

Also, petition of National Bureau for the Advancement of Music, New York City, protesting against tax on musical instruments; to the Committee on Ways and Means.

Also, petition of Pennsylvania Farmer, of Philadelphia, Pa., against increase of second-class postage rates; to the Committee on the Post Office and Post Roads.

By Mr. LONERGAN: Memorial of Swedish Temperance Federation of New Britain, Conn., favoring prohibition as war measure; to the Committee on Ways and Means.

By Mr. MONDELL: Memorial of faculty and students of Jireh College and the citizens of Jireh, Wyo., pledging support and loyalty to the Government; to the Committee on Military Affairs.

By Mr. McCLINTIC: Memorial of Oklahoma City Trades and Labor Council, in re economic preparation for war; to the Committee on Ways and Means.

By Mr. MEEKER: Petitions of Cabinet Makers' Union, Local No. 14; Meat Cutters and Butcher Workmen's Union, Local No. 88; Coopers' International Union of North America, Local No. 37; United Brotherhood of Carpenters and Joiners of America, Local No. 646; Pile Drivers' Union, Local No. 43; Core Molders' Union, Local No. 426; Electrotypers' Union, Local No. 36; International Union of Elevator Constructors; Germania Lodge, No. 394; and Carpenters' District Council, all of St. Louis, Mo.; and Carpenters' Local Union of Maplewood, Mo., praying for an investigation by Congress into the controversy between the Chamber of Commerce of San Francisco and organized labor; to the Committee on the Judiciary.

Also, petitions of Local No. 67, United Garment Workers; St. Louis Photo-Engravers' Union, No. 10, International Photo-Engravers' Union of North America; Local Union No. 257, United Brotherhood of Carpenters and Joiners; Boot and Shoe Workers' Union, Local No. 25; Awning Workers' Union, Local No. 14667; Butchers and Sausage Makers' Union; Chauffeurs and Carriage Drivers' Union, Local No. 405; Painters' Union No. 137; Erecting Lodge No. 688; Typographical Union No. 3; and Stove Mounters' International Union, Local No. 86, all of St. Louis, Mo., praying for an investigation by Congress into the controversy between the Chamber of Commerce of San Francisco, Cal., and organized labor; to the Committee on the Judiciary.

By Mr. NOLAN: Telegrams of the San Francisco-Oakland Terminal Railways, W. R. Berger, vice president and general manager, of Oakland, Cal., recommending that the same tax as levied on steam and electric railways be levied on motor trucks and busses operating as common carriers, and protesting against proposed tax of 50 cents on all commutation tickets; to the Committee on Ways and Means.

Also, resolution adopted by Local Union No. 31, Bridge and Structural Iron Workers, of San Francisco, Cal., recommending the adoption of certain methods in the raising of taxes for war purposes, and further favoring the fixing of prices by the Government on the necessities of life; to the Committee on Ways and Means.

Also, protest of Edward R. Bacon Co., of San Francisco, Cal., and J. W. Leavitt & Co., of Oakland, Cal., against the proposed 5 per cent tax on automobiles in the new revenue bill; to the Committee on Ways and Means.

By Mr. PAIGE: Resolutions of Young Men's Christian Association, Athol; New England Committee on Various Races, Athol; Young People's Society of Christian Endeavor, Charlton; Young People's Society of Christian Endeavor, Congregational Church, Athol; School Committee, Petersham; Selectmen, Petersham; First Congregational Church, Dudley; citizens' meeting, Gilbertville; Southbridge Young People's Society of Christian Endeavor, Local Union, Southbridge; Worcester North Union, Young People's Society of Christian Endeavor, Worcester County; Congregational Church, Holden; Swedish Baptist Church, Gardner; Methodist Episcopal Church, Monson; Congregational Church, Petersham; Congregational Church, Townsend; Congregational Church, Westminster; Church of the Unity, Winchendon; Church of Good Shepherd, Lancaster; First Congregational Church, Barre; Baptist Church, East Brookfield; Brookfield Association of Congregational Churches; Congregational Church, Holden; First Baptist Church, West Boylston; Second Congregational Church, Royalston; First Baptist Church, Gardner; First Methodist Episcopal Church, Fitchburg; First Baptist Church, Clinton; Congregational Church, Barre; Methodist Church, Athol; Congregational Church, Athol; Methodist Church, Clinton; Westminster Grange, Westminster; West Boylston Grange, West Boylston; Fitchburg Grange, Fitchburg; Hardwick Grange, Hardwick; New Braintree Grange, New Braintree; Rutland Grange, Rutland; Townsend Grange, Townsend; Board of Trade, Winchendon; Wachusett Baptist Ministers' Association, Winchendon; citizens' meeting, West Boylston; Women's Municipal League, Fitchburg; Dudley Grange, Dudley; and

Congregational Church, Rutland, all in the State of Massachusetts, in favor of national prohibition as a war measure; to the Committee on the Judiciary.

By Mr. RAKER: Letter of A. Youngholm, San Francisco, Cal., favoring enactment of bill providing for revision of postal rates; to the Committee on the Post Office and Post Roads.

Also, letter of Edwin L. Bailey, cashier, Redding National Bank, Redding, Cal., favoring two amendments to House bill 4673; to the Committee on Banking and Currency.

Also, memorial of Langley & Michaels Co., San Francisco, Cal., favoring enactment of bill providing for revision of postal rates; to the Committee on the Post Office and Post Roads.

Also, letter of Frank B. Peterson & Co., San Francisco, Cal., favoring the enactment of bill providing for revision of postal rates; to the Committee on the Post Office and Post Roads.

Also, protest of P. H. McCarthy, general president State Building Trades Council, and Daniel C. Murphy, president California State Federation of Labor, San Francisco, Cal., against any attempted amendment to the Chinese exclusion act and immigration laws; to the Committee on Immigration and Naturalization.

Also, telegram of E. M. Sheehan, secretary California Viticultural Commission, Sacramento, Cal., in re tax on wine; to the Committee on Ways and Means.

Also, telegram by Marsack Timber & Lumber Co., of Marsack, Cal., in re suspension of the basis of lumber-rate advances, etc.; to the Committee on Interstate and Foreign Commerce.

Also, letter of J. O. Bigelow, Tuolumne, Cal., favoring the enactment of a bill providing for revision of postal rates; to the Committee on the Post Office and Post Roads.

Also, memorial adopted by Board of Supervisors of San Francisco, Cal., submitted by J. S. Dunnigan, clerk; to the Committee on the Judiciary.

By Mr. TIMBERLAKE: Memorial of Local Union, No. 1874, United Brotherhood of Carpenters and Joiners, of Denver, Colo., favoring adoption of certain war taxation; to the Committee on Ways and Means.

By Mr. VARE: Memorial of high-school teachers of Philadelphia, favoring national prohibition as a war measure; to the Committee on the Judiciary.

By Mr. WASON: Petition of Charles E. Lewis and 16 other residences of the city of Franklin, N. H., favoring national prohibition; to the Committee on the Judiciary.

Also, resolutions of the congregation of the Methodist Episcopal Church of the city of Franklin, N. H., favoring the adoption as a war measure of national prohibition; to the Committee on Military Affairs.

SENATE.

MONDAY, May 14, 1917.

(Legislative day of Friday, May 11, 1917.)

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

ESTIMATE OF APPROPRIATION FOR MILITARY SURVEYS AND MAPS (S. DOC. NO. 30).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting a letter from the Secretary of War submitting a supplemental estimate of appropriation in the sum of \$1,500,000 required by the War Department for the execution of topographic or other surveys and the preparation of maps required for military purposes, etc., which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT. The Chair lays before the Senate resolutions of the Association of American Colleges adopted at a specially called meeting held in Washington, D. C., May 5. The resolutions will be incorporated in the RECORD and referred to the Committee on Military Affairs.

The resolutions are as follows:

OBERLIN COLLEGE,
Oberlin, Ohio, May 12, 1917.

Vice President THOMAS R. MARSHALL,
President of the Senate, Washington, D. C.

DEAR SIR: On behalf of a special committee of the Association of American Colleges may I ask you to refer to the proper persons these two resolutions of the association, passed unanimously at a special meeting of the association held in Washington on Saturday last?

Very sincerely, yours,

HENRY C. KING.

Resolutions passed by unanimous vote by the Association of American Colleges at a specially called meeting of the association held in Washington, D. C., on Saturday, May 5, 1917.

1. For the conservation of the physical and moral forces necessary for national defense the Association of American Colleges urge the

adoption of more effective measures than any hitherto employed for the elimination of prostitution within adequate zones of every Army camp; we urge the encouragement of social, athletic, and other recreational facilities for all enlisted men; and we urge, especially for the prevention of venereal disease, the adoption of a comprehensive and permanent educational program conducted by men officially assigned to this service who have successfully instructed men in sex hygiene. We urge that these measures be used at once for the protection of the thousands of young men from our colleges who are to assemble next week at the training camps.

2. The Association of American Colleges respectfully urge upon the Senate and the House of Representatives of the United States of America the national prohibition of the manufacture and sale of intoxicating liquors for the period of the war for the sake both of the highest efficiency of our Army and Navy and for the truest conservation of the resources of the Nation.

CHARLES W. DABNEY,
WILLIAM H. CRAWFORD,
THOMAS F. HOLTGATE,
WILLIAM T. FOSTER,
HENRY CHURCHILL KING.

The VICE PRESIDENT presented a petition of Berks County (Pa.) Medical Society, praying for national prohibition as a war measure, which was referred to the Committee on the Judiciary.

He also presented a telegram, in the nature of a petition, from the State Council of Defense of Illinois, praying for the immediate conservation of foodstuffs in the United States, which was ordered to lie on the table.

Mr. McLEAN presented a petition of the Swedish Temperance Union of New Britain, Conn., and a petition of the Woman's Christian Temperance Union of Naugatuck, Conn., praying for national prohibition during the period of the war, which were referred to the Committee on the Judiciary.

He also presented a petition of the Connecticut State Chamber of Commerce, praying for the enactment of legislation to provide for the saving of daylight, which was referred to the Committee on Interstate Commerce.

He also presented a memorial of Local Union No. 282, Cigarettes' International Union of America, of Bridgeport, Conn., remonstrating against an increase in the revenue tax on cigars and also against national prohibition, which was referred to the Committee on Finance.

He also presented a petition of Local Union No. 73, International Molders' Union, of Hartford, Conn., praying for an investigation by the Government of the explosion during the San Francisco, Cal., preparedness parade of July 22, 1916, which was referred to the Committee on Education and Labor.

Mr. TOWNSEND presented petitions of sundry citizens of Fenton, Marshall, and Coldwater, all in the State of Michigan, praying for national prohibition as a war measure, which were referred to the Committee on the Judiciary.

He also presented petitions of the Ancient Order of Gleaners of Rives Junction, the Supervisors of Delta County, and of sundry citizens of Alpena County and Missaukee County, all in the State of Michigan, praying for the adoption of a minimum price of foodstuffs, which were referred to the Committee on Agriculture and Forestry.

He also presented a petition of the Willing Workers' Association of the Haven Methodist Episcopal Church, of Jackson, Mich., praying for the protection of military camps from vice, which was referred to the Committee on Military Affairs.

He also presented a memorial of Cigarettes' Local Union, No. 208, of Kalamazoo, Mich., remonstrating against an increase in the tax on cigars, which was referred to the Committee on Finance.

Mr. JONES of Washington presented a petition of the Fir Club of Conway, Wash., praying for Government regulation of prices of foodstuffs, which was ordered to lie on the table.

He also presented a petition of Fir Camp, No. 5385, Woodmen of America, of Everett, Wash., praying that compensation be granted for dependents of soldiers, which was referred to the Committee on Military Affairs.

Mr. PHELAN presented a petition of the Central Labor Council of Los Angeles, Cal., proposing certain changes in the income-tax law, etc., which was referred to the Committee on Finance.

Mr. GRONNA presented a petition of the Federal Council of the Churches of Christ in America, including Methodist, Baptist, Lutheran, Presbyterian, Congregational, Episcopal, Christian, and other denominations, with a total membership of 18,000,000, praying for national prohibition during the period of the war, which was referred to the Committee on the Judiciary.

Mr. POINDEXTER presented a petition from sundry missionary organizations and the Woman's Christian Temperance Union of Olympia, Wash., praying for the enactment of legislation to prohibit shipment of alcoholic liquors to Africa, which was referred to the Committee on the Judiciary.

BILLS AND JOINT RESOLUTION INTRODUCED.

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

By Mr. RANSDELL:

A bill (S. 2269) for the relief of the heirs of Mrs. Susan A. Nicholas; to the Committee on Claims.

By Mr. SMOOT:

A bill (S. 2270) granting an increase of pension to Jane Elliott (with accompanying papers); to the Committee on Pensions.

By Mr. OWEN:

A bill (S. 2271) granting an increase of pension to Francella Klug (with accompanying papers); to the Committee on Pensions.

By Mr. PHELAN:

A bill (S. 2272) granting a pension to Harry K. Hallock (with accompanying papers); to the Committee on Pensions.

By Mr. SHIELDS:

A bill (S. 2273) to extend the criminal jurisdiction of the District Court of the Canal Zone, Panama; to the Committee on the Judiciary.

By Mr. SHAFROTH:

A bill (S. 2274) to regulate the storage, transportation, sale, and disposition of all animal products used as food, and all grains, fruits, and vegetables used as food; to the Committee on Agriculture and Forestry.

By Mr. GORE:

A bill (S. 2275) to prohibit the shipment and transportation in interstate or foreign commerce of calves and cows under certain ages and conditions; to the Committee on Agriculture and Forestry.

By Mr. POINDEXTER:

A bill (S. 2276) granting an increase of pension to Anton Lawrence (with accompanying papers); to the Committee on Pensions.

By Mr. GORE:

A joint resolution (S. J. Res. 62) empowering the President to appoint a controller general of supplies; to the Committee on Agriculture and Forestry.

PRICE OF PRINT PAPER.

Mr. ROBINSON. Mr. President, I desire to introduce a bill and to occupy just one minute with a statement concerning it.

This measure, entitled "A bill to declare print paper a public utility and to empower the Federal Trade Commission to fix a reasonable maximum price therefor, and for other purposes," is introduced for the purpose of bringing before Congress the very oppressive conditions regarding the trade in print paper. These conditions threaten to destroy the business of many publishers.

Some doubt may arise as to the power of Congress to declare this commodity a "public utility," and also as to whether the trade commission can be authorized to fix the maximum price for print paper. The subject is a very important one. My investigation leads me to the conclusion that Congress should speedily take some action regarding the matter. The industry is trust controlled, and the most exorbitant charges are now being made, and unless some relief is obtained thousands of publishers will be driven out of business.

The bill (S. 2267) to declare print paper a public utility and to empower the Federal Trade Commission to fix a reasonable maximum price therefor, and for other purposes, was read twice by its title, referred to the Committee on Interstate Commerce, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That paper used for printing newspapers, magazines, periodicals, books, and other publications is hereby declared to be a public utility. The Federal Trade Commission is hereby authorized and empowered, after full hearing, to fix a reasonable price as a maximum to be charged for such paper. All charges made for print paper shall be just and reasonable and every unjust and unreasonable charge for such paper is prohibited and declared to be unlawful.

Sec. 2. That the Federal Trade Commission shall have full authority and power at any time to institute an inquiry upon the complaint of any corporation, partnership, individual, or community or on its own motion in any case as to any matter or thing in relation to or connected with the charges for print paper. And the said commission shall have the same powers and authorities to proceed in any inquiry instituted on its own motion as if it had been appealed to by complaint or petition.

Sec. 3. That the Federal Trade Commission is hereby authorized and empowered to make an order or orders, after full hearing, that the dealer who deals in print paper shall cease and desist from charging for print paper an amount above the maximum found by the commission to be reasonable. Any dealer or manufacturer of print paper, or officer, representative, or agent of such manufacturer or dealer, or any receiver, trustee, lessee, or agent of either of them who knowingly neglects to obey any order made under the provisions of this act shall forfeit to the United States the sum of \$5,000 for each offense. Every distinct violation shall be a separate offense, and in case of a continuing violation each day shall be deemed a separate offense. The forfeiture

shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States, brought in the district where the manufacturer or dealer has its or his principal office. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures.

SEC. 4. Every manufacturer and dealer in print paper shall file with the Federal Trade Commission within 60 days after the passage of this act and keep open to public inspection a price list showing all the prices and charges for print paper of different grade and character. No changes shall be made in the prices or charges which have been filed in compliance with this act except after 30 days' notice to the commission, which notice shall plainly state the change proposed to be made in the price schedule then in force, and the time when the changed prices and charges will go into effect; and the proposed changes, prices, and charges shall be shown by printed new schedules, or shall be plainly indicated upon the schedules in force at the time and kept open to public inspection: *Provided*, That the commission may, in its discretion, and for good cause shown, allow changes upon less than the notice herein specified, or modify the requirements of this section in respect to publishing, posting, and filing of price schedules, either in particular instances or by a general order applicable to special or peculiar circumstances or conditions.

SEC. 5. That all hearings by the Federal Trade Commission under the provisions of this act shall be public.

RAILROAD FREIGHT RATES.

Mr. SMITH of Georgia. I ask leave to introduce a bill to amend section 15 of the act to regulate commerce, and I ask that the bill be printed in the RECORD without reading.

The bill (S. 2268) to amend section 15 of the act to regulate commerce, as amended June 18, 1910, was read twice by its title and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 15 of the act to regulate commerce as amended June 18, 1910, be further amended by striking from the second paragraph of said section the following words: "the commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders, without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the propriety of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the commission upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension may suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than 120 days beyond the time when such rate, fare, charge, classification, regulation, or practice would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the commission may make such order in reference to such rate, fare, charge, classification, regulation, or practice as would be proper in a proceeding initiated after the rate, fare, charge, classification, regulation, or practice had become effective: *Provided*, That if any such hearing can not be concluded within the period of suspension, as above stated, the Interstate Commerce Commission may, in its discretion, extend the time of suspension for a further period not exceeding six months"; and by inserting in lieu thereof the following: "the commission upon its own initiative may, and upon complaint or protest shall, at once, and if it so orders, without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, enter upon a hearing concerning the reasonableness and propriety of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon, the operation of such schedule shall be suspended and the use of such rate, fare, charge, classification, regulation, or practice shall be deferred until after full hearing and shall take effect only after the commission has found and declared the same to be just and reasonable, neither

unjustly discriminatory nor unduly preferential or prejudicial nor otherwise in violation with the provision of this act, and after full hearing the commission may make such order in reference to said rate, fare, charge, classification, regulation, or practice as would be proper in a proceeding initiated after the rate, fare, charge, classification, regulation, or practice had become effective." So that said second paragraph of section 15 of the act as amended shall read as follows:

"Whenever there shall be filed with the commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the commission upon its own initiative may, and upon complaint or protest shall, at once, and if it so orders, without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, enter upon a hearing concerning the reasonableness and propriety of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the operation of such schedule shall be suspended and the use of such rate, fare, charge, classification, regulation, or practice shall be deferred until after full hearing and shall take effect only after the commission has found and declared the same to be just and reasonable, neither unjustly discriminatory nor unduly preferential or prejudicial nor otherwise in violation with the provision of this act, and after full hearing the commission may make such order in reference to said rate, fare, charge, classification, regulation, or practice as would be proper in a proceeding initiated after the rate, fare, charge, classification, regulation, or practice had become effective. At any hearing involving a rate increased after January 1, 1910, or of a rate sought to be increased after the passage of this act, the burden of proof to show that the increased rate or proposed increased rate is just and reasonable shall be upon the common carrier, and the commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible."

SEC. 2. That all laws or parts of laws in conflict with this act are hereby repealed.

Mr. SMITH of Georgia. Mr. President, I wish to say only one word with reference to the bill. While it is somewhat long, it embodies but a single thought, and I mention the explanation of that thought which will render it easy for those who will read the bill to at once comprehend it. It seeks to change the present law so that where an application for an increase of rates is made with the Interstate Commerce Commission, and that application is protested, hearings shall be had before the rate goes into effect. That is the substance of the bill. It provides for hearings before the Interstate Commerce Commission before a protested increase of rates may go into effect.

Mr. McLEAN. The Senator merely introduces it?

Mr. SMITH of Georgia. That is all. I introduce it, and I give that word of explanation as to its meaning. I move that the bill be referred to the Committee on Interstate Commerce.

The motion was agreed to.

Mr. SMITH of Georgia subsequently said: Mr. President, this morning I introduced a bill amending the Interstate Commerce Commission law. I desire to ask the consent of the Senate to have printed in the RECORD in connection with the bill three statements—one from the Alexander Hamilton Institute, one from Poor's Manual, and one from the Traffic World—giving some figures bearing upon the proposed legislation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

Investment statistics of railroad stocks, earnings per share, year ending June 30. [Monthly letter, Alexander Hamilton Institute, May, 1917.]

Credit index. ¹	Stock.	1917	1916	1915	1914	1913	Average earnings.	Present price.	Per cent of average earnings on present price.
77.....	Canadian Pacific.....	\$18.00	\$16.76	\$11.25	\$13.63	\$19.56	\$15.84	161½	9.84
74.....	Norfolk & Western.....	17.00	16.84	8.87	8.68	10.17	12.31	129½	9.54
70.....	Great Northern preferred.....	9.50	11.08	8.19	8.85	11.69	9.86	110	8.96
67.....	Union Pacific.....	17.50	16.38	10.98	13.10	15.14	16.62	137½	12.13
67.....	Northern Pacific.....	10.50	10.30	7.58	7.93	8.74	9.01	103½	8.74
66.....	Pennsylvania.....	4.75	5.40	4.25	3.58	4.00	4.40	53	8.30
65.....	Atchison, Topeka & Santa Fe.....	15.00	12.30	9.19	7.34	8.62	10.49	103½	10.18
64.....	Lackawanna.....	31.00	28.93	25.93	28.26	32.25	29.27	223½	13.12
58.....	Chicago & North Western.....	14.00	41.39	7.78	7.93	9.90	10.20	114	8.94
53.....	Atlantic Coast Line.....	15.00	11.00	6.26	10.83	11.64	10.95	114	9.60
52.....	Louisville & Nashville.....	21.00	19.50	6.90	9.84	11.99	13.85	131½	10.57
51.....	Delaware & Hudson.....	11.00	13.66	14.28	10.40	14.53	12.86	125	10.30
51.....	Lehigh Valley.....	5.75	6.50	5.40	5.82	7.23	6.14	65	9.44
50.....	Chicago, Milwaukee & St. Paul.....	6.00	7.33	3.42	6.30	8.64	6.34	82	7.73
46.....	Southern Pacific.....	13.00	11.30	7.50	7.50	9.80	9.82	95	10.34
43.....	Illinois Central.....	13.50	10.80	6.28	7.45	6.00	8.81	108	8.55
42.....	New York Central.....	16.00	16.29	6.07	4.74	7.00	10.00	94½	10.64
41.....	Kansas City Southern.....	4.50	2.97	1.00	2.95	2.69	2.82	22½	12.81
39.....	Baltimore & Ohio.....	8.00	7.46	5.55	4.51	7.22	6.55	76½	8.62
35.....	Chicago Great Western.....	4.25	4.00	1.92	2.04	3.03	3.05	34½	9.00
34.....	Chesapeake & Ohio.....	12.50	10.95	4.28	4.73	5.25	7.54	61	12.36
29.....	Southern Railway.....	6.50	5.33	-1.50	1.81	3.40	3.11	28½	11.10
27.....	Denver & Rio Grande.....	6.00	7.70	1.88	2.12	2.93	4.12	34½	12.12
25.....	Erie.....	2.00	5.05	-3.00	-2.40	4.26	1.18	27½	4.37
22.....	St. Louis South Western preferred.....	12.50	6.37	-1.00	1.68	9.48	5.80	46	12.50
15.....	Seaboard Air Line preferred.....	6.00	4.55	-.70	5.46	6.94	4.45	31½	14.35
15.....	New Haven.....	4.00	2.70	1.46	.15	4.96	2.65	40½	6.62

¹ Per cent of net income remaining after paying fixed charges. A company whose balance after fixed charges is equal to 50 per cent or more of the net income is in sound credit.

Since June 30, 1916, the earnings of the southern lines, both gross and net, have shown great increases. For the two months of the new statistical year which began on January 1, 1917, operating revenue in the southern district rose from \$81,709,808 to \$90,733,089; expenses from \$54,438,477 to \$60,804,550; the net income from \$27,271,335 to \$29,928,939; operating income from \$23,688,322 to \$25,855,645; and the operating ratio from 66.62 to 67.01. The western district showed increases as favorable as those in the southern district, while in the eastern district the operating income shows a decline from \$59,729,193 to \$36,132,412, or a decrease of \$23,596,781, while the operating ratio rose from 71.21 to 80.93. From this showing it would appear that if an emergency exists because of increased operating expenses it is confined to the eastern district and does not extend to the southern district. A statement showing with respect to the principal systems of railways operated in the South the total operating revenue, net income, per cent of earnings on common stock, surplus, and miles operated for the year ended June 30, 1916, as shown in Poor's Manual for 1917, appears in the margin.

	Total operating revenue.	Net income.	Per cent on common stock.	Surplus.	Miles operated.
Southern Ry.....	\$69,997,675	\$9,333,899	5.28	\$28,248,595	7,022.92
Louisville & Nashville.....	60,317,993	14,039,139	19.50	50,172,752	5,041.61
Atlantic Coast Line.....	34,445,110	7,775,536	11.47	33,583,626	4,702.90
Nashville, Chattanooga & St. Louis.....	12,670,688	2,337,518	14.61	10,932,849	1,230.76
Cincinnati, New Orleans & Texas Pacific.....	11,060,439	2,254,623	(1)	6,610,039	335.46
Alabama Great Southern.....	5,641,402	1,460,358	13.03	3,644,053	293.02
Central of Georgia.....	12,567,618	1,921,313	20.43	7,771,313	1,491.08
Seaboard Air Line.....	24,494,789	1,209,978	.70	8,057,446	3,449.25

¹ Capital stock C., N. O. & T. P. nominal. ² For year 1916 only.

[From the Traffic World, May 5, 1917.]

RAILWAY REVENUES.

A summary of the results of operations in March was made public by the commission May 3. It covers 96 roads, with a mileage of 113,187. For the country as a whole the operating revenue increased from \$148,439,924 to \$165,694,613; expenses from \$99,498,330 to \$118,179,692, or from \$434 to \$410 per mile of road operated.

In the southern district the revenues rose from \$62,186,954 to \$69,367,858; expenses from \$43,917,782 to \$53,543,164; and net declined from \$18,269,172 to \$15,824,694, or from \$653 to \$563 per mile.

In the southern district the revenue rose from \$32,926,191 to \$36,531,738; expenses from \$21,124,027 to \$23,997,124; and net from \$11,752,164 to \$12,534,612, or from \$377 to \$401 per mile.

An equally satisfactory condition was shown in the western district, the revenue rising from \$53,326,779 to \$59,759,017; expenses from \$34,408,521 to \$40,639,404; and net from \$18,920,258 to \$19,155,613, or from \$351 to \$356 per mile.

For the three months of the fiscal year which began January 1 the operating revenue for the country as a whole advanced from \$415,193,795 to \$460,052,895; expenses from \$287,666,222 to \$335,319,658, causing a decline in the net from \$127,527,673 to \$124,733,237, or from \$1,130 to \$1,101 per mile.

In the eastern district the revenue advanced from \$176,759,532 to \$188,265,377; expenses from \$127,137,771 to \$161,289,024, causing a decline in the net from \$49,621,761 to \$36,976,353, or from \$1,773 to \$1,315 per mile.

In the southern district the revenue rose from \$93,397,341 to \$103,574,601; expenses from \$61,370,394 to \$68,901,264; and the net from \$32,026,247 to \$34,673,377, or from \$1,030 to \$1,110 per mile.

In the western district the revenue rose from \$145,036,922 to \$168,212,917; expenses from \$99,158,057, or from \$853 to \$895 per mile.

AMERICAN RED CROSS.

Mr. WILLIAMS. I introduce a joint resolution and ask that it be referred to the Committee on the Library. It grants authority for the erection of temporary buildings at the headquarters of the American Red Cross, Washington, D. C.

The joint resolution (S. J. Res. 61) to grant authority for the erection of temporary buildings at the headquarters of the American Red Cross, Washington, D. C., was read twice by its title and referred to the Committee on the Library.

POINTS OF HISTORIC INTEREST.

Mr. SMITH of Arizona submitted the following resolution (S. Res. 64), which was referred to the Committee on Printing:

Resolved, That the pamphlet entitled "Points of Historic Interest in the National Capital," with accompanying illustrations, be printed as a Senate document, and that 5,000 additional copies be printed for the use of the Senate document room.

PRODUCTION OF FOOD SUPPLIES.

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (H. R. 4188) to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products, which was referred to the Committee on Agriculture and Forestry.

INCREASE OF NAVY AND MARINE CORPS.

Mr. SWANSON submitted three amendments intended to be proposed by him to the bill (H. R. 3330) to temporarily increase the commissioned and warrant and enlisted strength of the Navy and

Marine Corps, and for other purposes, which were ordered to lie on the table and be printed.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President had, on the 12th instant, approved and signed the following act and joint resolution:

S. 1845. An act to authorize PETER GOELET GERRY to enter into a contract with the Secretary of the Navy, in behalf of the United States, for the use of the steam yacht *Oucera*; and

S. J. Res. 42. Joint resolution authorizing the President to take over for the United States the possession and title of any vessel within its jurisdiction, which at the time of coming therein was owned in whole or in part by any corporation, citizen, or subject of any nation with which the United States may be at war, or was under register of any such nation, and for other purposes.

PUNISHMENT OF ESPIONAGE.

The VICE PRESIDENT. The unfinished business, Senate bill numbered 2, is before the Senate as in Committee of the Whole.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 291) to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Bankhead	Gronna	McLean	Simmons
Beckham	Hale	Myers	Smith, Ga.
Borah	Harding	Nelson	Smith, S. C.
Brandegee	Hollis	New	Sterling
Calder	Husting	Overman	Storfe
Chamberlain	James	Page	Sutherland
Colt	Johnson, Cal.	Pittman	Swanson
Culberson	Jones, Wash.	Poindexter	Thomas
Cummins	Kellogg	Ransdell	Thompson
Curtis	Kenyon	Reed	Townsend
Dillingham	King	Robinson	Trammell
Fernald	Kirby	Saulsbury	Vardaman
Frelinghuysen	La Follette	Sheppard	Wadsworth
Gallinger	McCumber	Sherman	Walsh
Gerry	McKellar	Shields	Warren

Mr. TOWNSEND. The senior Senator from Michigan [Mr. SMITH] is unavoidably absent on important business. He is paired with the junior Senator from Missouri [Mr. REED]. This announcement will stand for all votes to-day.

Mr. THOMAS. I wish to announce that the senior Senator from Mississippi [Mr. WILLIAMS] is engaged in a hearing before the Committee on Finance and is unable to attend the session of the Senate this morning.

Mr. SUTHERLAND. I desire to announce the absence of my colleague, the senior Senator from West Virginia [Mr. GOFF], on account of illness. I will let this announcement stand for the day.

Mr. FRELINGHUYSEN. I wish to announce the unavoidable absence of my colleague [Mr. HUGHES] on account of illness. I will allow this announcement to stand for the day.

Mr. THOMPSON. I desire to announce that the Senator from Florida [Mr. FLETCHER] is detained from the Senate on official business.

The VICE PRESIDENT. Sixty Senators have answered to the roll call. There is a quorum present.

Mr. THOMAS. I offer the following amendment.

The VICE PRESIDENT. The amendment will be read.

The SECRETARY. On page 56, after line 3, add a new section to Chapter VII, as follows:

SEC. 5. That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged or permitting speculations in food products of any character in the form of what are known as futures, or in any other form or character, are hereby suspended until the President, by proclamation, shall declare the existing war to have been ended, and all agreements, wages, and contracts for wages regarding food products of this character now and heretofore made in or upon such exchanges, boards of trade, chambers of commerce, or other bodies or associations by the members thereof are hereby prohibited pending such proclamation. Any person, board of trade, chamber of commerce, stock exchange, or other body or association willfully violating the provisions of this section, or any of them, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not to exceed \$10,000.

