September of this year:

Week ending Aug. 1	\$18,966,086
Week ending Aug. 8	15,817,093
Week ending Aug. 15	16,211,393
Week ending Aug. 22	12,162,337
Week ending Aug. 29	11,713,317
Week ending Sept. 5	12,212,002
Week ending Sept. 12	16,930,567

These figures show that while there was some falling off in August, owing to the deranged shipping conditions on the sea, that these conditions have become almost normal again and the importations are now almost back to normal.

As appears by the daily Treasury statement issued at the close of business Wednesday of this week, September 23, 1914, the ordinary revenues of the Government for the first 23 days of September of this year were \$42,319,728.53, and for the same period in 1913 were \$44,050,174.72, a decrease in this year from last year for the 23 days of \$1,730,446.19.

From July 1 to September 23, inclusive, the revenues this year were \$166,616,800.38, and for the corresponding period last year were \$165,881,896, or an increase over last year of \$734,904.13.

For the same period, from July 1 to September 23, this year the ordinary disbursements of the Government were \$184,708,150.11, and for last year for the same period the ordinary disbursements were \$176,856,929.77, or an increase in disbursements for that period this year over last year of \$7,851,220.34.

While the ordinary revenues so far this year have been about the same that they were for the same period last year, the ordinary disbursements this year have amounted to nearly \$8,000,000 more than they were last year.

All we need to do is to economize in Government expenditures, and there is not the slightest necessity at this time for levying new taxes to increase the revenues.

IMPORTS INCREASE; EXPORTS FALL OFF.

The following figures show clearly how imports increased and exports fell off this year, up to August 1, when the war began. The figures all relate to the period prior to the commencement of the European war and represent no effect of the war, but of the normal conditions caused by the Democratic tariff law:

For July, 1914:	
Imports increased	\$20,615,521
Exports fell off	6,851,831
Change against us	27,467,352
For seventh months ending July 31, 1914:	
Imports increased	\$121,944,698
Exports fell off	126,290,975
Change against us	248,235,673
Balance of trade in our favor first seven months, 1913	308,624,462
Same, 1914	60,388,789
Loss to United States by falling off of balance of trade	248,235,673
In July, 1914, the balance of trade against us was	5,538,344
In July, 1913, the balance of trade in our favor was	21,929,008
Increase in imports of manufactures ready for consumption	39,261,672
Decrease in imports of manufactures for further use in manufacturing	26,950,647
Decrease in exports of manufactures ready for consumption	74,151,381
Increase in exports of crude materials for use in manufacturing	19,818,421

These figures show that during the period named while our imports of manufactures for further use in manufacturing,

which means practically crude materials imported to be manufactured here into the finished products, were reduced by nearly \$27,000,000 for the seven months, we increased our imports of manufactures ready for consumption by over \$39,000,000.

The Underwood tariff did that—not the war.

That tariff decreased the duties on the finished products and in many cases increased the duties on the crude materials. This means that the labor to turn the crude materials into the finished products was furnished in foreign lands instead of giving employment to labor in the United States.

BALANCE OF TRADE FALLS OFF \$248,000,000.

In seven months we increased our exports of crude materials for use in manufacturing abroad by nearly \$20,000,000. During the seven months we decreased our exports of manufactures ready for consumption, or the finished products, by over \$74,000,000.

Instead of finishing the products here with American labor, we were sending abroad the crude materials that they might be manufactured by foreign labor.

The balance of trade in merchandise in our favor in 1914 for the seven months was \$60,000,000, while for the same period in 1913 this balance of trade in our favor was \$308,000,000. In other words, under the Underwood tariff our balance of trade on merchandise for the seven months fell off \$248,000,000, and that balance of trade we are called upon to make up by shipments of gold abroad, or the equivalent of that.

Did the war have anything to do with it? Nothing.

Further, while for the seven months of 1914 we had increased our importations over the corresponding period of last year by nearly \$122,000,000, the customs duties arising on the importations fell off by over \$23,000,000. The Government was losing the revenue, and at the same time the foreigner was manufacturing the goods with foreign labor.

The House is bound and gagged by a rule. It will pass its so-called war-tax measure. Should the Senate pass the bill as it now stands, it is estimated that the revenues derived during the coming 12 months will amount to \$105,000,000, distributed as follows:

Fermented liquors	\$32,500,000
Wines	6,000,000
Gasoline	20,000,000
Special taxes	16,500,000
Stamp taxes	30,000,000
Total	105,000,000

It will also give new jobs to a lot of tax collectors.

The Democratic revision of the tariff is a failure as a revenue producer. Democratic appropriations are record breakers.

PEOPLE WILL UNDERSTAND.

These are parlous times the world over. Conditions are upset, but we can not blame the war for what the Underwood tariff had already done to us. The war has cost many a man in the United States his job, and it is costing many a citizen his business and his income. Let us blame the war for what it has done, but do not make it carry the blame for what the Underwood tariff did to the finances of the United States three months of last year and seven months of this year.

Information spreads rapidly in this country, and it will not take long for the people, who have not found the cost of living reduced, to understand the question which has been presented to them.

Mr. FORDNEY. Mr. Speaker, I yield to the gentleman from West Virginia [Mr. Moss].

[Mr. MOSS of West Virginia addressed the House. See Appendix.]

The SPEAKER pro tempore. The gentleman from Michigan is recognized for 32 minutes.

Mr. FORDNEY. Mr. Speaker, it is claimed by the friends of this measure that the war in Europe is the cause. That is exceedingly misleading, in my opinion. The war is not the cause of this burdensome tax; it is the excuse. War is causing slight losses in revenues, it is true; but the war is about 10 per cent cause and about 90 per cent excuse. [Applause and laughter on the Republican side.] Yesterday we were called upon to vote for a very drastic rule. Some call it a gag rule. I do not know just what constitutes a gag rule, but I do know if there ever was a gag rule that was one, unadulterated. The gentleman from Alabama [Mr. UNDERWOOD], for whom I have the highest regard—I love him as I do a brother—said in a speech before this House in 1909, when the Payne tariff bill was under consideration:

The rules of this House for a hundred years have recognized that when you come to consider a great appropriation bill or a great revenue bill the only way the House can express the sentiments of the country and the Members can express the sentiments of their constituencies

is to consider the items contained in the bill item by item. It is impossible to get a consensus of this House or an expression of the opinion of the country by voting en bloc for a tariff bill, as much so as if it was a general appropriation bill.

How materially the gentleman from Alabama has changed his opinion on that subject since 1909. [Applause on the Republican side.] Much has been said by our Democratic friends before and after the passage of the Underwood tariff law that it was their purpose to pass a tariff law that would increase our exports. No one will deny that. What can be put into a tariff law that will aid our export trade? There is no export tax upon goods going from this country. A tax of that kind would be contrary to the Constitution of the United States. The only one thing that can be placed in a tariff law, in my opinion, that can in any way aid our export trade is an import duty on competitive products so high that our own factories will furnish constant employment for our labor and capital, and our industries will run at their fullest capacity, full time, and if necessary overtime, and by so doing products can be made in this country at the lowest possible cost, and our surplus may compete in a measure with the cheap-made products of foreign lands. [Applause on the Republican side.] You failed to put such provisions in your tariff law. On the other hand, you have torn down the tariff wall built by the Republican Party, that brought such great prosperity to this country for so many years, and you have bid welcome to the cheaply made products of every country in the world to come and capture our markets and take away from honest American labor and capital of this country their right to produce these things at home. [Applause on the Republican side.] The gentleman from Alabama yesterday said that he did not like this law, that it was a hardship placed upon him and his party at this time to impose additional taxes upon the people of this country. Why, we Republicans do not like your bill any better than you do. [Laughter and applause on the Republican side.] Regarding your bill and your style and kind of legislation, gentlemen, we are like two Irishmen who stayed overnight at a cheap lodging house in Toledo. The next morning Pat asked his friend how he had rested, and he said that he had not rested at all. "Why, what was the reason?" said he. "Well, there was a little red bug that bothered me all night, and I did not rest well." "Well, you evidently did not like the little red bug, then?" "Oh," he said, "I did not care much about the bug, but the thing I do not like is the way he gets his living." [Laughter and applause on the Republican side.] We do not like the manner of legislation because we do not like the way that it takes employment away from American labor and American capital and brings hard times to the people of this country. [Applause on the Republican side.]

The gentleman from Alabama yesterday stated that about \$60,000,000 of this \$75,000,000 now out in national banks was placed there by a Republican administration. God knows it was a good thing for the banks and the people that at that time somebody was in power that had \$60,000,000 to put in the banks. [Applause on the Republican side.] You do not have it. [Laughter on the Republican side.] You have a bill now upon the calendar which, if enacted into law, appropriates \$10,000,000 for the purchase of ships to establish a merchant marine for us on the high seas that will carry the American flag. There is a provision in that bill also that authorizes the officials of this Government to dispose of \$30,000,000 worth of Panama Canal bonds, the proceeds of which are to be used together with the \$10,000,000 you propose to appropriate in cash to purchase ships.

Where are you going to buy those ships? There is not a boat for sale by any nation in the world except Germany, and England and France have served notice upon us that if the Government of the United States purchases German ships now hiding in harbors of the United States and sends them outside of the 3-mile limit they will capture them or send them to the bottom of the sea. Why, they claim such purchase would be a violation of our neutrality laws. And if that is done, my friends, serious complications will be brought about between this Government and foreign countries. [Applause on the Republican side.]

And again, my friends, you propose to establish a merchant marine at a time when if there is a boat for sale by any country in the world it will to-day demand double the price that it would bring in normal times or when conditions in the country are normal. But what a glorious time it is to advance our merchant marine! Put foreign ships under the American flag, purchased at twice their normal value, place upon those ships American seamen who will receive the American scale of wages, which is more than twice the scale of wages paid by any other country of the world, and you are going out upon the high seas under such adverse conditions to compete with cheaply built vessels from abroad and with cheap foreign labor, and capture the markets of the world. You would establish a merchant

marine now, at a time when you know it is impossible, if you are sane! [Applause on the Republican side.]

On the 4th day of September the President of the United States came in person to the House of Representatives and called Congress together in order to deliver to them a message upon this war-tax matter. Ever since President Wilson delivered his first message in person to this House Theodore Roosevelt has never cracked a smile. [Laughter and applause.]

You say you do not like to pass this law now, but that it is a matter of necessity, and that you are brave and patriotic, and are going to face the enemy, the masses of the people. You remind me of the boy referred to by our dear, beloved, deceased friend Francis W. Cushman, when speaking on a bill in this House. He said, "I am placed in the position"—and you are in that position—"of the boy who was digging potatoes in a field, when a man came along and said, 'Young man, what are you getting for doing this?' The boy replied, 'I do not get anything for doing it, but I will get hell if I don't do it.'" [Laughter and applause.]

The fellow that would give you "hell if you don't" is only a little way down Pennsylvania Avenue. [Applause on the Republican side.]

The President in his message delivered on the 4th day of September referred to the customs receipts for August, 1914, and claimed that was the cause for his coming here and calling for additional revenue. Let us see whether he is right about that. He said that revenues from customs receipts—and he referred to August, as I assume, although he does not make himself quite clear, because perhaps he did not want the masses of the people to fully understand just what he meant [applause on the Republican side]—had fallen off \$10,629,000. The President is in a position to get absolutely correct information from this Government, but the fact is, gentlemen, in customs receipts there was a falling off in August of \$11,503,000, but on the total revenues collected from imports—customs receipts and from all other sources—there was a falling off of about the amount named by the President. Did he mean August or did he mean for the 11 months during the life of the Underwood tariff law?

The imports into this country for the month of August fell off \$8,252,000 below the value of imports for the month of August, 1913, and yet he calls your attention to the fact that the customs receipts for August this year were about \$10,600,000 below August last year—in fact, it was \$11,500,000. Can you conceive how there could be a falling off of \$11,500,000 in customs receipts on such a slight falling off in value of imports? Why, my friends, the loss of revenue from customs receipts for August this year was 37 per cent below the amount of customs receipts collected during the month of August, 1913, and our imports fell off but 6 per cent. Where would you imagine you could lay the blame? On the Underwood tariff law, of course, which law has been an absolute failure, as far as furnishing revenue for this Government is concerned. [Applause on the Republican side.]

The revenue from customs receipts for the month of February this year was \$10,000,000 less than the customs receipts for February, 1913. Why, gentlemen, did the President not say something about February? Why did he not say that there had been a falling off of customs receipts month by month from the very adoption of the Underwood tariff law down to the day he delivered his message in this House? He evidently did not want to tell you all. The customs receipts for the month of February, fell off 36 per cent below the customs receipts for February, 1913, although the imports for the month of February this year were but 1.6 per cent below imports for February, 1913.

My Democratic friends, you reduced the duty on imported sugar in the Underwood tariff law from \$1.348 to \$1 per 100 pounds, and the loss of revenue from sugar alone since the 1st day of March to the 1st day of September, this year, is \$12,727,000. And what have you done for the consumers? Have you lowered the price of sugar to them? Oh, in what a sorrowful position you have put yourselves in this matter! Last March, February, and January sugar was selling wholesale in New York, free on board cars, for \$4.21 per 100 pounds, and the domestic beet-sugar producers in the State of Michigan were selling their sugar at the same time for \$3.90 per 100 pounds, 2 per cent off for cash in 10 days. Beet sugar went off the market before the 1st day of June—all the sugar in the State of Michigan, except that possibly one concern, the German-American Sugar Co., had a little left, as was said by the press.

Where is the price of sugar to-day? Oh, but you say the war is responsible for the high price of sugar to-day. There was no war in 1911 I know of, except the war you Democrats declared on domestic producers, that could have affected the price of sugar, and yet the American Sugar Refining Co., the

Federal Sugar Refining Co., and the Arbuckle Bros. Sugar Refining Co., in New York, put sugar up to 7½ cents a pound, where they have it to-day. In other words, gentlemen, sugar is 3½ cents per pound higher to-day than in March last.

Mr. GORDON. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Michigan yield to the gentleman from Ohio?

Mr. FORDNEY. I have such a limited time that I can not yield now, but I will yield at the end of my speech if I have the time.

Mr. GORDON. There was just one point there that I wanted to ask you about.

Mr. FORDNEY. Three and one-half cents a pound on a barrel of 350 pounds of sugar is \$12.25 per barrel, and the people of the United States are consuming on the average about 70,000 barrels of sugar a day. Twelve dollars and twenty-five cents a barrel on 70,000 barrels is \$857,700 a day that you, by the enactment of your paragraph in the Underwood tariff law on sugar, are wringing from the consumers of this country and putting into the pockets of the Sugar Trust. [Applause on the Republican side.]

You have robbed the Government of \$12,727,000 revenue from sugar during that time, and \$857,500 a day, or \$25,725,000 a month, is what the people are paying. Oh, what a glorious, charitable act you have performed for the Sugar Trust! [Applause on the Republican side.]

As I said, you will say, "The war is the cause of this abnormal increase in the price of sugar." I am going to be fair with you. I am going to admit that war is responsible for a portion of that increase in price. But there was no cause on earth in 1911, no warrant whatever, that justified the Sugar Trust of this country in advancing the price of sugar to 7½ cents except that the power to do so was in the refining companies. And the only competition they have, the only thorn in the side of the great refining trust of this country, is the domestic sugar industry. While that domestic sugar is upon the market, you know and I know and everybody knows that the price of sugar to the consumer is way below the price the consumer pays in the summer months, during the canning season, when there is no domestic sugar upon the market in competition with trust-made sugar.

THE LOUISIANA SUIT SHOULD BE TRIED.

I offered an amendment to this bill in the Committee on Ways and Means. I asked that permission by Congress be given to the Supreme Court of the United States to hear the State of Louisiana in a case that State presented to the Supreme Court wherein it asked the Supreme Court to determine whether or not the paragraph in the Underwood tariff law affecting sugar is constitutional. The State of Louisiana holds that that paragraph is unconstitutional, because it is a violation of the treaty entered into between this Government and the Government of Cuba in 1903, because the treaty itself says that no change shall be made in the treaty until one or the other of the contracting parties has given 12 months' notice in advance of their intention to change or abrogate the treaty. No notice was given to Cuba, and you lawyers know if that question were submitted to the Supreme Court of the United States they would hold that paragraph in the Underwood tariff law to be unconstitutional; and all the State of Louisiana asked was that in case the Supreme Court of the United States should so hold the Treasurer of the United States should be directed to collect the back taxes on sugar now held by the Sugar Trust and cover that money into the general fund in the Treasury of the United States. But my amendment was voted down by your unanimous vote.

Mr. BROUSSARD. Mr. Speaker, will the gentleman yield there?

The SPEAKER. Does the gentleman from Michigan yield to the gentleman from Louisiana?

Mr. FORDNEY. Yes, sir.

Mr. BROUSSARD. Just for an explanation?

Mr. FORDNEY. Yes.

Mr. BROUSSARD. How much money would be covered into the Treasury if the State of Louisiana were permitted to bring this suit and were successful in carrying it out?

Mr. FORDNEY. It would be \$12,727,166.96 to the 1st of September.

Mr. BROUSSARD. Just another question, for information.

Mr. FORDNEY. Yes, sir.

Mr. BROUSSARD. Would the Government of the United States suffer one cent of expense if the State of Louisiana were successful in that suit?

Mr. FORDNEY. Absolutely none; but if the Supreme Court should so hold, they would gain \$12,727,000 to put into the Treasury of the United States, and it would make it unces-

sary to raise that much under this nefarious war-tax measure, so called. [Applause on the Republican side.]

My friends, to show you how you have aided the Sugar Trust, here are some circulars sent out last winter by Sears, Roebuck & Co. and Montgomery Ward & Co., in which they offered 100 pounds of sugar for \$2.75, first-class granulated, produced by the American Sugar Refining Co., Arbuckle Bros., or the Federal Sugar Co. On the cover of Montgomery Ward & Co.'s March and April, 1914, grocery list the following is printed in large letters: "Thirty-five pounds granulated sugar, \$1." The second page of their list is devoted to their sugar advertising, and they print the following:

We do not handle beet sugar. We will fill your order with one of the following well-known eastern refiners' brands: Arbuckle's, Havemeyer & Elder's, McCahan's, Franklin, or Mollenhauer's.

The last two named are refiners of the American Sugar Refining Co. On another printed list I have here they advertise:

One hundred pounds sugar, \$2.75. Of course, your local store at home can't meet our prices, but the owner of it is doing the best he can, and it may be a source of satisfaction to you to know just how much he has to charge you over our price.

Sears, Roebuck & Co. devote several pages of their May and June, 1914, grocery list to sugar advertising. On page 2 is the following:

Forty pounds sugar, \$1. This gives you sugar at 2½ cents a pound. There is every evidence this kind of advertising is made possible and encouraged by the Sugar Trust with the one aim of crushing the domestic industry. It has unmistakable earmarks of the cunning of Frank C. Lowry, the hiring of the Sugar Trust, who boasts of dictating Democratic sugar legislation. Oh, what a lovely kind of competition you have brought about at a time when the domestic sugar is on the market; and the moment it is off the market war is declared in Europe and up goes the price to 7 or 8 cents a pound wholesale.

Mr. GORDON. Will the gentleman yield?

Mr. FORDNEY. I yield for a short question.

Mr. GORDON. Just on the point the gentleman is making, that the reduction of the tariff had not lowered the price of sugar, will the gentleman tell us how it has put the sugar producers out of business, if that is true?

Mr. FORDNEY. My friend, the sugar manufacturers of this country must contract for beets in December and January. They had to make their contracts in December and January last for this fall's grind. It takes all summer to grow beets, and the contracts are made with the farmers several months in advance of planting, and there was no indication given out by you or your President that there was going to be a war. [Laughter on the Republican side.] And finding sugar for sale in Chicago at \$2.75 a hundred pounds last winter, just about the sum the beet-sugar manufacturer pays to the farmer for the sugar in the beets delivered at the factory, they knew that kind of ruinous competition would put them out of business. They have made a great mistake, however, if the war lasts and the trust holds up the price.

UNDERWOOD BILL HAS DESTROYED DOMESTIC INDUSTRY.

You closed out 12 of the 73 beet-sugar factories in the United States and will lessen the production of beet sugar this year by 125,000 tons, and you have closed from 20 to 30 per cent of the production of cane sugar in the State of Louisiana. The President has said he would injure no legitimate industry. Therefore your sugar industry must not have been legitimate or President Wilson never would have signed a bill placing sugar on the free list, to take effect May 1, 1916. He has taken off a little piece at a time, as the Irishman did with his dog's ears, so that it would not hurt so much. [Laughter.]

The amendment offered by me provided for an additional paragraph, as follows:

Be it further enacted, etc., That in order that paragraph 177 of Schedule E and paragraph B of section 4 of the act of October 3, 1913, may be interpreted by the Supreme Court of the United States in the light of the Cuban reciprocity treaty of December 11, 1902, and in pursuance of the decree of said United States Supreme Court of June 22, 1914, the authority of Congress is hereby granted that the State of Louisiana may institute suit against the United States for the purpose of determining the legal rate of duty to be assessed on sugar imported from Cuba and other countries: *Provided*, That if the Supreme Court finds that the duty assessed against Cuban sugar since March 1, 1914, has been insufficient the Secretary of the Treasury is directed to institute proceedings to recover the balance due the United States, and upon recovery to cover it into the Treasury to the credit of the general fund.

The substitute does not contemplate any new tariff legislation. It merely provides for an interpretation by the United States Supreme Court of the law already on the statute books. It does not carry one cent of appropriation out of the Public Treasury. It is so clearly in the interest of the public welfare that, when understood, official opposition to it amounts to nothing less than a public scandal.

If the authority is granted by Congress to have this question settled by the Supreme Court and that tribunal should decide that the sugar duties are being improperly construed and enforced, it will result in a recovery of more than \$25,000,000 a year by the Public Treasury, which sum is now being wrongfully diverted into the treasury of the Sugar Refining Trust. This amount is equivalent to one-fourth of the sum which the revenue legislation under consideration is intended to wring from the American people in the shape of war taxes.

What honest opposition can be interposed to having the highest court of the land pass upon this question? From the very beginning of this Government all disputed issues affecting the revenues have been prosecuted with relentless vigor. One of the cherished traditions of the American people has been that those charged with the administration of our fiscal affairs could be depended upon to show unbending zeal in this regard. The Government has never permitted the slightest paltering in such matters, but has ever pursued relentlessly transactions of a questionable interpretation affecting the Public Treasury. Even the humblest moonshiner in the remotest mountain fastness, whose evasions of our internal-revenue laws could result in only an inappreciable loss to the Government, has been hunted down without mercy or remorse.

It has remained for the present administration to reverse that policy. Instead of seizing upon this opportunity to possibly recover \$25,000,000 to the Public Treasury, we find it attempting to frustrate the plan to even have the matter passed upon by the Supreme Court, yet at the same time urging Congress to burden the people with \$100,000,000 of internal taxes.

This course of the administration is all the more astounding because the identical interests that are charged with improperly profiting by the loss of this \$25,000,000 to the United States Treasury were the chief culprits referred to by the last Attorney General of the United States when he stated in his annual report, in discussing "frauds upon the revenues," that "they had been guilty of a long-continued system of defrauding the Government of unparalleled depravity." They are the same interests that under the last administration were convicted by the Department of Justice of bribing and corrupting United States employees upon the sugar docks; the same interests that placed secret springs in the Government scales on which the cargoes of imported sugar were weighed, so that they could steal a pound or two on each sack; the same interests that the Department of Justice, under the last administration, compelled to return to the United States Treasury more than \$4,000,000 of their stealings.

In contrast with that splendid record we find the Department of Justice to-day apparently in league with these interests. When the European war broke out and these same interests increased the price of sugar to an enormous figure, the Department of Justice as at present conducted, instead of instituting proceedings against them under the Sherman anti-trust law, issued an outrageous innuendo against the American farmer.

RIDICULOUS ANNOUNCEMENT BY DEPARTMENT OF JUSTICE.

That department gave out to the public press a statement that one of its agents in Kansas City has reported that this year's crop of beet sugar had mysteriously disappeared, which was held in that community to be responsible for the high price of sugar. The stupidity of this story, which attempted to fasten one of the machinations of the Refining Trust on the domestic sugar producers, was only equalled by the stupidity of the department in selecting the place to make public such a silly story.

It so happened that when that canard was given out the ink was hardly dry on a decision of the Interstate Commerce Commission granting cheaper rates on Hawaiian sugar into Chicago over the protest of the refining combine. The Louisiana sugar interests, while having no direct interest in this case, secured through Senator RANDELL the publication of the testimony in order that the action of the sugar refiners in opposing cheaper sugar could be exposed. It was printed a few weeks ago as Senate Document 493, Sixty-third Congress, second session, and on page 128 we find an interesting statement by Mr. J. R. Koontz, general freight agent of the Atchison, Topeka & Santa Fe Railway. He says:

I consider Kansas City as a great dumping point; it is a storage point. We have our storage arrangements on sugar, and there are hundreds and hundreds of tons of sugar stored there. * * * This sugar moves into Kansas City from California and New Orleans and from the Colorado and Utah factories in immense quantities.

Instead of looking into the mammoth railroad warehouses at Kansas City for this immense supply of sugar held for the refiners by the roads free of storage, the agent of the Department of Justice sent out the silly story about the disappearance of the beet-sugar crop that had not yet been harvested, much less

manufactured. In this same Senate document evidence is printed that the railroads, in violation of the law, store immense quantities of sugar for the refiners at Chicago, as well as Kansas City, and while this practice has been called to the attention of the Department of Justice, it has apparently taken no action.