Mr. THOMAS. Mr. President, the need for such legislation as this amendment contemplates was emphasized last Friday or Saturday by the suspension of the making of speculative contracts or futures upon the Chicago Board of Trade, a step taken, if we are to accept press accounts, in the spirit of patriotism, but doubtless prompted by a far more serious consideration; the

evident danger involved in the continuation of speculating in the necessities of life at this juncture.

Mr. President, greater than the armed forces of Germany, greater perhaps than the menace of the U-boat warfare, is that of food speculation in the United States at this time. Whether it be speculation upon the boards of trade or chambers of commerce, cornering and controlling of life's necessities, of prohibitive freight rates, or car detention, those now engaged in these nefarious practices are the real foes of the American people.

It is to my mind incredible that Congress, appreciating the importance of husbanding our grain resources and prohibiting their use for the manufacture of beverages and liquors during the war, the importance of preventing a sacrifice of our grain supply in the production of intoxicants, the importance of prohibiting their use by the Army, is not also fully alive to the far greater evil of speculation now confronting us.

The most of this speculation, at least the most of it with which the public are acquainted, is carried on through the boards of trade, chambers of commerce, and stock exchanges, which are notorious for the practice.

To my mind, while the liquor evil in this country is a terrible one it is not so menacing or far-reaching in its disastrous consequences as the universal and all-pervading spirit of speculation, the gambling spirit, which has deprived and is depriving our agricultural communities of their best blood and luring it to the exchanges, the spirit which is animated by the desire and opportunity to "get rich quick"; that desire fed by press circulation of instances where enormous fortunes have been made in a day or an hour upon the exchanges, and fed also by the enormous fortunes which have been realized by the opportunities offered by this war.

Mr. President, those who corner the food of the country, utilize the exchanges for manipulation of prices to hoist them high enough to satisfy their greed and bring the desired profit are criminals. If exchanges for manipulating these prices, for futures in grains which do not exist, which never existed, and which never will exist, can be eliminated, one of the methods through which the enhancement in the necessities of life will have been removed.

Does anything at present appeal to the exigencies of legislation more powerfully than that which is designed to remove this evil?

Mr. President, since this amendment was introduced I have been flooded, literally flooded, with letters and telegrams commending my action and urging me to press the amendment to the consideration of the Senate at the earliest possible opportunity.

For illustration, I received this dispatch, dated May 4, from the firm of F. G. Ferrin Co. (Inc.), Rochester, N. Y.:

ROCHESTER, N. Y., May 4, 1917.

Senator THOMAS,
Washington, D. C.:

May wheat having been down to \$2.61, or 19 cents lower than last night's close, now up to \$2.72, all within 20 minutes. Such business should be stopped at once until conditions are again normal. See letter of yesterday.

F. G. FERRIN CO. (INC.).

Here is a letter from Boston, Mass., and I have time to call attention to only two or three:

That grain exchanges—

This amendment, of course, is not aimed at those exchanges whose legitimate business it is to promote and assist the trade of the country by bringing buyer and seller together—

That grain exchanges are necessary for economic distribution of the crops is unquestioned, but that the successful marketing of the crops depends upon, or is benefited by, the torrent of speculation incessantly pouring into Chicago and other large speculative grain markets from every town of any considerable size, from every city from Bangor, Me., to San Francisco, Cal., and from Grand Forks, N. Dak., to the Gulf of Mexico, is not a reasonable proposition.

It can not reasonably be asserted that the value of grain, as affected by the law of supply and demand, varies from minute to minute throughout every business day, and varies radically. The pendulum of value swings backward and forward several times within a few hours across a range of 10 cents, 15 cents, or even 25 cents per bushel, so that the miller, the distributor, or the exporter can not safely make any offers of their commodity, as they can not tell within the above range, or say the equivalent of from 50 cents to \$1.25 per barrel, what the actual cost of production will be 30 minutes after their offer had been telegraphed or cabled.

Then follows a table, which I shall not detain the Senate to read, but which I ask to have inserted in the RECORD as a part of my remarks.

The VICE PRESIDENT. In the absence of objection, permission to do so will be granted.

The table referred to is as follows:

MAY 4, 1917.

	May.		July.	
	Highest.	Lowest.	Highest.	Lowest.
April 27.....	\$2.70	\$2.53	\$2.25	\$2.16
April 28.....	2.79½	2.67	2.36	2.20½
April 30.....	2.78	2.70	2.34	2.23½
May 1.....	2.71	2.55	2.27	2.12½
May 2.....	2.72	2.55	2.22	2.08½
May 3.....	2.80	2.72	2.23	2.19½
May 4.....	2.75	2.54	2.22½	2.15

Mr. THOMAS. I have here, Mr. President, the testimony of the food commissioner of the State of New York, given before the Agriculture Committee. It is replete with valuable information upon this subject from end to end. I wish I had time to read it all; but before he closed his testimony, he referred specifically to this subject, and said:

Mr. DILLON. Two years ago I conducted an inquiry in New York growing out of an attempt of bakers there to advance the price of bread from 5 to 6 cents a loaf, and we sent to Chicago and got the testimony from the chairman of the board of trade there, I think he was, or one of the exchanges, and we ordered them to bring any written matter that he had in reference to it, and he brought some correspondence, and this correspondence revealed clearly and definitely the fact that that man in Chicago had been in correspondence with a man in a similar position, on the board of trade in New York to manipulate the prices of wheat at that time between New York and Chicago; and, of course, that is the most definite information that I ever had. But, in a general way we all know that for years the price of wheat has been manipulated in the Chicago market for the benefit of the millers, through those trades. The farmers never get—except the individual farmer—the regular high level of prices.

Senator BRADY. You do not mean the millers alone, but millers and speculators?

Mr. DILLON. I mean the millers as one of the factors of speculating. They are all mixed up in the matter. If a man goes into the pit with a carload of wheat and he is asking a dollar and there is another man that has not a bushel of wheat and offers to sell it—if I am there with a carload and trying to sell it for a dollar and another man comes along and has no wheat and he says "I will sell you two carloads of wheat at 90 cents," he makes the price of wheat 90 cents, and I lose 10 cents a bushel on my carload of wheat.

The VICE PRESIDENT. The Senator's time has expired.

Mr. OVERMAN. Mr. President, there is much merit in the amendment which has been proposed by the Senator from Colorado, but it ought not to go on this bill. There is a bill, which is to follow this, containing provisions in regard to the subject. There is also a bill now before the Committee on the Judiciary involving the same matter, which was introduced by the Senator from Washington [Mr. POINDEXTER]. I do not think that the pending bill ought to be loaded down with all kinds of measures, and I hope this matter will not be considered in connection with this bill. There are many things in the amendment which I favor. I am against the cornering of food and speculation during time of war, but this bill is not the place for legislation preventing that.

The Senator from Iowa tells me that there is going be reported from the Committee on Agriculture a bill which is known as the food-conservation bill. I ask the Senator from Iowa whether or not there is a similar amendment in that bill embodying the provisions of the pending amendment?

Mr. KENYON. Mr. President, I am not familiar with the amendment which has been proposed by the Senator from Colorado, as I was out of the Chamber when it was read; but I will say to the Senator from North Carolina that the Committee on Agriculture have reported a bill which they hope to have taken up next, dealing with the general question of food speculation; which is the general question, as I understand, which is involved in the pending amendment.

Mr. OVERMAN. That is what I understood, Mr. President. We are debating the pending bill under the 10-minute rule, each Senator having only 10 minutes to speak on an amendment. I think the matter embodied in this amendment should be postponed and taken up in connection with the bill which is to follow this, when Senators can have all the time they want to discuss the subject. This amendment involves an important matter, which ought to be fully discussed. I therefore hope the amendment will not be placed on the pending bill.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Colorado [Mr. THOMAS].

Mr. KENYON. I ask that the amendment may be read. As I stated, I was out of the Chamber at the time when the amendment was offered.

The VICE PRESIDENT. The amendment proposed by the Senator from Colorado will be stated.

The SECRETARY. On page 56, after line 3, it is proposed to insert a new section, which shall be known as section 5, as follows:

SEC. 5. That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged in or permitting speculations in food products of any character in the form of what are known as futures, or in any other form or character, are hereby suspended until the President, by proclamation, shall declare the existing war to have been ended, and all agreements, wages, and contracts for wages regarding food products of this character now and heretofore made in or upon such exchanges, boards of trade, chambers of commerce, or other bodies or associations by the members thereof are hereby prohibited pending such proclamation. Any person, board of trade, chamber of commerce, stock exchange, or other body or association willfully violating the provisions of this section, or any of them, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not to exceed \$10,000.

Mr. THOMAS. Mr. President, just a word. The word "wages," in line 7, should be "wagers." My attention has been called to the fact that there is a misspelling of that word.

Mr. POMERENE. Mr. President, I dare say that suggestion applies also to the phrase "contract for wages," in the same line.

Mr. THOMAS. Yes; it occurs in two places in that line.

The VICE PRESIDENT. Without objection, the corrections will be made.

Mr. LEWIS. Mr. President, I address myself to the proposal of the Senator from Colorado. I have no doubt that there is much virtue in this amendment, and I have no doubt, sir, that there will come a time when a provision similar to this must be adopted for the benefit of the general welfare of the country.

The eminent Senator from Colorado [Mr. THOMAS], having given notice some time ago of provisions such as tendered by him, the information became broadcast, and I have been overwhelmed—well, perhaps that is an exaggerated phrase; I will say I have been quite rained upon by telegrams from the representatives of these exchanges, very largely in my city, asking for some hearing, and claiming that this measure would do a great injury to what they call "pending contracts." They wish, it appears, if it is to be passed, that they be given some time by which they can regulate themselves, and not be the subject of what they insist would be lawsuits for damages and general losses in view of matters upon their hands. Let us have no summary and confiscatory action. I am unable to offer the Senate any information as to how the amendment will operate as confiscation upon such exchanges, but in view of the fact that certain of my constituents feel that this suddenness would occasion great loss and great injury to innocent persons, on their behalf I most respectfully ask that this amendment take some other course than to be precipitously put upon this bill.

Now, Mr. President, may I be permitted a moment to offer a suggestion? In the first place, this condition of the high price of grain is partly being caused by something of a hysteria that seems to possess certain officials of our own Government. Certain gentlemen occupying positions of responsibility in commerce and finance cry out to the country, "Panic!" They are giving the business men to understand that business has suddenly reached a very doleful situation. They urge upon everyone the conviction that hunger is at the door of every human being. They insist that everyone understand that we have reached a point where palsy has set upon the Nation; they warn and invoke the whole country to realize that everything is to be paralyzed in order to execute the war declaration. Sir, this is discouraging business men; it is frightening manufacturers; it is driving every farm enterprise into timidity, if not surrender. It is forcing the accumulation of grain for bread in different bins and in different forms of hiding, that it may be preserved for that future day of desolation and darkness, that certain members of our own administration are, in a most unnecessary and a most untimely manner, holding out to the country.

This country is not in a panic, nor will it be in one. There is need for the ordinary economy in ordinary affairs of life, but there is no need for such parsimony or for such fright and fear as are being imposed upon the country by these well-meaning but misguided advisers who have been put in power in this Government in temporary places.

Sir, this indulged hysteria is one of the reasons for the advance in prices; but if the people understood the truth and realized that these dangers and alarms that have been suddenly hurled and voiced against them have no real foundation or justification, there would not be the hoarding of grain out of fear, timidity, and terror.

Now, sir, what is needed in this hour is that there be a provision of law passed by this body and its correlative body authorizing the President of the United States upon any evidence to him satisfactory that the food necessities are being held for monopoly or for speculation to seize them and order their distribution through the proper channels in such manner, sir,

as will compensate the owner with a just market price and at the same time assure distribution to the people that they may need the uses.

Let what is known as print paper, as one of the necessities, be included in this; and once, sir, the order goes forth that the power is in the hands of the President to seize these essentials for the public welfare, under his power as Commander in Chief or as President of the United States, then existing high prices will topple to their legitimate bases, and we would not need pursue this great circumlocutory course as now presented. The proposed course would be so confusing in its operation and so delayed that the citizens would not realize the benefit of it for months and months to come.

I most respectfully ask, therefore, if the able Senator from Colorado would not consent to postpone his amendment until those who seem to have such great interest in it, and who say the adoption of it would mean such great loss to them, may have an opportunity for hearing. For that reason I am compelled to oppose it. I ask more deliberate action lest hasty conclusions defeat the very object intended.

Mr. REED. Mr. President, the Senator from Illinois [Mr. LEWIS] has said a number of things so much like what I have been intending to say that they differ only in the fact that he has stated them better than I could have done.

So far as the amendment of the Senator from Colorado [Mr. THOMAS] is concerned, let me say to him, as I said to him in private conversation the other day, that I think means ought to be adopted to stop the speculative inflation of values of foodstuffs, and that whatever can be done within the limits of the powers of Congress to stop speculation and to stop the cornering of foodstuffs ought to be done. But, Mr. President, the wonder to me to-day is that we do not have \$4 wheat, 40-cent cotton, five or six dollar potatoes, and beef at 50 or 60 cents a pound. There never has been anything in the history of the world that parallels the present agitation. We are practically told, first, that the United States is upon the verge of starvation, and, second, that the world outside of the United States is already starving. We are in substance informed that next winter the wolf of hunger will be howling at the doors of every home in the world. When that information is put forth, men need not be astonished if the prices of food products mount.

If a plan were to be devised and followed with the express purpose of booming food prices, the methods that have been adopted could not be improved upon by the intelligence of man or the ingenuity of Satan himself. Permit me to illustrate: If a farmer has a thousand bushels of wheat in his bin which he is about to market, and he picks up a report from somebody connected with the Agricultural Department that tells him that wheat is going to go to three or four dollars a bushel, that farmer will certainly hold the grain, waiting for the prophesied advance, as long as he can. If a miller has a large supply of flour on hand, and he is informed by the Agricultural Department that the world is about to starve to death, he will hold that flour for an advance in the market. What I am now saying applies to every article of food whatsoever; but, as my time is very limited, I do not intend further to pursue that thought.

There is, however, another side to the question to which I invite attention. The consumer who reads the startling reports referred to immediately concludes that he does not intend to be one of those who shall starve, and accordingly he rushes into the market and begins buying and buying. I know of ladies in the city of Washington, some of them the wives of officials—I have heard of three or four such instances—who would ordinarily think that their pantry was overstocked with flour if they bought a 25-pound sack, who have astonished their grocer by ordering a barrel or two barrels of flour against the evil day. I have heard of ladies, who ordinarily do not count their pennies, who have gone to the grocery store and bought an entire barrel of sugar. Even these fair housewives seek to prevent the pinch of want. Thus they all contribute to the food shortage they so greatly fear.

So with the holder of foodstuffs, upon the one hand, being encouraged to hold, and with everybody who is a consumer, upon the other hand, being told to "buy, buy, buy, for Heaven's sake buy; you are all liable to starve to death next winter," it is no wonder food prices mount.

Mr. President, I have this to say in closing—and I intend to furnish the facts and figures to back up what I have been saying as soon as debate on this bill is concluded—that whoever rides over the United States of America to-day and gazes at the hill-sides, where the corn is peeping forth in its long, straight rows, at wheat fields that are waving in the breezes, at vast meadows of grass that grow rank and green, at fat, sleek cattle that on a thousand hills stand knee-deep in the clover, at hogs and sheep that feed and grow upon a million farms, at the myriad of

gardens where every variety of plant and vegetable fit for food is crowding to perfection, whoever surveys such scenes and yet proclaims that the United States is liable to starve is simply an idiot or an enemy of the public welfare. It is time that sort of claptrap was stopped in this country. We are not going to starve to death. Some of these men who are buying \$3 wheat now will be broke in a few months; some of these people who are trying to corner food products now will be glad to unload them in a few short weeks.

The thing for the Senate to do, the thing for the Congress to do, is to keep its head; the thing for the great press of this country to do—and I am looking at the press gallery and appealing to it—is to teach the lesson to the American people that America is not going to starve; that, as has been suggested by the Senator from South Carolina [Mr. SMITH], who sits beside me, she can not be starved; and there will be a lessening of these conditions that to-day confront us and pest us.

Mr. GORE, Mr. KENYON, and Mr. KIRBY addressed the Chair.

The VICE PRESIDENT. The Senator from Oklahoma.

Mr. GORE. I offer a substitute for the amendment proposed by the Senator from Colorado.

The VICE PRESIDENT. The Secretary will state the amendment in the nature of a substitute proposed by the Senator from Oklahoma to the amendment offered by the Senator from Colorado [Mr. THOMAS].

The SECRETARY. In lieu of the amendment offered by Mr. THOMAS it is proposed to insert the following:

That whenever the President finds it essential in order to prevent undue enhancement or fluctuation of prices of, or in order to prevent injurious speculation in, or in order to prevent unjust market manipulation or unfair and misleading market quotations of the prices of necessaries, hereafter in this section called evil practices, he is authorized to prescribe such regulations governing, or may either wholly or partly prohibit, operations, practices, and transactions at, on, in, or subject to the rules of any exchange, board of trade, or similar institution or place of business as he may find essential in order to prevent, correct, or remove such evil practices. Any person who willfully violates any regulation made pursuant to this section or who knowingly engages in any operation, practice, or transaction prohibited by the President pursuant to this section, or who aids or abets any such violation or any such prohibited operation, practice, or transaction, shall be deemed guilty of a felony and upon conviction thereof shall be punished by a fine not exceeding \$10,000 and by imprisonment for not exceeding four years.

Mr. GORE. Mr. President, I merely wish to say that I doubt the wisdom of adopting at this time the amendment offered by the Senator from Colorado [Mr. THOMAS]. It is rigid, inflexible, and absolute. It is desirable to avoid doing more harm than good in the enactment of legislation of this kind.

There are a great many people who think that boards of trade serve a legitimate purpose and that they ought to be limited to those legitimate purposes in connection with these transactions. The section which I have offered, I may say, is a section taken from the so-called Lever bill, a bill prepared by the Department of Agriculture, with a slight change, and it contains the ways and means deemed necessary by the department to deal with the situation with which the Senator from Colorado is seeking to deal.

Mr. OVERMAN. Mr. President, will the Senator yield to me?

Mr. GORE. Yes, sir.

Mr. OVERMAN. The Senator is chairman of the great Agricultural Committee. They are now considering this question. Does not the Senator think it is better not to put that amendment on this bill, but to bring it in from his committee as the report of the committee, and let it be discussed here when Senators can have time to discuss it?

Mr. GORE. I think in the abstract the Senator is perhaps correct, but we are dealing with a situation, and the amendment is pending. If it is the sense of the Senate that legislation of this kind ought to be adopted now and ought to be attached to the pending bill, I desire this substitute to be incorporated in the measure instead of the amendment offered by the Senator from Colorado.

Mr. OVERMAN. But if this is voted down by the Senate, will not the committee report out at an early day a measure embodying some of the provisions and merits of the amendment he has introduced?

Mr. GORE. I will say that of course that is a possibility. I could not speak advisedly on that point.

Mr. SMITH of Georgia. Mr. President, I will ask the Senator from Oklahoma whether the Agricultural Committee has not perfected its report upon a bill undertaking to prevent speculation in foodstuffs?

Mr. GORE. Mr. President, it does not deal expressly with the boards of trade.

Mr. SMITH of Georgia. I know that.

Mr. GORE. I may say to the Senator from North Carolina that I introduced as a separate bill the amendment which I have just sent to the desk, with a slight change in the amendment; but it was my thought that if such legislation is to be attached to the pending bill it ought to assume this form rather than the form of the amendment offered by the Senator from Colorado.

Mr. SMITH of Georgia. Mr. President, one more remark. I wish to ask the chairman of the committee if it is not his purpose to press this bill from the Committee on Agriculture with reference to foodstuffs and seek a hearing of that measure as soon as the present bill is disposed of?

Mr. GORE. That is my intention—as soon as the present bill, and possibly some conference reports, are disposed of.

Mr. SMITH of Georgia. And will not that furnish us an opportunity to study the food side of the question and to put on all amendments of this character that we wish, or to consider them together?

Mr. GORE. Mr. President, undoubtedly the pending amendment and the substitute would be more properly attached to the food bill which I reported from the Committee on Agriculture and Forestry last Saturday.

Mr. THOMAS. Mr. President, will the Senator yield to me for a moment?

Mr. GORE. Yes, sir.

Mr. THOMAS. The Senator knows, of course, that the Lever bill, by section 11, also makes provision for the conservation of grain by preventing its use in the manufacture of alcoholic beverages.

Mr. GORE. Yes, sir.

Mr. THOMAS. Yet on Saturday the Senate voted upon that identical proposition and incorporated it in this bill. Now, why not this?

Mr. GORE. I will say that the propositions are not identical. That is, the section in the Lever bill dealing with the liquor question was not identical with the Cummins amendment; and I assume the Senator did not mean to say that.

Mr. THOMAS. No; neither is this identical with the other.

Mr. GORE. I will say to the Senator that I believe it would be advisable to have dealt with the Cummins amendment as a separate proposition, allowing it to stand on its own merits—and I think it has abundant merit to win its way through both Houses of Congress—but the Senate ordered otherwise. I apprehend that possibly the Senate may order otherwise respecting the Senator's amendment. If, however, it is to take action now, and in connection with the pending bill, I am anxious to see the substitute adopted instead of the Senator's amendment, because the substitute vests in the President the power to prescribe rules and regulations governing the boards of trade, to prevent speculation and the undue enhancement of prices. I think there ought to be come discretion in respect to the formulation and enforcement of these rules and regulations; otherwise we may accomplish evil instead of good. I have no comment to make on the general policy of vesting universal power in the President, but this is certainly one instance where there ought to be some discretion in an exigency of this kind; and if legislation is to be had, I trust the substitute will be adopted.

Mr. KENYON. Mr. President, I want to say just a word concerning the amendment of the Senator from Colorado [Mr. THOMAS] and the substitute of the Senator from Oklahoma [Mr. GORE].

If compelled to vote on this proposition, I shall support the amendment of the Senator from Oklahoma; but it does seem to me that in the interest of the best solution of this question the amendment ought to be withdrawn. I suggest as reasons therefor that the next bill concerning which an effort will be made to bring it before the Senate is a bill which, while not dealing directly with this question of grain exchanges, does deal with the same general subjects, and deals with this very and vitally important question of stopping the speculation in foodstuffs.

Now, it seems to me that is the proper bill for an amendment of this character. If we are going on with every conceivable amendment, in the shape of any bill that anyone may have in mind, to the espionage bill, which is enough of a Mother Hubbard bill now, we are never going to reach any other bills. Instead of tacking them all onto the espionage bill, I should like to see that bill finished and some other bill taken up. The country is weary of talk. The next bill will be this food bill; or, as I understand at least, an effort will be made to take it up next.

Mr. GRONNA. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from North Dakota?

Mr. KENYON. I only have 10 minutes, but I will yield for a question.

Mr. GRONNA. I desire to ask the Senator, who is a member of the Agricultural Committee, if the food bill deals with exchanges at all?

Mr. KENYON. It does not; but the committee has considered that question, and the amendment concerning exchanges could be very properly placed upon that food bill. We have tried to divide the food bill, or the Lever bill, into two parts—one dealing with the speculative feature, which is now reported to the Senate, and the other dealing with the question of the stimulation of food production.

I do not want to be put in the position of opposing in any way any legislation that will in some way help to blot out the speculation in foodstuffs that is going on in this country. If Congress can not meet that subject and handle it in some way so as to stop this robbery that is going on—to use a mild term—the people are going to find some remedy, if they have to make use of the lamp-posts of the country; but it would be better to have more consideration given to this amendment, which may accomplish a splendid purpose. I do not know whether it will or not. It may, by shutting all of the grain exchanges of this country, bring about exactly the opposite result.

There is a good deal in what the Senator from Missouri [Mr. REED] has said. There is no food shortage in this country now. There is a food shortage in the world, and there may be a food shortage for us to face; and, as far-seeing men, we must realize that situation and try to do something to remedy it. But there has been so much hysteria, so much talk about this whole thing, that farmers have been getting rid of immature cattle and immature hogs, and it is producing a bad situation in this country.

I will go to any extent in any kind of drastic legislation against the food speculator in this country. He is making socialists in this country nearly as fast as we can make soldiers, and it is our duty to find some remedy. I believe that the bill now reported will accomplish great good in that direction. If it is not strong enough, let us work out something here in the Senate that will be strong enough to stop this. The speculator must go. We do not want, however, to injure legitimate business.

Mr. KIRBY. Mr. President, I hope the amendment proposed by the Senator from Colorado [Mr. THOMAS] will be adopted. It is said that we have wasted much time in the discussion of things here when we ought to have been acting, and certainly I can cite one instance that will show the necessity for some legislation of this kind. Bread has gone to 10 cents a loaf since this bill has been under discussion in the United States Senate, and it is thought to be due largely to the activity of the gambler in grain, to the efforts of the food speculator. The gambler in grain is a parasite, and always has been, in this country. He is not necessary to its future prosperity, in my opinion.

I am also glad to see that some of our Senators are getting over this war hysteria. I want especially to congratulate the Senator from Missouri [Mr. REED] upon his complete recovery. It was loudly proclaimed by him that we ought to cultivate all the back yards in the United States because of the desirable result existing in Germany and arising from such intensive cultivation there. He forgot at that time that Germany was a little bit of a country, smaller than the State of Texas by as much territory as the whole State of Alabama. He has now realized the condition of this country and the immense possibilities of it in the way of production of crops and wealth, and I congratulate him and congratulate the Senate and hope soon to be able to congratulate the country upon our returning to sound and right thinking.

I say the right time is now for the adoption of some such legislation as is proposed by the Senator from Colorado, and I do not think it is necessary to unload all the responsibility on the President. The amendment that is proposed here as a substitute by the Senator from Oklahoma leaves it to the President to act when, in his discretion, he shall deem it necessary. Everybody else in the United States deems it necessary now to do something. It seems to be considered imperative that something ought to be done by this matter being brought in here as it is; and I am confident that the amendment proposed by the Senator from Colorado, if it is adopted and made effectual, will have some beneficial result in preventing the condition that now obtains and that threatens to grow worse.

You say that we must have these grain exchanges. It may be so; but it is not necessary to manipulate the price of grain to the injury of the consumer and the producer for the gambler's benefit. There is no exchange to fix the price of lumber, and there never has been an exchange to fix the price of coal, and still we manage to get along with the production and sale of

these things. I say it is not necessary in the case of grain, either; it is not necessary that the exchange should permit this gambling in futures that does injuriously affect the price to the people of the United States of America; and I hope that the amendment of the Senator from Colorado will be adopted.

Mr. SMITH of South Carolina. Mr. President, I realize, as every other Senator does, the condition that now confronts us. I also realize the fact that in our desire to remedy conditions we stand in danger of doing more evil than good. There are certain fixed channels to which the people have gotten accustomed. We have tried, in the Agricultural Committee, to draft such measures as will meet the condition, and do the most good with the least possible harm.

I think the Senator from Missouri [Mr. REED] has stated, more clearly than I might hope to do, the exact condition. By calling attention to possibilities that may exist, we have precipitated a condition that would not exist. I do not believe that there is any danger of this country suffering under the proper regulation of our forms of distribution.

Now, I just want to make a plea that we allow the bill that is now pending, reported from the Agricultural Committee after hearings and mature deliberations, to be brought in, coordinated with other things relating to the food supply of this country, and discussed here, rather than bring it in in an undigested form and attach it to this bill in the shape of an amendment. Everyone knows that in the great business of the exchanges of this country a central market place is essential. It is not the market place that we wish to destroy; it is the regulation of the pirates who abuse the market place. We want those men who are engaged in reflecting the price for millions of producers and millions of consumers to do it legitimately; and it is for the regulation of these great modern conveniences that we, as intelligent men, ought to legislate, and not produce embarrassment and confusion and disaster by blocking the very channels which years have built up, and which perhaps have been temporarily taken advantage of by these pirates. Let us go after the men who are speculating in this business, and not destroy the ordinary means of information and distribution.

I voted the other day against the proposition to attach to this bill a prohibition of the use of grain in the manufacture of alcoholic liquors not because I was opposed to it—I am heartily in favor of it—but because the committee had already in its possession a bill looking toward settling that proposition. I did not believe that the bill to which it was proposed to attach the Cummins amendment was the proper place to attach it, and I voted against it for that reason. I am going to have an opportunity to vote for a bill that will prohibit the use of grain in the manufacture of alcoholic liquors along the proper lines, and not bring it in here under a 10-minute rule, undigested, unconsidered, and pass it through the Senate because there is a hysterical cry over the country that we must conserve our food.

All of us know that we must conserve the food. All of us are willing to cooperate in conserving it, but we want to do it as sane, sensible statesmen grappling with a great nation-wide problem, and not inject it unconsidered as has been done. I hope that the espionage bill will be the espionage bill and the food-control bill will be the food-control bill, and that we shall not have an overlapping, interlocking, undigested hodgepodge which nobody knows anything about. For that reason I am going to vote against it, as I think it a most ill-considered grain measure.

Mr. VARDAMAN. Mr. President—

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

Mr. SMITH of South Carolina. I do.

Mr. VARDAMAN. I thought the Senator was through.

Mr. SMITH of South Carolina. I just want to make this observation and then I am through. I am not going to be put in the position of being antagonistic to a righteous thing because I think it is ill advised to take it at a certain place. I am going to exercise my judgment of the fitness of things. I shall vote on this floor for a measure to take grain in a sensible, sane way out of the production of alcoholic liquors and to control this unholy speculation in food in a sane and sensible way, but not, as one Senator said, make this bill a Mother Hubbard so that nobody will understand what is underneath it or what is in the cupboard.

Mr. HARDING. Mr. President, I think it fair to assume that there was some reason for the introduction of the bill that is pending before the Senate. It is fair to assume that the espionage bill had good reason in its inspiration and that at the beginning of the war, if at any time, there was some call for the introduction of such a bill as is before us. I am not sure how long it has been pending before the Senate, but I

do know that it has been pending here so long that the country wonders at the dilatory tactics of this body.

I said some days ago that I had grown a bit weary of bringing in amendments to the measure which are not germane and which really have nothing to do with the problems incident to the prevention of spies and other offenses which are a hindrance to the Government in the prosecution of the war. So I am going to venture now, though disclaiming any meaning of discourtesy, to announce that until this bill is disposed of by the Senate, for one I am going to oppose every effort to bring in additional problems. There are big questions arising that this body must settle, and they are important enough to be settled on their own merits.

With that in mind, and measuring the public sentiment to which we ought to make response, Mr. President, I move that the amendment of the Senator from Colorado and the substitute offered by the Senator from Oklahoma be laid on the table.

Mr. THOMAS. On that I ask for the yeas and nays.

Mr. SMITH of Georgia. Mr. President, I am authorized by the Senator from Oklahoma to withdraw the substitute. He withdraws it at the request of the Senator in charge of the bill upon the ground that the subject will come up in another measure a little later and he does not desire to inject it at this time.

The VICE PRESIDENT. The question, then, is on the motion of the Senator from Ohio to lay on the table the amendment of the Senator from Colorado. The yeas and nays have been requested on the motion of the Senator from Ohio.

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

Mr. FERNALD (when his name was called). I am paired with the junior Senator from South Dakota [Mr. JOHNSON] and therefore withhold my vote. If permitted, I would vote "yea."

Mr. VARDAMAN (when his name was called). I desire to know whether the junior Senator from Idaho [Mr. BRADY] has voted.

The VICE PRESIDENT. He has not.

Mr. VARDAMAN. I have a pair with that Senator, which I transfer to the Senator from New Mexico [Mr. JONES] and vote "nay."

Mr. WILLIAMS (when his name was called). Transferring my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the senior Senator from New Jersey [Mr. HUGHES], I vote "yea."

The roll call was concluded.

Mr. LA FOLLETTE (after having voted in the negative). Mr. President, if it is in order I wish to make a parliamentary inquiry.

The VICE PRESIDENT. The Chair thinks a parliamentary inquiry is in order.

Mr. LA FOLLETTE. This motion is plainly a violation of the unanimous-consent agreement. I have already voted, and voted against laying the amendment on the table, because it is a violation of the unanimous-consent agreement, which gives every Senator the right to speak for 10 minutes; but I wish now to change my vote, if the motion is carried to lay on the table. I wish to change my vote from "nay" to "yea" in order to move a reconsideration and say something to the Senate about it. I change my vote from "nay" to "yea."

Mr. BRANDEGEE. I vote "nay" because I think it is a violation of the unanimous-consent agreement.

Mr. SMOOT (after having voted in the affirmative). Because I believe it is a violation of the unanimous-consent agreement, I want to change my vote from "yea" to "nay."

Mr. THOMPSON. I have been requested to announce that the Senator from Florida [Mr. FLETCHER] is detained from the Senate on official business.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from West Virginia [Mr. GOFF] with the Senator from South Carolina [Mr. TILLMAN]; and

The Senator from Michigan [Mr. SMITH] with the Senator from Missouri [Mr. REED].

Mr. GALLINGER (after having voted in the affirmative). I desire to change my vote from "yea" to "nay."

Mr. SUTHERLAND (after having voted in the affirmative). I desire to change my vote from "yea" to "nay."

The result was announced—yeas 54, nays 25, as follows:

YEAS—54.

Bankhead	France	Hollis	Knox
Beckham	Frellinghuysen	Husting	La Follette
Broussard	Gerry	James	Lewis
Calder	Gore	Kellogg	Lodge
Chamberlain	Hale	Kendrick	Martin
Cullerson	Harding	Kenyon	Nelson
Dillingham	Hardwick	King	New

Overman	Robinson	Smith, S. C.	Walsh
Owen	Saulsbury	Sterling	Warren
Page	Sheppard	Stone	Watson
Phelan	Simmons	Swanson	Weeks
Pittman	Smith, Ariz.	Townsend	Williams
Pomerene	Smith, Ga.	Underwood	
Ransdell	Smith, Md.	Wadsworth	

NAYS—25.

Ashurst	Johnson, Cal.	Poindexter	Thompson
Borah	Jones, Wash.	Shafroth	Trammell
Brandeggee	Kirby	Sherman	Vardaman
Cummins	McCumber	Shields	Wolcott
Curtis	McKellar	Smoot	
Gallinger	McLean	Sutherland	
Gronna	Myers	Thomas	

NOT VOTING—17.

Brady	Goff	Lane	Smith, Mich.
Colt	Hitchcock	Newlands	Tillman.
Fall	Hughes	Norris	
Fernald	Johnson, S. Dak.	Penrose	
Fletcher	Jones, N. Mex.	Reed	

So the motion to lay Mr. THOMAS's amendment on the table was agreed to.

Mr. LA FOLLETTE. I move to reconsider the vote by which the Senate decided to lay the amendment on the table, and upon that I wish to say—

Mr. THOMAS. Will the Senator yield to me?

Mr. LA FOLLETTE. For a moment only.

Mr. THOMAS. I wish to give notice that when the bill comes into the Senate I shall again offer this amendment with the amendment which was suggested by the junior Senator from Minnesota [Mr. KELLOGG], and if it is laid on the table I shall have some other amendment to offer.

Mr. LA FOLLETTE. Mr. President, I changed my vote and recorded myself in favor of the motion to lay upon the table the amendment offered by the Senator from Colorado after I had voted against that motion in order that I might move to reconsider the vote. I was opposed to the motion to lay the amendment on the table because such a motion, since it cuts off debate, is in plain violation of the unanimous-consent agreement. I had intended to say something upon the amendment offered by the Senator from Colorado. I do not think I should have occupied the full 10 minutes to which the unanimous-consent agreement entitles every Senator upon each and every amendment offered to the pending bill. The Senator from Ohio selected this particular amendment, the purpose of which is to stop grain gambling, as one upon which debate should be summarily stopped by a motion to lay on the table.

Mr. President, if we are to have unanimous-consent agreements in the Senate, at least the letter, if not the spirit, of such agreements must be observed. If the Senate can make unanimous-consent agreements limiting debate upon the condition that each Senator will be recognized for 10 minutes, if he desires, and then violate not only the spirit but the letter of the agreement by moving to lay amendments offered upon the table, cutting off debate, then by so doing you can enforce the most drastic form of cloture. But resort to such a practice will render it impossible ever to secure another unanimous-consent agreement upon any bill.

Mr. SMITH of Georgia. Will the Senator allow me to state that no one suggested that he wanted to speak further?

Mr. LA FOLLETTE. I did not have the opportunity to suggest it. The Senator from Ohio was recognized, and after making some comment upon the amendment he then moved to lay it upon the table, thus ending the debate.

Mr. SMITH of Georgia. I wish to say that I would not have voted to lay it on the table—

Mr. LA FOLLETTE. I do not believe the Senator would.

Mr. SMITH of Georgia. Had anyone suggested a desire to speak.

Mr. LA FOLLETTE. I do not think the Senator would.

Mr. THOMAS. Mr. President, the junior Senator from Mississippi [Mr. VARDAMAN] was trying to get recognition when the Chair recognized the Senator from Ohio.

Mr. LA FOLLETTE. Well, Mr. President, I move to reconsider the vote by which the amendment was laid upon the table, and it is so plain that it ought to be reconsidered that I do not care to say another word upon the question.

Mr. GALLINGER. Mr. President, believing that the motion to lay an amendment on the table is in palpable violation of the unanimous-consent agreement I changed my vote from "yea" to "nay," and I hope that the motion to reconsider will be agreed to without a prolonged debate. The unanimous-consent agreement is clear; there can be no question about what privileges Senators have under that agreement; and the agreement ought to be carried out to the letter.

Mr. STERLING. Mr. President, merely a parliamentary inquiry. Who is to decide, and how shall it be decided, as to

whether or not this is a violation of the unanimous-consent agreement? Should there not be a ruling upon that question?

Mr. LA FOLLETTE. We will decide that when we vote on this motion.

Mr. OVERMAN. I hope the motion will prevail.

Mr. STERLING. I do not know whether it was left to be decided by the vote on the motion or not.

The VICE PRESIDENT. No point of order was raised until the roll call was ordered. There was strictly no right to stop the roll call, even to let the Senator from Wisconsin explain, when he rose to a parliamentary inquiry; but the Chair did it, and there is no action that the Chair can now take, as the Chair sees it.

Mr. OVERMAN. Mr. President, I hope the motion of the Senator from Wisconsin will prevail. If, under the unanimous-consent agreement, any Senator desires to speak I think he ought to have a right to speak.

Mr. LEWIS. I should like to voice my indorsement of that. We on this side were of the opinion that debate had concluded by consent.

The VICE PRESIDENT. The question is on the motion to reconsider. [Putting the question.] The motion is agreed to, and the vote is reconsidered.

Mr. LA FOLLETTE. Unanimously.

The VICE PRESIDENT. The amendment is before the Senate.

Mr. VARDAMAN. Mr. President, I have never been able to understand how the producers of grain in this country could be benefited by permitting the product of their toil to be the sport of a lot of gamblers who produce nothing, but force the prices up and down, as may best advance their dishonest purposes. The Senator from South Carolina speaks of the "pirates" who take advantage of the stock exchange to run down prices and otherwise manipulate the prices of the necessities of life. The only way to get rid of the "pirate" who takes advantage of the stock exchange to do his dirty work of plundering and profaning the helpless private person is to close the stock exchange which permits the pirates to operate at its board. The great trouble about the whole matter is that the stock exchange is generally under the control of the pirates, and what they do themselves or permit in the exchange is in the interest of the pirates and against the interests of the honest man who labors to produce the grain that feeds the world.

Without imputing improper motives to anyone, it strikes me that the man who wants to get rid of the evil or stop a bad practice would be in favor of legislating to that end right now. This bill is intended to prevent the perpetration of a great number of crimes and misdemeanors. It is for the purpose of restraining men from doing things that would be hurtful to the Nation if done in time of war. I can not conceive of anything more important, in which the people are more vitally interested, than the supply of necessary food and the control of prices as a war measure. The man who would undertake to unduly raise the prices of the necessities of life or withhold from the soldiers in the field and the women and children at home the food necessary to sustain life is a greater enemy to the country than the traitor who sells his nation's secrets to the enemy, or one who leads his country's army into ambush. As a matter of fact, the scoundrel ought to be sent to the penitentiary or hanged. And now, if it is a crime to deprive the women and children of food or withhold it from the soldier in the field, then I submit that this amendment ought to be adopted and adopted now.

It has a very proper place in this bill. The argument that this bill should be permitted to pass and take this question up for consideration in another bill does not appeal to me at all. The same objection I apprehend will be urged against it even in the Agricultural bill or the bill providing for the control of food supplies. The question of dealing in futures has been discussed upon this floor upon other and divers occasions, and every time it came up the friends and apologists of the exchange were always earnest in their advocacy of postponement lest by hasty legislation we may disorganize the business of the country.

Mr. WADSWORTH. Mr. President—

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

Mr. VARDAMAN. I do, with pleasure.

Mr. WADSWORTH. Would the Senator be willing to give a definition of speculation in the necessities of life?

Mr. VARDAMAN. The idea I had in mind when I used the word "speculation" was that when men go upon the exchange and buy wheat or other foodstuff not in existence, not intending to have the amount purchased delivered or the seller to deliver the product sold, for the purpose of raising or lowering the price, that is speculation; that is making the product of human toil the plaything of men who do not produce anything. It is gam-

bling, pure and simple, and the interest of the man who produces the thing in which they gamble is in no way considered in the transaction. If the price goes up the producer, if he has been fortunate enough to hold the product of his farm, may be interested, but it is more often the case that the commodity is forced up and the consumer compelled to pay an artificial price for the product of the farm after it has passed from the hands of the man whose toil produced it. It ought not to be permitted. It is a bad practice—a crime against labor—and the only way to prevent it is by a solemn legislative enactment, as is proposed in the amendment offered by the Senator from Colorado [Mr. THOMAS].

I wish that I might be permitted to add cotton to the list of articles in which speculation is prohibited, but I am not going to propose that because probably it is not so necessary just now as it is to protect the prices of foodstuff.

Now, the suggestion that there is a "lack of information" on the subject: Why, Mr. President, this subject has been discussed at great length on the floor of this Chamber. Every phase of the scheme has been presented with great ability by friends of the stock exchange, the defenders of gambling, and also by Senators who are opposed to any sort of legislation on this subject. The evils of speculation in the grain and stock exchanges of the United States are matters of common knowledge and I do not see how any good could come from further postponement of legislation unless it be to give the gamblers a little more time to carry on their devastating, plundering work.

Now, if there is any merit in the measure proposed by the Senator from Oklahoma [Mr. GORE], to give the President of the United States the power to close the exchanges or to surround them with certain restrictions, proscriptions, or rules, certainly this Congress, the lawmaking body of the Government, ought to be quite as capable of handling the question, and I submit the Congress is the proper forum for the consideration of all such matters.

I admit that there is some question about the constitutionality of the amendment offered by the Senator from Colorado, but I am going to resolve the doubt in favor of the amendment, because I realize that the adoption of the amendment will be of far-reaching good and help to the American people who need protection from the commercial pirates and the financial buccaneers who would coin human souls into dollars and wreck the Republic if the pecuniary reward was large enough.

Mr. STERLING. Mr. President, I simply want to say that I voted to lay the amendment of the Senator from Colorado on the table, not thinking at the time that it was in violation of the unanimous-consent agreement; but pending the discussion I have looked over the amendment, and it seems to me that there are some things about it that are quite objectionable. The amendment is not a prohibition of speculation, but it provides for a suspension of boards of trade, chambers of commerce, stock exchanges, and other bodies or associations engaged in permitting speculation in food products of any character.

Mr. President, there may have been some abuses in boards of trade and chambers of commerce with regard to dealing in food products, but I think also that chambers of commerce and boards of trade are recognized as great instrumentalities of commerce. Why should we now here suspend all operations, legitimate and illegitimate alike, of such boards of trade and chambers of commerce? That is what the amendment will do. It provides:

That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged in or permitting speculations in food products of any character in the form of what are known as futures, or in any other form or character, are hereby suspended.

Mr. THOMAS. Will the Senator from South Dakota permit me to interrupt him at that point?

The PRESIDING OFFICER (Mr. WADSWORTH in the chair). Does the Senator from South Dakota yield to the Senator from Colorado?

Mr. STERLING. Yes.

Mr. THOMAS. The junior Senator from Minnesota [Mr. KELLOGG] has suggested an amendment which, when offered, I think I shall accept, which is designed to meet the criticism which the Senator from South Dakota is making, and which is a very sound one.

Mr. STERLING. Very well. I thought the amendment which was proposed by the Senator from Colorado was altogether too broad.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Oklahoma.

Mr. GALLINGER. Mr. President, the request has been made that the amendment proposed on the part of the junior Senator from Minnesota be read for information at this point.

The PRESIDING OFFICER. Without objection, the amendment will be read for information.

Mr. KELLOGG. I now offer the amendment.

The PRESIDING OFFICER. The Secretary will state the amendment proposed by the Senator from Minnesota. The Chair understands that the amendment of the Senator from Oklahoma is withdrawn?

Mr. GORE. Yes.

The SECRETARY. At the end of the amendment proposed by Mr. THOMAS it is proposed by Mr. KELLOGG to insert the following proviso:

Provided, That nothing herein shall prevent the actual sale or purchase of commodities in good faith for future delivery and where the products are to be delivered, instead of settled for as is usual in speculative trade.

Mr. KELLOGG obtained the floor.

Mr. GRONNA. Mr. President, will the Senator yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from North Dakota?

Mr. KELLOGG. I yield for a moment.

Mr. GRONNA. I suggest to the Senator from Minnesota, since he uses the word "actual" in the beginning of the sentence in connection with the words "sale or purchase," that he also use the word "actual" in connection with the words "future delivery."

Mr. KELLOGG. I have no objection to the word "actual" being inserted there, so that it will read "for actual future delivery."

I offer this amendment and desire one moment to explain it. All the grain bought on the Great Lakes during the winter season has to be sold for delivery after navigation opens in the spring—I refer to the actual grain. No company could afford to buy and take the risk of a rise or fall in the market; in other words, speculate in grain. So they must sell it for delivery when navigation opens.

Mr. WILLIAMS. Mr. President, will the Senator pardon me there, just for a suggestion?

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

Mr. KELLOGG. Yes.

Mr. WILLIAMS. We found when we were considering this same question with regard to cotton that it would not do to use the words "which are to be delivered," because on the exchanges they pretend always to sell for delivery, and so we used the words "subsequently actually delivered."

Mr. KELLOGG. I have no objection to the Senator perfecting the amendment. I hurriedly drew the amendment to the amendment upon the floor this morning to protect actual purchases of material for future delivery. Manufacturers all over this country are compelled to contract in advance—all the way from 1 to 12 months—for their materials to be delivered in the future, in order to carry on their manufacturing business. I am quite sure that it was not the intention of the Senator from Colorado to prevent contracts for the sale and purchase for future delivery of materials and commodities in the exchanges or outside of the exchanges of this country. Now, I am not opposed, in fact—

Mr. KIRBY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Arkansas?

Mr. KELLOGG. Yes; although I have but 10 minutes.

Mr. KIRBY. Does not the Senator think that if his amendment used the words "for actual delivery in the future" it would relieve any ambiguity and make its meaning certain?

Mr. KELLOGG. I am perfectly willing that the Senator from Colorado shall perfect his amendment. I am not opposed to the principle, and by the vote I cast to table this amendment I do not wish to be understood as being opposed to legislation to prohibit gambling on the exchanges of this country in food products or anything else; and I shall vote at the proper time for any well-considered measure that will limit the exchanges to legitimate dealings in commercial transactions.

Mr. REED. Mr. President, will the Senator from Minnesota yield for a question?

Mr. KELLOGG. I will yield if the Senator will be brief. My time is very limited.

Mr. REED. The question will be brief, but I think it is important. Has the Federal Government any authority whatever over these exchanges or their dealings except in so far as it may regulate interstate commerce?

Mr. KELLOGG. I expect not; I understand not.

Mr. REED. If that be true, is not this whole amendment, this whole proposition, in the teeth of the Constitution?

Mr. KELLOGG. Mr. President, I have not time to enter upon a legal discussion. I presume that the Federal Government has power over contracts of sale in interstate commerce;

and as many of the exchanges deal in futures for actual delivery in interstate commerce, I presume also that the Federal Government might have power to regulate those sales. However, I do not wish to discuss that question as my time is not sufficient. But I do wish to say that I am not opposed to the prohibition of speculation in cereals and foodstuffs in this country, nor am I opposed to the prohibition of the use of cereals in the manufacture of intoxicating liquor, but I do believe that these amendments should not be placed upon the espionage bill. They are entirely foreign to the subject we are now legislating about. Discussion on this measure should end, and the bill should be passed so that we may take up other important legislation. We still have pending the Army organization bill, which has been before Congress for nearly a month but which is still in conference. We have the appropriation bill, shipping bill, food-control bill, and revenue bill, all of which are of the most surpassing importance to the people of this country in this war. Are we going to spend three weeks more in legal argument, on technicalities, in trying to place all kinds of amendments on the espionage bill, in taking up the entire summer while time is running and the public and necessities of the Nation are demanding the adoption of these important measures which are essential to our very existence?

I shall vote when the time arrives to limit exchanges to legitimate business and to prohibit, if necessary, the use of cereals in the manufacture of intoxicating liquors, but I do firmly believe that we should pass this bill now and end discussion.

Mr. SMITH of Georgia obtained the floor.

Mr. GORE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Oklahoma?

Mr. SMITH of Georgia. I yield to the Senator from Oklahoma.

Mr. GORE. I desire to ask the Senator from Minnesota if he thinks his amendment as drawn would permit actual hedging against contracts for the future delivery of actual goods or stock?

Mr. KELLOGG. I will say to the Senator from Oklahoma that that was the intention. I do believe, however, that the amendment of the Senator from Colorado, which I do not oppose in principle, ought to receive careful consideration and be re-drafted so that anyone actually purchasing any product and desiring to sell it for future delivery may protect himself against loss.

In answer to the question of the Senator from Oklahoma I will say that all grain is bought practically in the winter for spring delivery. No company could afford to fill an elevator and take the risk of the rise and fall of the market. It must of necessity sell that grain. It is called hedging, but it is the sale of actual grain for delivery in the spring, or in some future month, so that the company buying the grain and handling it in commerce does not take the risk.

I hope this amendment will cover what the Senator from Oklahoma suggests; but if it does not, it ought to be drafted with some care. One can not draw an amendment of that importance in five minutes, while sitting in the Senate, in connection with a bill of such importance as the one now pending before the Senate.

Mr. GORE. Mr. President, I doubt whether the language of the Senator's amendment would permit the actual hedging, and, in my judgment, if you prevent actual contracts for future delivery and actual hedgings against these transactions, you will shipwreck the entire business and do a great deal more harm than good; in fact, it would be a public calamity.

Mr. SMITH of Georgia. Mr. President, it is well known that the Committee on Agriculture has been working upon a food bill and has reported it. It is the hope of the members of that committee that, immediately after the disposition of this measure, we will take up the food-control bill, at which time the broadest opportunity will be given to Senators to contribute their best thought to making it a really serviceable measure.

I have no fixed view on these proposed amendments. I do not know whether I am for them or against them, and I do not wish to vote on them now. I wish to vote on them when they are offered as part of the food-control bill, which, as I have said, I think will come up immediately after the espionage bill has been passed. I will vote against this amendment now in order that I may consider it then.

But the Senator from Colorado says that we voted for the amendment of the Senator from Iowa on Saturday. Perhaps we made a mistake. Perhaps we ought to have left that for fuller consideration in connection with the general food bill; but I was so sure how I stood on it that I was not embarrassed about voting. As a matter of wise policy it probably would have been better to have let that amendment also wait and come

up in connection with the full discussion of food control, which I hope will immediately follow the bill now before the Senate.

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

Mr. SMITH of Georgia. Yes.

Mr. VARDAMAN. This amendment, as I understand it, does not treat the subject of food control. It simply prevents the speculator from stealing, from robbing—

Mr. SMITH of Georgia. I can not yield to the Senator, in the little time I have, except for a question. I do not know whether he is right about that. I do not understand it well enough to know whether it prevents robbing, or whether it may be so drawn as to interfere with legitimate business. I want a broader opportunity to consider it, when the entire subject of food control is the subject before the Senate; when the problem before the Senate will be, How shall we undertake to regulate food control, to put a stop to gambling and to that improper conduct which is unjustly affecting the price between the time the food passes from the producer and the time it reaches the consumer?

I hope we will take up that bill next. I hope we will consider the subject of this amendment fully then; and I vote against it now that I may have the opportunity of considering it then, along with kindred matters.

Mr. THOMAS. Mr. President, an amendment having been offered by the Senator from Minnesota, I am given an opportunity to reply to some objections offered to the immediate consideration of this very important topic.

The suggestion made by a number of Senators—the Senator from Georgia among the number—remind me of a very familiar incident in Holy Writ, wherein Felix told Paul to go his way until a more convenient season. This is not the time, it seems, to regulate or attempt to regulate a matter of prime importance, and I am satisfied from what has been said that, if it is so difficult of understanding, the Agricultural Committee in all probability will be engaged a very considerable time in discussing its various phases. Meanwhile, Mr. President—

Mr. SMITH of Georgia. Mr. President, the bill is before the Senate, and ready to be taken up.

Mr. THOMAS. I understood the Senator to say—or certainly some one of the Senators made the statement—that the bill was before the Committee on Agriculture.

Mr. VARDAMAN. This provision is not in it.

Mr. THOMAS. But, Mr. President, while we are discussing that measure, the prices of foods are continually rising, and the process is being accelerated by the speculators and gamblers upon these boards of trade.

Two things are said to be essential to a genuine riot: One is hunger and the other an idea. We may have plenty, but some people in this country are starving, or threatened with starvation, in the midst of plenty; and the idea, rapidly growing, with a firm foundation to support it, is that the interference by individuals and societies and boards of trade and exchanges with the distribution of the food and massing it together to control it and create local scarcities in different communities and places is a cause of these enormous prevailing prices for the ordinary necessities of life. What I want is to prevent the hunger, which does exist in some places, and the idea, which is constantly growing, from fusing into open revolt; and I fear it is coming. There is no proposition that we can deal with as a war measure of more pressing importance to-day than the question of food supply and its distribution.

I believe, Mr. President, that now is the time to act. It is more important than any other one item for our immediate consideration. The constitutionality of this amendment is assailed. Mr. President, if the Government of the United States had the power, through the exercise of Federal authority, to suppress the lotteries of the country, then it certainly has the authority to prevent gambling in the necessities of life—the greatest crime now being committed on a large scale in this country.

Mr. REED. Mr. President—

Mr. THOMAS. While I should like to go on, I will yield to the Senator.

Mr. REED. I was just going to ask the Senator if the Government did not reach the lottery by shutting it out of the mails and by stopping interstate transactions, and not by undertaking to go down and suppress the lottery itself?

Mr. THOMAS. It did adopt that method; but we are not confined to that method only. Now, it is true that overbuying has considerable to do with existing prices; but the very fact that there is overbuying indicates that speculation can utilize that fact to increase prices.

Of course there is plenty of food in the country. I do not question that. The very fact that there is plenty of food in the

country, and that the people know it, only aggravates the situation. There being plenty, why can not the people get it? Why can not the man who is working for \$100 a month, with a large family to support, secure the absolute necessities of life within his means and his income as heretofore? He can not do it, and the margin between what he receives and what he has to pay is constantly widening. That man wants relief. He must have it. Now, we may train armies to meet our foes from without, but matters of internal concern may become of far more tremendous importance, especially if the evils now extant are the result of our omissions of duty in crises like these.

The Senator from South Carolina [Mr. SMITH] suggests that we may be interfering with something to which the people have been accustomed. It is true that speculation and gambling on the public exchanges in the necessities of life have been going on so long that we have become indurated to them. The same is the case with the use of intoxicants all over the United States. That is deplorable. You can not, however, accustom the people to starvation. You can not accustom them to living beyond their income, with absolute bankruptcy and ruin inevitably confronting them.

I do not want to interfere with legitimate business, but I do want, Mr. President, if it is possible, in this espionage bill, as a war measure, to see the Government extend its arm and close its hand upon the gamblers in the necessities of life who profit by and gloat over the sufferings and requirements of the people, who coin the hunger of women and children into dirty dollars, while we face the greatest peril of the Nation's life.

Mr. WALSH. Mr. President, I am very sure there will be very general acquiescence by the Senate in the sentiments expressed by the Senator from Colorado [Mr. THOMAS], but I desire for a few moments to invite his attention and the attention of the Senate to the amendment that is under consideration before us to meet the evil of which he speaks.

This amendment is not aimed at the act of speculating at all. That is not its purpose. It declares as follows:

That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged in or permitting speculations in food products of any character * * * are hereby suspended until the President * * * shall—

And so forth.

Now, Mr. President, what does that touch: "All boards of trade * * * engaged in or permitting speculations in food products * * * are hereby suspended"? Now, what does "speculation" mean? I have before me here the work entitled "Words and Phrases." According to that—

"Speculate" means to "take the risk of loss in view of possible gain." (Arentsen v. Moreland, 122 Wis., 167.)

Why, Mr. President, that is what boards of trade exist for, to enable persons to buy, in the expectation of making a gain on their purchase, with a chance of losing. So this means—and we might as well understand the measure that we are voting on—that every board of trade is by this act suspended.

Mr. THOMAS. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Colorado?

Mr. WALSH. I shall be glad to yield.

Mr. THOMAS. Does the Senator think that boards of trade the members of which are engaged in buying and selling millions upon millions of bushels of grain which has no existence, which never had any existence, and which never will have any existence, for the purpose of manipulating the price upon the smaller amount which has existence, should be permitted to continue their operations at the present time if the Government can prevent it?

Mr. WALSH. I do not, and I am endeavoring to direct the attention of the Senate to the fact that the Senator's amendment does not attempt to reach such an evil as that; that to reach that he outlaws every public market in the country that is engaged in affording buyers and sellers an opportunity to come together. Now, you can not stand for that.

Mr. KIRBY and Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana has the floor. Does he yield, and to whom?

Mr. WALSH. Wait a minute. I want to answer the Senator from Colorado by calling his attention and the attention of the Senate to the fact that another committee of this body, the Judiciary Committee, has been endeavoring to deal with that evil. The Judiciary Committee has been confronted with the necessity of trying to make provision to prevent and punish exactly the thing that the Senator from Colorado now talks about. A subcommittee of that committee consisting of the Senator from Washington [Mr. POINDEXTER], the Senator from

Utah [Mr. KING], and myself, reported this morning the following bill:

That any person carrying on or employed in commerce among the several States, or with foreign nations, or with or in the Territories or other possessions of the United States, in any article suitable for human food, fuel, or other necessities of life, who, either in his individual capacity or as an officer, agent, or employee of a corporation or member of a partnership carrying on or employed in such trade, shall store, acquire, or hold, or who shall destroy or make away with any article for the purpose of limiting the supply thereof to the public or affecting the market price thereof in such commerce, whether temporarily or otherwise, shall be deemed guilty of a felony, and be punished by imprisonment in the penitentiary for not less than six months nor more than four years.

Mr. BORAH. Mr. President—

Mr. WALSH. That bill expresses quite clearly my desire, quite in accord with the desire of the Senator from Colorado, to do away with the evil which he so eloquently and so very properly denounces.

Mr. KIRBY. Mr. President, I should like to ask the Senator a question.

Mr. WALSH. But, Mr. President, the question is whether, in order to do away with that evil, you are going to abolish the very market in which the farmer of this country finds an opportunity to dispose of his produce.

I yield to the Senator from Arkansas.

Mr. KIRBY. Is it not true that if this bill means what the Senator says it does, it is limited by the amendment accepted to such transactions as are speculative and gambling in character and not intended for delivery at all?

Mr. WALSH. Not in the slightest degree.

Mr. KIRBY. I want to ask the Senator another question.

Mr. WALSH. Let me answer—

The PRESIDING OFFICER. The Senator from Montana has the floor. Does he yield to the Senator from Arkansas?

Mr. WALSH. I yield.

Mr. KIRBY. Does not the bill that the Senator proposes there only affect the man who actually puts his money into the stuff and corners it, whereas here we are trying to abolish the kind of speculation where a man does not have to buy anything at all, but just puts up margins and gambles on it? The Senator is willing to regulate the man who actually puts all his money into a commodity and stores it up—and he ought to be regulated, perhaps—

Mr. WALSH. I decline—

Mr. KIRBY. But this other measure is designed to reach the man who does not actually buy anything at all. That is the question.

The PRESIDING OFFICER. The Senator from Montana has the floor and yielded it for a question?

Mr. KIRBY. That is the question.

Mr. WALSH. I yielded to the Senator for a question. He abused my courtesy in the matter.

Mr. KIRBY. I beg the Senator's pardon. I only wished to submit the question.

Mr. WALSH. I did not want to yield to the Senator to make an argument. Now I reply to his question.

Mr. KIRBY. And I beg that the Senator may have the 10 minutes that I would have had to discuss this question.

Mr. WALSH. Mr. President, that does not affect the situation at all. This abolishes all boards of trade that permit speculation, and speculation, as I have indicated, is the buying of property, taking some risk, with the hope of making some gain. That is the legal definition of the word "speculation."

Mr. President, I want to remark also that even so, it is utterly impossible to tell what this amendment means. It says:

That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged in or permitting speculations in food products of any character in the form of what are known as futures, or in any form or character, are hereby suspended.

"Speculation in any form or character." Now, does that mean that the boards of trade which now exist may correct their practices in the future; and, if so, they shall be permitted to continue their existence? Or does it mean that any board of trade that now permits this, however resolute may be its purpose in the future to change its methods of operation, shall be suspended? Bear in mind, the act will speak as of the date when it is passed; that is, at the time this act is passed any board which, by its regular procedure, permits these things to be done is thereby suspended.

Mr. THOMAS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Colorado?

Mr. WALSH. I yield.

Mr. THOMAS. I want to remind the Senator that an amendment has been offered to this amendment by the Senator from Minnesota, with which I think he is not familiar. I wish to say

also that if the Senator's argument is sound the Chicago exchange should resume its gambling practices which it voluntarily suspended last Friday.

Mr. WALSH. The Chicago Board of Trade, as I understood, prevented speculation in May wheat; it suspended any futures whatsoever in May wheat; and, as pointed out by the Senator from Minnesota, it has prohibited even the most legitimate transactions in May wheat—that is, as I understand, any futures whatever in the sale of wheat.

Mr. President, that is all that I care to say about this matter. I wish to have it understood that you are not voting to punish anybody who shall speculate at all. You are not voting to punish in any manner the boards that now permit speculation or that may permit it in the future; but you are voting here to disturb and to destroy the very heart of these great business enterprises in the country.

The PRESIDING OFFICER. The time of the Senator from Montana has expired.

Mr. KNOX. Mr. President, I intend to vote against this amendment, not because I am not in entire sympathy with the purpose but I think that perhaps this is not the time to consider so grave and important and so complicated a question. The Congress of the United States and the legislatures of the various States of the Union have for many years been endeavoring to deal with this question of checking speculation or speculative gambling. We are now dealing with a bill primarily having reference to interference with our foreign relations. Of course, perhaps the inclusion of the words "foreign commerce" in the title might in some sense suggest that this amendment is germane, but only in about the same sense that I noticed once in Yonkers, in your State, Mr. President (Mr. WADSWORTH in the chair), a signboard by a little hut at the edge of the village "Bull pups and violets for sale here." It never struck me that they were exactly germane, but the vendor in that case thought that they, perhaps, were.

However, this amendment has a specific purpose, and that purpose is to punish the people who engage in the nefarious practice of undertaking to make money out of the necessities of the people and to corner the prime necessities of life. The amendment undertakes to close institutions of great utility, institutions without which the farmer, the lumberman, the wool man, or the cotton raiser could not get the best price for his product. It is necessary for boards of trade and chambers of commerce to exist for the benefit of the producer. It is their legitimate business to bring the purchaser and the seller together and to establish an opportunity to get the best price. I think it is now generally recognized that no moral turpitude is involved in the conduct of a board of trade or a chamber of commerce.