This indifference to the unlawful practices of the sugar refiners and their allies has resulted in a serious menace to American business. Having conspired with the present administration to destroy the domestic sugar producers, the refiners are now working, apparently through the connivance of the powers that are, to eliminate the small merchants and thus to further increase their immense profits. They have struck hands with the mail-order houses, and the significance of this connivance on the part of the Department of Justice to their free storage on the outskirts of Chicago is understood when we read the announcements of these latest of the allies of the refiners.

In one of their alluring circulars intended to eliminate the retail grocers from the sugar trade this statement is made:

In our March-April grocery catalogue we listed sugar at \$4.19 for 100 pounds. This was less than the "wholesale market price." That is, less than the price at which wholesale grocery houses were selling sugar to the retail grocers at the time we issued our March-April list. * * * The reason we can afford this price is that we are among the largest distributors of sugar, retail or wholesale, in the world. We sell annually over 35,000,000 pounds. * * * It comes direct from the refinery in those bags and goes direct to our customers in the same bags. We furnish the bags, and the refinery fills them by automatic machinery as the sugar comes out of the drier. It is never touched by anyone's hands until our customers open the bags in their homes. * * * In spite of this exceptional handling, we sell the sugar at retail to our customers for less than the jobber sells to the retail grocer at wholesale. We guarantee our price to be always as low as the wholesale price and often it is lower. We can do this because we sell over 35,000,000 pounds of sugar a year and have only one handling.

Washington was recently flooded with red circulars sent on by another one of these agencies of the refining ring that is escaping the warehousing and other fixed charges that the wholesalers and jobbers have to pay. It said:

One hundred pounds sugar, \$2.75. This is fine, white, granulated sugar. Same quality sells in stores everywhere at about \$6 per 100 pounds. Of course your local store at home can't meet our prices, but the owner of it is probably doing the best he can, and it may be a source of satisfaction to you to know just how much he has to charge you over our price. While his charge will seem exorbitant, compared to ours, he has probably bought his goods in small quantities, on credit, from a high-salaried drummer; his sales are small compared with his expenses, and he is therefore obliged to sell at high prices.

DAMAGING LETTERS OF SUGAR TRUST.

But the most culpable inaction by the Department of Justice in failing to prosecute the Sugar Refining Trust is to be found in Louisiana. During the last administration a raid was made on the headquarters of the Sugar Trust. It resulted in the capture of correspondence between the officials and their subordinates in various parts of the United States. Among the letters captured were two written by the manager of the trust properties in Louisiana, which are as flagrant a violation of the anti-trust law as has ever been discovered. Here they are:

[Extract from letter of J. T. Witherspoon, manager of the New Orleans plant of the American Sugar Refining Co., to H. C. Mott.]

NEW ORLEANS, October 27, 1904.

Mr. H. C. MOTT,

No. 117 Wall Street, New York.

DEAR SIR: It was mentioned yesterday that some of the parties here who have sold us large lots of sugar at a fixed price under the New York price day of arrival would probably enter into an arrangement with the Federal Refinery, of New York, whereby this concern throughout November and December would buy small lots on the New York market at not less than 4½ for 96° test, and thereby fix the New York quotations at this figure, which in turn would be the supposed figure for settlement of sugars arriving here.

While this would be a most contemptuous plan, still there are some people here not too good to make the attempt, and if the Federal is willing, I am satisfied some of the large buyers here would reimburse them for any loss they might sustain.

I only mention this to show you what might possibly take place, and for you to be on your guard. * * *

Commencing with the latter part of next week the daily arrivals here on account of contracts already made will be large. These contracts, as you know will be settled at a differential under the New York price day of arrival. Hence it behooves you to depress the New York market as much as possible, for the lower the New York quotation is the less these sugars will cost us.

Yours, very truly,

J. T. WITHERSPOON.

[Extract from letter of J. T. Witherspoon, manager of the New Orleans branch of the American Sugar Refining Co., to President Thomas.]

NEW ORLEANS, October 28, 1908.

Mr. W. B. THOMAS,

President The American Sugar Refining Co.,

New York, N. Y.

MY DEAR MR. THOMAS: I want to bring to your attention the competition in the way of refined sugars that we will have in New Orleans during the coming winter. * * *

What I particularly desire to call your attention to is that the higher we hold our prices for granulated sugar here during the next three months naturally the more profit these plantations will make on their product, and if the information once gets abroad that it is more profitable for the different plantations to produce granulated sugar than to turn out raws or clarified, I am afraid next season many others will commence doing likewise; consequently it might be well for you to consider the proposition of permitting New Orleans during the next

three months to maintain a difference in price below New York of at least 10 cents, and at periods of extreme dullness, when these outsiders here are quoting low prices and selling their product, of even 20 cents per hundred pounds.

What I am particularly interested in is seeing the little outside competition develop as little as possible.

Yours, very truly,

J. T. WITHERSPOON.

I have explained at some length the attitude of the Treasury Department and the Department of Justice as at present administered toward the sugar-refining combine. That combine is the only interest that could possibly suffer should the United States Supreme Court decide the suit proposed by my amendment on behalf of the Government.

The object sought to be accomplished by this amendment is to secure the consent of Congress to permit the State of Louisiana to file suit in the Supreme Court of the United States with a view to having two sections of the Underwood bill pertaining to the sugar schedule interpreted by that court.

The tariff act of October 3, 1913, has this provision in it:

SCHEDULE E—SUGAR, MOLASSES, AND MANUFACTURES OF.

177. Sugars, tank bottoms, strups of cane juice, melada, concentrated melada, concrete and concentrated molasses, testing by the polariscope not above 75° seventy-one one-hundredths of 1 cent per pound; and for every additional degree shown by the polariscope test, twenty-six one-thousandths of 1 cent per pound additional; and fractions of a degree in proportion.

Later on, in the same bill, under section 4 of the administrative features of the bill, paragraph b reads as follows:

b. That nothing in this act contained shall be construed as to abrogate or in any manner impair or affect the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on the 11th day of December, 1902, or the provisions of the act of Congress heretofore passed for the execution of the same, except as to the proviso of article 8 of said treaty, which proviso is hereby abrogated and repealed.

The first of these provisions, paragraph 177 of Schedule E, provides for an average decrease in the duty on sugar of 25 per cent—a horizontal cut on all grades of sugar. In other words, the Payne law, as it had been under prior law, the Dingley Act, showing the duty was ninety-five one-hundredths of 1 cent per pound for sugar showing 75° by the polariscopic test and thirty-five one-thousandths of 1 cent per pound for each additional degree. That rate under the Underwood Act was cut down to seventy-one one-hundredths of 1 cent per pound for sugar testing 75°, with an increase of twenty-six one-thousandths of 1 cent per pound for each additional degree of purity. That reduction under this bill was not to take effect at the time the bill became law, but on the 1st day of March of the following year, 1914. And that reduction as it appears in the first provision, under Schedule E, was to last only until the 1st day of May, 1916, after which the provision itself was to disappear, as sugar would then be automatically placed on the free list.

On the other hand, in the administrative feature of the Underwood law under section 4 the statement is made that nothing in the act itself shall be construed as altering, amending, or in any wise changing the treaty with Cuba, except the proviso of section 8, which is repealed by the act; and nothing therein contained shall be construed as changing, altering, or modifying in any wise the law under which that treaty was put into effect. That law, the law upon which rests this Cuban reciprocity agreement, was reenacted.

The Cuban treaty was sent to Congress by President Roosevelt on December 16, 1902. It was discussed at considerable length, and the Senate made several amendments of minor features, but placed two important amendments into the treaty before ratifying it. One of these was article 11. This reads as follows:

This treaty shall not take effect until the same shall have been approved by the Congress.

The other and most important amendment which the Senate placed in the treaty was the proviso of section 8, referred to in paragraph B of section 4 of the Underwood bill, and reads:

Provided, That while this convention is in force no sugar imported from the Republic of Cuba, and being the product of the soil or industry of the Republic of Cuba, shall be admitted into the United States at a reduction of duty greater than 20 per cent of the rates of duty thereon as provided by the tariff act of the United States, approved July 24, 1897 (the Dingley bill), and no sugar the product of any other foreign country shall be admitted by treaty or convention into the United States while this convention is in force at a lower rate of duty than that provided by the tariff act of the United States approved July 24, 1897 (the Dingley bill).

In other words, the treaty not only was to affect Cuba and the duty on sugar coming from Cuba, but made it obligatory never to give Cuba more than 20 per cent reduction, while at the same time agreeing to give any other country a less rate of duty than that existing at the time the treaty was enacted; that is, the Dingley tariff rate.

When the bill to carry the Cuban treaty into effect was introduced in the House in 1903 the identical provision contained in article 8 of the treaty was incorporated verbatim in the bill. It reads as follows:

Provided, That while said convention is in force no sugar imported from the Republic of Cuba, and being the product of the soil or industry of the Republic of Cuba, shall be admitted into the United States at a reduction of duty greater than 20 per cent of the rates of duty thereon as provided by the tariff act of the United States, approved July 24, 1897, and no sugar the product of any other foreign country shall be admitted by treaty or convention into the United States while this convention is in force at a lower rate of duty than that provided by the tariff act of the United States approved July 24, 1897.

So we find this provision both in the enabling law and in the treaty itself, a provision by which this Government binds itself by a solemn treaty with the Republic of Cuba that so long as that treaty is in existence there shall be no change in the duty imposed upon the importation of sugar into this country.

If there was no law forming the basis of this treaty it would be a question of honor on the part of this Government toward the people of Cuba, whether this obligation should be carried out or not, or whether Congress, having reduced the rate of duty by 25 per cent, the loss incurred by the Republic of Cuba should not be met by a corresponding reduction of the reciprocal trade advantages allowed this country as recited in the treaty.

But this treaty could not exist except through the enabling act of Congress. The Senate itself said, "We will not ratify it until Congress has given the authority for this treaty," and the United States Supreme Court has held that this Cuban treaty was effective from the date of the passage of the enabling act of Congress. In the case of the United States v. the American Sugar Refining Co. (202 U. S., p. 563), the Supreme Court held that—

where there is discrepancy between the treaty and the act enabling the treaty to be concluded, the courts will not look to the treaty, but will look to the enabling act itself, for guidance.

It will therefore be seen that when Congress reduced the duty 25 per cent on sugar imported from every country in the world, and reenacted at the same time the law of 1903, in which it is provided that so long as that treaty continues to exist there shall not be any change in the duty on sugar imported into this country, that two contrary and opposite provisions were written in the Underwood act. Here we have an anomaly presented, where in one clause of an act of Congress it provided that the duty shall be reduced 25 per cent, and following that, in the same act, we have a provision which says that nothing in this act shall change the duty provided in tariff act of 1897.

The language of the last tariff act plainly says that there has been no repeal of the enabling act of the treaty—the act of Congress which gave the treaty its very life, and without which it could not exist. There has been a repeal of the proviso of section 8 of the convention itself, but there was a reenactment of the enabling act, which is the basis of that convention, and we must look in such cases, says the United States Supreme Court, to the enabling law and not to the treaty where such discrepancies exist.

There is obviously a conflict of meaning, and therefore the United States Supreme Court should decide whether in that conflict the legislative intent was really to repeal what, in effect, has been reenacted by paragraph b, section 4. It is upon this question that the State of Louisiana seeks to have the opinion of the Supreme Court of the United States.

SUGAR VOTES SELECTED DEMOCRATIC NOMINEES.

Mr. Speaker, when I addressed the House some weeks ago upon the ungrateful treatment meted out to the domestic-sugar industry by this administration I pointed out the invaluable aid given by the delegates from the sugar-cane growing sections of the South, who actually won the nomination for the successful candidate before the Baltimore convention.

I was an interested observer of that contest. The Democrats had just passed the so-called popgun free-sugar bill in this House. It was pending in the Senate while the Baltimore convention was in session, but was destined to be denounced by the Democratic members of the Finance Committee as undemocratic and violative alike of the traditions and platforms of that party, and they doomed free sugar to defeat before the adjournment of the Sixty-second Congress.

Aside from having taken an active part in the discussion of the popgun free-sugar bill, I was, as I have said, an interested spectator of the fight made within the ranks of the Democratic Party by the sugar-refining interests against the domestic-sugar farmers, because my own State has become one of the principal producers of beet sugar, and I am also a taxpayer in the State of Mississippi, near the neighboring sugar-cane fields of Louisiana, and a taxpayer in Louisiana as well.

I recall, Mr. Speaker, that the people of Mississippi, in a State-wide primary, expressed a preference for their neighbor, the gentleman from Alabama [Mr. UNDERWOOD], then, as now, the Democratic leader of this House, for President. At the same time they named the gentleman from Missouri, then, as now, the Speaker of this House, as their second choice. In expressing a choice for either the gentleman from Alabama or the gentleman from Missouri they were only repeating the expressed preferences of practically all of the reliably Democratic States of the South. The candidate from New Jersey, who finally triumphed over them at Baltimore, was receiving very little support or comfort at that time from the solid South.

Mississippi spoke on May 6, and the press agent of Gov. Wilson, on realizing the completeness of the defeat, lost no time in shaking the dust of that State from his heels.