This provision is, I think, predicated largely upon a mistake. It says that the boards of trade and chambers of commerce that are engaged in speculative enterprises shall be abolished. Boards of trade and chambers of commerce are not engaged in enterprises of any kind except to give the facilities of their floors to the actual trader, but the entity itself does not engage in transactions. But it adds another clause:

Engaged in or permitting speculations.

The Senator from Colorado accepts, I understand, in principle, the amendment of the junior Senator from Minnesota [Mr. KELLOGG] that this shall not prevent the actual sale or purchase of commodities in good faith for actual future delivery, which it should not, because there is no great enterprise that does not purchase its material, raw or finished as the case may be, long in advance, long in the future, and before they are created. We purchase labor now in advance by making agreements with the unions running along a certain period in advance before the prices are made upon commodities.

But even though the construction is placed that the amendment of the junior Senator from Minnesota to the amendment puts upon it, I want to ask this question: How would a chamber of commerce or a board of trade know that a transaction, valid upon its face, between A and B, which was completed upon the floor of the chamber, was designed to contemplate an actual delivery or not? There is absolutely no distinction in the form of the contract. If I buy from you, Mr. President, a thousand bushels of wheat to be delivered next autumn, no one would know but you or I whether I intend to make you a delivery or whether our intention is to settle upon the margin.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from North Dakota?

Mr. KNOX. I do.

Mr. GRONNA. The Senator from Pennsylvania stated that the exchanges were operating for the benefit of the producer, and I have no doubt but what the Senator believes that to be

the case. Does the Senator mean by that statement that the producers have a right to enter these exchanges and actually sell or offer for sale their products?

Mr. KNOX. Only through the brokers. These organizations are created for the purpose of bringing the buyer and seller together. I do not wish the Senator from North Dakota to understand that I believe they are not abused. I think though that we ought to sit down in connection with some bill to which the matter is more germane and trace the thing out artistically and scientifically, so that we may reach the evil.

Mr. GRONNA. Will the Senator permit me another question? The Senator has stated that the producer would only be permitted to make the exchange or the sale through a broker. Could he do that through any broker in the United States?

Mr. KNOX. No; he must be a broker who is a member of the board of trade.

Mr. GRONNA. Of that particular exchange? Of course I suppose the Senator knows that the producers of the Northwest have actually been discriminated against and refused—

Mr. KNOX. I shall have to insist upon having the remainder of my time. I am not willing to yield.

Mr. GRONNA. I say this for the purpose of giving the Senator the information that there is more than one exchange, for instance, we will say in a certain city—

Mr. KNOX. Mr. President, I accept the motive of the Senator, and I am much obliged for the information that he is imparting, but that only gives emphasis—

Mr. GRONNA. I shall, in my own time, give the information.

Mr. KNOX. It only gives emphasis to the fact that there are questions connected with this amendment that should be thrashed out, and that we ought to take it up as a whole and not work on it in piecemeal on this particular bill, without an opportunity to give it thorough and intelligent consideration.

I am just as much in sympathy with any legislation that will lay its hands upon those who speculate in the commodities of life to the detriment of the public as any man on the floor of the Senate, but when I reach forth to lay hands upon that nefarious practice I want to do it in an effective way and in a way that the first court to which the legislation may be submitted will not drive a horse and cart through it.

Mr. President, the whole purpose of my observation was to suggest that this matter should go over until the time when we can consider it more deliberately and as deliberately as its importance demands.

Mr. PITTMAN. Mr. President, while I favor the purpose of this amendment and believe that every Senator here favors it, I am going to decline now and from now on to vote for any amendment or any bill simply because the purpose of the amendment or the bill meets my approval when I am unable to construe the effect of the language used in the amendment or the bill. I am unable to construe the language of this amendment. I do not know whether it would accomplish the purpose of the Senator from Colorado or not.

Mr. THOMAS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Colorado?

Mr. PITTMAN. I yield.

Mr. THOMAS. If the Senator is in favor of the purpose of the amendment, and I do not doubt it, I would be very glad to accept any change in the phraseology that, in his judgment, would carry out his purpose.

Mr. PITTMAN. The Senator has shown that very clearly heretofore when he accepted the amendment offered by the Senator from Minnesota. This discloses the fact that he drew this amendment hastily and without giving it sufficient consideration. He admitted that the amendment of the Senator from Minnesota was an exception and a very important exception to his prohibition of the dealing in futures.

Mr. THOMAS. I did not draw the amendment hastily; but at the same time, if I have not covered the purpose properly I am more than willing to again offer to accept such changes as will, in his judgment, carry out the purpose the Senator has in mind.

Mr. PITTMAN. I have such a high opinion of the Senator's ability as a lawyer and statesman that I imagine if he had not drawn it hastily without proper consideration he himself would have put in the amendment that the Senator from Minnesota offered. I am satisfied also that the language used in this amendment would not have been the language used by the Senator if he had drawn it carefully. I do not think he would have used the words:

Speculations in food products of any character in the form of what are known as futures or in any other form or character.

There is no one here who does not desire to prevent gambling in food products as distinguished from speculation in food prod-

ucts. The Senator has not drawn that distinction in this amendment.

The Senator has gone further and stated that—

all agreements, wages, and contracts for wagers regarding food products of this character now and heretofore made shall be prohibited.

I am satisfied that the Senator from Colorado does not mean to say that a contract heretofore entered into is prohibited under this bill, and yet that is the language used in it. He states that if a contract heretofore executed as prohibited in this bill is in existence in one of these stock exchanges, then such exchange is suspended. I am sure he does not mean that, and yet it is in the amendment of the Senator.

I simply bring that up for the purpose of illustrating that this amendment is illy considered, that it has not been considered at all. There has not been a Senator on the floor discussing it who has given any clear construction of the language in it; they have all argued the question as to whether or not we should prohibit gambling in food products. We all agree on that proposition.

Mr. KIRBY. I would like to ask a question.

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. PITTMAN. I yield.

Mr. KIRBY. Is it not a well-settled rule of construction that no court ever gives any language in a statute a retrospective or retroactive effect unless compelled to do so by the express intent of the act?

Mr. PITTMAN. I think the Senator from Colorado is also too good a lawyer to put that in this bill unless inadvertently. It simply illustrates what I am saying—that there is no Senator here who does not understand what is the purpose of the amendment. He understands the intention of the Senator from Colorado, but he does not understand what this language means. There is no definition of the offense given in the amendment; and I am not willing to stand here and vote for ill-considered amendments or bills simply because the intention of the author is good and meets my approval. I want to know from now on whether the language expresses the desire of the Senator who offers it. I want some appropriate committee to give careful attention to this most important subject, because I hope a bill will pass that will destroy gambling in food products and will not at the same time destroy the legitimate functions of legitimate exchanges and boards of commerce.

Mr. THOMAS. In order to meet the criticism of the Senator from Nevada, I shall ask leave to strike out the word "heretofore," on line 8, and make it "hereafter," as I should like to get the Senator to vote for the amendment. I understand by unanimous consent the permission of the Senate is granted to make that change?

The PRESIDING OFFICER. The Senator can modify his own amendment.

Mr. REED. Mr. President, I have already stated my sympathy for this kind of legislation and with what is in the mind of the Senator who offered the amendment. I do not want to be always harping about the Constitution, but it does seem to me lately that the Constitution is about as much thought of here as a statute of Henry VIII. This is the first time it has ever been proposed to my knowledge to undertake to go into the various States of the Union and affect a matter that is purely local. We undertook to destroy the Louisiana lottery, but how did we undertake to do it? We did not enact a statute saying "it is hereby declared unlawful to conduct such a lottery in the United States"—nothing of that sort. We did not reach the Louisiana lottery in that way. The lawmakers of that day did have some regard for the Constitution. I am not saying that we have altogether forgotten it—but they planted themselves on a constitutional power. Accordingly, if you will examine the lottery statutes, you will find this to be the enactment:

Whoever shall bring or cause to be brought into the United States or any place subject to the jurisdiction thereof, from any foreign country, for the purpose of disposing of the same, any paper certificate or instrument purporting to be or to represent a ticket, chance, share, or interest in or dependent upon the event of a lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, or any advertisement of, or list of the prizes drawn or awarded by means of any such lottery, gift enterprise, or similar scheme; or shall therein knowingly deposit or cause to be deposited with any express company or other common carrier for carriage, or shall carry from one State, Territory, or District of the United States—

In other words, the crime is made to consist of bringing the tickets into the United States or in sending them from one State to the other. Thus under that clause of the Constitution we reached the crime which gives us power over interstate commerce. But no one dreamed of such a thing as the enactment of a statute simply providing that no lottery should be conducted anywhere in the United States, because that would be a matter for State control.

That same language, Mr. President, runs through all the sections and all the amendments to the lottery act. In one section they are prohibited the use of the United States mail.

So when we sought to reach the evil of dynamite in this country we did not provide that whoever should blow up a building should be guilty of a crime against the United States. However horrible and heinous that offense may be, the lawyers of that day in the Senate and out of the Senate knew that it was a matter for State control. But what we did do was to provide that whoever shall in interstate commerce transport dynamite for certain purposes shall be held guilty of a crime.

Mr. KIRBY. I should like to ask the Senator a question.

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

Mr. REED. I think I might as well, because—

Mr. KIRBY. Is it not a fact that Congress possesses power to pass a law regulating interstate commerce, and if the courts should attribute to this the exercise of that power it would be held to be constitutional?

Mr. REED. The Senator said something of that kind a moment ago, but I prefer before answering to finish the sentence which I was on. When we sought, therefore, to reach the dynamite evil we prohibited the shipment of dynamite in interstate commerce, and every man who was convicted in the dynamite cases was convicted on that ground and on that charge. He was not convicted of having blown up a building in San Francisco; he was not tried for that offense; but he was tried for sending in interstate commerce dynamite contrary to the provisions of the statute.

Now, answering the Senator's question, of course it is conceivable that if a statute be so drawn that it is and can be legitimately attributed to the exercise by Congress of a power in interstate commerce it might be so construed, and would be so construed probably. But it does not follow that if we pass a statute and say nothing about interstate commerce, leaving it out altogether, the court will then proceed to construe into the statute language that we did not put there either directly or by inference. Courts can not rewrite the statutes we enact. They may construe, but they can not pass laws.

Mr. BORAH. Mr. President—

Mr. REED. It is not proposed here to reach the transactions that are in interstate grain trade. That is not the proposition. The proposition is to reach the concerns which are engaged in transactions of a speculative nature in grain, and that would apply whether they were engaged in purely local transactions or in interstate transactions.

So I say, while I sympathize to the utmost with every effort to stop grain speculations, I am opposed to trying at this time in this haphazard way to enact the law.

Mr. OVERMAN. Mr. President—

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Missouri yield to the Senator from North Carolina?

Mr. OVERMAN. I rise, as the Senator is about finishing his speech, to a question of order, and I do so because the Senator is about through.

Mr. REED. The Senator from Idaho [Mr. BORAH] had risen to ask me a question.

Mr. OVERMAN. I know; but I am going to raise a question of order. I want the Senator to understand why I do so.

The PRESIDING OFFICER. The Senator from North Carolina will state his question of order.

Mr. OVERMAN. Under the unanimous-consent agreement a Senator can speak but once on an amendment. That does not permit him to speak once on an amendment and once on an amendment to an amendment. In other words, the speeches are limited to amendments. If the Chair will read the unanimous-consent agreement, he will see that a Senator can speak only once upon an amendment; that he can not speak twice—that is, on an amendment and on an amendment to an amendment. I raise that point as the Senator from Missouri is about through.

Mr. REED. It is entirely agreeable to me to have it raised. It is entirely plain to me that it is not a good point.

Mr. OVERMAN. I want the Chair to rule on it. I ask the Chair to read the unanimous-consent agreement.

The PRESIDING OFFICER. The Chair will say that if the Senator from Missouri had concluded and there was no one against whom the point could be raised, the Chair has no occasion for a ruling.

Mr. OVERMAN. The Senator from Missouri has the floor, but is about through. That is the reason why I raised the point. In a few minutes he would have concluded, and I raise the point of order that he is now out of order.

The PRESIDING OFFICER. Does the Senator from Missouri controvert the point of order?

Mr. REED. Undoubtedly I do.

Mr. OVERMAN. I ask the Chair to read the unanimous-consent agreement and to rule on it.

Mr. REED. We might be able to get a vote.

Mr. OVERMAN. We will never get a vote if the point of order is not well taken, because a Senator can offer an amendment to an amendment and speak on that for 10 minutes, and then he can submit another amendment to the amendment and speak on that for 10 minutes, and go on for 10 hours. The unanimous-consent agreement reads that—

No Senator shall speak more than once, or more than 10 minutes, upon the bill, the substitute, or any amendments thereto.

An amendment to the bill is not an amendment to an amendment. I call the attention of the Chair to this language.

The PRESIDING OFFICER. The Chair would like to ask the able Senator from North Carolina what his viewpoint is on the following: Suppose an amendment was tendered and then an amendment to the amendment which presented the identical subject matter. Does the able Senator from North Carolina assume that the Senator presenting the latter could not address the Senate upon it?

Mr. OVERMAN. A Senator can speak only once on an amendment according to the language of the unanimous-consent agreement.

The PRESIDING OFFICER. If the able Senator from North Carolina is correct in his construction of the order, this occupant of the chair would be compelled to hold, as presently advised, that the order does not comprehend at all an amendment to an amendment and it rests for its power under the general rules of the Senate.

Mr. OVERMAN. The agreement is that no Senator shall speak more than once on an amendment.

Mr. REED. And the logic of the Senator is this—

Mr. KIRBY. Mr. President, I wish to say—

The PRESIDING OFFICER. The Senator from Missouri has addressed the Chair. The Chair will gladly hear the Senator from Arkansas at the first auspicious moment.

Mr. REED. I have only a suggestion to make. The Senator's point is that as the language of the unanimous-consent agreement is that a Senator shall speak only once on the bill and only once on an amendment, therefore he is precluded from speaking on an amendment to an amendment. If our unanimous-consent agreement does not deal with an amendment to an amendment, then it was not intended to include an amendment to an amendment within the limitation of 10 minutes, and then we have no unanimous-consent agreement with reference to an amendment to an amendment, and we can speak on it as long as we want. It seems to me that that is the logic of the point of order raised by the Senator from North Carolina.

Mr. OVERMAN. No; a Senator can speak but once on an amendment.

The PRESIDING OFFICER. The Chair will now gladly hear the Senator from Arkansas.

Mr. KIRBY. I wish to suggest one matter relative to the point of order. I understand if the amendment proposed by the Senator from Minnesota to the amendment was accepted, and the amendment having been reconsidered, its status was the same as though it had never been voted on at all. Senators who have spoken on it before are out of order necessarily under the terms of the agreement.

Mr. WALSH. Mr. President, I should like to say a word. I do not think that that position can be sustained. The Senator from Colorado proposed an amendment. Some one talked on it for 10 minutes. The Senator from Minnesota proposed an amendment to the amendment. It would be intolerable that one would have to vote on the principle embodied in the amendment to the amendment without having an opportunity to express his views upon it.

Mr. OVERMAN. I thought the Chair had ruled against the point of order. Therefore I do not want to continue the debate on it.

The PRESIDING OFFICER. The Chair did rule against the Senator, but he is anxious to hear Senators who may have a contrary view to present.

Mr. OVERMAN. I hope that we can get a vote upon the bill. It has been before the Senate for over two weeks. It has been discussed here day in and day out, and I should like to get a vote.

Mr. KIRBY. I should like to ask the Senator from Montana a question of order. If an amendment is proposed and an amendment to that amendment is proposed and accepted, does it not become a part of the amendment, and a Senator having once spoken upon the amendment can he be permitted to speak a second time on it under the 10-minute rule now in force?

Mr. WALSH. I do not believe that the Senator from Colorado, by accepting the amendment proposed by the Senator from Minnesota, can possibly preclude me from discussing the principle of the amendment proposed by the Senator from Minnesota to the amendment.

Mr. OVERMAN. If a Senator wants to talk for six hours on any one amendment, he can do so according to the unanimous-consent agreement if the ruling of the Chair is right; but I am not going to appeal from his decision. A Senator can move to strike out any word in an amendment at any time and speak to this amendment to the amendment, and keep on submitting an amendment to the amendment, and so he could speak for 10 hours under that construction of the unanimous-consent agreement.

Mr. WALSH. Of course, if anyone would attempt thus to violate the spirit of the agreement we could deal with that question when it came up.

Mr. OVERMAN. That is the point I am making. I want to know whether we can stop debate. If we can not stop it, it may go on indefinitely. I do not make any appeal. The Chair has already ruled on the question, and I will not discuss it.

Mr. REED. I suggest if the Senator in charge of the bill would ask unanimous consent to vote upon the bill at a given hour he might get it.

Mr. OVERMAN. I do not think so. I have tried it.

Mr. BORAH. If the point of order has been disposed of, I wish to address the Chair.

Mr. WALSH. I rose to address the Chair.

Mr. BORAH. Excuse me; I thought the Senator from Montana was through.

The PRESIDING OFFICER. The Senator from Montana still maintains the floor.

Mr. WALSH. Mr. President, I address myself to the amendment before the Senate, and I want to seize the opportunity to reply specifically to the question addressed me when I was on the floor before by the Senator from Arkansas [Mr. KIRBY]. Possibly at the time I replied with more acerbity than the provocation justified, but I want to call attention to it by the reason of the amendment just accepted by the Senator from Colorado. I trust the Senator from Arizona [Mr. SMITH] will permit the Senator from Colorado to give me his attention. I trust that order may be restored until I call attention to the matter.

Mr. THOMAS. I beg the Senator's pardon; I was not aware that the Senator was addressing his remarks to me.

The PRESIDING OFFICER. The Chair quite understands that the Senator from Colorado did not hear the first observation of the Senator from Montana.

Mr. WALSH. I desire to invite the attention of the Senator from Colorado again to the fact that the amendment in its outset abolishes all boards of trade. Then, after all such boards of trade are abolished, it provides—

Mr. THOMAS. Mr. President—

Mr. WALSH. I hope the Senator will wait a moment until I have made the statement. It provides that such contracts as the Senator desires to prohibit are forbidden. Of course, that means outside of the boards of trade, for the boards of trade are abolished.

Mr. THOMAS. Mr. President, if the Senator will permit me, the amendment does no such thing, if I understand the English language. It suspends such boards of trade as permit gambling in foods during the war.

Mr. WALSH. No; Mr. President, that is not the language of the amendment. That is the point I am trying to make. What the Senator wants to do is what he now says he wants to do; that is to say, his amendment should provide, in substance, that hereafter any board of trade which shall be found to permit these practices shall be thereafter suspended during the war; but, Mr. President, I call attention to the fact that that is not what the amendment provides. I want to speak now with reference to the amendment which the Senator from Colorado has just accepted, the amendment proposed by the junior Senator from Minnesota [Mr. KELLOGG] to show the Senator from Arkansas [Mr. KIRBY] that that is not the case. It abolishes all boards of trade and then provides:

And—

Now, this is a new thing; the boards of trade are all suspended—

all agreements, wagers, and contracts for wagers regarding food products of this character now and hereafter—

As the Senator now makes it—

made in or upon such exchanges, boards of trade, chambers of commerce, or other bodies or associations by the members thereof are hereby prohibited pending such proclamation.

That is to say, after all these boards of trade are abolished, if they go out on the street and make such contracts those contracts are prohibited by this provision. Then, Mr. President, in exactly the same way comes in the amendment offered by the Senator from Minnesota:

Provided, That nothing herein shall prevent the actual sale or purchase of commodities in good faith for actual future delivery, and where the products are to be delivered, instead of settled for as usual in the speculative trade.

That is to say, Mr. President, this will authorize the making of contracts of that character, and there will be no longer any board of trade upon which contracts of that character can be made. If they are made at all, they must be made in private transactions, somewhere else than in the open market such as is provided by a board of trade. That is what this amendment provides for.

The Senator says that he wants to abolish the boards of trade which hereafter permit the transactions denounced by him. If so, let me ask the Senator from Colorado what provision has he made for determining which board of trade does, and which does not, permit these inhibited transactions, and who is going to say whether it does or does not?

Mr. THOMAS. Mr. President, there are boards of trade which make a business of speculation, some of them, I might say, whose sole object is to speculate in food products, while hundreds of exchanges do nothing of the sort.

Mr. WALSH. Exactly. The Senator contemplates—

Mr. THOMAS. But if this measure becomes a law, I think the administration will find no difficulty ascertaining the proper parties to be included within its terms.

Mr. WALSH. That is what I want to know from the Senator—who is going to do that? When the Senator says that he wants to prohibit such boards of trade as will in the future permit this practice, evidently he contemplates that some of the boards of trade will permit the inhibited transactions and that some of the boards of trade will not permit the inhibited transactions. Now, I want to ask the Senator—who is going to pick out the boards of trade that are going to be suspended; who shall make the declaration?

Mr. THOMAS. In turn, let me ask the Senator from Montana what branch of this Government executes the law? He is too good a lawyer not to know that it is the administrative department.

Mr. WALSH. The Senator from Colorado is too good a lawyer not to know that you have got to put the power somewhere. There are no executive officers of the Government mentioned in the amendment. Is the Secretary of Agriculture going to determine whether one particular board of trade does not permit these transactions? Is it to be the Secretary of the Interior? Is it to be the President of the United States? Who is it that is going to determine whether a particular board of trade falls under the condemnation of the act? When and how is the judgment of suspension to be rendered? Is it to be by an adjudication of a court, or is it to be by a proclamation of some executive officer?

Mr. THOMAS. In answer to that question—

Mr. WALSH. Let me ask the Senator, further, is it to be after a hearing in which the board of trade will have an opportunity to answer the charge that it permits this practice, or is it to be done by an ex parte proceeding?

Mr. THOMAS. I can answer but one question at a time, and the Senator from Montana has asked me several. I will try to answer his first question.

This proposes an additional section to one of the chapters of this espionage bill. It will fall naturally and properly to the department which has the execution of that chapter. I might further reply by asking the Senator from Montana who is to execute the other provisions of this, the most remarkable bill ever brought to the consideration of this or any other Congress? The administrative department. If the Senator is apprehensive that, should the amendment be incorporated into the law, it may not be executed for lack of precision as to what particular department shall administer it, if he will move an amendment covering that proposition I will accept it. I want to meet his apprehensions and those of every other man who advances them as reasons for opposing it. What I want is a favorable vote on this amendment, and I am satisfied, as I think we all are, that it will be enforced, because public opinion will compel its observance.

Mr. WALSH. That means that the Senator can not answer the question; that is all.

Mr. THOMAS. It may be that is the Senator's opinion.

Mr. KIRBY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Arkansas?

Mr. WALSH. I yield to the Senator.

Mr. KIRBY. The board of trade itself determines the question. If it sells contracts for gambling purposes, then the law says, "Your exchange shall be closed," and those charged with the execution of the law will close the exchange. The procedure is similar to that in the case of a man who sells liquor to a minor.

Mr. WALSH. Let me ask the Senator from Arkansas a question?

Mr. KIRBY. Certainly.

Mr. WALSH. Does not the Senator from Arkansas recognize that there may be a board of trade which would make a rule, and absolutely enforce it, prohibiting these inhibited transactions?

Mr. KIRBY. They would not do that.

Mr. WALSH. Very well. Then, may I ask the Senator from Arkansas a further question?

Mr. KIRBY. Certainly.

Mr. WALSH. Who is going to say whether a particular board of trade does or does not commit this offense?

Mr. KIRBY. The court.

Mr. WALSH. What court?

Mr. KIRBY. If a man violates this law he will be prosecuted for it, just as in the case of a man who unlawfully sells liquor to a minor.

Mr. WALSH. Excuse me, but this provision says the board is "hereby suspended." What board?

Mr. KIRBY. The board that permits gambling.

Mr. WALSH. Who will determine that?

Mr. KIRBY. That will be determined upon an inquiry, as in the case of all other crimes, as to whether or not they are committed.

Mr. WALSH. That is to say, the Senator from Arkansas contemplates a judicial procedure of forfeiture, or something of that kind, against the board that is charged with having permitted these transactions?

Mr. KIRBY. Not at all. That is the enforcement of it.

Mr. WALSH. Exactly; that is the enforcement of it. That is the way these decisions are going to be enforced. I submit that there is nothing in the amendment that will give any court jurisdiction to proceed against any institution by which it is claimed a violation of this law has been committed, and that is not what is in the minds of Senators who are voting for this provision. It is not the language of the amendment at all, for the language is that the board is "hereby suspended."

The PRESIDING OFFICER. The Chair is compelled to inform the Senator from Montana that his time has expired.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Has the Senator from Montana yielded the floor?

Mr. WALSH. I have.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. BORAH. Mr. President, I desire the attention of the Senator from Colorado for a moment. I find myself in regard to this amendment about in the same attitude of mind that I do in regard to some other amendments, believing in the principle and object to be attained and yet somewhat dubious as to the method by which we shall arrive at the object desired.

This amendment on the face of it says:

That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged in or permitting speculations in food products of any character in the form of what are known as futures, or in any other form or character, are hereby suspended—

And so forth.

Aside from the arguments which have been presented here by the Senator from Montana [Mr. WALSH] and others, which are not entirely conclusive to me, as to its unworkability, yet upon its face it seems to deal, and under the decision of the Supreme Court in the first employers' liability law would be held to deal, in my judgment, with bodies which were purely intrastate as well as those which are engaged in interstate commerce.

I can not conclude that we have power, even in times of emergency, to disregard the provisions of our Constitution and our form of government which recognizes intrastate and interstate business. So I have prepared rather hurriedly an amendment to be offered as an amendment to the amendment. I do not know whether it meets the situation or not, but I think if it were adopted and should go to conference proper language might be worked out to cover it. The amendment is, to insert after the word "associations," in line 2, the words "transacting business in a way as to be subject to the regulative power of

Congress," so that the amendment of the Senator from Colorado will read:

That all boards of trade, chambers of commerce, such exchanges or other bodies or associations transacting business in a way as to be subject to the regulative power of Congress, engaged in or permitting speculations in food products—

And so forth.

The object, of course, of the proposed amendment to the amendment is to bring whatever we are attempting to deal with under the regulative power of Congress to deal with, namely, the interstate-commerce power. Does the Senator think, in other words, that upon the face of this amendment it would be held to be constitutional by the Supreme Court?

Mr. THOMAS. Mr. President, perhaps I can answer by asking the Senator a question in turn. Does the Senator believe that the amendment of the Senator from Iowa [Mr. CUMMINS], which was adopted on Saturday, is constitutional?

Mr. BORAH. No; I do not.

Mr. THOMAS. Then, of course, I can appreciate the force of the Senator's position. As the exercise of a war power and for the conservation of our food supply, I am willing to accept the affirmative of a very questionable proposition and sustain the right of Congress to enact such legislation at this time. It is upon the same theory that I contend that this amendment, if adopted, will be sustained. It is vital to the welfare of this country that our supplies be conserved and increased; it is vital also to preserve the public peace, welfare, and the domestic tranquillity of the United States at all times, and particularly when engaged in war with a foreign power. Upon that assumption this amendment was prepared. I believe that as one of the war powers of the Government at this time, if it be necessary that gambling in food products should be prohibited during the course of this war as an essential to the preservation of domestic tranquillity, preventing domestic revolt and riot, to do away with food speculators, it is or should be within the power of Congress to enact such legislation.

Now, with reference to the amendment proposed by the Senator from Idaho, I should be willing to accept it were it not that I believe it might destroy the practical force of my amendment, because I can not recall any board of trade or stock exchange in the country that is subject to any but the laws of the State which created it. Such bodies are not corporations organized in one State doing business in another; but they are strictly local concerns; and while some of their operations are within the power of congressional regulation, of which this is perhaps one, to insert such an amendment in the amendment I propose might strip it of all vitality.

Mr. BORAH. Very well. I do not desire, of course, to injure the Senator's amendment.

Mr. THOMAS. I understand that.

Mr. BORAH. It is his amendment, and I shall have to content myself with voting against it.

Mr. THOMAS. If the Senator believes—and I should like to hear him upon that proposition—if the Senator believes that with the amendment he proposes to my amendment mine could still be made effective to reach out and destroy the evil at which it is aimed, I might make no objection to it.

Mr. BORAH. Mr. President, I am very clearly of the opinion that without the amendment I suggest the amendment of the Senator from Colorado would be void upon its face, and I say that notwithstanding my profound respect for the Senator's ability as a lawyer. Under the decision of the Supreme Court in the first employers' liability case it would clearly be unconstitutional, unless we proceed upon the theory, which I do not accept at all, that because we are at war, that the exigency has arisen which is supposed to suspend all other provisions of the Constitution. I hold the Constitution to be operative and binding in war as well as in peace. I know the war powers under the Constitution are broad and very great and I have no desire to limit or curtail them, but they are all to be exercised under the provisions of and as defined in the Constitution, and as such they are efficient and sufficient.

The PRESIDING OFFICER. Will the Senator permit the present occupant of the chair to interrupt him to ask his opinion what would be the effect of the second ruling of the Supreme Court of the United States in the same case upon the observations in the first case to which the Senator now alludes?

Mr. BORAH. That is to say, whether the second opinion modifies the first opinion. I do not think so. It may be that in the ultimate practical workings of the law that that will be true; in other words, it may be that in its ultimate practical workings we will come finally to seize hold of purely intrastate transactions and draw them to the Government by reason of the fact that they are so thoroughly intermingled with the

interstate business that they can not be separated. But that would not be true here, Mr. President, upon the face of it. The pending amendment does not discriminate at all between institutions which may be doing a business purely and wholly within the States of Colorado or Mississippi or Idaho and those institutions which are doing business which reaches out into the channels of interstate trade.

I am of the opinion that nine out of ten of the institutions that are worth while taking hold of in this country would clearly come within this amendment if my amendment were adopted. They are engaged in business which is interstate. They could not continue in business and survive a single fortnight, if they were not permitted to use the channels of interstate trade. It is through the instrumentalities or channels of interstate trade that they effectuate their great purpose, and without the use of them they could not live; they could not survive; they could not do business; they would be financially a failure, and, therefore, in my opinion, with my amendment added, the amendment of the Senator from Colorado would be effective as a practical proposition, and I am clearly of the opinion that it would then be held constitutional.

Mr. THOMAS. Mr. President, I have such a high regard for the Senator's capacity as a lawyer—he is one of the most earnest students of these questions in public life—that I am willing to accept his amendment upon that statement.

Mr. BORAH. Mr. President, as I understand the Senator accepts the amendment, which he has a right to do in perfecting his amendment.

Now, I desire to add just a word in conclusion. Mr. President, I said a few moments ago that in my opinion the amendment offered last Saturday by the Senator from Iowa [Mr. CUMMINS] was unconstitutional. I believe it to be so. I did not vote upon the amendment; I was not here; but I spent yesterday in trying to inform myself as to its constitutionality, and I came to the conclusion that it was and is unconstitutional. That is the vice, Mr. President, of offering under the 10-minute rule such amendments as the Senator offered with reference to this matter, because I was thoroughly in favor of the principle and would be delighted to vote for the proposition if it could be made to conform to constitutional principles, and I am fully satisfied that it can be accomplished in another way which is constitutional. But I am clearly of the opinion, for what it is worth, that as it stands it will not survive the test of the court, and I do not think that anybody can sustain it for a moment except upon the theory that in this emergency the Constitution of the United States is practically no guide at all to legislation here and should not be. Upon that I want to call attention to a single paragraph—

The PRESIDING OFFICER. If the Senator from Idaho will indulge the Chair, the Senator from Idaho having exhausted his time upon the original amendment, the Chair recognizes that the Senator is now speaking upon his own amendment.

Mr. BORAH. I am under obligations to the Chair.

I read from the opinion of the Supreme Court of the United States in the case of *Ex parte Milligan*:

Those great and good men foresaw that troublous times would arise, when rulers and people would become restive under restraint and seek by sharp and decisive measures to accomplish ends deemed just and proper, and that the principles of constitutional liberty would be in peril unless established by irreparable law. The history of the world had taught them that what was done in the past might be attempted in the future. The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government.