The Times-Democrat of May 8 announced his arrival in New Orleans the previous night from Jackson, Miss., "where he had been active in the preferential primary." The paper quotes him as—

Charging that Gov. Wilson's strongest opponent is Speaker CLARK, and that there is a combination of Democratic Congressmen at Washington which is boosting the candidacy of the Speaker in all of the States where primaries are held to decide the people's preference. He was much interested in the result of the Mississippi primary, and said he did not think the majority for UNDERWOOD would count for much in the convention. He attributed it to the hundreds of letters that were sent out by Senator-elect VARDAMAN in behalf of Mr. UNDERWOOD, and in which the Mississippian expressed his preference for Speaker CLARK for second choice.

Then began, Mr. Speaker, a campaign that has had few parallels in American politics and is not likely to be repeated when the duplicity in all of its details become known to the American people.

As I have said, the popgun free-sugar bill, which struck at the very vitals of Louisiana's chief industry, had passed this House and was then pending in the Senate. But an even greater catastrophe was impending. The greatest flood in history was then sweeping down the Mississippi Valley. The barriers in Kentucky, Missouri, Tennessee, Arkansas, and Mississippi had successively given way as the crest of the flood swept south, but the greatest suffering and loss was reserved for the low, fertile fields of Louisiana.

Appalling as the European war has proved, the territory ravished and the loss entailed have been but small compared with the havoc of that flood. Hundreds of thousands of people were made homeless and hundreds of millions of dollars were destroyed. In their hour of trouble the people of Louisiana turned to the Speaker of the House, who dwelt, like they did, near the great Father of Waters. They felt that if elected he would take over the control of the great river and forever protect them from a repetition of its floods.

Accordingly, on May 26, 1912, the Times-Democrat carried a telegram from Baton Rouge stating that Gov. Hall, feeling like most of the other southern executives, had issued a prepared statement announcing that he personally favored the nomination of Speaker CLARK by the Democratic national convention.

Immediately the emissaries of Gov. Wilson began the notorious campaign of promises to the sugar growers of the State. That campaign resulted in the nomination of Gov. Wilson at Baltimore through these same sugar votes, only to be followed by a repudiation of the promises as soon as he came into power and was confronted with the necessity of choosing between the Sugar Refining Trust and its inveterate enemy, the American farmer who produces sugar.

To counteract Gov. Hall's pronouncement in favor of Speaker CLARK, the Wilson people made a public announcement the same day through Hon. Edgar H. Farrar, former president of the American Bar Association and one of the leaders of the American bar. It will be found in the New Orleans Times-Democrat of May 26, 1912:

With regard to Louisiana Democrats, Mr. Farrar said that he could not understand how any one of them could vote for CLARK in the face of the influence that the Speaker had exerted to have sugar placed on the free list.

After reviewing Speaker CLARK's record in Congress and giving seven reasons why he could not support such a candidate, Mr. Farrar continued:

"I oppose Mr. CLARK as a Louisianian and a tariff-for-revenue Democrat. Mr. CLARK is responsible for the action of the House in placing sugar on the free list, which I regard as a flagrant violation of every principle laid down in any Democratic platform.

"Personally I am a free trader, and I hope to see the time come when we shall have no tariffs in this country and the Government will be supported on an income tax, an excise tax on liquors and tobacco, and an inheritance tax; but that result can only be reached slowly and by degrees.

"This country has swallowed too much tariff poison, and that poison has become too intimately incorporated into its industrial life to be cured by drastic action.

"In my judgment, the putting of sugar on the free list, while leaving everything the sugar producer buys in order to live and produce

his crops on the protected list, was an economic crime in general, and an absolutely unjustifiable action in respect to a national industry that grew up in Louisiana before it became a part of the United States.

"I can not conceive how any Louisiana Democrat can support Mr. CLARK."

PRE-ELECTION PROMISES TO SUGAR INDUSTRY.

I hold here, Mr. Speaker, a certified copy of the official journal of the State of Louisiana of May 31, 1912, containing a public statement made to the people of that State at that time by the personal representative of Gov. Wilson in Louisiana to secure the support of the sugar-growing farmers. In it he says:

I can scarcely believe that Gov. Hall has expressed a preference for CHAMP CLARK, as reported in the newspapers. * * *

To all Louisianians, and especially those in the sugar, rice, and lumber sections, I would call attention to the following language of CHAMP CLARK on March 25, 1897, volume 165, page 270, Fifty-fifth Congress, first session:

"Let me tell you, gentlemen, the debate on the tariff question will go on forever unless you come to the doctrine of common sense, the doctrine of free trade."

Again, on January 15, 1894, second session, Fifty-third Congress, page 833, CONGRESSIONAL RECORD:

"I am in favor of letting woollens come in free. And, what is a good deal more, I am in favor of letting everything else come in free. That is my creed. I propose to support every amendment to this bill (Wilson bill) that puts anything on the free list. You can not have too much of a good thing. I am a free trader from the crown of my head to the sole of my foot. That is the doctrine of nature and of common sense."

On the same occasion he stated that he would tear down the custom-houses of the United States.

I desire to place in juxtaposition with this statement of Mr. CLARK's the following from Gov. Woodrow Wilson, which was said at the National Democratic Club of New York, January 3, 1912:

"Now, what are we going to do? Are we going to act as free traders? I wish that I might hope that our grandchildren could indulge in free trade, but I am afraid that even they can not, because they have to pay bills of the Federal Government. We have a Federal system of government, and it is wise, it is good housekeeping, it is good management, to leave direct taxes, for the most part, to the State governments, because they have current bills to pay. It is likely that for an indefinite period we will have to pay our national bills by duties collected at the ports. Though I am not for drastic changes, yet I wish I saw some ultimate escape from it. At present I do not. Therefore,

that we have to ask ourselves is not the principle upon which we are to act, for that is plain. We are to act upon the fundamental principle of the Democratic Party, not free trade but tariff for revenue, and we have got to approach that by such avenues, by such stages and at such a pace as will be consistent with the stability and safety of the business of the country."

IN NORTH LOUISIANA.

While north Louisiana can, if it will, declare against any protection of Louisiana industries, particularly that of sugar, which antedates statehood, and, as everyone knows, is the least expensive revenue, in the collection by the United States, it can not afford to subscribe to any drastic revolution that would injure any section of the State. What hurts one section hurts all. The man whose land has not overflowed during the recent mad rush of the relentless floods is not so indifferent to his neighbors' loss as to congratulate himself ostentatiously and offensively upon his escape.

I say again and I repeat with all the emphasis of sincere conviction, that Louisiana is essentially a Wilson State, because of his high character, Democracy, availability, and southern birth and education.

You will note that the representative of Gov. Wilson spoke of the devastating flood that had just swept the State. So great was that catastrophe that the United States Government maintained a fleet of boats for months passing over the areas that had been thriving villages and cultivated fields, attempting to give succor to these people; the United States Army was called upon to maintain supply and medical stations among them, and while his emissary was extolling Gov. Wilson's eminence in scholastic circles through expounding half-baked theories and the generalities of government to the students of Princeton the Legislature of Louisiana was considering whether it should relieve its overflowed population by the remission of all taxes for a period of two years, by a reduction of assessments on all property for a longer period, or by an appropriation of money by the general assembly. "The remission of taxes for two years or more," it was said, "might enable the owners of property in the flooded district to rebuild their homes, restock their farms, and get on a producing basis again."

This statement of facts will enable the American people to understand the conditions that confronted the sugar producers of Louisiana when overtures and promises were made them in order to defeat the growing strength of Speaker CLARK at Baltimore. Already overwhelmed by floods that originated beyond their borders and threatened with the reenactment of free-sugar legislation that would complete their ruin, they were told that their only safety lay in sending a delegation to Baltimore that would insure the nomination of Gov. Wilson.

The bargain was struck. The sugar men of Louisiana prevented a Clark delegation being selected. They carried out their part of the compact at Baltimore. When the Louisiana sugar votes were announced during the roll calls of that long struggle it was like a Wilson oasis in a desert of Clark and Underwood votes from the South which bitterly opposed Gov.

Comparison of imports free and dutiable during corresponding months under the Payne and Underwood tariff laws.

Months.	Payne tariff law, October, 1912, to August, 1913.		Underwood tariff law, October, 1913, to August, 1914.	
	Free imports.	Dutiable imports.	Free imports.	Dutiable imports.
October.....	\$102,911,717	\$75,276,269	\$81,551,001	\$51,327,895
November.....	89,688,874	63,406,874	91,477,872	56,738,662
December.....	90,051,367	64,044,077	118,087,218	66,500,353
January.....	90,413,718	72,649,720	94,190,460	60,227,787
February.....	80,101,323	69,812,595	90,400,538	55,572,803
March.....	84,216,033	71,229,465	111,853,628	70,909,326
April.....	76,826,345	69,368,116	107,913,514	65,982,962
May.....	69,006,928	64,716,785	103,076,377	61,133,138
June.....	66,786,577	64,459,320	93,446,062	64,083,388
July.....	71,806,155	67,255,615	94,883,308	65,294,825
August.....	70,062,817	67,588,736	79,925,410	49,474,086
Total.....	891,671,834	749,807,572	1,067,785,418	667,245,227

Increase under new tariff law of free imports..... \$176,123,584
 Decrease under new tariff law of dutiable imports..... 82,562,345

Total increase of imports for 11 months..... 93,561,239

Increase of free imports, month of August..... 9,862,593
 Decrease of dutiable imports, month of August..... 18,114,650

Payne tariff law:
 Total imports October, 1912, to August, 1913..... 1,641,479,400
 Customs receipts October, 1912, to August, 1913..... 287,087,179
 Average ad valorem duty collected, 17.48 per cent.
 Underwood tariff law:
 Total imports October, 1913, to August, 1914..... 1,735,040,645
 Customs receipts October, 1913, to August, 1914..... 245,931,258
 Average ad valorem duty collected, 14.17 per cent.

If an average duty of 17.45 per cent had been collected on the imports from October, 1913, to August, 1914, customs receipts would amount to \$303,285,104. A reduction in the ad valorem rate from 17.48 per cent to 14.17 per cent means that but 81 per cent of former customs receipts are now being collected. Free sugar will deprive the Government of not less than 15 per cent of the present total customs receipts, which will have to be made up by some manner of direct taxation.

The Democrats say it would not be wise at this time to withdraw Government money on deposit from the banks of the country. Action of this kind, they claim, would quite likely cause a money panic of great magnitude. They seem to think, however, by this war tax they can put the administrative hand into the pocket of the people so politely and gently the people will be unconscious of the fact that \$100,000,000 is being taken from them.

Taking the money out of the banks, they say, would be withdrawing money from the channels of trade; but taking it from the people would be entirely different—it would simply be raising revenue, nothing more. The Democratic Party seems to be made up of inconsistencies, but they will not be able to blindfold the people as they hope.

WAR TAX LEGISLATION.

President Wilson, in his address to Congress, September 4, 1914, urging additional tax laws, said:

I come to you to-day to discharge a duty which I wish with all my heart I might have been spared but it is a very clear duty, and therefore I perform it without hesitation or apology. I wish to ask very earnestly that additional revenues be provided for the Government.

He then compared the month of August, 1914, with the month of August, 1913, and stated that customs receipts had fallen off some \$10,600,000. He added:

It is due in chief part not to the reductions made in the customs duties—
 and said it was due to the European war.

CONGRESS TOLD ONLY HALF THE FACTS.

When President Wilson delivered that message in the House the war had been declared by Germany against Russia but 31 days, and through the press the question of additional revenues had been discussed from the very beginning of the war, and the agitation was attributed to the administration. However, the President seemed to be especially alarmed on account of the fact that customs receipts for August had fallen off, compared with the corresponding month one year ago, and blamed it entirely on the war. He said:

The occasion is not of our own making. We had no part in making it.

Why was not the President alarmed in February, when the customs receipts were \$10,000,000 less than the corresponding month one year ago? He could not blame it on the war then. Why did he not then see his clear duty to ask for additional revenues? The customs receipts in August were about \$10,000,000, and this was so alarming it was made the subject of a special message to Congress. Why did not the customs re-

ceipts in May—\$20,000,000—cause some alarm, or in February, when the receipts were but \$17,000,000, or \$2,000,000 less than in August? The President says the \$10,600,000 loss in customs receipts for August was due almost entirely to the war. Does he not know, as I have stated before, that there has not been a single month since the Democratic tariff law was enacted that customs receipts have amounted to \$26,000,000 and but one month that customs receipts exceeded \$24,000,000? Yet he tells us that customs receipts for August—\$19,400,000—were \$10,600,000 below what they should be, and that the war was to blame—not the tariff. The average amount of customs receipts collected in the nine months ending August 1, 1914, were \$22,200,000 per month, or but \$2,800,000 more than receipts for the month of August. If the month of August showed the Government would require \$100,000,000 additional revenue, certainly it must have been evident to the administration long before August that more revenue was needed. Why did the President not see his clear duty long ago and break the news to Congress and ask for more revenue?