The old, vicious, hellish doctrine of necessity, Mr. President, has been the instrumentality by which every free government acting upon free principles has been destroyed in the past. There is scarcely a bill that can be presented here as to which the plea of necessity can not be urged.

Such a doctrine leads directly to anarchy or despotism, but the theory of necessity on which it is based is false; for the Government, within the Constitution, has all the powers granted to it which are necessary to preserve its existence, as has been happily proved by the result of the great effort to throw off its just authority.

Mr. President, there is not a single power necessary to be exercised in time of war that the Constitution does not provide for. There is no power essential to putting down rebellion or to the carrying on of war which the fathers did not foresee. They themselves had just come out of a war; they were students of those powers; they understood perfectly that this Republic would some time have to meet these emergencies, but, notwithstanding that fact, they provided in the Constitution how they should be met, and met by constitutional means and methods.

There is no necessity of overriding the provisions of the Constitution. Every power essential to the carrying on of this war is found here, and is provided for. The reason why we go outside of it is because we do not like the method which the fathers provided. We prefer a different system, a different method, a different means by which to accomplish our ends. Now, we can do that if we desire by changing the Constitution, but we can not do it until we do change the Constitution, except we undermine the pillars upon which free government rests. We may ignore the Constitution, we may disregard it, we may usurp and destroy our Constitution; but it is idle, perfectly idle, to talk about proceeding under the Constitution and at the same time ignore any provision which seems to stand in our way.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Colorado as amended.

Mr. GRONNA. Mr. President, I realize that the Senate is weary and anxious to vote upon the pending question and upon the bill, but I have not taken any of the time of the Senate and I shall ask for only a few moments to express myself with regard to the practical solution of this question.

Mr. President, ever since I came to Congress we have had before us the question of hedging and the question of selling and trading in futures. No producer whom I know would have any objection to dealing in futures if an actual delivery were to be made; but as to the 15 or 20 exchanges which we have in the United States, is there any Senator here who will deny that in each and every one of those exchanges ten times more grain is being sold than the total amount of grain in existence in the entire country?

What effect does that have upon prices? Let us for the sake of argument take a crop such as we had last year, when we produced less than the real consumption of the country. Everybody knows that we consume in this country each year for bread and seed about 650,000,000 bushels of wheat, to say nothing about the rye which is used in making bread. We produced last year less than 700,000,000 bushels of wheat. Now, if 10,000,000 bushels were placed upon the market for sale, and that is constantly being done, what effect will that have upon the price?

Suppose we produce 600,000,000 or 700,000,000 bushels, and there are offered for sale 10,000,000 bushels. Of course, that is not actual wheat, but as is being done in the usual fictitious way for speculation, and not a Senator here will deny that that is the practice, although perhaps in not quite so large volume as that.

The Senator from Montana asked how we would transact our business. I will tell the Senator how we could transact our business. We have to-day two systems, two selling agencies. One is the recognized chamber of commerce and board of trade. The producers of the country have become dissatisfied with those exchanges, so much so that they have organized independent selling agencies. There is in the city of St. Paul a selling agency which does not allow dealing in futures. This selling agency sells directly to the actual consumers of wheat, which are the mills. I repeat, it does not deal in futures.

Now, let us see. The Senator from Missouri [Mr. REED] has told the Senate about open markets, and the Senator from Pennsylvania [Mr. KNOX] has been telling us that these transactions are in the interest of the producer. I find no fault that the Senator from Pennsylvania did not yield to me to state my position, because his time was limited; but now I desire to tell the Senator from Pennsylvania how the transactions are being carried on, not theoretically but actually. In the State from which I come we produce more wheat, more grain, than any other State in the Union, and necessarily we are very much interested in this question. The farmers of my State and the adjoining States are dissatisfied with the selling agencies now in existence. That no man will deny. They have organized an independent selling agency where no trading in futures is allowed. That agency sells its actual product direct to the consumer, which means to the mills. To show how the selling agencies now in existence exercise control, I want to say that the men operating this independent selling agency can not sell to the large mills of the country their product, and I will say to the Senator from Pennsylvania and to the Senate that the 15 or 20 agencies which exist in this country are not only trading agencies but they have absolute control of the markets of this country.

The big mills in the city of Minneapolis—and I state this upon the authority of Benjamin Drake, attorney, and J. C. Crites, manager for this selling agency, in letters written to me—the big mills of the country actually and absolutely refuse to buy from this independent selling agency. The terminal elevator which they own has only a limited capacity. It would soon be all filled up, and unless they can dispose of their product to the little mills spread over the country they could not buy; but that is the actual condition.

I have no objection, Mr. President, to the boards of trade so long as they confine their activities to legitimate business. I might even think that they would be helpful to the producer, provided they were prohibited from dealing in options, in transactions which are only so much wind and in connection with which no delivery is made and no delivery is ever expected to be made; and I believe that this amendment offered by the Senator from Colorado, as it has been amended by the Senator from Minnesota and the Senator from Idaho, ought to be incorporated in this bill.

I want to say to the Senate that the food question is an important question in this war. I want to say to you, upon information that will not be controverted, that the allies expect us to supply them with 600,000,000 bushels of grain for this year. How are we going to do it?

Mr. President, some Senator said that there was no moral turpitude involved in this matter. I believe there is. I believe, sir, that it is fundamentally wrong to permit gambling. I do not say that dealing in futures is gambling if actual delivery is made. I believe that the great mills of the country should be permitted to make contracts for future delivery, and that they in return should be allowed to sell their finished products in foreign countries or wherever they please for future delivery. Those are legitimate transactions. But when the board of trade in the city of Pittsburgh or in the city of Minneapolis or in the city of St. Louis or elsewhere sells one hundred times as much wheat as is produced in the entire United States it is illegitimate business and the public will have to pay for it.

Last fall we knew as much about how much wheat had been produced in the United States in 1916 as we knew two months later, and no man will controvert the statement that the farmers of the United States have not received an abnormal price for their grain for 1916. The spring-wheat crop was small; and in the face of that I do not believe that when the figures have been made by the Secretary of Agriculture he will say that the farm price for the product of 1916 will exceed \$1.25 a bushel. We know what the millers have had to pay. We know that there has been gambling going on in these food products. We know that somebody somewhere has taken advantage of the situation and raised the price. Why, last Friday cash wheat sold in the city of Chicago at \$3.40 a bushel, and you should not complain because the miller is charging you \$15 or \$16 a barrel. It takes four and a half bushels of wheat to make a barrel of flour; so, figure it up.

Mr. President, I believe that it is fundamentally wrong to allow these people, dealing in such an important food product as grain, to absolutely control prices, because that is what they do.

The PRESIDING OFFICER. The Chair is compelled to inform the Senator from North Dakota that his time has expired.

Mr. GRONNA. Have I taken 10 minutes? Well, I am very sorry, Mr. President. I had just begun to say what I wanted to say.

The PRESIDING OFFICER. At a later time the Chair will be glad to recognize the Senator from North Dakota.

Mr. GRONNA. Very well.

Mr. VARDAMAN. Mr. President, I wish to take just a moment to express my very hearty approval of the amendment offered by the Senator from Idaho [Mr. BORAH]. I am glad the Senator from Colorado accepted it, for the reason that it removes all doubt of the constitutionality of the amendment as amended. Now, whether or not the thieves are sent to jail for robbing the people in the matter of speculating in grain does not cut so much figure as the fact that the Congress is declaring itself against the pernicious practice. The adoption of this amendment will be a declaration of policy which necessarily will be productive of good; and such legislation, I think, will have a most salutary effect.

As I said, the amendment offered by the able Senator from Idaho removes the question of doubt as to the constitutionality of the amendment offered by the Senator from Colorado. I am glad it was accepted by the Senator from Colorado [Mr. THOMAS], and I trust the Senate may now agree to the amendment as amended.

Mr. McLEAN. Mr. President, I want to ask the Senator from North Dakota a question and have him answer it in my time.

Mr. GRONNA. I shall be very glad to do so.

Mr. McLEAN. Is it the Senator's idea that this speculation in futures raises the price of wheat?

Mr. GRONNA. Sometimes it raises it and sometimes it lowers it.

Mr. McLEAN. Take the present condition. Does the Senator think that the speculation has raised the price of wheat higher than it would be if the sale of futures were not permitted?

Mr. GRONNA. I am free to say that if the wheat had been in the farmer's hands or in the miller's hands the price of wheat would not have been nearly so high as it is to-day.

Mr. McLEAN. Is there any exchange for the sale of potatoes?

Mr. GRONNA. No; I do not understand that there is.

Mr. McLEAN. Potatoes, I know, have risen from \$1.25 a bushel to \$3.50 or \$4 a bushel.

Mr. GRONNA. Yes; but that is hardly a fair comparison. The Senator knows that last year we did not produce one-fourth the supply necessary for our own consumption. Of course, we produced sufficient wheat for ourselves in the United States.

Mr. McLEAN. It is assumed now, I take it, that the present crop of wheat will not be sufficient for our own consumption.

Mr. GRONNA. Yes; for our own consumption.

Mr. McLEAN. I know the Senator has studied this subject very carefully.

Mr. GRONNA. Yes; I have.

Mr. McLEAN. And I should be glad to know whether he is convinced that any other food product we have which has risen greatly in value would have brought a higher price than is at present charged if there had been speculation in futures in regard to it.

Mr. GRONNA. Let me say to the Senator that the farmers of my State sold their potatoes last fall at from 75 cents to \$1 a bushel. That was the price they received for them. But the farmers in the western country, if they can get cars, do not as a rule hold their supply of potatoes. They sell their potatoes in the fall of the year; and I know the Senator from Minnesota will bear me out in that statement. We did not receive to exceed \$1 per bushel for the best potatoes in the year 1916; but when they got into the hands of somebody else—I do not know who bought the potatoes—then they went up to two and three dollars a bushel.

Mr. WALSH. Mr. President, I ask for the reading of the amendment which I have heard was offered by the Senator from Idaho [Mr. BORAH]. I have not heard it.

The PRESIDING OFFICER. The Chair will ask the gentleman at the Secretary's desk kindly to read the amendment of the Senator from Idaho.

The SECRETARY. On line 2 of the amendment of the Senator from Colorado [Mr. THOMAS], after the word "association," the Senator from Idaho proposes to insert the words "transacting business in a way as to be subject to the regulative power of Congress," so that the amendment would read:

That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations transacting business in a way as to be subject to the regulative power of Congress engaged in or permitting speculations in food products—

And so forth.

Mr. WALSH. Mr. President, I want to say a word, addressing myself to the amendment. The amendment is quite proper. If the Senator from Colorado will give me his attention for a moment I will state that I have attempted to draft a provision which I think will reach the point he is trying to provide for, so that the section would read as follows:

Whenever hereafter during the present war the President shall find that any board of trade, chamber of commerce, stock exchange, or other body or association is engaged in or permitting, through facilities afforded by it, speculation in food products of any character in the form of what are known as futures, or in any other form or character, it may be suspended until the President, by proclamation, shall declare the existing war to have ended.

That is to say, put the power somewhere to determine whether there is somebody violating this provision or not. The draft, as thus proposed, ought to be amended so as to incorporate the provision submitted by the Senator from Idaho.

Mr. THOMAS. Mr. President, I stated a few moments ago that I was quite anxious to conform, as far as possible, to such phraseology as would remove the various objections offered to the principal subject matter of this amendment, and I will accept that amendment.

Mr. BORAH. Mr. President, as I understand, the Senator from Montana will incorporate the amendment which I suggested.

Mr. THOMAS. Of course, it is with that understanding.

Mr. WALSH. Mr. President, I drafted it just after the language of the amendment offered by the Senator from Colorado and without the language proposed by the Senator from Idaho. It would still need some little change; but I presented this in order to get before the Senate the idea that I am trying to impress upon them.

Mr. THOMAS. I think the present amendment as I offered it does that; but, as I say, I wanted to secure, if possible, an affirmative vote without utterly destroying the purpose of the amendment.

Mr. KNOX. Mr. President, I should like to ask the Senator from Idaho a question. By whom is it to be determined whether these transactions fall within the regulating power of Congress? Is it to be determined by the President?

Mr. BORAH. Well, Mr. President, I presume that in the first instance the President would determine that. I presume ultimately it might be a question which the courts would have to determine.

Mr. KNOX. I did not understand in exactly what part of the amendment those words were inserted. I could not hear it when it was stated. Then the idea, as I understand, is that whenever the President shall determine that a particular exchange is conducting transactions which are within the regulative power of Congress, and so forth, he may suspend it?

Mr. BORAH. Yes.

Mr. NELSON. Mr. President, I do not intend to enter into any discussion. I am not opposed to the purpose and principle of this amendment, but I think it is in crude form, and that the matter should be considered and legislated upon in connection with the food-conservation and food-supply bill that we are expecting to have before the Senate. It relates to the same subject, and should be grouped with that, in order that the legislation may be homogeneous and consistent and cover the whole field.

I do not think this legislation has any place on this bill, and for that reason I shall vote against it.

Mr. SHAFROTH. Mr. President, the objection which, it seems to me, has been made with relation to the amendment as it was offered by my colleague [Mr. THOMAS] relates to the fact that there might not be a workable proposition contained in the amendment. In other words, while we are all opposed to dealing in futures and speculation with respect to the necessities of life, which have a tendency to increase the price to the consumer, yet, notwithstanding that, there are a great many people who think that that might seriously disturb conditions and that it might not work.

I have an amendment which I want to suggest, which I will not offer at the present time; but after the amendment proposed by the Senator from Montana is disposed of, if it is not adopted, I should like to have my amendment considered. It is to put in, after the word "suspended," the words "during the existence of the present war, unless the President, by proclamation, shall suspend the operation of this section."

"We are likely to take a vacation of four or five or six months; and when Congress is not in session, if there should be a disturbance of conditions by reason of closing these boards of trade, it might be an imperative necessity that they should be opened under certain promises which might be made to the President. For that reason it seems to me that to give him the power to suspend the operations of this part of the act during the war, if he desires, or for any other length of time, would be a proper safeguarding of the public interests. That would make the amendment read in this way:

That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged in or permitting speculations in food products of any character in the form of what are known as futures, or in any other form or character, are hereby suspended during the existence of the present war, unless the President, by proclamation, shall suspend the operation of this section—

And so forth.

Mr. President, it seems to me that that is a wise provision, in view of the fact that we may not be in session for a period of time of four or five months, and this amendment might not work as we hope it will work. Inasmuch as the President would have the power, under my amendment, to suspend the operation of this part of the act until Congress convenes, or until some other legislation is enacted or other promises made by them, it seems to me that it would be an excellent thing as an amendment to the amendment offered by the Senator from Colorado. If the amendment offered by the Senator from Montana is not adopted—that amendment being somewhat similar to, but not adopting the language of, the amendment of the Senator from Colorado [Mr. THOMAS]—it seems to me that this amendment should be adopted.

The PRESIDING OFFICER. The amendment of the Senator from Colorado is before the Senate for consideration.

Mr. BRANDEGEE. Mr. President, will the Senator from Colorado tell me how the board of trade is to tell whether or not the person who sends the order to buy or sell a food product is engaged in speculation?

Mr. THOMAS. Mr. President, of course no law can be devised which may not present opportunities for evasion. I can readily perceive how contracts may be framed with a view of getting around the statute and at the same time accomplish the object which the statute is designed to do away with. But the greater part of these transactions which are known as futures,

if I am correctly informed, take place through the operation of brokers upon the floors of the different exchanges—the Board of Trade of Chicago, the Chamber of Commerce of Minneapolis, and similar institutions. If they are made, for instance, for grain, we will say, to be followed by deliveries in September, and the quantities which the contracts deal in are out of all proportion to the estimates of the amount of grain which the year's crop will produce, that seems to me to be obviously such speculation in futures and in substances which have no existence except for purposes of speculation as to be within the terms of this prohibition.

I do not pretend that it would be possible, in all instances, so to discriminate between contracts which are for actual delivery and those which are not; but if the amendment becomes a law, the requirement of actual delivery instead of settlement, as is usual in speculative trades, under the amendment to the amendment offered by the Senator from Minnesota, in my judgment, will reach the difficulty.

Mr. BRANDEGEE. Mr. President, the amendment of the Senator from Colorado [Mr. THOMAS] proposes to add a new section to Chapter VII, as follows:

SEC. 4. That all boards of trade, chambers of commerce, stock exchanges, or other bodies or associations engaged in or permitting speculations in food products of any character in the form of what are known as futures, or in any other form or character, are hereby suspended until the President, by proclamation, shall declare the existing war to have been ended, and all agreements, wagers, and contracts for wagers regarding food products of this character now and heretofore made in or upon such exchanges, boards of trade, chambers of commerce, or other bodies or associations by the members thereof are hereby prohibited pending such proclamation. Any person, board of trade, chamber of commerce, stock exchange, or other body or association willfully violating the provisions of this section, or any of them, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine of not to exceed \$10,000.

The thought in my mind as I read the amendment, having just come upon the floor, is this: The amendment purports to suspend the boards of trade if they permit speculation in food products of any character or form. Now, I do not see how any board of trade or exchange, even if it has a by-law prohibiting speculation in food products, can tell whether it comes under the provisions of this act or not, or can tell when it is rendering itself liable to the penalty of the act, for this reason:

Take the case instanced by the Senator from Colorado. A broker in Chicago receives an order to buy or sell a certain quantity of food products on the board of trade. How is that broker to know whether the party from whom he receives the order is making a speculative or an investment purchase? How is he to know whether he designs to use that grain in a flour mill or whether he intends, after holding his warehouse receipts for a few weeks, to sell it for a profit? How can the governors or managers of the produce exchange know anything about the purpose of the broker who comes on the floor and makes a bid to buy or sell grain or to execute an order? When is it speculative, and when is it not?

Now, you have here a penal statute.

Mr. THOMAS. Mr. President—

Mr. BRANDEGEE. I yield to the Senator from Colorado.

Mr. THOMAS. Of course, the Senator is aware that these institutions have the power to make, and do make, by-laws, rules, and regulations of their own for the control of the action of their various members; and surely, for the purpose of preventing any violation of this statute, they have abundant power to guard themselves against the possibility of incurring the consequences of the statute through the exercise of that power.

Mr. BRANDEGEE. Mr. President, I am not well acquainted with—

Mr. KIRBY. Mr. President, I should like to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. BRANDEGEE. Certainly.

Mr. KIRBY. Would it be more difficult for the exchange to ascertain whether the broker was violating this law than it would for the saloonkeeper who sells liquor to a man who is 6 feet tall and weighs 190 pounds and has whiskers all over his face to determine whether or not he is a minor? He is bound to know whether or not he is a minor.

Mr. BRANDEGEE. Well, Mr. President, suppose a great flouring mill orders several million bushels of wheat, through its broker, to be bought on the Chicago Board of Trade. Suppose it is bought. Suppose, after holding that grain for a month, the buyer makes up his mind that the price of grain is going down, and that he has made a mistake in purchasing it, and he sells the grain on the board of trade on his judgment that he can buy it back again the next week at a lower price; is that man speculating? Is the board of trade which allows that order to be executed permitting speculation in a food product in any form?

I, for one, am willing to do, and, of course, we must do everything we constitutionally can do, now and in the future, to make the best use of the Nation's food supply to render it a national asset; but in the case of an amendment of this kind, thrown upon the floor of the Senate here under the 10-minute rule, affecting every produce and stock exchange in the United States, I think it behooves the Senate to proceed with some caution. I think the question of regulating the food supply of this Nation, if it is to be taken up by Congress—and I think very likely it will have to be—ought to be taken up after a broad survey of the whole field; and I think it is a subject of sufficient magnitude to warrant the best intellectual effort that can be made by this Congress, advised by the departments of the Government as to what, in their opinion, may be necessary.

I feel the utmost hesitancy in voting for an amendment of this kind, which, I think, we all admit is not thoroughly understood by any Senator on the floor.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER (Mr. HUSTING in the chair). Does the Senator from Connecticut yield to the Senator from North Dakota?

Mr. BRANDEGEE. Certainly.

Mr. GRONNA. Is it the Senator's understanding that warehouse certificates are always issued in these transactions?

Mr. BRANDEGEE. If the Senator please, he uses the phrase "these transactions." The amendment which I am speaking about refers to transactions for future deliveries or speculations of any other kind; so that I do not know whether a warehouse receipt is always delivered in all speculative transactions or not.

Mr. GRONNA. I take it that it would be perfectly legitimate to sell for future delivery providing there was a warehouse receipt delivered, because if a warehouse receipt was delivered the grain would have to be actually in existence; but that is not the way the business is being done.

Mr. BRANDEGEE. I take the Senator's word for that. I know the Senator is familiar with the details, but I am not. What I am saying is that the prohibition in this proposed amendment is not only against sales for future delivery or speculation in futures, but speculations in any form. I think it is very indefinite.

Mr. LA FOLLETTE. The amendment of the Senator from Minnesota protects against that.

Mr. BRANDEGEE. I have not that here.

Mr. LA FOLLETTE. That is for actual delivery. That qualifies it all—for actual delivery.

Mr. BRANDEGEE. Very well; it may be so, Mr. President.

Mr. LA FOLLETTE. It is so. It was offered for that purpose.

Mr. BRANDEGEE. The Senator's amendment is:

Provided, That nothing herein shall prevent the actual sale or purchase of commodities in good faith for actual future delivery and where the products are to be delivered instead of settled for as is usual in speculative trades.

Of course, Mr. President, it must be borne in mind that even with that amendment on the proposed amendment, the question is, Which exchange has got to go out of business now? The exchanges that permit any speculation in these products are hereby suppressed. I think it is calculated to throw the whole business of the country where food products are dealt in into the utmost confusion.

As I said before, if this subject is to be gone into, it should be gone into after careful investigation and consideration by a responsible committee of this body. I do not think on a bill which is designed by the Department of Justice to prevent violations of our neutrality rights, which was drawn before the war broke out in this country, on a bill designed to prevent espionage of our military places, all questions which may arise in the future during the conduct of the war should be offered in this frivolous way on the floor of the Senate under a rule limiting debate to 10 minutes.

If there is any disposition on the part of the Senate to get through with this so-called espionage bill, they had better confine their attention to that bill. We have attempted under that bill to put a censorship upon the press of the country, but now we are proposing to regulate the whole food supply of the country on a spy bill. This question has not been suggested or recommended to the Senate or to the Judiciary Committee as a part of the pending bill. It has been suggested to the Committee on Agriculture and Forestry, who have conducted a considerable investigation on it, who have had food experts before them, and they either have reported or are about to report a bill which I understand has been investigated and has the recommendation of the department. I think we ought to wait and deal with this subject on that bill.

Mr. WALSH. Mr. President, I have put in form the amendment which I suggested hastily to the Senator from Colorado, and which seemed to meet his approval. I will read it rather than send it to the desk, because it was written hurriedly and may not be very plain to the Secretary.

Strike out all of the proposed amendment down to and including the word "ended" and substitute for the same the following:

Whenever hereafter during the present war the President shall find that any board of trade, chamber of commerce, stock exchange, or other body or association transacting business in such a way as to be subject to the regulative power of Congress, engaged in or permitting through facilities afforded by it speculation in food products of any character in the form of what are known as futures, or in any other form or character, it may be by order of the President suspended until he by proclamation shall declare the existing war to have ended.

I offer this amendment, Mr. President, and want to say a word upon it. It does not express my idea; I am trying to express the idea which the Senator from Colorado desires incorporated in the bill. I do not want to suspend absolutely every board of trade in the country, but only to suspend those that permit the inhibited transactions, and to lodge somewhere the power to tell whether this board offends or whether that board is innocent. In the amendment proposed the power is lodged in the President of the United States. That presents the very important question as to whether the power ought to be lodged in an executive officer of the Government or ought to be lodged in the courts upon a proper proceeding brought.

My own judgment about the matter is that the Constitution would compel the lodging of the power in the courts. I do not believe that you can pass a law putting boards of trade out of existence; that is to say, associations of men who get together for the perfectly lawful purpose of permitting the buyer and seller to come together in a room in a building and with the facilities which they afford for that purpose. That is a legitimate business. Of course, it is turned into most illegitimate transactions, but you can not prohibit that kind of thing except by a judgment of the courts. But that presents a most important question.

I say again I am endeavoring to present the idea of the Senator from Colorado and not my own, but I want to put the provision in some shape that will not offer by the very ipse dixit of Congress to put out of existence every association of this character in the country that is engaged in legitimate or illegitimate transactions and enterprises.

But, Mr. President, this is intended as a corrective only of a certain part of the bill. I want to call your attention to a part that I tried to put in some sort of shape so that it could be understood even, and I have utterly failed. I refer to what follows. Observe, Mr. President:

And all agreements, wagers, and contracts for wagers regarding food products * * * upon such exchanges, boards of trade, chambers of commerce, or other bodies or associations by the members thereof are hereby prohibited pending such proclamation.

That is to say, Mr. President, if you make a transaction of this character on the board of trade it is void, but if you go out on the street and make exactly the same kind of a contract it is perfectly valid.

Then observe the penal clause as it was in the amendment as it was prepared and even as I have endeavored to correct it. The thing is absolutely inoperative:

Any person, board of trade, chamber of commerce—

Mr. GRONNA. Mr. President, I dislike very much to interrupt the Senator, but the Senator knows that the evils existing have not taken place on the street. The Senator knows that the trade in futures, which deals in something which does not exist, is being done in the boards of trade and chambers of commerce.

Mr. WALSH. I appreciate what the Senator says, but that is not the point I was trying to make. I am calling attention to the language of the statute that is intended to correct the evil which he so justly denounces. It goes on:

Any person, board of trade, chamber of commerce, stock exchange, or other body or association willfully violating the provisions of this section, or any of them, shall be deemed guilty of a misdemeanor, * * *

Mr. President, what does that mean?—

board of trade, chamber of commerce, stock exchange, or other body or association willfully violating the provisions of this section, or any of them.

How does a board of trade violate the provisions of this section? There is nothing that it permits. It does not say that any board of trade permitting those things shall be guilty of anything at all, but a board of trade "violating the provisions of this section."

I inquire of the Senator from Colorado where is a board of trade that in the past has permitted these things? Any board of trade that permits these things shall be deemed guilty of a

violation of this act. The only thing that the board of trade is denounced for is for permitting these things to go on, and thereby it is suspended during the continuance of the war. I want you to attend to the language:

And all agreements, wagers, and contracts for wagers regarding food products of this character now and hereafter made.

What does "now" mean? I suppose the Senator intends that the making of contracts in the future, such as are now being made upon the board of trade, shall be void; but the language is—

all such contracts now made and hereafter made shall be void.

That is to say, contracts which have already been entered into of that character which are now perfectly valid this law attempts to make void. Nobody need say that it is utterly impossible to do that. I do not know whether that is what this language means or not. I imagine what the Senator intended was that contracts made in the future of the character of those which have been permitted in the past shall be deemed void; but he has not used the appropriate language to express that idea.

My effort to improve it has been futile up to the present time. However, it will improve it somewhat if the substitute I offer for the first portion of the amendment is agreed to.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Montana to the amendment offered by the Senator from Colorado.

Mr. WALSH. I note that the Senator from Colorado is absent from the Chamber. I should not like to ask for a vote in his absence.

Mr. SHAFROTH. The senior Senator from Colorado is down in the Committee on Finance and I have sent for him. I am authorized to say for him that the first part of the amendment which is offered is acceptable to him. I see he is entering the Chamber now.

Mr. THOMAS entered the Chamber.

Mr. WALSH. I ask that the Secretary read the proposed amendment to the amendment for the information of the Senator from Colorado.

The PRESIDING OFFICER. The Secretary will read the amendment.

The SECRETARY. Beginning with the word "That" in line 1, strike out down to and including the word "ended" in line 7 and insert the following:

Whenever hereafter during the present war the President shall find that any board of trade, chamber of commerce, stock exchange, or other body or association transacting business in such a way as to be subject to the regulative power of Congress, engaged in or permitting through facilities offered by it speculation in food products of any character in the form of what are known as futures, or in any other form or character, it may be by order of the President suspended until he by proclamation shall declare the existing war to have ended.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Montana to the amendment of the Senator from Colorado.

Mr. BRANDEGEE. Let me ask the Senator from Colorado, the author of the amendment, to look at line 8 and state what the words "of this character" refer to. It now reads "and contract for wagers regarding food products of this character."

Mr. THOMAS. Food products of any character. I refer the Senator back to line 3.

Mr. BRANDEGEE. It simply uses the words "food products of any character." Why does not the Senator say "such products"?

Mr. THOMAS. I think that would improve it. I will change it to conform with the Senators' suggestion and say "products of such character." I ask leave, in line 8, to strike out the words "of this character" and insert the word "such" between the words "regarding" and "food."

The PRESIDING OFFICER. If there is no objection, the amendment will be so modified. The question is on agreeing to the amendment of the Senator from Montana [Mr. WALSH] to the amendment of the Senator from Colorado [Mr. THOMAS].

Mr. WALSH. May I ask the Senator what is the significance there of the words "now and"? If those are out, it would read "contract for wagers regarding such food products hereafter made."

Mr. THOMAS. "Now and hereafter made"—now in existence.

Mr. WALSH. Is it the purpose of the Senator to declare void the contracts now existing?

Mr. THOMAS. Certainly. I do not think any of these gambling contracts now in existence and unperformed should be recognized or permitted. They ought to be abolished.

Mr. WALSH. I inquire of the Senator whether we can render void those contracts?

Mr. THOMAS. In the first place, the contracts themselves are not valid if they are gambling contracts.

Mr. WALSH. I agree with the Senator.

Mr. THOMAS. Very good; I was sure the Senator would. That being the case, I am not attempting to void a contract; I am providing that its recognition and enforcement shall be unlawful and shall be punishable under this section.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Montana [Mr. WALSH] to the amendment of the Senator from Colorado [Mr. THOMAS].

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Colorado [Mr. THOMAS] as amended.

Mr. SMITH of South Carolina. I ask for the yeas and nays.

Mr. WADSWORTH. Mr. President, I do not desire to delay the proceedings here, but there have been so many amendments suggested, and so much discussion as to the meaning of this word and that word—so many criticisms and changes of words—that I should like to have the amendment, or what is left of it, read in a clear manner, that the Senate may see what it is.

The PRESIDING OFFICER. The Secretary will read the amendment as amended.

The Secretary read as follows:

Whenever hereafter during the present war the President shall find that any board of trade, chamber of commerce, stock exchange, or other body or association transacting business in such a way as to be subject to the regulative power of Congress engaged in, or permitting through facilities afforded by it, speculation in food products of any character in the form of what are known as futures, or in any other form or character, it may be by order of the President suspended until he by proclamation shall declare the existing war to have ended, and all agreements, wagers, and contracts for wagers regarding such food products now and hereafter made in or upon such exchanges, boards of trade, chambers of commerce, or other bodies or associations, by the members thereof are hereby prohibited pending such proclamation. Any person, board of trade, chamber of commerce, stock exchange, or other body or association wilfully violating the provisions of this section, or any of them, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not to exceed \$10,000; *Provided*, That nothing herein shall prevent the actual sale or purchase of commodities in good faith for actual future delivery and where the products are to be delivered instead of settled for as is usual in speculative trades.

Mr. BRANDEGEE. In view of the way in which the language of the amendment as originally proposed by the Senator from Colorado has been changed I do not myself quite see the relevancy of the penalty clause on page 2. It will be borne in mind that as the amendment now stands when the President has found the fact in relation to any of these exchanges it is to be suspended. After that exchange has been suspended and is out of business, how can it violate any of the provisions of the act?

Mr. NELSON. Mr. President, this is a very high-sounding amendment, but if we analyze it we will find it is perfectly abortive. The boards of trade and chambers of commerce in their collective capacity as such boards and chambers of commerce do not speculate or deal in futures. The speculation is carried on by members who have seats in the stock exchange or board of trade, and you do not attempt to reach them at all by this amendment. You simply refer to chambers of commerce and the members of stock exchanges. They can come into court and say, "We as a stock exchange and members of the board of trade have never perpetrated any of these offenses. It is true some of the members may have done so, but in our collective capacity we have never done it."