The President compares customs receipts under the Republican tariff law with the month of August under the Democratic tariff law, and claims the decrease is due to a war in Europe. Was not the income tax enacted to make up for loss in revenue occasioned by the reduction of tariff duties? If so, why does the President ask for the passage of a new tax measure that will make up for the entire difference in customs receipts for August, 1913, and August, 1914, before and after the tariff reductions? It is a glaring inconsistency.

Democrats blame the war as being the cause for this tax measure. The real cause is Democratic extravagance in office, and they selected this time to impose their added burdens of taxation on the people. I congratulate the Democratic Party on not having a lengthy campaign to face this fall, in which their record could be reviewed. It would be good politics for Democrats to remain in Washington until after the November elections.

The deficit in customs receipts on account of the war, judging from the month of August, is something less than \$3,000,000 per month, and the war may last but a few months. What will Democrats do for revenue in 1916, after sugar automatically goes on the free list and customs receipts are thereby reduced \$4,000,000 per month? Will they continue their war tax long after the war is over? Why do they not adopt some revenue scheme now that they intend to use in 1916? If they must have a stamp tax and other direct taxes provided in the pending bill, I wish Democratic leaders would admit it, so the people of this country may know. This kind of a bill, together with previous "freedom-from-taxation" campaign powder used by Democrats, would be good food for thought for the voters this fall.

Among some there is an idea that the war has completely removed the necessity of tariff protection against foreign imports, not only now but for some time to come. We hear it said that now is the opportune time for our manufacturers to produce articles heretofore not produced in America; that now is the time to boost American-made goods and the "made in America" slogan. In this connection I quote an extract from a letter by one of America's leading manufacturers. It is as follows:

There seems to be a popular idea that American manufacturers are been buying stuff abroad for amusement. Such is not the case. They have been buying stuff abroad, broadly speaking, that they could not get here, because what they buy abroad that is cheaper than it could be made for in this country naturally results in the extinction or non-introduction of the production of that article in this country; consequently there is no place to get it except abroad.

Next, no manufacturer is going into the business of making a thing, as a broad general principle, simply because there is a temporary war on in Europe, knowing that as soon as the war is over, with the low tariff in force, the cheaper goods from abroad will resume their sway over the American market. I think the American manufacturers are about as clever and keen as politicians in Washington about promoting the welfare and industry and prosperity of the American people, and I for one resent the strictures and comments put forward by the politicians in Washington.

The war has indisputably proved one thing, and that is the great value of industrial independence. This country should not be dependent upon foreign countries for products we must have if such products can with reasonable economy be produced in America. Industrial independence can only be attained by the policy of adequate tariff protection. The policy of the Democratic Party—freedom of trade. I believe they call it; they ought to call it freedom from employment [laughter]—tends to make America dependent on foreigners for every product that can be produced more cheaply abroad than at home.

One point on which all political parties agree, I believe, is the great advantage of having the value of exports exceed the value of imports. It is interesting to review the favorable balance of trade of this country before and after the passage of

the Underwood tariff law. What were indications as to the future growth of our balance of trade under the Republican tariff law? What has been the result of Democratic tariff legislation?

Under the Payne tariff law the favorable balance of trade of the United States was steadily increasing. During the last nine months of the life of that law that favorable balance of trade amounted to \$419,702,087, and for the corresponding nine months one year previous, \$283,129,664. In other words, the last nine months of that law showed an average monthly increase in the favorable balance of trade of the United States amounting to \$15,173,713.

Democrats condemned that law, nevertheless, and claimed it stifled our export trade and the prosperity of the Nation. They promised a tariff law that would increase exports and enable Americans to "capture the markets of the world."

During the six months ending September 1, 1914, the favorable balance of trade not only completely vanished but our imports exceeded our exports by \$33,872,251, or an unfavorable balance of trade averaging \$5,645,375 per month. During the corresponding six months one year previous we had a favorable balance of trade of \$250,829,413, or \$41,804,902 per month. In other words, the balance of trade of the United States for the past six months shows a loss of \$284,701,664, compared with the corresponding six months one year ago, under the Payne law, or a net monthly loss of \$47,450,277.

From the above it can be seen that the Democrats have abolished a tariff law that was increasing our favorable balance of trade by \$15,173,713 per month and have enacted a tariff law that is decreasing that balance of trade by \$47,450,277 per month; a total change in results amounting to no less than \$62,623,990 per month—over \$2,000,000 per day, which would furnish employment to 1,000,000 American workingmen at \$2 a day.

The loss in the balance of trade represents money that has been sent abroad to purchase foreign products, which money should have been retained in America. It means loss of employment to American working men and women and a corresponding loss in the purchasing power of our people.

The following table shows the increase of imports, month by month, and the decrease of exports since the new tariff law was enacted compared with corresponding months one year previous, when a Republican tariff law was in effect. It shows a loss in trade in 10 months of \$392,452,214.

	Importations.	Increase of imports.	Decrease of imports.
November, 1912.....	\$153,094,898		
November, 1913.....	148,236,536		\$4,858,332
December, 1912.....	154,095,444		
December, 1913.....	184,025,571	\$29,930,127	
January, 1913.....	163,063,438		
January, 1914.....	154,742,923		8,320,515
February, 1913.....	149,913,918		
February, 1914.....	148,044,776		1,869,142
March, 1913.....	155,445,498		
March, 1914.....	182,555,304	27,109,806	
April, 1913.....	146,194,461		
April, 1914.....	173,762,114	27,567,653	
May, 1913.....	133,723,713		
May, 1914.....	164,281,515	30,557,802	
June, 1913.....	131,245,877		
June, 1914.....	157,529,450	26,283,573	
July, 1913.....	139,061,770		
July, 1914.....	159,677,291	20,615,521	
August, 1913.....	137,651,553		
August, 1914.....	129,399,496		8,252,057

Increase of importations under new law, \$138,764,436.

	Exportations.	Increase of exports.	Decrease of exports.
November, 1912.....	\$278,244,191		
November, 1913.....	245,539,042		\$32,705,149
December, 1912.....	250,315,807		
December, 1913.....	233,195,628		17,120,179
January, 1913.....	227,032,930		
January, 1914.....	204,066,603		22,966,327
February, 1913.....	193,996,942		
February, 1914.....	173,920,145		20,076,797
March, 1913.....	187,426,711		
March, 1914.....	187,499,234	\$72,523	
April, 1913.....	199,813,438		
April, 1914.....	162,552,570		37,260,868
May, 1913.....	194,607,422		
May, 1914.....	161,732,619		32,874,803
June, 1913.....	163,404,916		
June, 1914.....	157,072,044		6,332,872
July, 1913.....	160,990,778		
July, 1914.....	154,138,947		6,851,831
August, 1913.....	187,909,020		
August, 1914.....	110,337,545		77,571,475

Net loss in exports.....	\$253,687,778
Net increase in imports for 10-month period.....	138,764,436
Net decrease in exports for 10-month period.....	253,687,778
Net loss in trade for 10-month period.....	392,452,214

During the last 12 months under the Payne tariff law, October, 1912, to September, 1913, inclusive, the balance of trade in favor of the United States amounted to \$704,151,261.

The following table shows the steady decline in that balance of trade since the enactment of the Democratic tariff law, October 3, 1913:

Months.	Exports.	Imports.	Excess of exports.	Excess of imports.
October, 1913.....	\$271,861,464	\$132,949,302	\$138,912,162	
November, 1913.....	245,539,042	148,236,536	97,302,506	
December, 1913.....	233,195,628	184,025,571	49,170,057	
January, 1914.....	204,066,603	154,742,923	49,323,680	
February, 1914.....	173,920,145	148,044,776	25,875,369	
March, 1914.....	187,499,234	182,555,304	4,943,930	
April, 1914.....	162,552,570	173,762,114		\$11,209,544
May, 1914.....	161,732,619	164,281,515		2,548,896
June, 1914.....	157,072,044	157,529,450		457,406
July, 1914.....	154,138,947	159,677,291		5,538,344
August, 1914.....	110,337,545	129,399,496		19,061,951

Excess of exports, October to March, \$365,527,804.
Excess of imports, March to August, \$38,816,141.

How long will the good thinking people of this country endure with patience the glaring inconsistencies of the Democratic Party? During the many years the Democrats were in the minority they made pleasing promises too numerous to mention. Among other things, they promised greater prosperity, low cost of living, and ample employment; they promised freedom from oppressive taxation and the greatest economy in the expenditures of Government money.

What has been their record? Have they kept their pledges to the people? Is this country in a prosperous condition? In regard to the present Jeppression in business and lack of employment there are some who contend the war is to blame. But the fact can not be concealed, and it can not be denied, that there were great numbers of unemployed and that business was suffering a serious depression before the war was anticipated. The Democrats then said the business depression was psychological. They admitted, however, a grave business depression did exist and offered a flimsy excuse for hard times.

During the last campaign the Democrats promised, if placed in power, to enact a tariff law that would enable American manufacturers to increase their export trade and capture the markets of the world. "The future growth of American industry lies across the sea" was their slogan. They scoffed at cheap, foreign labor, and said, "Let us have competition and whet the wits of our business men." They were placed in power; they enacted a tariff law in conformity with their views. What has resulted?

Since November 1, 1913, after the passage of the Democratic tariff law and down to September 1, 1914, American exports have not only failed to increase but have fallen off to the enormous extent of \$253,000,000 as compared with the corresponding months of the previous year. Can Democrats quibble about it; can they devise or invent an excuse? That law is not aiding Americans to capture foreign markets, but is materially helping foreigners to capture American markets. It will sharpen the wits of our business men to the disadvantage of the Democratic Party. During the 10 months ending September 1, 1914, that tariff law has enabled foreigners to increase their sales in American markets by \$138,000,000 compared with the same 10 months of the previous year.

HOW THE UNDERWOOD TARIFF HAS FAILED.

During the 10 months mentioned the favorable balance of trade of the United States with foreign countries has fallen off more than \$390,000,000. This means that \$390,000,000 which should have been paid to American producers, employing American labor, has been sent across the seas to purchase goods from foreign producers, employing foreign cheaply paid labor. That tariff law is displacing American labor; it is decreasing the purchasing power of the American people. Is not all this some cause for a business depression? In the face of this, how can Democrats make intelligent people believe in their psychological excuse? The President has said, "Let us have pitiless publicity." I agree with him.

How about Democratic pledges of economy? The Democrats have bitterly accused the Republicans of extravagance in office, and have pledged themselves repeatedly to a policy of strict economy. Their record in office has shown their pledges to be a "comedy of errors."

In the Democratic platform of 1908 they said:

We denounce the needless waste of the people's money * * * as no less than a crime against the millions of working men and women, from whose earnings the great proportion of those colossal sums must be extorted. * * * We demand that a step must be put to this frightful extravagance, and insist upon the strictest economy in every department compatible with frugal and efficient administration.

Again, in the platform of 1912, they said:

We denounce the profligate waste of the money wrung from the people by oppressive taxation through the lavish appropriations of recent Republican Congresses, which have kept taxes high and reduced the purchasing power of the people's toil. We demand a return to that simplicity and economy which befits a democratic Government and a reduction in the number of useless offices, the salaries of which drain the substance of the people.

The conclusion of the Democratic platform of 1912 makes the farce complete. They said:

Our pledges are made to be kept when in office as well as relied upon during the campaign.

Let us turn to the record of economy the Democratic Party has made during the short period they have been in office. Their appropriations at this session of Congress bid well to exceed the greatest appropriations by any Republican Congress by \$125,000,000 to \$160,000,000, and as a result they are enacting a war tax at a time when this country is at peace with the whole world. In a court room it is most difficult to procure evidence that will overcome an admission against interest. As strong evidence of Democratic waste of public moneys I wish to call attention to an admission against interest by the chairman of the Committee on Appropriations in a speech on the floor of the House when appropriation bills were under consideration. The following extract from his remarks can be found on page 6553 of the CONGRESSIONAL RECORD of April 10, 1914:

In a few months I shall be called upon in the discharge of my official duties to review the record which this Democratic House shall have made in its authorization of expenditures of public moneys. Whenever I think of the horrible mess that I shall be called upon to present to the country on behalf of the Democratic Party I am tempted to quit my place.

In that speech Mr. FITZGERALD refers to his colleagues as a "band of Treasury looters." This is what a Democratic leader thinks of his own party and their record of unparalleled extravagance.

In the address of the President, delivered at a joint session of the two Houses of Congress, September 4, 1914, in regard to the necessity of raising additional revenues, he said it was due in chief part to the war in Europe. He said:

The occasion is not of our own making. We had no part in making it.

Considering the great extravagance of the Democratic Party, I contend the Democrats had everything to do in depleting the Treasury and making additional taxation a necessity. In 1900, in their political platform, the Democrats denounced the Spanish war tax, and said:

We favor the reduction and speedy repeal of the war taxes, and a return to the time-honored Democratic policy of strict economy in Government expenditures.

The only loss in revenues the European war could cause is in our customs receipts. The President, in his message showing that loss, compared the month of August, 1914, with the month of August, 1913. He compared a month under a Republican protective tariff with a month under the new Democratic law. Why did he not compare customs receipts during August with the average monthly receipts during the preceding eight months, or since wool was placed on the free list? If he had done so he would have shown the loss of revenue in the month of August was \$2,800,000, whereas by taking August, 1913, as a basis for his comparison, he showed a loss of customs receipts of something over \$10,000,000 for the month. When the Democrats were preparing their new tariff law and reducing duties they conceded they would have to resort to some other manner of taxation, and adopted the income-tax law, which appears as a part of their new tariff law. That income tax was intended to make up for the loss in customs receipts caused by the passage of the Underwood tariff law, and is answering that purpose. Notwithstanding the existence of the income tax and the new tariff law, the President, as before stated, compares the month of August, 1913, with the month of August, 1914, and says the difference in customs receipts is due to the war in Europe. Will he not admit that a reduction of duties will to some extent reduce customs receipts? If not, why was the income tax enacted? Democratic unparalleled extravagance is the one and only explanation.

At the present time the administration is moving heaven and earth to work out some plan to maintain the price of cotton. They urge the southern planters to hold their cotton for better prices and advise others to buy cotton to hold so prices may not decline. The administration seeks much praise and glory for its course. At the very same time we find the administration

ordering an investigation of the beet-sugar producers of the North to find whether or not they are withholding any sugar from the market.

If sugar is withheld, the administration threatens to instigate prosecutions for violations of the trust laws. The administration also seeks much praise and glory for this. I do not seek to condemn the attempt to aid the cotton growers, but what I do criticize is the absolute inconsistency of the Democratic administration. Cotton is as much a necessity of life as sugar, and the domestic sugar industry is as worthy of encouragement as the cotton industry. If it is a violation of law for the sugar manufacturer to hold his product until the canning season, when he will receive a better price, why is it not a violation of law for the cotton planter to hold his cotton? The truth of the matter is that 99 per cent of the beet sugar produced in the 1913-14 campaign was disposed of prior to June, 1914. Democratic legislation has already destroyed a portion of the domestic sugar industry, and the administration is now persecuting that industry and charging the sugar manufacturers as being criminals for doing the very things that are now being advocated in the South. This is an example of Democratic consistency. They seek praise for aiding a southern industry and glory for ruining a northern industry.

Democrats have advocated competition as a means of curbing trusts, but we find that political party aiding the great Sugar Refining Trust by curbing its only competition, the domestic sugar industry. If one will but observe sugar quotations for the past few years, it will be seen that as soon as the domestic beet sugar is off the market the price of sugar is advanced. In March the refiners were selling refined sugar at about 40 cents above the cost of raw sugar. On September 17, 1914, without domestic competition, we find they have increased their differential from 40 cents to \$1.36 per 100 pounds. It is evident the only way to insure low-priced sugar to the consumer is to protect the home industry as a thorn in the side of the Sugar Trust. The sugar schedule of the Democratic tariff law will not aid the consumers; it will rob the Treasury of from fifty to sixty million dollars annually of badly needed revenue; it will ruin an American industry and foster and enrich as greedy a trust and monopoly as this country has ever known.

The Democratic Party have made all manner of insincere statements and promises. They resorted to every political tactic to win an election. Their position they will find untenable. They have built upon the sand, and the wind and rain—perhaps next November—will wash them away.

I want to call attention to some statements made on the floor of this House some years ago. When the Spanish War tax was before this House Mr. Dingley, then chairman of the Ways and Means Committee, said:

The demand on our resources for new taxation comes upon us at a time when we are just emerging from a long period of deficiency of our revenue.

He was answered by a gentleman by the name of Sayers, from Texas, who said:

Tobacco, snuff, cigars, patent medicines, mineral water, etc.; soldiers at \$13 a month must pay a tax on the tobacco they smoke while sitting around the camp fire on the battle field. There is no justice in the measure. There is no patriotism in it. The policy proposed is wrong from beginning to end. It is purely a Republican measure.

Mr. UNDERWOOD on April 28, 1898, also spoke on the bill and said:

This tax will fall almost entirely on the hard-working and industrious artisans, merchants, mechanics, farmers, and professional men of the country, but not on idle wealth that is protected but never made to pay for the benefits received.

I know its features are partisan and unjust; they will oppress the masses of the people; they are unnecessary, and the same amount of revenue could be raised from sources that would equalize the burdens of taxation and not be felt by the people.

Now, there was another gentleman, my dear friend, my beloved friend, the Hon. CHAMP CLARK, whom some of you may know [laughter]. This is what he said on May 3, 1898:

You talk like you brought on this war. This is not a Republican war, but an American war. My Republican friends, we took you by the scruff of the neck and dragged you into it, and that will be the verdict of history. We started the fire among the people, and they heated you so hot that at last you had to go into it or go out of business.

I will tell you what we are going to do, and it is a short-meter story. We will buy no more presidential pigs in poke. Next time we will know what we are getting. We intend to get together in 1900 and not only reaffirm the Chicago platform, but redopt it word for word, without abating one jot or one tittle, and place upon it our brilliant and well-beloved leader, William J. Bryan, and elect him [applause on the Democratic side], thereby ushering in the twentieth century with a Democratic administration [applause on the Democratic side].

As an honest, fair-dealing man, as a Speaker that has exerted every effort to be fair to both sides of this House he will go down in history, but as a prophet on presidential candidates he will never again be heard of. [Great laughter and applause.]

Mr. UNDERWOOD. Mr. Speaker, I yield the remainder of my time on this side to the gentleman from Kentucky [Mr. STANLEY]. [Applause.]

The SPEAKER. The gentleman from Kentucky is recognized for 21 minutes.

Mr. STANLEY. Mr. Speaker, the gentleman from Michigan [Mr. FORDNEY] and others who have addressed this House complain bitterly of the rule under which this bill was brought before this Congress. They demand greater latitude for debate and amendment, but debate and amendment should be permitted for a legitimate purpose and not simply for debate and amendment.

The tariff bill was open to debate, open to amendment, during the whole time it was considered by this House. We were notified in advance that you proposed no amendment to this measure; that the attitude of the minority toward this bill was to be one of blind obstruction. A minority is useful that proposes a better way, but a minority is pitiful that sits silent, blind, and stubborn simply to obstruct. [Applause on the Democratic side.]

You either can not or will not propose a better way; you offer nothing in your minority report. We had no reason to believe that anything better could or would be secured by amendment.

We had a duty to perform to the American people, a duty to perform with fidelity and celerity, and so we have proposed to put this bill through, and we will put it through without unnecessary delay. [Applause on the Democratic side.]

The gentleman from Illinois [Mr. MANN] says that the President has shown a strange tenderness for the banks; that his unwillingness to take \$75,000,000, now on call in the banks all over this country, from the uses of the borrowers and to make it available for the Federal Government is showing a reprehensible tenderness for the moneyed interests and an indifference to the people, whom he proposes to burden with additional legislation.

In the light of history, that is a strange charge. In the memory of men now past the meridian of life no man can remember when the minority ever proposed an efficient measure to curb and control the monopoly of the moneyed interests. It remained for the majority, after your ignominious failure after failure, to take the control, to break the strangle hold of Wall Street and of the Money Trust upon the credits of the country, and to give to the people of America an elastic and available system of banking.

Mr. MADDEN. Mr. Speaker, will the gentleman yield for a question?

Mr. STANLEY. Yes.

Mr. MANN. What bill is it that is in force now and furnishing this country and its people with emergency currency? Is it not the Vreeland bill? [Applause on the Republican side.]

Mr. STANLEY. The Vreeland bill without the Glass-Owen Act would be just what the Vreeland bill was before that bill was inaugurated—a mockery, a delusion, and a snare. [Applause on the Democratic side.]

Mr. MADDEN. Does not the gentleman know that the Glass bill has not been put into effect at all? [Laughter on the Republican side.]

Mr. STANLEY. I know that. It is the law of the land upon which the people can rely, and that the anticipation of its benefits is our bulwark at this time. We have the moral effect of the Glass-Owen Act.

Mr. HENRY. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. Yes.

Mr. HENRY. The gentleman might remind the other side that the Aldrich-Vreeland bill could not be put into operation until it was amended by this Congress on the 4th day of August. [Applause on the Democratic side.]

Mr. STANLEY. Mr. Speaker, the gentleman proposes not to tax beer, not to tax wine, not to tax luxuries, but to tax fabrics, to tax the manufactured articles. I defy the gentlemen to bring into this House a motion to recommit, to take this hundred millions of dollars from beer, to take it from wine, to take it from gasoline, and to place it upon naked backs in need of raiment or in hungry mouths that need food. [Applause on the Democratic side.] I defy him to place it either upon woolen goods or wool or to place it upon sugar.

Mr. BURKE of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. STANLEY. Yes.

Mr. BURKE of Pennsylvania. Where are these naked backs and these hungry mouths under this administration? [Applause and laughter on the Republican side.]

Mr. STANLEY. Oh, there are left just a few which we have over from the Payne-Aldrich bill. We have managed to clothe and feed the most of them. [Applause on the Democratic side.]

Mr. GOOD. Will the gentleman be willing that some of this tax be put upon whisky?

Mr. STANLEY. I will not. The gentlemen by proposing a tax on spirituous liquors at this time show their absolute ignorance of the conduct of their own party. During the Spanish-American War you imposed a tax similar in many respects to this proposed tax. You placed a tax of a dollar a barrel upon beer, and you placed not one red cent upon whisky, and now you condemn us for doing the identical thing you did yourselves when you had the power. You exempted spirituous liquors. The reason is perfectly plain. A tax of 20 cents a gallon upon distilled spirits would not produce one dollar of the revenue you seek. There are now in bonded warehouses 286,901,784.9 gallons of distilled spirits. Under the law the distiller has eight years in which to pay the \$1.10 imposed under existing law. Did you propose to put an additional tax upon those distilled spirits, 150,000,000 gallons at least would be taken out of bond before the act could become a law, and thus more than \$150,000,000 would be taken from the very banks that you are attempting to protect, and enough distilled spirits would be tax paid to meet the exigencies of trade, and, more than probably, until after the repeal of this temporary tax. In that event you would never receive a cent of additional tax. More than that, a gallon of beer now pays a tax of 5 cents, and a gallon of wine pays a tax of from 12 to 20 cents. A gallon of distilled spirits pays a tax of \$1.10. The alcoholic content in distilled spirits is taxed from two to three times as much as the alcoholic content of any other intoxicating liquor. The tax upon distilled spirits is from four to eight hundred per cent greater than the cost of producing it.

Mr. JOHNSON of Washington. Could not the distilled spirits that might be taken out of the warehouses be made legal tender the same as the cotton bale under the bill proposed by the gentleman from Texas?

Mr. STANLEY. I have not the slightest doubt it will be just as good as money to the gentleman who interrupted me, but not to the public generally.

We have been taunted with the statement that this bill was brought into this House and has been passed because our general manager at the other end of the Avenue has asked to have this bill reported. Aye, and the Democratic majority, thank God, can go before the country at this hour and state that the President demands it, and by his past performances we had the right to trust the wisdom of his judgment. [Applause on the Democratic side.] He asked for a revision of the tariff and it was given. I had imagined that a tariff bill that had its incipency in false promises, that dragged with it a discredited party to defeat and to destruction, would be accorded decent burial, and that no Republican would exhume the malodorous thing in an hour like this. [Applause on the Democratic side.] That same President came before this House and asked for a reform in the currency system. Not the Democratic Party, not the Republican Party, not the Bull Moose Party, but the American people without regard to party have applauded the wisdom of his action. That same President asked this Congress to wait, asked for patience, asked that those in charge of delicate foreign relations should not be driven by the unwary, or the hot-headed, asked that we might not be precipitated into the maelstrom that to-day has engulfed every other world power on the reeling earth. You said that his caution was cowardice. You said that his patience was pusillanimity, and now we alone are at peace, our youths employed in productive industries, our homes undismantled, enjoying a prosperity and a power no other country can anticipate or emulate, while the rest of the world is engulfed in the wreck and ruin of universal war. We can still say to you and we can still say to the country we do grant this measure of relief to the Federal Treasury, and to the Federal Government because we have a general manager whom we can trust. [Applause on the Democratic side.]

The leader of the minority has said that this tax is imposed at this time not because it is necessary but because Woodrow Wilson is hysterical. I call your attention to a single sentence of that hysterical man:

We must accept the inevitable with calm judgment and unruffled spirits, like men accustomed to deal with the unexpected, habituated to take care of themselves, masters of their own affairs and their own fortunes.

[Applause on the Democratic side.]

Is that the language of a hysterical man? Viewed through the white light of peace, desecrated through the red haze of war, he alike maintains his poise and his equanimity, and he deserves a deathless place in the history of immortal statesmen. [Applause on the Democratic side.] Who at this hour and at this trying time would exchange the hysteria of Woodrow Wilson for the placidity of Theodore Roosevelt? [Laughter.] Who at this time would exchange the indolence of Woodrow

Wilson for the tireless activity of William Howard Taft? [Applause on the Democratic side.]