Mr. THOMAS. I think the Senator overlooks the use of the word "permits." It is aimed against the permission of such practices by its members.

Mr. WADSWORTH. How can a board of trade permit a thing to be done when the board has been suspended?

Mr. THOMAS. It can not legally, but it may attempt it; and we want this penalty for the purpose of seeing that the order of suspension is observed.

Mr. BRANDEGEE. I am not sure that the point is at all well taken, but it seems to me that after the President had found a fact, and upon that has suspended an exchange, the penalty ought to follow the disobeying of the order of the President and not the commission of an act for which there might be a penalty if the same had not been suspended.

Mr. THOMAS. The order of the President merely puts the statute into operation. Consequently, the penalty should be aimed at a violation of the statute after it becomes operative through the President's proclamation.

Mr. KNOX. May I ask the Senator from Colorado in what does permission consist?

Mr. THOMAS. I presume, if the Senator and I were members of a stock exchange and we made a contract forbidden by this amendment upon the floor of the exchange, it would be permitted.

Mr. KNOX. Then, as I understand it, if the exchange has a rule against such transactions the exchange could not be said to have permitted it.

Mr. THOMAS. Probably not. I think the exchange can make such a rule, and if it enforces it there need be no danger of anyone incurring this penalty.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado as amended.

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

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Wisconsin suggests the absence of a quorum. The Secretary will call the roll.

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

Ashurst	Gerry	McLean	Sherman
Bankhead	Gronna	Martin	Shields
Borah	Hale	Nelson	Smith, Ariz.
Brandegee	Harding	New	Smith, Md.
Broussard	Hardwick	Newlands	Smith, S. C.
Calder	Husting	Overman	Sutherland
Chamberlain	James	Page	Thomas
Colt	Johnson, Cal.	Phelan	Thompson
Culberson	Jones, Wash.	Pittman	Townsend
Cummins	Kendrick	Pointexter	Trammell
Curtis	Kenyon	Pomerene	Underwood
Dillingham	King	Ransdell	Vardaman
Fernald	Kirby	Reed	Wadsworth
Fletcher	Knox	Robinson	Walsh
France	La Follette	Saulsbury	Wolcott
Frelinghuysen	Lewis	Shafroth	
Gallinger	McKellar	Sheppard	

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

Mr. TOWNSEND. Mr. President, I am in sympathy with the object which Senators have in view with presenting this amendment, but not knowing what it means and not having heard of any Senator upon the floor who does know what it means, and understanding as I do that the proper committee is considering this same question, I shall vote against the amendment.

Mr. ROBINSON. Mr. President, I think that the purpose underlying the amendment, the suppression of transactions in the nature of speculations on exchanges in food products, is a commendable one, but the debate here to-day, and especially the discussion on the part of the Senator from Montana [Mr. WALSH], has disclosed to my entire conviction the futility of attempting to dispose of questions of this sort in the manner we are now considering them.

This is a very important question, and I should like to have it dealt with effectively and fairly. I believe that that will be done upon the consideration of the measure which is expected to succeed the espionage bill. I believe that when the bill reported by the Committee on Agriculture and Forestry is under consideration this subject can be intelligently and successfully dealt with. I doubt whether the pending amendment will accomplish anything of benefit. Speculation in food products must be stopped. This provision will not accomplish that end. The subject is too important to justify the Senate in voting an inadequate and unavailing provision such as this seems to be.

Mr. POMERENE. Mr. President, just a word also in explanation of the vote which I am about to cast on this amendment. I am not satisfied with the amendment as it is. I appreciate the spirit which animated the Senator from Colorado in framing the amendment and in seeking a remedy for a very flagrant evil. I have understood that the Agricultural Committee will report out a bill covering this subject completely. I look forward with eagerness to the time when we can vote for that bill, or at least for a bill which will entirely protect the public from the practices of these gamblers in food products. I hope the bill will have real teeth in it, and I will challenge any Senator to go further than I will go when that legislation comes before this Chamber.

Mr. NEWLANDS. Mr. President, the Senator from Colorado [Mr. THOMAS] has brought before the Senate the most important question of the day, second only in importance to the declaration of war—the question of supplies with which the war is to be conducted and the supplies of the people themselves.

Mr. President, my belief is that we shall have to take very radical action in this direction; that we shall have to govern not only the price of food, but the price of lumber, the price of fuel, the price of iron and of steel, as well as of copper. There are other subjects of commerce that may be of equal importance, but certainly without these we can not conduct war at all, nor can we maintain and support the people themselves who are actually engaged in the war.

What is the fact? The fact is that an extraordinary demand has been imposed upon a limited supply. The effect of that is to raise the price abnormally. The demand being above the supply there is no limit to which the price of a commodity can go unless some other commodity equally efficient at a reduced price can be substituted for it. Right here we are going to find a difficulty in our dual government in the fact that the Congress of the United States has jurisdiction only over interstate commerce, whilst the jurisdiction over State commerce belongs to the States. With reference to transportation, the power of the Nation controls, probably, it is estimated, 85 per cent; but with reference to commodities the proportion must be very much less. No adequate regulation of prices can be made without the cooperation of the States. It will be necessary, therefore, for us to devise some very well thought out scheme under which the national authorities, in the exercise of their jurisdiction over interstate commerce, will cooperate with the State authorities in their jurisdiction over purely State commerce with a view to regulating the prices.

Then, again, we are met by the difficulty that if the industries in which these commodities are produced are threatened with regulation of prices and perhaps possibly a noncompensatory price, they may not use their exertions to the same extent in producing the desired things. They may view with apprehension, possibly, as I have no doubt the iron and steel industries would, a great enlargement of their plants when the interposition of peace within a few months would entirely withdraw the extraordinary demand. So it will be necessary, in connection probably with this regulation of prices, to fix a guaranty of a certain minimum price for a certain period, so as to stimulate the production of the desired commodities.

Mr. President, these things can not be determined on this floor in debate upon the consideration of a question having an entirely different purpose. So far as I am concerned, sympathetic, as I am, with the purposes of the Senator from Colorado in introducing this amendment, and thankful, as I am, to him for calling the attention of the Senate to its importance, I shall feel compelled to vote against his amendment in order that the Senate may give this subject the consideration and the thought that it deserves.

Mr. PAGE. Mr. President, I do not like to be placed upon the record as opposing the principle involved in this amendment, but for the past week or two the Committee on Agriculture, of which I am a member, has been devoting itself to hearings which involve the question in this amendment and others that are akin thereto. I feel that before voting "nay" I should make the explanation I do. I therefore am going to say that I hope the amendment will not pass. I hope the subject may be taken up under the bill which is soon to come forward from the Committee on Agriculture. I am sure it will then command a full consideration and that we shall then be better able to pass upon this question than we shall be under the amendment which is now proposed.

Mr. GRONNA. Mr. President, I merely wish to say a word on the amendment which has been proposed by the Senator from Montana [Mr. WALSH]. I am very glad that the Senator has offered that amendment. I am sure when the matter goes to conference that the committee of conference will be able to bring out something for which we can all vote. I think it is only fair to Senators here, however, to say that I know of no bill before the Agricultural Committee touching upon this question directly. There is a provision in section 1 of the so-called food-control bill, which I understand has not yet been printed—although it was reported out on Saturday—but the only place I can find in that bill which touches upon the question of prices is in section 1, only a portion of which I will read:

And to protect them against injurious speculation, manipulations, and controls affecting such supply, distribution, and movement—

And so forth.

Mr. President, the bill provides against and prohibits waste; it provides for standardization of food products; it authorizes the Secretary of Agriculture to grant permission to mix other agricultural products in the manufacture of flour; but I do not believe that any Senator will contend that there is a single provision in the so-called food-control bill, which has been reported to this body, that would prohibit the practices of dealing in futures and which are now going on in the different boards of trade and chambers of commerce.

I would just as soon vote for an amendment or for a provision such as has been proposed by the Senator from Colorado on the food bill as I would vote upon it and embody it in this bill; but until I have some assurance that this body is willing to consider such an amendment and to place it upon the food bill, which has been reported from the Agricultural Committee, I

shall vote for the amendment which has been proposed by the Senator from Colorado.

Mr. President, I believe this is one of the most important pieces of legislation that this body could enact. We who have had actual experience with this infamous condition, with this robbery of the American people of their money—for that is all it is—and with a condition that makes it possible for the speculators to depress prices to the producer and to enhance prices to the consumer, now can there be anything more important than that in times of peace as well as in times of war? Why are the agricultural people dissatisfied? If the condition is as has been painted by some Senators here this afternoon, if there is really no cause for complaint, why is there dissatisfaction among those who are actual producers?

Mr. President, there is no bill before the Agricultural Committee, so far as I know, which could take the place of the amendment proposed by the Senator from Colorado. For that reason I shall vote for the amendment, and I trust that the Senate will adopt it.

Mr. LA FOLLETTE. Mr. President, there is not a Senator in this body whose service here antedates the evil practices that the amendment of the Senator from Colorado [Mr. THOMAS] is designed to prohibit. Year after year, term after term, decade after decade, this subject has been before the Congress of the United States. What a reflection upon representative government? It can never be presented in a form that seems acceptable to the Congress. It must always be deferred to some other time, some better opportunity; it must come from some other committee; it must be postponed for some reason or other.

What is the evil that is sought to be remedied here? We shall produce this year, according to the latest word from the Agricultural Department, less than 600,000,000 bushels of wheat. Now, leave out of consideration the question of foreign demand and look at it purely as a matter of fair dealing among the producers, the middlemen, and the consumers. We shall produce this year less than 600,000,000 bushels of wheat according to all the authority which we have before us that is at all reliable. According to the testimony which has been taken by the Committees on Agriculture of both branches of Congress for the last 25 years there is sold every year from ten to twenty times as much wheat as is produced in this country. Now, just stop a minute and think what that means to the man who raises it. Six hundred million bushels will be raised, and there will be 3,000,000,000 bushels sold if this amendment or some other law prohibiting it does not pass. It will not be wheat for delivery; it will be a cold-blooded gamble in wheat at the expense of the producer. The result of this excessive selling depresses prices while the grain is in the hands of the farmer. Then when the farmers have sold their wheat at a low price fictitious deals can be further made to advance the price of the wheat to the consumer.

Mr. President, nobody suffers in this transaction excepting the producers and the consumers of the country, and between the two those who speculate in futures, who buy and sell accordingly as the bulls and bears have control and make their profits gather unlimited fortunes. Those transactions would be prohibited by this amendment.

Suppose this proposed amendment is not perfect in its terms. Let us endeavor to perfect it. When the Senate really desires to improve the text of a bill it finds very little difficulty in doing so. It is chiefly a matter of willingness to legislate upon a subject. If the Senate wants to legislate it always dispatches business rapidly. If there is strong opposition from even a few Senators, they are able to find a great deal of fault with its phraseology or object that the measure is of doubtful constitutionality. This amendment proposed by the Senator from Colorado [Mr. THOMAS] has been having a hard time of it. Complaint is made that its terms are vague and uncertain; that it can not be considered under the 10-minute rule; that it is unconstitutional; that it belongs on some other bill; that we ought to put it off. No one is quite ready to defend the grain gamblers, but we hear the same reasons for postponing consideration of this measure which have been heard here for decades.

Mr. President, it does seem to me that we might, in the interest of the people who produce these 600,000,000 bushels of wheat, who only receive from 70 cents to \$1.25 a bushel at the outside, while the speculators sell it for two to three dollars a bushel—it seems to me that we might, in the interests of the millions of people who are consumers and who are now paying double prices for bread, see in this amendment a real opportunity for service and employ all of the ability and skill of the Senate to work out something that shall be a real protection to the public.

Mr. President, what I have said would apply to peace conditions; but we are going to need to conserve food supplies, we are going to need to bend every energy of this country to meet the conditions of the war upon which we have entered. I do not know whether it caught the attention of Senators this afternoon when one Member of the Senate said that he would trench upon what was perhaps confidential and say that it had been stated before the Committee on Agriculture that the allies had to have 600,000,000 bushels of wheat. Do you get that? Do you understand that that is all we will produce? Are you going to permit a set of speculators, who have fattened illegally and wrongfully off the American people for more than a quarter of a century, to go on with their nefarious speculative business while this war is upon us and the world is threatened with starvation?

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Colorado [Mr. THOMAS] as amended, on which the yeas and nays have been demanded.

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

Mr. GRONNA (when the name of Mr. NORRIS was called). The Senator from Nebraska [Mr. NORRIS] is necessarily absent from the Chamber. If present, he would vote "yea."

Mr. VARDAMAN (when his name was called). I desire to inquire whether the Senator from Idaho [Mr. BRADY] has voted?

The VICE PRESIDENT. He has not voted.

Mr. VARDAMAN. I have a general pair with that Senator, which I transfer to the Senator from Nebraska [Mr. HITCHCOCK] and vote "yea."

Mr. WILLIAMS (when his name was called). Repeating the announcement as to my pair and its transfer which was made upon the last vote, I vote "nay."

The roll call was concluded.

Mr. JAMES. I have a general pair with the junior Senator from Massachusetts [Mr. WEEKS]. I desire to inquire if he has voted?

The VICE PRESIDENT. He has not.

Mr. JAMES. In view of his absence I withhold my vote.

Mr. OVERMAN (after having voted in the negative). I inquire if the senior Senator from Wyoming [Mr. WARREN] has voted?

The VICE PRESIDENT. He has not voted.

Mr. OVERMAN. Then, I withdraw my vote, having a pair with that Senator.

Mr. CURTIS (after having voted in the affirmative). I desire to know if the junior Senator from Georgia [Mr. HARDWICK] has voted?

The VICE PRESIDENT. He has not voted.

Mr. CURTIS. I have a pair with that Senator, which I transfer to the Senator from Nebraska [Mr. NORRIS] and will permit my vote to stand.

Mr. KENDRICK (after having voted in the negative). I wish to ask whether the senior Senator from New Mexico [Mr. FALL] has voted?

The VICE PRESIDENT. He has not.

Mr. KENDRICK. I have a pair with that Senator, and therefore withdraw my vote.

Mr. THOMAS (when his name was called). I transfer my pair to the senior Senator from Nebraska [Mr. HITCHCOCK].

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The Senator from West Virginia [Mr. GOFF] with the Senator from South Carolina [Mr. TILLMAN].

The Senator from Maine [Mr. FERNALD] with the Senator from South Dakota [Mr. JOHNSON].

The result was announced—yeas 25, nays 48, as follows:

YEAS—25.

Ashurst	Husting	Myers	Thomas
Borah	Johnson, Cal.	Phelan	Thompson
Chamberlain	Jones, Wash.	Poindexter	Trammell
Cummins	Kenyon	Shaforth	Vardaman
Curtis	Kirby	Sheppard	
Fletcher	La Follette	Shields	
Gronna	McKellar	Sutherland	

NAYS—48.

Bankhead	Gore	New	Smith, Ga.
Beckham	Hale	Newlands	Smith, Md.
Brandegge	Harding	Page	Smith, S. C.
Broussard	Hollis	Pittman	Sterling
Calder	Jones, N. Mex.	Pomerene	Stone
Coit	Kellogg	Ransdell	Swanson
Culberson	King	Reeg	Townsend
Dillingham	Knox	Robinson	Wadsworth
France	Lewis	Saulsbury	Walsh
Frelinghuysen	Lodge	Sherman	Watson
Gallinger	McLean	Simmons	Williams
Gerry	Nelson	Smith, Ariz.	Wolcott

NOT VOTING—23.

Brady	Hughes	Martin	Smoot
Fall	James	Norris	Tillman
Fernald	Johnson, S. Dak.	Overman	Underwood
Goff	Kendrick	Owen	Warren
Hardwick	Lane	Penrose	Weeks
Hitchcock	McCumber	Smith, Mich.	

So the amendment of Mr. THOMAS as amended was rejected.

Mr. BRANDEGEE. Mr. President, just before adjournment Saturday evening I called the attention of the Senator from North Carolina to page 36 of the bill, in line 14, the first proviso. I wanted to ask him if what I regard as an error in the phraseology has been corrected yet. It reads:

Provided, That whoever shall violate the provisions of this paragraph of this section in time of war shall be punished by death—

And so forth.

Now, it will be observed that the whole of section 2 is one paragraph, but the various subdivisions—(a), (b), and (c)—contain different penalties, and I think it is an oversight.

Mr. OVERMAN. I wish the Senator would call my attention to the line. There is so much confusion that I was unable to tell what part of the bill he referred to.

Mr. BRANDEGEE. There is so much conversation around me that I can hardly hear or make myself heard.

The VICE PRESIDENT rapped for order.

Mr. BRANDEGEE. The words occur in line 15. The language is:

Whoever shall violate the provisions of this paragraph of this section—

Now, there is only one paragraph in the whole section. The whole section is one paragraph, consisting of three subdivisions—(a), (b), and (c)—and the violation of the provisions of each subdivision has a different penalty imposed.

Mr. OVERMAN. I think it is intended to mean the subdivision, "whoever shall violate the provisions of this subdivision."

Mr. BRANDEGEE. If we were to strike out the words "this paragraph," and substitute in lieu thereof the words "subsection (a)," it would accomplish the purpose, I think.

Mr. OVERMAN. I think that is correct. I accept that amendment.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 36, line 15, the amendment of the committee is modified by striking out the words "this paragraph" and inserting in lieu thereof the words "subsection (a)."

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The bill is in Committee of the Whole and open to further amendment. If there be no further amendment to be proposed, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

The VICE PRESIDENT. The question is on concurring in the amendment made as in Committee of the Whole.

Mr. BORAH. Mr. President—

Mr. OVERMAN. Mr. President, I simply want to say that I wish to reserve the right to ask for a separate vote on subsection (c).

The VICE PRESIDENT. There can be no separate votes on this. It is one amendment, and one alone.

Mr. OVERMAN. I want to reserve the vote by which subsection (c) was stricken from the bill.

The VICE PRESIDENT. But that can not be done. The Senator can offer it as an amendment in the Senate. He can not reserve it, however, because there is only one amendment here.

Mr. BORAH. Then, Mr. President, under the ruling of the Chair, I need not attempt to make the reservation I had in mind.

The VICE PRESIDENT. It is perfectly clear. There is just one amendment, and when it is concurred in, if it is, in the Senate it is then open to all sorts of amendments, just as it was before.

Mr. OVERMAN. I know that; but I think it has been the universal practice that when there is an amendment striking out an amendment to the bill it has been reserved in the Senate for a separate vote on that amendment. Still I can offer it in the Senate just as well.

The VICE PRESIDENT. Yes; or it can be offered now.

Mr. HUSTING. Mr. President, a parliamentary inquiry. I want to know whether anyone has made a reservation with respect to the so-called Cummins amendment?

The VICE PRESIDENT. The Chair has ruled that there can be no reservation for separate votes. This being simply one amendment, amendments may be offered now or they may be offered after the amendment made as in Committee of the Whole is concurred in.

Mr. WALSH. Mr. President, I inquire whether the appropriate time to tender amendments will be after the bill is in the

Senate, before the amendment recommended by the Committee of the Whole is concurred in, or after it is concurred in?

The VICE PRESIDENT. The bill is now in the Senate, and the amendment is now in order, if it is desired to present it at this time.

Mr. OVERMAN. Mr. President, I offer the amendment which I send to the desk. I will state, in offering it, that it is the same amendment that was finally adopted, known as the Cummins amendment to the censorship paragraph in Chapter II, subsection (c). I ask the Secretary to read it. It is the same amendment that was stricken out of the bill upon the motion of the Senator from California [Mr. JOHNSON].

I hope the vote will be taken without debate. The matter was debated for a long time.

The VICE PRESIDENT. The Secretary will state the amendment.

The SECRETARY. On page 37, line 5, after the word "years," it is proposed to insert the following—

Mr. BRANDEGEE. Mr. President, I rise to a parliamentary inquiry. The bill being in the Committee of the Whole, and this subsection having been stricken out by vote of the Committee of the Whole, is it in order to move to reconsider it?

The VICE PRESIDENT. The bill has been reported to the Senate.

Mr. BRANDEGEE. I did not understand that.

The SECRETARY. It is proposed to insert the following words:

In time of war, the President is hereby authorized to prescribe and promulgate rules and regulations for the purpose of preventing the disclosure to the public, and thereby to the enemy, of information with respect to the movement, numbers, description, and disposition of any of the armed forces of the United States in naval or military operations, or with respect to any works intended for the fortification or defense of any place; and whoever, in time of war, shall willfully violate any such rule or regulation shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or by both such fine and imprisonment: *Provided*, That nothing in this section shall be construed to limit or restrict, nor shall any regulation herein provided for limit or restrict, any discussion, comment, or criticism of the acts or policies of the Government or its representatives, or the publication of the same.

Mr. BORAH. Mr. President, on that amendment I ask for the yeas and nays.

The VICE PRESIDENT. Is the request seconded?

Mr. LODGE. Mr. President, I desire to say a single word, simply to explain the vote I am about to give.

I voted to strike out paragraph (c) as originally reported; and day before yesterday, I think, or Friday, when this question was up, with some hesitation I voted to keep it in in the modified form which it had assumed by the substitution of the amendment of the Senator from Iowa.

I say I voted with hesitation. I felt it was necessary that there should be some proper protection against the publication of information useful to the enemy. But since I cast that vote I have had occasion to examine with some care the publication which is coming out from the Bureau of Information, if that is its name, which I state to be the board of censors, and I have come to the conclusion very distinctly that it would be far better not to have any legislation of this sort than to permit that board to exclude, as they will have the power to exclude, practically anything from the newspapers of the country.

The fact that there is given the right to go to the courts is really no protection. The threat of a suit would be all-sufficient, and I do not care to leave the publication in the newspapers at the mercy of that board. I have therefore decided that I shall vote to strike the whole passage from the bill; that is, to keep it as it went into the Senate.

Mr. BORAH. Mr. President, was the request for a yeas-and-nays vote seconded?

The VICE PRESIDENT. It was; but the Chair, in accordance with the uniform practice, never announces it until the Chair is certain that the discussion has ended.

Mr. BORAH. I suggest the absence of a quorum, Mr. President. There are some 8 or 10 Senators absent, and I think we ought to have a call of the Senate.

The VICE PRESIDENT. The Senator from Idaho suggests the absence of a quorum. The Secretary will call the roll.

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

Ashurst	Fletcher	Kellogg	Nelson
Bankhead	France	Kendrick	New
Beckham	Frelinghuysen	Kenyon	Overman
Borah	Gore	King	Page
Brandegge	Gronna	Kirby	Phelan
Broussard	Hale	Knox	Pittman
Chamberlain	Harding	La Follette	Poindexter
Colt	Hardwick	Lewis	Pomerene
Cuberson	Hollis	Lodge	Ransdell
Cummins	Husting	McKellar	Reed
Curtis	James	McLean	Robinson
Fall	Johnson, Cal.	Martin	Saulsbury
Fernald	Jones, Wash.	Myers	Shafroth

Sheppard	Smith, Md.	Thompson	Walsh
Sherman	Smith, S. C.	Townsend	Watson
Shields	Smoot	Trammell	Wolcott
Simmons	Sterling	Underwood	
Smith, Ariz.	Sutherland	Vardaman	
Smith, Ga.	Swanson	Wadsworth	

The VICE PRESIDENT. Seventy-three Senators have answered to the roll-call. There is a quorum present. The pending question is the amendment offered by the Senator from North Carolina [Mr. OVERMAN] to what is known as the Cummins amendment, on which the yeas and nays have been requested.

Mr. SHIELDS. Mr. President, it is impossible to make a connected argument on a question so important as the one that is now presented to the Senate in the limited time allowed by the rule, and I shall not undertake to do so. I shall not attempt to exploit my own opinions, but I will read some excerpts from the works of some of the greatest commentators upon the Constitution bearing upon the constitutionality and policy of the proposed law.

I first read from Cooley on "Constitutional Limitations." Everyone recognizes the authority of this work. Judge Cooley was one of the greatest constitutional lawyers this country has produced. Speaking of the amendment to the Constitution forbidding Congress to enact any laws abridging the freedom of speech and the press, he says:

The first amendment to the Constitution of the United States provides, among other things, that Congress shall make no law abridging the freedom of speech or of the press. The privilege which is thus protected against unfriendly legislation by Congress is almost universally regarded not only as highly important but as being essential to the very existence and perpetuity of free government. The people of the States have therefore guarded it with jealous care by provisions of similar import in their several constitutions, and a constitutional principle is thereby established which is supposed to form a shield of protection to the free expression of opinion in every part of our land.

Again, this distinguished jurist says:

An examination of the controversies which have grown out of the repressive measures resorted to for the purpose of restraining the free expression of opinion will sufficiently indicate the purpose of the guaranties which have since been secured against such restraints in the future. Except so far as those guaranties relate to the mode of trial and are designed to secure to every accused person the right to be judged by the opinion of a jury upon the criminality of his act, their purpose has evidently been to protect parties in the free publication of matters of public concern, to secure their right to a free discussion of public events and public measures, and to enable every citizen at any time to bring the Government and any person in authority to the bar of public opinion by any just criticism upon their conduct in the exercise of the authority which the people have conferred upon them. To guard against repressive measures by the several departments of the Government, by means of which persons in power might secure themselves and their favorites from just scrutiny and condemnation, was the general purpose; and there was no design or desire to modify the rules of the common law which protect private character from detraction and abuse, except so far as seemed necessary to secure to accused parties a fair trial. The evils to be prevented were not the censorship of the press merely, but any action of the Government by means of which it might prevent such free and general discussion of public matters as seems absolutely essential to prepare the people for an intelligent exercise of their rights as citizens.

If any such principle of repression should ever be recognized in the common law of America, it might reasonably be anticipated that in times of high party excitement it would lead to prosecutions by the party in power, to bolster up wrongs and sustain abuses and oppressions by crushing adverse criticism and discussion. The evil, indeed, could not be of long continuance; for, judging from experience, the reaction would be speedy, thorough, and effectual; but it would be no less a serious evil while it lasted, the direct tendency of which would be to excite discontent and to breed a rebellious spirit. Repression of full and free discussion is dangerous in any government resting upon the will of the people. The people can not fail to believe that they are deprived of rights, and will be certain to become discontented, when their discussion of public measures is sought to be circumscribed by the judgment of others upon their temperance or fairness. They must be left at liberty to speak with the freedom which the magnitude of the supposed wrongs appears in their minds to demand; and if they exceed all the proper bounds of moderation, the consolation must be that the evil likely to spring from the violent discussion will probably be less, and its correction by public sentiment more speedy, than if the terrors of the law were brought to bear to prevent the discussion.

Now, Mr. President, I am going to read briefly from Black's Constitutional Law, in which he quotes from Judge Story's great work upon the Constitution:

"It is plain," says Story, "that the language of this amendment imports no more than every man shall have a right to speak, write, and print his opinions upon any subject whatsoever, without any prior restraint, so always that he does not injure any other person in his rights, person, property, or reputation, and so always that he does not thereby disturb the public peace or attempt to subvert the Government." According to the Supreme Court of Ohio, "the liberty of the press, properly understood, is not inconsistent with the protection due to private character. It has been well defined as consisting in the right to publish with impunity the truth, with good motives and for justifiable ends, whether it respects government, magistracy, or individuals." As respects criticisms upon public officials or the government of the State or country, however, it is now thoroughly understood that freedom of the press includes not only exemption from previous censorship but also immunity from punishment or sequestration after the publication, provided that the comments made keep within the limits of truth and decency and are not treasonable. The importance of this guaranty as a protection against tyrannous oppression and as a mainstay of popular government can not be exaggerated. Says the same learned

commentator: "A little attention to the history of other countries in other ages will teach us the vast importance of this right. It is notorious that even to this day in some foreign countries it is a crime to speak on any subject, religious, philosophical, or political, what is contrary to the received opinions of the government or the institutions of the country, however laudable may be the design or however virtuous may be the motive. Even to animadvert upon the conduct of public men, of rulers, or representatives in terms of the strictest truth and courtesy has been and is deemed a scandal upon the supposed sanctity of their stations and characters, subjecting the party to grievous punishment. In some countries no works can be printed at all, whether of science or literature or philosophy, without the previous approbation of the government."

"In the United States no censorship of the press has ever been attempted or would for a moment be tolerated. It is clearly and indubitably prohibited by the constitutional provisions under consideration."

Says the same learned commentator:

The only known example in America of an attempt to restrain seditious publications was the sedition law of 1798. This act of Congress provided for the punishment of all unlawful combinations and conspiracies to oppose the measures of the Government or to impede the operation of the laws, or to intimidate and prevent any officer of the United States from undertaking or executing his duty. It also provided for a public presentation and punishment by fine and imprisonment, of all persons who should write, print, utter, or publish any false, scandalous, and malicious writing or writings against the Government of the United States, or either House of Congress, or the President, with an intent to defame them or bring them into contempt, or disrepute, or to excite against them the hatred of the good people of the United States, or to excite the people to oppose any law or act of the President in pursuance of law or his constitutional powers, or to resist or oppose or defeat any law, or to aid, encourage, or abet any hostile designs of any foreign nation against the United States. But this act was one of the principal causes of the downfall of the party which enacted it, was always regarded as foreign to the spirit of our institutions, and was consigned to oblivion after a brief career without regret.

I shall not attempt to add anything to the opinions of these great lawyers and jurists. They demonstrate that Congress has no power to create a censorship of the press, and that sound public policy also forbids it. This amendment of the Constitution has not received judicial construction, because Congress has never violated it. This is the most flagrant attempt that has ever been made to do so.

The constitutional conventions of the States have almost without exception construed it to prohibit censorship or previous restraint upon the freedom of speech and the press, and so declared by express provisions in the constitutions framed by them, providing only for responsibility for the abuse of the right.

I will here read the provisions found in some of the State constitutions upon this subject. The following are the constitutional provisions:

Maine: Every citizen may freely speak, write, and publish his sentiments on any subject, being responsible for the abuse of this liberty. No law shall be passed regulating or restraining the freedom of the press; and in prosecutions for any publication respecting the official conduct of men in public capacity or the qualifications of those who are candidates for the suffrages of the people, or where the matter published is proper for public information the truth thereof may be given in evidence; and in all indictments for libel the jury, after having received the direction of the court, shall have a right to determine, at their discretion, the law and the fact. (Declaration of Rights, sec. 4.)

New Hampshire: The liberty of the press is essential to the security of freedom in a State; it ought, therefore, to be inviolably preserved. (Bill of Rights, sec. 22.)

Vermont: That the people have a right to freedom of speech and of writing and publishing their sentiments concerning the transactions of government; therefore the freedom of the press ought not to be restrained. (Declaration of Rights, art. 13.)

Massachusetts: The liberty of the press is essential to the security of freedom in a State; it ought not, therefore, to be restrained in this Commonwealth. (Declaration of Rights, art. 16.)

Rhode Island: The liberty of the press being essential to the security of freedom in a State, any person may publish his sentiments on any subject, being responsible for the abuse of that liberty; and in all trials for libel, both civil and criminal, the truth, unless published from malicious motives, shall be sufficient defense to the person charged. (Art. 1, sec. 20.)

Connecticut: No law shall ever be passed to curtail or restrain the liberty of speech or of the press. In all prosecutions or indictments for libel the truth may be given in evidence, and the jury shall have the right to determine the law and the facts, under the direction of the court. (Art. 1, secs. 6 and 7.)

New York: Every person may freely speak, write, and publish his sentiments on all subjects, being responsible for the abuse of that right; and no law shall be passed to restrain or abridge the liberty of speech or the press. In all criminal prosecutions or indictments for libels the truth may be given in evidence to the jury; and if it shall appear to the jury that the matter charged as libelous is true and was published with good motives and for justifiable ends, the party shall be acquitted, and the jury shall have the right to determine the law and the fact. (Art. 1, sec. 8.)