In the midst of the sunshine and in the shadow of a great grief, with a breaking heart, he has been the same calm, serene, fearless, and capable leader, allowing neither his personal comfort nor his great bereavement to divorce him for an hour from the duties imposed upon him. He has stood Titan-like under a weight that might have crushed even a mighty man, for never since the Civil War has any President been called to meet such responsibilities, and never since Jefferson's pen fell from his master hand has any President discharged them with such fidelity. [Applause on the Democratic side.]

We can indorse or, if you prefer, we can follow a leader whose patriotism and whose wisdom has yet to be impugned or questioned. [Applause on the Democratic side.]

The SPEAKER. The time of the gentleman has expired.

Mr. LA FOLLETTE. Mr. Speaker, I ask unanimous consent that the gentleman have time in which to finish his oration.

The SPEAKER. All time has expired. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was accordingly read a third time.

Mr. PAYNE. Mr. Speaker, I move to recommit the bill to the Committee on Ways and Means, and on that motion I move the previous question.

Mr. UNDERWOOD. I understand the previous question was ordered on the bill to its final passage, but that would not cut off amendment.

The SPEAKER. The gentleman from New York moves the previous question on his motion to recommit.

Mr. KELLY of Pennsylvania. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. KELLY of Pennsylvania. Does not a motion to recommit with a substitute in definite form take precedence over a motion such as was made by the gentleman from New York?

The SPEAKER. A motion to recommit can be amended, or a substitute offered for it, or anything of the sort, except where the previous question is ordered.

Mr. LINDBERGH. Mr. Speaker, I offer the following.

Mr. HOBSON. Mr. Speaker, I move to amend.

The SPEAKER. The gentleman from New York [Mr. PAYNE] moves the previous question on his motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from New York to recommit.

The question was taken, and the motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. MANN. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 234, nays 135, answered "present" 2, not voting 60, as follows:

YEAS—234.

Abercrombie	Carlin	Finley	Helm
Adair	Carr	Fitzgerald	Helvering
Adamson	Carter	FitzHenry	Henry
Aiken	Casey	Flood, Va.	Hill
Alexander	Clancy	Floyd, Ark.	Holland
Allen	Clark, Fla.	Foster	Houston
Ansberry	Claypool	Fowler	Howard
Ashbrook	Cline	Gallagher	Hughes, Ga.
Aswell	Coady	Gallivan	Hull
Bailey	Collier	Gard	Igoe
Baker	Connelly, Kans.	Garner	Jacoway
Baltz	Copley	Garrett, Tenn.	Johnson, Ky.
Barkley	Covington	Garrett, Tex.	Johnson, S. C.
Barnhart	Cox	George	Jones
Bathrick	Crosser	Gerry	Keating
Beakes	Cullop	Gill	Key, Ohio
Beall, Tex.	Dale	Gilmore	Kinkead, N. J.
Bell, Ga.	Davenport	Gittins	Kirkpatrick
Blackmon	Decker	Glass	Kitchin
Booher	Deitrick	Godwin, N. C.	Lazaro
Borchers	Dent	Goeke	Lee, Ga.
Borland	Dershem	Goldfogle	Lee, Pa.
Bowdle	Dickinson	Goodwin, Ark.	Leshner
Brockson	Dies	Gordon	Lever
Brodbeck	Difenderfer	Gorman	Levy
Broussard	Dixon	Goulden	Lewis, Md.
Bruckner	Donovan	Graham, Ill.	Lieb
Brumbaugh	Dooling	Gray	Linthicum
Buchanan, Ill.	Doolittle	Griffin	Lloyd
Buchanan, Tex.	Doremus	Gudger	Lobeck
Bulkley	Doughton	Hamill	Logue
Burgess	Dupré	Hamlin	Loneragan
Burke, Wis.	Eagan	Hammond	McAndrews
Burnett	Eagle	Hardwick	McCoy
Byrnes, S. C.	Edwards	Hardy	McGillcuddy
Byrnes, Tenn.	Estopinal	Harrison	McKellar
Cantor	Evans	Hart	Maguire, Nebr.
Cantrill	Ferguson	Hay	Mahan
Caraway	Ferris	Hayden	Mitchell
Carew	Fields	Heflin	Montague

Morgan, La.	Quin	Sherwood	Townsend
Morrison	Rainey	Sims	Tribble
Moss, Ind.	Raker	Slayden	Tuttle
Mulkey	Rauch	Smith, Md.	Underwood
Murray, Mass.	Rayburn	Smith, Tex.	Vaughan
Murray, Okla.	Reed	Sparkman	Vollmer
Neeley, Kans.	Reilly, Conn.	Stanley	Walker
O'Brien	Reilly, Wis.	Stephens	Walsh
Oglesby	Riordan	Stephens, Nebr.	Watson
Oldfield	Rouse	Stephens, Tex.	Weaver
O'Shaunessy	Rubey	Stone	Webb
Padgett	Rucker	Stout	Whaley
Page, N. C.	Russell	Talcott, N. Y.	Whitacre
Park	Sabath	Tavener	White
Peterson	Saunders	Taylor, Ala.	Williams
Phelan	Scully	Taylor, Ark.	Wilson, Fla.
Post	Seldomridge	Taylor, Colo.	Young, Tex.
Pou	Shackelford	Taylor, N. Y.	
	Sherley	Thomas	

NAYS—135.

Ainey	Gillett	Lenroot	Scott
Anderson	Good	Lindbergh	Sells
Anthony	Green, Iowa	McGuire, Okla.	Shreve
Avis	Greene, Mass.	McKenzie	Sinnott
Barchfeld	Greene, Vt	McLaughlin	Sisson
Bartholdt	Griest	MacDonald	Slemp
Barton	Hamilton, Mich.	Madden	Sloan
Britten	Hamilton, N. Y.	Manahan	Smith, Idaho
Browne, Wis.	Haugen	Mann	Smith, J. M. C.
Bryan	Hawley	Mapes	Smith, Minn.
Burke, Pa.	Hayes	Miller	Smith, Saml. W.
Burke, S. Dak.	Helgesen	Mondell	Stafford
Butler	Hinds	Morgan, Okla.	Steenerson
Callaway	Hinebaugh	Morin	Stephens, Cal.
Campbell	Hobson	Moss, W. Va.	Stephens, Miss.
Cary	Howell	Mott	Stevens, Minn.
Chandler, N. Y.	Hughes, W. Va.	Nelson	Stevens, N. H.
Church	Hulings	Noian, J. I.	Sutherland
Cooper	Humphrey, Wash	Norton	Switzer
Cramton	Johnson, Utah	O'Hair	Temple
Curry	Johnson, Wash.	Paige, Mass.	Thompson, Okla.
Danforth	Kahn	Parker	Thomson, Ill.
Davis	Keister	Patton, Pa.	Towner
Dillon	Kelley, Mich.	Payne	Treadway
Drukker	Kelly, Pa.	Peters	Vare
Duna	Kennedy, Iowa	Platt	Volstead
Esch	Kennedy, R. I.	Plumley	Wallin
Falconer	Kiess, Pa.	Porter	Walters
Farr	Kinkaid, Nebr.	Prouty	Willis
Fess	Kreider	Ragsdale	Wingo
Fordney	Lafferty	Roberts, Mass.	Witherspoon
Frear	La Follette	Roberts, Nev.	Woods
French	Langham	Rogers	Young, N. Dak.
Gardner	Langley	Rupley	

ANSWERING "PRESENT"—2.

Donohoe	Kennedy, Conn.
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NOT VOTING—60.

Austin	Falson	L'Engle	Powers
Bartlett	Francis	Lewis, Pa.	Rothermel
Bell, Cal.	Graham, Pa.	Lindquist	Small
Brown, N. Y.	Gregg	Loft	Smith, N. Y.
Brown, W. Va.	Guernsey	McClellan	Stringer
Browning	Harris	Maher	Sumners
Calder	Hensley	Martin	Taggart
Candler, Miss	Hoxworth	Merritt	Talbott, Md.
Connolly, Iowa	Humphreys, Miss.	Metz	Ten Eyck
Conry	Kent	Moore	Thacher
Crisp	Kettner	Murdock	Underhill
Driscoll	Kindel	Neely, W. Va.	Watkins
Edmonds	Knowland, J. R.	O'Leary	Wilson, N. Y.
Elder	Konop	Palmer	Winslow
Fairchild	Korbly	Patten, N. Y.	Woodruff

So the bill was passed.

The Clerk announced the following pairs:

On the vote:

Mr. GREGG (for the bill) with Mr. AUSTIN (against).

Mr. PATTEN of New York (for the bill) with Mr. MOORE (against).

Mr. SUMNERS (for the bill) with Mr. BROWNING (against).

Mr. TALBOTT of Maryland with Mr. MERRITT (against).

Mr. BROWN of West Virginia (for the bill) with Mr. FAIRCHILD (against).

Mr. UNDERHILL (for the bill) with Mr. WINSLOW (against).

Mr. SMALL (for the bill) with Mr. GUERNSEY (against).

Mr. HUMPHREYS of Mississippi (for the bill) with Mr. CALDER (against).

Until further notice:

Mr. FRANCIS with Mr. BELL of California.

Mr. CANDLER of Mississippi with Mr. WOODRUFF.

Mr. CONNOLLY of Iowa with Mr. POWERS.

Mr. NEELY of West Virginia with Mr. LINDQUIST.

Mr. HENSLEY with Mr. J. R. KNOWLAND.

Mr. KENNEDY of Connecticut with Mr. EDMONDS.

Mr. PALMER with Mr. MARTIN.

Mr. BARTLETT with Mr. GRAHAM of Pennsylvania.

Mr. KONOP with Mr. LEWIS of Pennsylvania.

Mr. KENNEDY of Connecticut. Mr. Speaker, I voted "yea." I find I am paired to-day with the gentleman from Pennsylvania, Mr. EDMONDS. I wish to change my vote and answer "present."

The SPEAKER. The Clerk will call the gentleman's name.
The Clerk called the name of Mr. KENNEDY of Connecticut, and he answered "Present."
The result of the vote was announced as above recorded.
On motion of Mr. UNDERWOOD, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS.

Mr. FOSTER. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech delivered by Hon. HENRY T. RAINEY at the Democratic State convention in Illinois last Friday.

The SPEAKER. The gentleman from Illinois [Mr. FOSTER] asks unanimous consent to insert in the RECORD a speech made by his colleague, Hon. HENRY T. RAINEY, at the Illinois State Democratic convention. Is there objection?

There was no objection.

ENROLLED JOINT RESOLUTIONS SIGNED.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled joint resolutions of the following titles, when the Speaker signed the same:

H. J. Res. 339. Joint resolution to correct an error in H. R. 12914;

H. J. Res. 342. Joint resolution to correct an error in H. R. 12914; and

H. J. Res. 335. Joint resolution to amend an act entitled "An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war," approved July 21, 1914.

ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 55 minutes p. m.) the House adjourned until to-morrow, Saturday, September 26, 1914, at 12 o'clock noon.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BURNETT: A bill (H. R. 18975) granting an increase of pension to Mary E. Patterson; to the Committee on Pensions.

By Mr. CARAWAY: A bill (H. R. 18976) granting an increase of pension to John Sorrels; to the Committee on Invalid Pensions.

By Mr. KENNEDY of Connecticut: A bill (H. R. 18977) granting an increase of pension to Hannah Kelley; to the Committee on Invalid Pensions.

By Mr. LAFFERTY: A bill (H. R. 18978) granting an increase of pension to Martha P. Johnson; to the Committee on Pensions.

By Mr. MORGAN of Oklahoma: A bill (H. R. 18979) to correct the military record of James M. Rice and grant him an honorable discharge; to the Committee on Military Affairs.

By Mr. NEELEY of Kansas: A bill (H. R. 18980) granting a pension to Allen Sigler; to the Committee on Invalid Pensions.

By Mr. SMITH of New York: A bill (H. R. 18981) granting a pension to Charles A. Webber; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 18982) for the relief of Samuel T. Shelton; to the Committee on Military Affairs.

By Mr. WALSH: A bill (H. R. 18983) for the relief of Adolph W. Fries; to the Committee on Military Affairs.

By Mr. HOBSON: A bill (H. R. 18984) for the relief of Emma Louise Du Bois, heir of Amos Towle; to the Committee on Claims.

By Mr. KEATING: A bill (H. R. 18985) granting a pension to Walter E. Doyle; to the Committee on Pensions.

Also, a bill (H. R. 18986) granting an increase of pension to Mary E. Goodlander; 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:

By Mr. AINEY: Petition of Braintrim and Tuscarora Sunday School Association, Wyoming County, Pa., favoring national prohibition; to the Committee on Rules.

By Mr. BAKER: Petition of citizens of Vineland and New Gretna, N. J., favoring national prohibition; to the Committee on Rules.

By Mr. BRODBECK: Petition of 500 citizens of Gettysburg, Pa., favoring national prohibition; to the Committee on Rules.

By Mr. BROWNING: Petition of 50 citizens of Auburn and 250 of Swedesboro, N. J., favoring national prohibition; to the Committee on Rules.