New Jersey: Every person may freely speak, write, and publish his sentiments on all subjects, being responsible for the abuse of that right. No law shall be passed to restrain or abridge the liberty of speech or of the press. In all prosecutions or indictments for libel the truth may be given in evidence to the jury; and if it shall appear to the jury that the matter charged as libelous is true and was published with good motives and for justifiable ends the party shall be acquitted, and the jury shall have the right to determine the law and the fact. (Art. 1, sec. 5.)

Pennsylvania: That the printing press shall be free to every person who may undertake to examine the proceedings of the legislature or

any branch of government, and no law shall ever be made to restrain the right thereof.

The free communication of thoughts and opinions is one of the invaluable rights of man, and every citizen may freely speak, write, and print on any subject, being responsible for the abuse of that liberty. No conviction shall be had in any prosecution for the publication of papers relating to the official conduct of officers or men in public capacity, or to any other matter proper for public investigation or information, where the fact that such publication was not maliciously or negligently made, shall be established to the satisfaction of the jury; and in all indictments for libels the jury shall have the right to determine the law and the facts, under the direction of the court, as in other cases. (Art. 1, sec. 7.)

Delaware: The press shall be free to every citizen who undertakes to examine the official conduct of men acting in public capacity, and any citizen may print on any such subject, being responsible for the abuse of that liberty. In prosecutions for publications investigating the proceedings of officers, or where the matter published is proper for public information, the truth thereof may be given in evidence; and in all indictments for libels the jury may determine the facts and the law, as in other cases. (Art. 1, sec. 5.)

Maryland: That the liberty of the press ought to be inviolably preserved; that every citizen of the State ought to be allowed to speak, write, and publish his sentiments on all subjects, being responsible for the abuse of that privilege. (Declaration of Rights, art. 40.)

West Virginia: No law abridging the freedom of speech or of the press shall be passed; but the legislature may provide for the restraint and punishment of the publishing and vending of obscene books, papers, and pictures, and of libel and defamation of character, and for the recovery in civil action by the aggrieved party of suitable damages for such libel or defamation. Attempts to justify and uphold an armed invasion of the State, or an organized insurrection therein during the continuance of such invasion or insurrection, by publicly speaking, writing, or printing, or by publishing or circulating such writing or printing, may be by law declared a misdemeanor, and punished accordingly. In prosecutions and civil suits for libel the truth may be given in evidence; and if it shall appear to the jury that the matter charged as libelous is true and was published with good motives and for justifiable ends, the verdict shall be for the defendant. (Art. 2, secs. 4 and 5.)

Kentucky: That printing presses shall be free to every person who undertakes to examine the proceedings of the general assembly or any branch of the government, and no law shall ever be made to restrain the right thereof. The free communication of thoughts and opinions is one of the invaluable rights of man, and every citizen may freely speak, write, and print on any subject, being responsible for the abuse of that liberty.

In all prosecutions for the publication of papers investigating the official conduct of officers or men in a public capacity, or where the matter published is proper for public information, the truth thereof may be given in evidence; and in all indictments for libels the jury shall have a right to determine the law and the facts under the direction of the court as in other cases. (Art. 13, secs. 9 and 10.)

Tennessee: Nearly the same as Pennsylvania. (Art. 1, sec. 19.)

Ohio: Every citizen may freely speak, write, and publish his sentiments on all subjects, being responsible for the abuse of the right; and no law shall be passed to restrain or abridge liberty of speech or of the press. In all criminal prosecutions for libel, the truth may be given in evidence to the jury; and if it shall appear to the jury that the matter charged as libelous is true, and was published with good motives and for justifiable ends, the party shall be acquitted. (Art. 1, sec. 11.)

Iowa, Art. 1, sec. 7, and Nevada, Art. 1, sec. 9, substantially same as Ohio.

Illinois: Every person may freely speak, write, and publish on all subjects, being responsible for the abuse of that liberty; and in all trials for libel, both civil and criminal, the truth, when published with good motives and for justifiable ends, shall be a sufficient defence. (Art. 2, sec. 4.)

Indiana: No law shall be passed restraining the free interchange of thought and opinion, or restricting the right to speak, write, or print freely on any subject whatever; but for the abuse of that right every person shall be responsible. In all prosecutions for libel, the truth of the matters alleged to be libelous may be given in justification. (Art. 1, secs. 9 and 10.)

Michigan: In all prosecutions for libels, the truth may be given in evidence to the jury; and if it shall appear to the jury that the matter charged as libelous is true, and was published with good motives and for justifiable ends, the party shall be acquitted. The jury shall have the right to determine the law and the fact. (Art. 6, sec. 25.)

Wisconsin: Same as New York. (Art. 1, sec. 3.)

Minnesota: The liberty of the press shall forever remain inviolate, and all persons may freely speak, write, and publish their sentiments on all subjects, being responsible for the abuse of such right. (Art. 1, sec. 3.)

Oregon: No law shall be passed restraining the free expression of opinion, or restricting the right to speak, write, or print freely on any subject whatever; but every person shall be responsible for the abuse of this right. (Art. 1, sec. 8.)

California: Same as New York. (Art. 1, sec. 9.)

Kansas: The liberty of the press shall be inviolate, and all persons may freely speak, write, or publish their sentiments on all subjects, being responsible for the abuse of such rights; and in all civil or criminal actions for libel, the truth may be given in evidence to the jury; and if it shall appear that the alleged libelous matter was published for justifiable ends, the accused party shall be acquitted. (Bill of Rights, sec. 11.)

Missouri: That no law shall be passed impairing the freedom of speech; that every person shall be free to say, write, or publish whatever he will on every subject, being responsible for all abuse of that liberty; and that in all prosecutions for libel, the truth thereof may be given in evidence, and the jury, under the direction of the court, shall determine the law and the fact. (Art. 2, sec. 14.)

Nebraska: Same as Illinois. (Art. 1, sec. 5.)

Arkansas: The liberty of the press shall forever remain inviolate. The free communication of thoughts and opinions is one of the invaluable rights of man, and all persons may freely speak, write, and publish their sentiments on all subjects, being responsible for the abuse of such right. In all criminal prosecutions for libel the truth may be given in evidence to the jury, and if it shall appear to the jury that the matter charged as libelous is true and was published with good motives and for justifiable ends, the party shall be acquitted. (Art. 1, sec. 2.)

Florida: Every person may freely speak and write his sentiments on all subjects, being responsible for the abuse of that right, and no law shall be passed to restrain or abridge the liberty of speech or the press. In all criminal prosecutions and civil actions for libel the truth may be given in evidence to the jury, and if it appear that the matter charged as libelous is true and was published with good motives the party shall be acquitted or exonerated. (Declaration of Rights, sec. 10.)

Georgia: No law shall ever be passed to curtail or restrain the liberty of speech or of the press; any person may speak, write, and publish his sentiments on all subjects, being responsible for the abuse of that liberty. (Art. 1, sec. 1, par. 15.)

Louisiana: No law shall be passed * * * abridging the freedom of speech or of the press. (Bill of Rights, art. 4.)

North Carolina: The freedom of the press is one of the great bulwarks of liberty and therefore ought never to be restrained, but every individual shall be held responsible for the abuse of the same. Declaration of Rights, sec. 20.)

South Carolina: All persons may freely speak, write, and publish their sentiments on any subject, being responsible for the abuse of that right, and no laws shall be enacted to restrain or abridge the liberty of speech or of the press. In prosecution for the publication of papers investigating the official conduct of officers or men in public capacity, or when the matter published is proper for public information, the truth thereof may be given in evidence, and in all indictments for libel the jury shall be judges of the law and the facts. (Art. 1, secs. 7 and 8.)

Alabama: That any citizen may speak, write, and publish his sentiments on all subjects, being responsible for the abuse of that liberty. That in prosecutions for the publication of papers investigating the official conduct of officers or men in public capacity, or when the matter published is proper for public information, the truth thereof may be given in evidence, and that in all indictments for libels the jury shall have the right to determine the law and the facts, under the direction of the court. (Art. 1, secs. 5 and 13.)

Mississippi: The freedom of speech and of the press shall be held sacred, and in all indictments for libel the jury shall determine the law and the facts, under the direction of the court. (Art. 1, sec. 4.)

Texas: Every citizen shall be at liberty to speak, write, or publish his opinions on any subject, being responsible for the abuse of that privilege, and no law shall ever be passed curtailing the liberty of speech or of the press. In prosecutions for the publication of papers investigating the official conduct of officers or men in a public capacity, or when the matter published is proper for public information, the truth thereof may be given in evidence, and in all prosecutions for libels the jury shall have the right to determine the law and the facts, under the direction of the court, as in other cases. (Art. 1, secs. 5 and 6.)

Virginia: That the freedom of the press is one of the great bulwarks of liberty and can never be restrained but by despotic governments, and any citizen may speak, write, and publish his sentiments on all subjects, being responsible for the abuse of that liberty. (Art. 1, sec. 14.)

Colorado: That no law shall be passed impairing the freedom of speech; that every person shall be free to speak, write, or publish whatever he will on any subject, being responsible for all abuse of that liberty; and that in all suits and prosecutions for libel the truth thereof may be given in evidence, and the jury, under the direction of the court, shall determine the law and the fact. (Art. 2, sec. 10.)

Subsection (b) of section 2 of chapter 11 of the bill provides for the punishment of publication of facts which will prejudice our Government and aid the enemy. It is as follows:

(b) Whoever, in time of war, with intent that the same shall be communicated to the enemy, shall collect, record, publish, or communicate, or attempt to elicit any information with respect to the movement, numbers, description, condition, or disposition of any of the armed forces, ships, aircraft, or war materials of the United States, or with respect to the plans or conduct, or supposed plans or conduct of any naval or military operations, or with respect to any works or measures undertaken for or connected with, or intended for the fortification or defense of any place, or any other information relating to the public defense or calculated to be, or which might be, directly or indirectly, useful to the enemy, shall be punished by death or by imprisonment for not less than 30 years.

What more protection is needed than that afforded by this provision? It is ample and will be effective for all purposes.

A state of war does not authorize the Congress or other branch of the Government to suspend the Constitution of the United States. The guaranties of that great instrument are as inviolable in war as in peace, and all three of the branches of the Government must conform to them at all times and under all circumstances.

There is no provision of the Constitution which confers upon the Congress power to enact laws in time of war affecting the personal and property rights of citizens which it could not enact in times of peace. This does not seem to have been disputed since the great case of *Ex parte Milligan*, reported in *Fourth Wallace*, was decided by the Supreme Court of the United States.

I do not question the power of the military commander in war, when confronted by imperative military necessity, to make stringent rules for the government of persons and to seize property for military purposes, but compensation must be made and the power ceases with the compelling necessity.

The Government also has the right to proclaim martial law or rule for the whole or a portion of the country temporarily, when the civil authorities are unable to cope with existing conditions caused by insurrection or invasion, and thus suspend the constitutional guaranties for the time being and power exercised not authorized by the civil law; but martial rule must cease when the civil authorities have so far recovered as to maintain order and administer the law and otherwise control prevailing conditions.

The Congress or the Commander in Chief of the Army in an emergency may proclaim martial rule under such circumstances and under such limitations, but Congress has no power to enact laws which in effect abrogate the Constitution and vest in any branch of the Government arbitrary powers when the civil authorities are able to cope with the situation and no imperative necessity, such as the existence of the State, is involved. There is no insurrection and no invasion impending in this country. Our enemy is 3,000 miles across an ocean and beleaguered by our allies, and no case is now presented for the drastic legislation which is proposed by this chapter of the bill.

Mr. Willoughby, in his work on the Constitution, says:

Under the stress of military exigency, upon the actual theater of war, such civil guarantees as the writ of habeas corpus, immunity from search and seizure, etc., may, of course, be suspended. As to this there is no question. There is, however, a serious question whether, when war exists, these rights may, by legislative act or Executive proclamation, be suspended in regions more or less remote from active hostilities. This question was raised and carefully considered in the famous Milligan case, in which the Supreme Court was called upon to pass upon the authority of a military commission during the Civil War to try and sentence upon the charge of conspiracy against the United States Government one Milligan, who was not a resident of one of the rebellious States nor a prisoner of war, nor ever in the military or naval service of the United States, but was at the time of his arrest a citizen of the State of Indiana, in which State no hostile military operations were then being conducted.

The military commission had been created pursuant to an act of Congress of March 3, 1863, authorizing the suspension of the writ of habeas corpus throughout the United States by the President, but providing that lists of persons, not prisoners of war, held under military authority should be furnished within a given time to the judges of the Federal circuit and district courts, and that one so imprisoned whose name was not thus reported might appeal for release to the civil courts.

Five of the justices of the Supreme Court held that Congress was without the constitutional authority to suspend or authorize the suspension of the writ of habeas corpus, and provide military commissions in States outside of the sphere of active military operations and with their civil courts open and ready for the transaction of judicial business.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. KNOX. Mr. President, as I intend to vote against this amendment, I think it is my duty to myself, as well as a measure of respect to the eminent lawyers of the Senate who have argued the question of the constitutionality of such a measure, to indicate that my vote is not predicated upon any view of the Constitution that precludes the adoption of this amendment.

It seems to me, Mr. President, to be perfectly clear—and I make this statement with diffidence, although I have given considerable thought to the matter since it was first mooted here—that the Constitution must always be construed in such a manner as to give effect to all of its powers. The war power in the Constitution stands upon the same authority as the other powers in the Constitution, and it is a sound and well-recognized rule of construction of any instrument that, if possible, it must be construed so as to give meaning to all of its parts.

When the fathers said in the Constitution that Congress should have the right to declare war, and that it alone should have that power, they did not undertake to define what war is, or what constitutes war. They dealt with a status that was well known; and when the Constitution conferred upon Congress the right to declare war, it by necessary implication conferred upon Congress the right to do anything that in its judgment was necessary to carry that war to a successful conclusion.

The war powers of the Constitution, in my opinion, are dormant until a status of war is declared by Congress; and then they may be exercised without limitation or qualification to the extent that the safety of the Nation demands. Of this, Congress is the judge, except as the Commander in Chief of the Army and the Navy, in the actual conduct of the war, and in a case of great emergency or dire necessity may be compelled to act. By this construction of the Constitution, Mr. President, the Constitution itself is preserved in its entirety. Indeed, the exercise of the war power is the only way in which the Constitution can be preserved. Madison said, and I quote from Paper 41 in Lodge's Edition of the Federalist:

If a Federal Constitution could chain the ambition or set bounds to the exertions of all other nations, then indeed might it prudently chain the discretion of its own Government and set bounds to the exertions for its own safety.

But, as Madison said:

It is in vain to oppose constitutional barriers to the impulse of self-preservation. It is worse than in vain, because it plants in the Constitution itself necessary usurpations of power, every precedent of which is a germ of unnecessary and multiplied repetitions.

Or, stated in simpler language, if you undertake to impose in the Constitution limitations on the power of self-preservation, the very fact that those limitations exist causes them to be set aside and creates a precedent for violation of the Constitution.

Those, Mr. President, are the views that I entertain, and they constitute the lamp by which my feet shall be guided in all war legislation.

Mr. BORAH. Mr. President—

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

Mr. KNOX. In just one moment. It is not because I think we lack the power to pass this legislation but because I think the necessity does not exist. I yield to the Senator from Idaho.

Mr. BORAH. I wish to ask the Senator a question. Does the Senator mean to say by his argument that Congress could pass any law which, in its judgment, it thought was necessary for the carrying on of the war?

Mr. KNOX. Not in those terms. My position is that the Congress of the United States, after a war has been declared, may pass any law which it believes is necessary for the preservation of the Nation.

The VICE PRESIDENT. The yeas and nays have been ordered on agreeing to the amendment offered by the Senator from North Carolina [Mr. OVERMAN], and the Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. FERNALD (when his name was called). I have a pair with the junior Senator from South Dakota [Mr. JOHNSON]. I transfer that pair to the Senator from Nebraska [Mr. NORRIS] and vote "nay."

Mr. GRONNA (when Mr. NORRIS's name was called). I wish to announce that the Senator from Nebraska [Mr. NORRIS] is unavoidably absent from the city, and if present and permitted to vote he would vote "nay."

Mr. REED (when his name was called). I have a pair with the senior Senator from Michigan [Mr. SMITH]. I am informed by the Senator's colleague and also by the Senator from Michigan [Mr. SMITH] that if he were present he would vote as I will vote. I am therefore at liberty to vote, and I vote "nay."

Mr. VARDAMAN (when his name was called). I have a general pair with the junior Senator from Idaho [Mr. BRADY]. I transfer that pair to the Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

Mr. WILLIAMS (when his name was called). Repeating the announcement as to my pair and its transfer made on the last ballot, I vote "yea."

The roll call was concluded.

Mr. OVERMAN (after having voted in the affirmative). I transfer my pair with the senior Senator from Wyoming [Mr. WARREN] to the junior Senator from Oregon [Mr. LANE] and let my vote stand.

Mr. DILLINGHAM (after having voted in the negative). I transfer my pair with the Senator from Maryland [Mr. SMITH] to the Senator from Michigan [Mr. SMITH] and allow my vote to stand.

Mr. JAMES. I transfer my general pair with the junior Senator from Massachusetts [Mr. WEEKS] to the Senator from Oklahoma [Mr. OWEN] and vote "yea."

The result was announced—yeas 34, nays 48, as follows:

YEAS—34.

Beckham	Jones, N. Mex.	Newlands	Stone
Colt	Kendrick	Overman	Swanson
Culberson	King	Poindexter	Thompson
Fletcher	Kirby	Pomerene	Wadsworth
Gerry	McCumber	Ransdell	Walsh
Hale	McLean	Robinson	Williams
Hollis	Martin	Sheppard	Wolcott
Husting	Myers	Simmons	
James	Nelson	Sterling	

NAYS—48.

Ashurst	France	La Follette	Shields
Bankhead	Frelinghuysen	Lewis	Smith, Ariz.
Borah	Gallinger	Lodge	Smith, Ga.
Brandege	Gore	McKellar	Smith, S. C.
Broussard	Gronna	New	Smoot
Calder	Harding	Page	Sutherland
Chamberlain	Hardwick	Phelan	Thomas
Cummins	Johnson, Cal.	Pittman	Townsend
Curtis	Jones, Wash.	Reed	Trammell
Dillingham	Kellogg	Saulsbury	Underwood
Fall	Kenyon	Shafroth	Vardaman
Fernald	Knox	Sherman	Watson

NOT VOTING—14.

Brady	Johnson, S. Dak.	Penrose	Warren
Goff	Lane	Smith, Md.	Weeks
Hitchcock	Norris	Smith, Mich.	
Hughes	Owen	Tillman	

So Mr. OVERMAN's amendment was rejected.

Mr. KING. I move to strike out the amendment offered by the Senator from Iowa [Mr. CUMMINS] which was adopted in Committee of the Whole known as section 1 of Chapter XIII. I ask that the amendment be read as amended.

The VICE PRESIDENT. The Senator from Utah moves to strike out the section of the bill, which will be read.

The SECRETARY. It is proposed to strike from the bill Chapter XIII, section 1, in the following words:

That on and after September 1, 1917, and during the period of the war with the Imperial Government of Germany it shall be unlawful to use or employ, directly or indirectly, any cereal, grain, sugar, or sirup in the production of intoxicating liquor in any form or of any kind: *Provided*, That nothing in this section shall prevent the use of sugar or sirup in the manufacture of wine as now authorized by existing law: *Provided, however*, That this section shall not be construed to make unlawful the manufacture of alcohol or intoxicating liquor for industrial, mechanical, medicinal, sacramental, or scientific purposes, under rules and regulations to be prescribed by the Secretary of the Treasury. A violation of this section shall be punished by a fine of not more than \$5,000 or imprisonment of not more than three years, or both.

Mr. UNDERWOOD. Mr. President, I desire to say a few words before this question is voted on.

The amendment proposed by the Senator from Iowa in the bill does not address itself to my mind as a real conservation of the food supply of the country. I should be disposed to support a provision of that kind if it was within the constitutional power of the Government to do so. I recognize that under the taxing power of the Constitution we may limit the production of grain or the use of grain for certain purposes by putting a tax on it. That is a question which would address itself to the Committee on Finance of the Senate in the consideration of the revenue bill.

I do not believe the Government of the United States possesses the power of general regulation that is proposed in the pending paragraph which the Senator from Utah proposes to strike out. Therefore I am opposed to the consideration of the matter at this time, and I shall vote for the motion of the Senator from Utah.

But, aside from that provision, I do not believe as it is presented here it is a real conservation measure. A large portion of the grain that is used in the distillation of spirits is afterwards used for the feeding of cattle. In the making of beer the grain used is barley, and that is not used in this country to feed human beings with and is but seldom used as a cattle feed. The other component part of making beer is hops which neither cattle nor men use as a food product. Therefore, I do not believe that there will be any saving of food supplies by the adoption of the amendment.

On the other hand, the effect of the adoption of the amendment is to confiscate many million dollars' worth of property. To begin with, we would turn out of employment a large number of people who are engaged in the business that the amendment affects, and more than that, it would destroy the revenues of the Government entirely that are obtained from the sale of beer, amounting to more than a hundred million dollars, at a time when we need all the revenue we can get.

It has been stated here that this is not a prohibition question. The argument might be made by those who advocate a law of this kind from a prohibition standpoint that it is worth while to make the sacrifice for the ends to be obtained. But there is nothing to be accomplished by the amendment, because we all know that there is a supply of several years of whisky in bond, and the man who wants to drink liquor and has been in the habit of drinking beer will be driven to the consumption of whisky, which certainly is not a temperance proposition.

I believe it is unwise for the Government to approach this subject in this way, either from the question of conservation of food products or as a temperance proposition. The conservation of food products, if it is approached at all by the Congress at this time, ought to be approached through the revenue measure to be submitted to the Senate.

As a temperance proposition many of my colleagues on the floor of the Senate do not agree with me, but I think all these temperance proposals should originate in the States and meet with the approval of the local communities and the State governments before they are enacted into law.

I therefore regard the proposal that is in the bill as ineffective as a conservation measure, as an unwise proposal from a temperance standpoint, and as a very disastrous proposition from the standpoint of the revenues of the Government.

I shall therefore vote in favor of the motion of the Senator from Utah to strike the paragraph from the bill.

Mr. CUMMINS. Mr. President, one has but to remember the full-page advertisement contained in the morning newspapers to understand the kind of campaign which since Saturday night last has been waged against this amendment. Whether the publication to which I refer has had any effect upon the Senate I do not know. I hold in my hand at this moment the Washington Times, issued on the afternoon of Monday, May 14, and here [exhibiting] are two pages signed by "The Brewers of the United States," in type that can be read across the Chamber, directed to the so-called Cummins amendment.

Mr. President, I said all that I have to say upon this subject upon Saturday. I am not moved by the suggestion of the Senator from Alabama [Mr. UNDERWOOD] with regard to confiscation. At the most, there is only a cessation of activity in the production of liquor for the period of the European war. It is idle to insist that this suspension of an activity, which I do not regard as praiseworthy at any time, is a confiscation of the property of those who are manufacturing intoxicating liquor.

Mr. President, the fact that there will be some men out of employment, so far as the production of liquor is concerned, does not alarm me in the least. We are about to withdraw from the productive element of American society 1,600,000 men or more. We have already provided for their withdrawal. There is great scarcity, and there will be great scarcity, of workmen to carry on the various industries of the United States, industries that I think are infinitely more worthy than that of distilling or fermenting liquor. Our industrial society can absorb with perfect ease, and cry for more, all the men who will lose employment because the breweries and the distilleries are for a short period closed.

Mr. President, I close—I have not intended to make an argument upon the amendment; we discussed it all day Saturday—I close with a parliamentary inquiry. This bill is in the Senate. My inquiry is whether the amendments agreed to as in Committee of the Whole have been agreed to in the Senate?

The VICE PRESIDENT. The bill has come to the Senate and is now being amended in the Senate.

Mr. CUMMINS. The amendments agreed to as in the Committee of the Whole have not, therefore, been agreed to in the Senate?

The VICE PRESIDENT. When the bill came to the Senate it came as one amendment; it did not come as different amendments.

Mr. CUMMINS. Then the amendment which is now sought to be stricken out has been, together with other amendments made, adopted in the Senate?

The VICE PRESIDENT. No; it was adopted as in Committee of the Whole, and has been reported out of the Committee of the Whole to the Senate. It is now pending in the Senate, subject to amendment.

Mr. CUMMINS. The point of my inquiry was whether the right to attack this particular amendment had been reserved by any Senator?

The VICE PRESIDENT. It could not be reserved, for the reason that there came but one amendment from the Committee of the Whole. The only way to reach anything now is by amendment in the Senate.

Mr. CUMMINS. I was curious to know the parliamentary status, and therefore my parliamentary inquiry. I hope that those who believed on Saturday that, for a time at least, the United States should suspend the effort to consume foodstuffs in the manufacture of liquor, still believe that we ought to cease this nefarious enterprise, at least during the war.

Mr. THOMAS. Mr. President, the amendment which I offered this morning was, just before the bill was reported to the Senate from the Committee of the Whole, defeated. If I comprehend the reasons for the defeat of that amendment, they consisted of the assertion that it had no place at this time in this bill, but more properly belonged to a bill reported by the Agricultural Committee. That amendment, Mr. President, was quite as appropriate as the one which was offered by the Senator from Iowa on Saturday and which is now the subject of discussion. I trust those who defeated the amendment which I offered upon the ground that it had no place as a part of this bill may be consistent in their vote upon the pending amendment.

Mr. HUSTING. Mr. President, this amendment is fraught with such grave consequences to a great number of the people of the State which I have the honor in part to represent that I do not think I should be doing my duty unless I rose in protest against it. I want to make it clear that I am ready to vote for any sacrifice that is necessary for the proper defense of this country, and I am sure that the people of Wisconsin are ready to make any sacrifice that is necessary; but in doing so they do not want to sacrifice the welfare and happiness of a great number of the people of the State of Wisconsin for something that is not based on necessity, but which is urged here only because of a desire on the part of those favoring prohibition to take advantage at this time of the situation to foist a prohibition law upon the statute books, even though it means the ruthless destruction of vast property rights and involves the happiness and prosperity of thousands of people.

There is a strong sentiment here in favor of prohibition; I am willing to concede it; but Senators on the other side must also concede that there is a strong sentiment against prohibition in the United States. Let us call it even, and it is nearly so,

even for the sake of argument let us concede that it preponderates a trifle on the side of prohibition.

Now, that we are engaged in war, is it wise by an unjust act and an inconsiderate, if not wanton, act to divide the people of the United States upon a question that has no business here? We are engaged in a war that requires a strong feeling of unity throughout on the part of all. Vexatious domestic questions ought to be relegated to the rear and only legislation calculated to promote our success in arms should be passed now. None else should be considered even. We want to draw together our people, not drive them apart; and every Senator here knows that there is scarcely anything that has so aroused bitterness and dissension among our people as the prohibition question. It should be let alone now. And nothing of the kind should be enacted unless a pressing—yes; imperative and vital—necessity should demand it. But there is no such showing made here. But there is a showing that the passage of this amendment, on the other hand, would mean disaster and ruin to many. True, it has been said that this bill will not do any lasting damage to the industry. I want to say right here and now that if the brewing interests of this country are suspended for three years they will be absolutely ruined; the men working for them will be thrown out into the streets; the property will be scrapped; and disaster and ruin will fall upon thousands of people. You can not restore this industry in three years from now. It must be obvious that if this amendment passes the breweries will close, their agencies will close also, their large force of skilled workmen will be scattered and dissipated, and their entire business scrapped.

Why is this amendment brought in at this time? It is brought in here, we are told, to help the allies and to conserve foodstuffs for the allies. If that is true, then it must be that the allies have already taken steps to conserve their food supply in this manner; but what are the facts? The facts are that Canada is using barley; England is using barley; France is using barley; Russia is using barley; Italy is using barley. For what? For the brewing of beer. They are rationing out beer to their troops, but here we are told that we must save our barley to enable them to ration their troops with beer which they are going to brew from our barley.

What are we accomplishing by this provision? We are destroying our breweries; we are causing a money damage of over a billion dollars; we are discharging hundreds of thousands of men and putting them into the world at a time when living is so high that it is hard to make ends meet; we are taking the barley market away from the farmers of the West; we are turning away about \$350,000,000 of internal revenue; we are making paupers of thousands of large income-tax payers, all for what? Why, so that our farmers will be compelled to ship their barley to Canada for our allies; to England for our allies; so that they may buy American barley at their own figures and brew beer from our barley for their own troops, or to sell the beer back to this country at any price they may see fit to fix. Not only that, Canada, England, and France will get the internal revenue out of it that otherwise would have come to us. You would close our malting plants so that the barley may be malted in the countries of the allies. Notwithstanding that our farmers have already planted their barley, without notice of any proposed change, you are going to cut off their home market and tell them they must either feed it to the hogs or sell it to our allies for beer and at whatever price they choose to pay. Where do we gain and where does prohibition gain us anything by that? We are simply doing something that is absolutely indefensible from the standpoint of those who advocate this proposal as a food conservation measure.

What are we going to say to the people of this country who do not believe as gentlemen do who are in favor of prohibition and who are engaged in industries connected with this business? What are we about to say to them? We are about to say to them, "We are going to take your property away from you; we are going to take your market away from you; we are going to turn your raw material over to the allies, so that they may use it in just the same manner that we forbid you to use it." Is there anything fair about that? Is there anything sensible about it? I protest against that proposition.

If it is necessary to conserve the barley supply of a country for food, why has not England done so? Why has not Canada done so? Why has not France done so? Their commissions are here visiting us, and we hear a great deal of talk about following in their footsteps.

Now, do we want to go wild upon this matter and refuse to permit our people to do something, on the ground that it is for the interest of the allies, when the allies are doing just exactly what it is proposed to forbid our people doing? You can not defend that before the people of the country. What will you

say to them when you ask for further taxation to meet the deficit of \$350,000,000 internal revenue resulting from the amendment, and they, in return, demand to know why you want to make them burn their candle at both ends? They will want to know why you turned millions of internal revenue over to the allies, why you cut off our markets and our people's profits in the interest of foreign countries, destroying over a billion of dollars' worth of property and throwing hundreds of thousands of people out of employment, and then topped it off with an additional levy of \$350,000,000, and you will not be able to answer them satisfactorily, because you will have to admit that you did it not to conserve foodstuffs—because it does not conserve, it merely diverts—not because it proposes to stop drinking during the war, because we can import from Canada and from the allies. You will have to admit that you did it because, under the guise of conservation, you would deal this business a death blow.

Mr. GRONNA. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from North Dakota?

Mr. HUSTING. Certainly.

Mr. GRONNA. The Senator from Wisconsin, of course, recognizes the fact that all the countries he mentions—Russia, England, Germany, and France—have all restricted and placed limitations upon the amount of grain that may be used in the brewing of beer during this war?

Mr. HUSTING. Then, for Heaven's sake, restrict it here if you want to do so; but do not absolutely destroy, do not wipe this business out entirely. You are swinging the pendulum clear over to the other side. Is it not an absurdity to say that we, who are just entering into this fight, shall compel our people to desist from doing something so that other countries may use the very things that we refuse to allow our own people to use, and in the manner and for the purpose we refuse to allow our people to use them and letting our allies do the things that it is proposed to deny our people the right to do? You can not justify it.

I desire to say again that I am willing to go as far as any man in this Chamber in voting for what is necessary; but I want something that I can defend, and I say this is indefensible, because it is unjust and because it is not right. You can not go before the people of this country and explain why you have taken away from them rights on the ground that it is for the benefit of the allies when the allies have not seen fit yet in the interest of conservation to prevent their people from doing what we now propose to prohibit our people from doing for our allies' benefit. It is not fair.

This matter has not been considered fully here. Under the 10-minute rule this matter can not be properly presented; but the men who have invested millions of dollars, the men who are working at this trade—and whether you like it or whether you do not cuts no figure—have rights that even you have got to respect. They are not outlaws; they are men who have been recognized as engaging in legitimate business; and in the name of fair play and common sense, I say that we have no right ruthlessly and pitilessly to take their property from them and drive hundreds of thousands of people out into the streets without a chance to make a livelihood. I want to say further that this is a bad time to divide the people by enacting legislation along this line. The question of national prohibition is too big and vital a question to be fastened as a tail to another legislative kite. It should be considered on its own merits, and if the time shall come when or if it shall be necessary to take away our rights like the one in question, let there at least be consideration shown to the victims of the act and a positive showing and conviction that the sacrifice is imperative.