By Mr. CANDLER of Mississippi: Petition of citizens of Iuka, Miss., favoring national prohibition; to the Committee on Rules.

By Mr. DERSHEM: Petition of 400 citizens of Greencastle, Pa., favoring national prohibition; to the Committee on Rules.

By Mr. DILLON: Petition of citizens of Evanston, Ill., favoring national prohibition; to the Committee on Rules.

By Mr. EAGAN: Petition of the First National Bank, Guttenberg, N. J.; Manufacturers' National Bank, Newark, N. J.; and New Jersey Bankers' Association, against proposed tax on banks; to the Committee on Ways and Means.

By Mr. GERRY: Petitions of George E. Noble, J. A. Eddy, G. A. Burgess, J. H. Shippee, I. A. Dexter, C. L. Sweet, J. W. Shaw, E. A. Hopkins, L. L. Claugh, W. H. Ford, W. W. Lovell, I. A. Taft, Louis Remily, Fritz Arndt, C. F. Jencks, C. L. Shippee, F. W. Jacques, H. A. Tuller, O. R. Blackman, D. O. Chapman, James Winsor, W. J. Farrow, J. Randall, Byron W. Page, W. I. Card, O. J. Fague, E. J. Morin, Chester Fague, H. Bucklin, B. O. Sweet, H. D. Smith, J. B. Rounds, G. O. Parker, George H. Horton, R. J. Paine, Edward Shortsleeves, A. K. Thornton, B. E. Buso, D. A. Davis, W. F. Moore, N. E. Rounds, W. H. Pierce, H. A. Baxter, C. H. Hubbard, Martin S. Smitl, Joseph C. Bearse, Amos F. Maker, W. M. Burlingame, Harold D. Durfee, W. P. Mather, M. Hanson, O. H. Arnold, H. C. Clarke, M. H. Hawkins, W. C. Tourtelotte, F. R. Andrews, David Elder, Byron I. Hopkins, Hubert W. Mowry, Albert J. Farrow, A. Martt, W. P. Mather, M. H. Hascom, H. Mellinger, F. L. Austin, Henry J. Chapman, Angell T. Mowry, H. W. Hopkins, Reuben C. King, Frank C. Davies, S. C. Irons, Byron Shippee, Loren W. King, Louis W. Harris, W. W. Guden, Walter Whitaker, Charles R. Clark, S. B. Whitaker, E. F. Pratt, J. M. Brightman, Benedict A. Burlingame, Arthur B. Young, F. D. Greene, C. A. Abern, J. H. Curley, Forrest G. Brown, Irving W. Brown, I. E. Edmonds, W. A. Potter, G. H. Grover, W. H. Durfee, L. M. Cochran, A. W. Burgess, M. T. Reynolds, L. P. Lowell, Henry Edwards, E. L. Carr, A. B. Langford, James Donnell, Carl S. Young, Charles M. Gardner, F. H. Peckham, Albert H. Lovell, W. C. Edson, George Bishop, Lewis J. Boss, Chester A. Mowry, Ralph A. Mowry, R. W. Harris, M. C. Hawkins, W. E. Davis, E. S. Stone, G. A. Dupra, A. C. Farrow, and George Edwards, all of N. Scituate, R. I., urging the passage of legislation providing for national prohibition; to the Committee on Rules.

By Mr. HOBSON: Petitions of Nebraska Conference of the Methodist Episcopal Church and the National Section, Cadets of Temperance of North America, favoring national prohibition; to the Committee on Rules.

By Mr. HOWELL: Petition of Salt Lake (Utah) Stock and Mining Exchanges, against a tax on stockbrokers; to the Committee on Ways and Means.

Also, petition of Cigar Makers' Union of Ogden, Utah, against tax on cigars; to the Committee on Ways and Means.

By Mr. MCKENZIE: Petition of 97 citizens of Oregon, Ill., favoring national prohibition; to the Committee on Rules.

By Mr. MORIN: Petition of Pittsburgh Clearing House Association against tax on banks; to the Committee on Ways and Means.

Also, petition of Pittsburgh Clearing House Association, favoring amendment of Clayton bill; to the Committee on the Judiciary.

By Mr. NORTON: Petition of citizens of Max, Bowbells, Ray, Minot, Coleharbor, Hebron, Underwood, Garrison, Washburn, White Earth, and Tioga, N. Dak., favoring taxation of mail-order houses; to the Committee on Ways and Means.

By Mr. PAIGE of Massachusetts: Petition of citizens of Winchendon, Mass., favoring national prohibition; to the Committee on Rules.

By Mr. SAUNDERS: Petition of 90 citizens of Keysville, Va., favoring national prohibition; to the Committee on Rules.

By Mr. SCULLY: Petition of Philadelphia Board of Trade, against Government ownership of merchant vessels; to the Committee on the Merchant Marine and Fisheries.

Also, petitions of Asbury Park (N. J.) Trust Co.; First National Bank, South Amboy, N. J.; Monmouth County (N. J.) Bankers' Association; and Seacoast National Bank, Asbury Park, N. J., against tax on banks; to the Committee on Ways and Means.

By Mr. J. M. C. SMITH: Protest of two citizens of Kalamazoo and one citizen of Walloon Lake, Mich., against the publication of theories and methods of treatment of one particular school of medicine as a Federal document by the Bureau of Education; to the Committee on Education.

Also, petition of Dr. J. H. Kellogg, of Battle Creek, Mich., favoring passage of House bill 10637, relating to rural sanita-

tion and mental diseases; to the Committee on Interstate and Foreign Commerce.

By Mr. STEPHENS of Nebraska: Petition of George H. Hershey and others, of Nebraska, against increased tax on tobacco; to the Committee on Ways and Means.

By Mr. YOUNG of North Dakota: Petition of Typographical Union No. 311, Grand Forks, N. Dak., favoring amendment of section 85 of House bill 15902; to the Committee on Printing.

SENATE.

SATURDAY, September 26, 1914.

(Legislative day of Thursday, September 24, 1914.)

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

Mr. SMOOT. Mr. President, I desire to suggest the absence of a quorum before resuming the consideration of the pending bill.

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	James	Page	Smoot
Bankhead	Johnson	Perkins	Sterling
Brady	Jones	Pittman	Stone
Bryan	Kern	Polindexter	Thompson
Chamberlain	Lea, Tenn.	Pomerene	Thornton
Chilton	McCumber	Reed	Townsend
Clapp	Martine, N. J.	Robinson	Vardaman
Crawford	Nelson	Shafroth	Walsh
Cribber	O'Gorman	Sheppard	West
Fletcher	Overman	Simmons	White
Hughes	Owen	Smith, Ariz.	

Mr. PAGE. I desire to announce the necessary absence of my colleague [Mr. DILLINGHAM]. He is paired with the senior Senator from Maryland [Mr. SMITH]. I wish to have this announcement stand for the day.

Mr. PITTMAN. I wish to state that the Senator from Virginia [Mr. MARTIN] is absent on account of illness in his family.

Mr. TOWNSEND. The senior Senator from Michigan [Mr. SMITH], who is temporarily absent, is paired with the junior Senator from Missouri [Mr. REED]. I desire to have this announcement stand for all votes to-day.

Mr. SMOOT. I desire to announce the unavoidable absence of my colleague [Mr. SUTHERLAND]. He has a general pair with the senior Senator from Arkansas [Mr. CLARKE]. I will allow this announcement to stand for the day.

I wish also to announce the absence of the senior Senator from New Hampshire [Mr. GALLINGER] by leave of the Senate. He is paired with the junior Senator from New York [Mr. O'GORMAN].

I desire also to announce the necessary absence of the junior Senator from West Virginia [Mr. GOFF], who is paired with the senior Senator from South Carolina [Mr. TILLMAN].

Mr. SHAFROTH. I desire to announce the fact that my colleague [Mr. THOMAS] is absent by leave of the Senate and that he is paired with the senior Senator from New York [Mr. ROOT].

Mr. MARTINE of New Jersey. I have been requested to announce that the junior Senator from Kentucky [Mr. CAMDEN] is absent on account of illness. I ask that this announcement may stand for the day.

Mr. CHILTON. I wish to announce the necessary absence of the Senator from New Mexico [Mr. FALL]. I will let this announcement stand for the day.

The VICE PRESIDENT. Forty-three Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of absent Senators, and Mr. LANE answered to his name when called.

Mr. COLT, Mr. WILLIAMS, Mr. MYERS, Mr. SMITH of Georgia, and Mr. LEE of Maryland entered the Chamber and answered to their names.

The VICE PRESIDENT. Forty-nine Senators have answered to the roll call. There is a quorum present.

INTERLOCKING DIRECTORATES OF BANKS.

The VICE PRESIDENT. The Chair lays before the Senate a communication, which the Secretary will read.

The Secretary read as follows:

HON. THOMAS R. MARSHALL,
Senate, Washington, D. C.:

CHICAGO, ILL., September 25, 1914.

The Clayton bill as reported by the conference committee contains a provision that prohibits a person from being a director of more than one bank or trust company in any city having a population of over 200,000. Such legislation is harmful and unjust to the general banking interests in this country and tends to impair their strength and will result in weakening the personnel and standing of the directors. There

are 28 cities in the United States with a population exceeding 200,000. The financial resources of the banks of these cities represent more than half of the financial strength of all the banks in this country. It is upon the banks of these cities that the burden largely rests to protect our commerce and industry. The banks of the smaller cities rely upon those in the larger cities for assistance and support. It is not right to attempt to discriminate against the banks of these 28 cities, particularly at this time, when acute financial disorders prevail throughout the world. I submit that no sound reason can be advanced why the director of a State trust company or bank should be prohibited from being a director of a national bank. State banks act as trustees, executors, administrators, and in other recognized corporate trust positions. They discharge functions that can not be exercised by national banks. The business of each of these two classes of institutions correlates and fits in with that of the other and does not conflict or compete. There are several hundred national banks which have affiliations with State trust companies or banks and have one or more common directors. The proposed legislation will introduce uncertainties, and, in my opinion, no bank legislation that is not absolutely necessary ought to be attempted at a time like this, when our commercial and financial interests are greatly distressed. Furthermore, I do not think it right to mix up an important banking question with the provisions of the Clayton bill, that has to do with the regulation of trusts and monopolies. I submit these views in the interest of the people and of the banking institutions of the country generally, and not because of any peculiar hardship that the proposed legislation will work against me or the institution of which I am president. I therefore urge that the prior action of the Senate in striking out the entire provision should be maintained.

GEO. M. REXFOLDS,

President Continental & Commercial National Bank of Chicago.

LEAVE OF ABSENCE.

Mr. BRADY. Mr. President, I ask unanimous consent that I be granted leave of absence for the remainder of the session.

The VICE PRESIDENT. Is there objection? The Chair hears none, and unanimous consent is given the Senator from Idaho to absent himself from the Senate during the remainder of the present session.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed a bill (H. R. 18894) to increase the internal revenue, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED.

H. R. 18891. An act to increase the internal revenue, and for other purposes, was read twice by its title and, on motion of Mr. SIMMONS, was referred to the committee on Finance.

MEMORIALS.

Mr. JONES presented telegrams in the nature of memorials from J. A. Loudon, secretary of the North Yakima Clearing House Association; from W. H. Pringle, secretary of the Tacoma Clearing House Association; and from E. V. Klein, secretary of the Spokane Clearing House Association, all in the State of Washington, remonstrating against the proposed tax of \$2 per thousand on the capital and surplus of national banks, which were referred to the Committee on Finance.

Mr. CRAWFORD presented memorials of the First National Bank, the Lake County Bank, the Dakota State Bank, and the Banking House of Mackay Bros., of Madison; of the secretary of the Aberdeen (S. Dak.) Clearing House Association; and Brown Bros. State Bank & Trust Co., of Aberdeen, all in the State of South Dakota, remonstrating against the enactment of a war-revenue law taxing bank checks, certificates of deposit, drafts, or other bank documents used to carry on daily business, which were referred to the Committee on Finance.

EMERGENCY REVENUE LEGISLATION.

Mr. RANDELL submitted an amendment intended to be proposed by him to the bill (H. R. 18891) to increase the internal revenue, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

ALASKA COAL LANDS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 14233) to provide for the leasing of coal lands in the Territory of Alaska, and for other purposes.

Mr. SHAFROTH. Mr. President, I indicated on yesterday that I would offer an amendment to the pending bill, which amendment, it seems to me, ought to meet the approval of everyone. It is an amendment which will run through the entire bill by inserting, after the word "lease," the words "or sale." The object of the amendment, of course, is to get the cheapest coal that we can obtain.

The contention has been, Mr. President, that under a leasing system, such as is provided in this bill, coal can be mined cheaper than in any other way. I have taken issue upon that proposition and have contended that it is not as favorable for the production of cheap coal as is the selling system. Under the amendment which I propose I wish the two to compete side by side; in other words, we ought to have the cheapest coal to the consumer. We do not want to lock up the coal lands in Alaska by one system if that system is not going to