Mr. MYERS. Mr. President, I will undertake to give the Senator from Wisconsin [Mr. HUSTING] a defense for this provision. It seems to be generally conceded that there is not going to be bread enough during this war for all the people of this country, those at home and in the field, and for all the people of the allied nations at home and in the field—that is, not as much bread as they need and ought to have in order to be strong and efficient. If the people of a certain community were short of water, if there were not enough water to supply everybody, so that some would have to go thirsty, I do not believe that anybody would give his approval to a proposition to take a part of the limited quantity of water available, at most only partially sufficient, and turn it into poison, which would diminish the supply of water, and would not only not do the people any good but would do them actual harm. I think that is all there is in this question. That is all there is to it. That is all that can be made of it. That is an absolutely fair illustration. No further argument is needed. That gives the Senator from Wisconsin [Mr. HUSTING] the ground on which this provision may be defended, for which he has been inquiring.

Mr. HUSTING. Mr. President—

The VICE PRESIDENT. The Senator has had his 10 minutes. Mr. HUSTING. I desire to ask the Senator from Montana a question.

Mr. MYERS. I will respond with a great deal of pleasure.

Mr. HUSTING. I want to ask the Senator if he understands that barley is being used for making bread in this country or in any other country?

Mr. MYERS. No; I can not say that barley is being used for making bread; but it can be used for many other purposes, I understand, than making beer. It can be used for feeding live stock, thus increasing our meat supply. I am sure hogs will eat it.

Mr. GRONNA. Will the Senator allow me to answer that question?

Mr. MYERS. I am glad to yield to the Senator from North Dakota [Mr. GRONNA]. He is a farmer and can speak from experience.

Mr. GRONNA. I will say, for the information of the Senator from Wisconsin, that, mixed with wheat and rye, it is being used in European countries for food purposes to the extent of 30 per cent of the production.

The VICE PRESIDENT. The question is on the amendment of the Senator from Utah [Mr. KING].

Mr. REED. Mr. President, I do not know whether there is any use in talking further about this proposition, but I want to present this thought: The Government of the United States is attempting to float the largest loan that has ever been conceived since the world began. We are asking our people to raise \$7,000,000,000—seven thousand million dollars. If a man had been born a thousand years before the Creation, according to Biblical accounts or estimates, and if he had saved a million dollars every year he would not have seven thousand million dollars to-day. The raising of this stupendous sum is in my judgment the greatest single thing that can be done for the purpose of defending our country. The war in Europe, in my humble opinion, is very likely to be practically settled before a single American soldier sets foot upon European soil. I do not claim to be a military authority, but I know from talking with at least one of the greatest military authorities living in this country that it is his opinion that the campaign now being waged on the western front may be determinative of the war. He believes that a few weeks' time may either break the force of the attacks of the allies or that the allies may break through the iron ring of the Germans, and that either one of those events is likely to determine the conflict.

Further than this, as we all know, the probabilities are that the Russian forces can not be kept in the field in good fighting order unless they are supplied with munitions of war and with money to feed and provision their people—perhaps even these aids will not avail. We can get the money and we can probably get goods to Europe in time to support our allies in the desperate conflict in which they are engaged. We can probably get them munitions of war before the great crisis of the conflict is passed. But, Mr. President, just at the time we are asking the American people to produce seven thousand millions of dollars—seven billions of money—it is proposed here to wipe out \$1,000,000,000 worth of property, to unsettle credits in the United States, to throw consternation into financial and industrial circles. We are asked to do this startling thing when we are proceeding under a 10-minute rule of debate, when there is no opportunity for careful consideration, for the bringing forward of facts, and for that deliberation in judgment which is essential to the settlement of great affairs.

Men stand here and vote for this proposition and advocate it, saying it is not a temperance problem at all; and yet if you were to eliminate from it the question of temperance and were to propose to wipe out a billion dollars' worth of property in order to conserve the consumption of a few million bushels of barley—a grain that can hardly be said to be a food product—not a man in this Senate would vote for the proposition. It is regrettable that we find here men who, I fear, are willing to sacrifice the financial and industrial interests of the country at this tragic hour, when what we need is confidence, confidence, and still more confidence. What we need is solidity of business and not consternation in business circles. We find men, I say, willing, I fear, to sacrifice these great interests and thus to imperil the country in order to immediately enforce their particular moral ideas.

I am perfectly willing, under proper conditions, to sit down with these gentlemen and counsel, counsel for the sake of temperance, counsel for the sake of morality, but always to bear in mind that the supreme question to-day is the winning of this war; that the great question before the American people is to preserve the lives of our boys and keep as many of them as we possibly can from dying on the bayonet points of German sol-

diers. We ought to understand, as the President has in substance said to us, and as members of his Cabinet have practically said, that the greatest forces we can mass at present in this war is our force of money and our force of production. We ought not at this time, and under a 10-minute rule of debate, to proceed to destroy a billion dollars' worth of value, turn out of employment a million men, and unsettle the present industrial prosperity of the country.

When we get through with the revenue bill which we are about to pass we will have already sufficiently alarmed the capital of our country. Looking into the gallery, I see representatives of the press, which reminds me that I talked to-day with the proprietor of a great paper who presented figures which, if correct, show that his paper, together with two other great papers for which he spoke, will probably be bankrupted by the taxes proposed in the revenue bill.

Let us proceed with due care; let us do injury and impose burdens only where necessary; let us uproot evils, but let us be sure we do not create havoc in so doing; let us not pull up a hill of corn in order to get rid of a weed upon the instant, when, by a little care, we can kill the weed and yet save the corn. But, above everything else, let us not bring on a panic that will send money into hiding when the cause of our allies and our own country demands that all our financial resources be mobilized so that our cause in the great war shall triumph.

Mr. BORAH. Mr. President, I am going to detain the Senate only a moment.

I am compelled to vote in favor of striking out this amendment. I am heartily in accord with any movement which has for its purpose the restriction of the sale of liquors in this country, or the conservation of food. I am not going to detain the Senate now to state in detail why I shall vote to strike it out. Suffice it to say in a single sentence that in my judgment it is clearly in violation of the Constitution. I apologize to the Senate for referring to that instrument; but still I must for the time, until I am convinced that I am in error, observe it as my guide in casting my votes upon this floor. I am heartily in favor of prohibition of the liquor traffic not only in time of war but in time of peace. But I do not want to do a vain thing, and I feel sure this law would in the end accomplish nothing. In a few days we will have an opportunity to deal with the matter in an intelligent and effective way. When I can vote for an effective law, a constitutional law, I shall do so.

Mr. KING. Mr. President, it may not be the popular thing to vote to strike this amendment from the pending bill. I shall occupy but a moment in presenting my view. I have understood that it was the privilege of the new Members of the Senate to sit at the feet of the Gamallels and learn wisdom, and that it was the new Members' duty to preserve silence for at least a year, but to be sure to vote right. After listening for several weeks to the words of wisdom falling from the lips of able Senators, and learning the contrariety of opinion and witnessing the lack of unanimity on their part, it is quite apparent that a new Member could not vote right if he voted the way all his seniors vote. I have resolved, because of the great stress of public business and because of the necessity of securing action upon important measures at the earliest possible moment, to say nothing during this extraordinary but transcendently important session and to endeavor to intelligently act upon questions presented for consideration.

When the senior Senator from Iowa [Mr. CUMMINS] offered his amendment to the pending bill on Saturday last I had serious misgivings as to its constitutionality, and I also doubted its effectiveness either as a prohibition measure or as a food-conservation measure. Since the tendered amendment has not been considered by any committee, as I understand, an opportunity for investigating the effects of this provision if enacted into law is denied. However, being profoundly sympathetic with the announced object of the amendment, I voted for its adoption. Since then I have given more mature consideration to the question and have reached the conclusion just stated by the distinguished Senator from Idaho, that this amendment is unconstitutional. I have felt that whenever legislation is contemplated the first question should be, Is it constitutional? No matter how important it may be to obtain relief along a given line, if the plan proposed violates the great charter of our liberties it should not be enacted into law. It is not opportune, nor does time permit to discuss the constitutional phase of this matter, and I content myself by stating that in my opinion the amendment can not be defended constitutionally. Moreover, there are other serious objections to the proposed legislation.

We have been considering for weeks an important bill, coming from the Judiciary Committee. This bill dealt with the question of passports, shipping, embargoes, treason, espionage, the improper use of mails, and other important matters. The question

of the conservation of food was not before the Judiciary Committee, and would have no proper place before that committee. As has been repeatedly stated upon the floor of the Senate, the Agricultural Committee has been considering the question of food conservation and of cognate matters. As I understand, this committee has given attention to the question of the powers of the Federal Government to control food supplies, and to conserve not only articles constituting food but such as enter into the life of the people. It is impossible to legislate upon this important subject without extensive investigation and the most earnest and serious consideration.

I hold no brief for the liquor interests of our Nation. Upon the contrary, I should be glad to see every State of the Union in the prohibition column. The liquor interests have been unfriendly, in the State from which I come, to the party with which I affiliate. I have no sympathy for these interests, and, as stated, would be glad to see prohibitory statutes enacted in every State in the Union. I think it can be easily demonstrated that this amendment would not accomplish prohibition and would not conserve the food supply of our country. As a prohibitory measure it is futile as well as unconstitutional, and as conservator of food it is demonstrably ineffective.

The great needs of the country for revenue require calm and wise legislation. There must be no disturbing of business more than is necessary. With the billions of dollars required in the prosecution of the war it is important that business, so far as possible, be not disturbed, and that industrially and economically the business conditions should be free from governmental control to as large a degree as possible. The war, of necessity, will dislocate business, disturb industrial activity, and produce a disquieting effect in all of the business activities of the people. Everything possible should be done to encourage business and not to discourage it. Governmental control of the industries of our country should be avoided if possible.

The Government does not want to run the business of the country and desires that the people shall conduct their own business pursuits and maintain as high a level of prosperity as possible. The greater the prosperity the greater the taxes and burdens that can be borne by the people in order to prosecute this gigantic war. Whenever it is imperative for the Government to fix prices and to control the industries and business pursuits of the country, legislation should be provided only after the most deliberate and conscientious investigation and along conservative and proper lines and based upon legal principles that can be defended when the constitutionality of the same is challenged. It may be that under the war powers of the Government such a crisis will arise as to require governmental interposition in the control of the industries and commerce and business enterprises and activities of the people. It may be that a crisis will arrive and that the Government, under its war power, may be compelled to seize the products of farm and field, of mill and mine, and fix prices and control the channels of commerce. If this should be necessary, then as stated, the greatest care should be bestowed upon legislation affecting this object and the legal questions involved should receive the scrutiny of those who feel that the Constitution of our country in war, as in peace, is the foundation of our liberty.

In my opinion a bill could be drawn that would prevent, under certain circumstances, the use of cereals and other articles of food value for the manufacture of intoxicating liquors. A broad and comprehensive measure covering the great field of food conservation and with due recognition of constitutional limitations I would support. The amendment offered by the Senator from Iowa will not, in my opinion, reach the evil sought to be remedied, and may, if enacted into law, help to defeat proper legislation that will secure the relief desired. The debate has shown in part its imperfections; and, primarily because of its unconstitutionality, from my point of view, I shall feel compelled to support the motion to strike out the amendment.

The VICE PRESIDENT. The question is on the motion of the Senator from Utah [Mr. KING] to strike out.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Bankhead	Fall	Husting	Lewis
Beckham	Fernald	James	McCumber
Borah	Fletcher	Johnson, Cal.	McKellar
Brandegee	France	Jones, N. Mex.	Myers
Broussard	Frelinghuysen	Jones, Wash.	Nelson
Calder	Gallinger	Kellogg	New
Chamberlain	Gerry	Kendrick	Overman
Colt	Gore	Kenyon	Page
Culberson	Gronna	King	Phelan
Cummins	Hale	Kirby	Poindexter
Curtis	Harding	Knox	Pomerene
Dillingham	Hollis	La Follette	Ransdell

Reed	Smith, Ariz.	Thomas	Warren
Robinson	Smith, Ga.	Thompson	Watson
Saulsbury	Smith, S. C.	Townsend	Weeks
Shafroth	Sterling	Trammell	Williams
Sheppard	Stone	Vardaman	Wolcott
Shields	Sutherland	Wadsworth	
Simmons	Swanson	Walsh	

The VICE PRESIDENT. Seventy-four Senators have answered to the roll call. There is a quorum present.

Mr. CUMMINS. On the motion to strike out the amendment, I ask for the yeas and nays.

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

Mr. FERNALD (when his name was called). I have a pair with the junior Senator from South Dakota [Mr. JOHNSON], but on this question he would vote as I do. I vote "nay."

Mr. TOWNSEND (when the name of Mr. SMITH of Michigan was called). I desire to announce that if the senior Senator from Michigan [Mr. SMITH] were present he would vote "nay" on this motion.

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE] to the Senator from South Dakota [Mr. JOHNSON] and vote "nay."

The roll call was concluded.

Mr. REED (after having voted in the affirmative). I neglected to announce the transfer of my pair. I transfer my pair with the Senator from Michigan [Mr. SMITH] to the Senator from New Jersey [Mr. HUGHES] and allow my vote to stand.

Mr. VARDAMAN (after having voted in the negative). I voted, but I have a general pair with the junior Senator from Idaho [Mr. BRADY]. I transfer that pair to the Senator from Oregon [Mr. LANE] and let my vote stand.

The result was announced—yeas 47, nays 37, as follows:

YEAS—47.

Bankhead	Gerry	Lewis	Simmons
Borah	Harding	Lodge	Smith, Ariz.
Brandegee	Hardwick	McLean	Smith, Md.
Broussard	Hollis	Nelson	Smith, S. C.
Calder	Husting	New	Stone
Colt	James	Newlands	Thomas
Culberson	Johnson, Cal.	Overman	Underwood
Dillingham	Jones, N. Mex.	Pomerene	Wadsworth
Fall	Kellogg	Ransdell	Warren
Fletcher	King	Reed	Watson
France	Knox	Robinson	Weeks
Frelinghuysen	La Follette	Saulsbury	

NAYS—37.

Ashurst	Jones, Wash.	Pittman	Thompson
Beckham	Kendrick	Poindexter	Townsend
Chamberlain	Kenyon	Shafroth	Trammell
Cummins	Kirby	Sheppard	Vardaman
Curtis	McCumber	Sherman	Walsh
Fernald	McKellar	Shields	Williams
Gallinger	Martin	Smoot	Wolcott
Gore	Myers	Sterling	
Gronna	Page	Sutherland	
Hale	Phelan	Swanson	

NOT VOTING—12.

Brady	Hughes	Norris	Smith, Ga.
Goff	Johnson, S. Dak.	Owen	Smith, Mich.
Hitchcock	Lane	Penrose	Tillman

So Mr. KING's motion to strike out was agreed to.

Mr. BORAH. Mr. President, I move to strike from the bill section 1, Chapter XII, on page 66. I am not going to take the time of the Senate to discuss it, but will state to the Senate that it is the section referring to nonmailable matter upon which there was considerable discussion in the Senate. I ask for the yeas and nays on my motion.

Mr. OVERMAN. All I have to say is that the question was debated for two or three days and the Senate refused to strike out the section. I hope the Senate will stand by its former vote.

Mr. BORAH. The Senate has been showing some signs of returning wisdom.

The VICE PRESIDENT. The Senator from Idaho demands the yeas and nays on agreeing to his amendment.

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

Mr. FERNALD (when his name was called). I have a pair, as heretofore announced, with the junior Senator from South Dakota [Mr. JOHNSON], and withhold my vote.

Mr. REED (when his name was called). I make the same transfer of my pair as on the last vote and vote "yea."

Mr. VARDAMAN (when his name was called). I have a pair with the junior Senator from Idaho [Mr. BRADY]. I transfer that pair to the Senator from Oregon [Mr. LANE] and vote "yea."

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE]

to the Senator from Nebraska [Mr. HITCHCOCK] and vote "nay."

The roll call was concluded.

Mr. FERNALD. I transfer my pair with the junior Senator from South Dakota [Mr. JOHNSON] to the Senator from Nebraska [Mr. NORRIS] and vote "yea."

Mr. GRONNA. I wish to announce that the junior Senator from Nebraska [Mr. NORRIS] is unavoidably absent and that if present he would vote "yea."

Mr. DILLINGHAM. May I inquire if the Senator from Maryland [Mr. SMITH] has voted?

The VICE PRESIDENT. He has not.

Mr. DILLINGHAM. Then I withhold my vote, having a pair with that Senator.

The result was announced—yeas 29, nays 52, as follows:

YEAS—29.

Borah	Frelinghuysen	La Follette	Thomas
Brandeggee	Gallinger	Lodge	Townsend
Calder	Gronna	New	Vardaman
Cummins	Hardwick	Page	Watson
Curtis	Johnson, Cal.	Reed	Weeks
Fall	Jones, Wash.	Sherman	
Fernald	Kellogg	Smoot	
France	Kenyon	Sutherland	

NAYS—52.

Ashurst	James	Newlands	Simmons
Bankhead	Jones, N. Mex.	Overman	Smith, Ga.
Beckham	Kendrick	Owen	Smith, S. C.
Broussard	King	Phelan	Sterling
Chamberlain	Kirby	Pittman	Stone
Colt	Knox	Polndexter	Swanson
Culberson	Lewis	Pomerene	Thompson
Fletcher	McCumber	Ransdell	Trammell
Gerry	McKellar	Robinson	Underwood
Hale	McLean	Saulsbury	Warren
Harding	Martin	Shafroth	Williams
Hollis	Myers	Sheppard	Williams
Husting	Nelson	Shields	Wolcott

NOT VOTING—15.

Brady	Hitchcock	Norris	Smith, Mich.
Dillingham	Hughes	Penrose	Tillman
Goff	Johnson, S. Dak.	Smith, Ariz.	Walsh
Gore	Lane	Smith, Md.	

So Mr. BORAH's amendment was rejected.

Mr. LA FOLLETTE. In Chapter VII, page 54, at the end of section 1, I offer the following amendment, to come in after line 13 of that section.

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 54, Chapter VII, at the end of section 1, line 13, insert:

Provided further, That the power herein conferred upon the President to place an embargo upon the export of any article or articles from the United States to any foreign country shall in no case be used to prohibit such exports to any foreign country whose Government is at peace with the United States, when such article or articles are for the use and consumption of and within such foreign country, unless such article or articles in the judgment of the President to be so declared in his proclamation, be required for domestic use and consumption by the people of the United States, or for the use of the Government of the United States in its prosecution of the war; nor shall such power so conferred upon the President be used to interfere with the neutral rights of any neutral nation or to coerce the government of any such neutral nation, directly or indirectly to engage or participate in the existing war.

Mr. LA FOLLETTE. Mr. President, I have no desire or intention of debating the amendment. I do ask, however, for a yea-and-nay vote upon it.

Mr. OVERMAN. I wish to say that the Senate some time ago voted down an amendment of the same character. I have no objection to taking a vote by yeas and nays.

Mr. FLETCHER. Mr. President, I do not desire to debate the question at all, but I shall be inclined to vote against the amendment because it provides for precisely what the President will do and what he ought to do under the section, as it stands, in my judgment, and without the proposed amendment, and therefore it is not necessary.

Mr. LA FOLLETTE. I ask for the yeas and nays on agreeing to the amendment.

Mr. OVERMAN. I hope it will not be debated. If it is to be debated, I will move that the doors be closed.

Mr. LA FOLLETTE. All I desire is a vote upon it in open session without debate. That is all I ask.

Mr. FLETCHER. All right; I am ready to vote.

The VICE PRESIDENT. The Senator from Wisconsin demands the yeas and nays on agreeing to his amendment.

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

Mr. THOMAS (when his name was called). In the absence of my pair I withhold my vote.

Mr. VARDAMAN (when his name was called). Making the same transfer of my pair as on the former vote, I vote "yea."

Mr. WILLIAMS (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. PENROSE]

to the Senator from Nebraska [Mr. HITCHCOCK] and vote "nay." I ask that this announcement may stand for the balance of this legislative day.

The roll call was concluded.

Mr. REED (after having voted in the negative). I neglected to announce the transfer of my pair. I make the same transfer as on the last vote and allow my vote to stand.

The result was announced—yeas 9, nays 68, as follows:

YEAS—9.

Cummins	Gore	Jones, Wash.	Townsend
France	Gronna	La Follette	Vardaman
Gallinger			

NAYS—68.

Ashurst	Hollis	New	Simmons
Bankhead	Husting	Newlands	Smith, Ariz.
Beckham	James	Overman	Smith, Ga.
Borah	Johnson, Cal.	Owen	Smith, Md.
Brandeggee	Jones, N. Mex.	Page	Smith, S. C.
Broussard	Kellogg	Phelan	Sterling
Calder	Kendrick	Pittman	Sutherland
Chamberlain	King	Polndexter	Swanson
Colt	Knox	Pomerene	Thompson
Culberson	Lewis	Ransdell	Trammell
Curtis	Lodge	Reed	Underwood
Fletcher	McCumber	Robinson	Wadsworth
Frelinghuysen	McKellar	Saulsbury	Warren
Hale	Gerry	Shafroth	Watson
Harding	Martin	Sheppard	Weeks
Hollis	Myers	Sherman	Williams
Husting	Nelson	Shields	Wolcott

NOT VOTING—19.

Brady	Hitchcock	Lane	Stone
Dillingham	Hughes	Norris	Thomas
Fall	Johnson, S. Dak.	Penrose	Tillman
Fernald	Kenyon	Smith, Mich.	Walsh
Goff	Kirby	Smoot	

So, Mr. LA FOLLETTE's amendment was rejected.

The VICE PRESIDENT. Are there further amendments? If not, the amendment in the nature of a substitute made as in Committee of the Whole will be concurred in.

The amendment made as in Committee of the Whole was concurred in.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. LA FOLLETTE. Mr. President, I am greatly obliged to the Senator from Florida [Mr. FLETCHER] for having speeded the issue on my amendment so perfectly and completely. I will let the record stand upon that.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. REED and Mr. SAULSBURY asked for the yeas and nays, and they were ordered.

The Secretary proceeded to call the roll.

Mr. FERNALD (when his name was called). I have a pair with the junior Senator from South Dakota [Mr. JOHNSON], but on this measure, if he were present, he would vote as I am about to vote. Therefore I feel at liberty to vote and vote "yea."

Mr. GRONNA (when the name of Mr. NORRIS was called). I am requested to announce that the Senator from Nebraska [Mr. NORRIS] is unavoidably absent, and that if present would vote "nay."

Mr. THOMAS (when his name was called). In the absence of my pair I withhold my vote. If my pair were here, he would vote "yea," and I should vote "nay."

Mr. VARDAMAN (when his name was called). Making the same transfer of my pair as heretofore, I vote "nay."

The roll call was concluded.

Mr. CURTIS. I have been requested to announce that the Senator from West Virginia [Mr. GOFF] is paired with the Senator from South Carolina [Mr. TILLMAN].

Mr. MYERS. My colleague [Mr. WALSH] is necessarily absent on official business. If he were present, he would vote "yea."

Mr. REED. Making the same transfer of my pair as on the last vote, I vote "yea."

The result was announced—yeas 77, nays 6, as follows:

YEAS—77.

Ashurst	Frelinghuysen	Kenyon	Page
Bankhead	Gallinger	King	Phelan
Beckham	Gerry	Kirby	Pittman
Brandeggee	Gore	Knox	Polndexter
Broussard	Hale	Lewis	Pomerene
Calder	Harding	Lodge	Ransdell
Chamberlain	Hardwick	McKellar	Reed
Colt	Hollis	McLean	Robinson
Culberson	Husting	Martin	Saulsbury
Cummins	James	Myers	Shafroth
Curtis	Johnson, Cal.	Nelson	Sheppard
Dillingham	Jones, N. Mex.	New	Shields
Fall	Jones, Wash.	Newlands	Simmons
Fernald	Kellogg	Overman	Smith, Ariz.
Fletcher	Kendrick	Owen	Smith, Ga.

Smith, Md.	Sutherland	Underwood	Williams
Smith, S. C.	Swanson	Wadsworth	Wolcott
Smoot	Thompson	Warren	
Sterling	Townsend	Watson	
Stone	Trammell	Weeks	

NAYS—6.

Borah	Gronna	Sherman	Vardaman
France	La Follette		

NOT VOTING—13.

Brady	Johnson, S. Dak.	Penrose	Walsh
Goff	Lane	Smith, Mich.	
Hitchcock	McCumber	Thomas	
Hughes	Norris	Tillman	

So the bill was passed.

Mr. OVERMAN. I move that the Senate request a conference with the House of Representatives on the bill and amendment and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and Mr. OVERMAN, Mr. FLETCHER, and Mr. NELSON were appointed as the conferees on the part of the Senate.

INCREASE OF NAVAL ESTABLISHMENT.

Mr. SWANSON. I move that the Senate proceed to the consideration of the bill (H. R. 3330) to temporarily increase the commissioned and warrant and enlisted strength of the Navy and Marine Corps, and for other purposes.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Naval Affairs with amendments.

EXECUTIVE SESSION.

Mr. SWANSON. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

RECESS.

Mr. SWANSON. I move that the Senate take a recess until noon to-morrow.

The motion was agreed to; and (at 5 o'clock and 40 minutes p. m., Monday, May 14, 1917) the Senate took a recess until to-morrow, Tuesday, May 15, 1917, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate May 14 (legislative day of May 11), 1917.

RECEIVER OF PUBLIC MONEYS.

William A. Maxwell, of Colorado, to be receiver of public moneys at Denver, Colo., his term of office having expired. (Reappointment.)

REGISTER OF LAND OFFICE.

Harry J. Kelly, of Montana, to be register of the land office at Lewistown, Mont., his term of office expiring May 28, 1917. (Reappointment.)

UNITED STATES ATTORNEY.

Francis G. Caffey, of New York City, to be United States attorney, southern district of New York, vice H. Snowden Marshall, whose term has expired.

PROVISIONAL APPOINTMENT IN THE ARMY.

INFANTRY ARM.

Second Lieut. Madison Pearson, Philippine Scouts, to be second lieutenant of Infantry, with rank from date of appointment.

POSTMASTERS.

LOUISIANA.

Ambrose L. Marshall to be postmaster at La Fayette, La., in place of J. R. Domengeaux, resigned.

NORTH CAROLINA.

Margaret W. Swindell to be postmaster at Swanquarter, N. C., in place of Margaret W. Mann (name changed by marriage).

OKLAHOMA.

Frances G. McGinn to be postmaster at Gate, Okla., in place of Frances G. Owens (name changed by marriage).

TEXAS.

McIver Smith Daniel to be postmaster at Texline, Tex., in place of McIver Smith (name changed by marriage).

CONFIRMATIONS.

Executive nominations confirmed by the Senate May 14 (legislative day of May 11), 1917.

THIRD JUDGE OF THE CIRCUIT COURT, TERRITORY OF HAWAII.
William H. Heen to be third judge of the circuit court of the first circuit, Territory of Hawaii.

UNITED STATES ATTORNEY.

Clarence L. Reames to be United States attorney for the district of Oregon.

REGISTERS OF THE LAND OFFICE.

Frank O. Williams to be register of the land office at Kalispell, Mont.

H. Frank Woodcock to be register of the land office at The Dalles, Oreg.

RECEIVERS OF PUBLIC MONEYS.

Sam Mothershead to be receiver of public moneys at Burns, Oreg.

Nolan Skiff to be receiver of public moneys at La Grande, Oreg.
Luren A. Booth to be receiver of public moneys at The Dalles, Oreg.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

Burwell S. Cutler to be (first) assistant chief of the Bureau of Foreign and Domestic Commerce in the Department of Commerce.

EXECUTIVE COUNCIL OF PORTO RICO.

Martin Travieso, jr., to be a member of the executive council of Porto Rico.

COAST GUARD.

Third Lieut. of Engineers Isaac John Van Kammen to be second lieutenant of Engineers in the Coast Guard.

POSTMASTERS.

MASSACHUSETTS.

Michael A. Keegan, Rockland.
Edward L. Harkins, Shirley.
Josephine E. Dempsey, South Ashburnham.
Joseph H. Whelan, South Lancaster.
D. Anthony Sheehan, Weston.

HOUSE OF REPRESENTATIVES.

MONDAY, May 14, 1917.

The House met at 10.30 o'clock a. m.

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

Teach us, O Lord God, wisdom that we may apply our knowledge unto truth as it is given us to see the truth; wisdom that we may apply our knowledge with generosity and justice for those who see truth from a different viewpoint; wisdom that we may apply our knowledge to a careful scrutiny of our self, that we may cast out the beam that is in our own eye, that we may see clearly to cast the mote out of our brother's eye; wisdom that we may apply our knowledge unto the ideals in American citizenship; wisdom that we may apply our knowledge unto patriotism which means sacrifice for all of us; wisdom that we may apply our knowledge unto our religious convictions, that we may think right and live right in the spirit of the Master. Amen.

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

EXTENSION OF REMARKS.

Mr. DILLON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the Federal loan act.

The SPEAKER. The gentleman from South Dakota asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

LEAVE TO PRINT ON WAR-REVENUE BILL.

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent that all gentlemen have leave to print their remarks in the Record on this bill for five legislative days after the final vote on the bill.

The SPEAKER. The gentleman from Michigan asks unanimous consent that all gentlemen have the right to print on this bill for five legislative days from the time the final vote is taken in the House. Is there objection? [After a pause.] The Chair hears none.

Mr. CRISP. Mr. Speaker, I make the point of order that no quorum is present.

The SPEAKER. The gentleman from Georgia makes the point of order that no quorum is present. Evidently there is not.

Mr. KITCHIN. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, and the Sergeant at Arms was ordered to notify the absentees.

The Clerk called the roll, and the following Members failed to answer to their names:

Alexander	Eagle	Hull, Tenn.	Rouse
Anthony	Edmonds	Husted	Rówe
Bacharach	Ellsworth	Hutchinson	Rowland
Barkley	Fairchild, G. W.	Jones, Va.	Rucker
Bathrick	Farr	Kahn	Sabath
Bell	Ferris	Kelley, Mich.	Sanders, La.
Bowers	Flynn	Key, Ohio	Saunders, Va.
Britten	Focht	Kraus	Scott, Pa.
Brodbeck	Foss	Kreider	Scully
Browning	Francis	Lee, Ga.	Shouse
Bruckner	Fuller, Mass.	Lehibach	Sisson
Caldwell	Gallivan	Leshler	Slayden
Campbell, Pa.	Gandy	Lever	Slemp
Candler, Miss.	Gardner	Linthicum	Small
Capstick	Garner	McAndrews	Smith, Idaho
Carew	Glass	McFadden	Smith, C. B.
Carlin	Glynn	McKinley	Smith, T. F.
Carter, Okla.	Godwin, N. C.	McLaughlin, Mich.	Stephens, Miss.
Chandler, N. Y.	Good	McLaughlin, Pa.	Stirling, Pa.
Church	Gould	Maber	Swift
Coady	Gray, N. J.	Martin, Ill.	Talbot
Cooper, Ohio	Gregg	Miller, Minn.	Taylor, Colo.
Copley	Griest	Montague	Temple
Costello	Griffin	Moon	Templeton
Curry, Cal.	Hamill	Morin	Tilson
Dale, N. Y.	Hamilton, N. Y.	Mott	Tinkham
Darrow	Harrison, Miss.	Mudd	Vare
Davis	Harrison, Va.	Neely	Venable
Dempsey	Haskell	Nolan	Voigt
Dewalt	Haugen	Oliver, N. Y.	Ward
Dies	Hawley	Overmyer	Wason
Dill	Hayden	Overstreet	Webb
Dooling	Hayes	Padgett	Welling
Doolittle	Heaton	Porter	Wheeler
Doughton	Hicks	Pou	White, Ohio
Drane	Hilliard	Powers	Wilson, Ill.
Drukker	Holland	Price	Wilson, Tex.
Dunn	Howard	Ramsey	Winslow
Dupré	Hulbert	Riordan	
Eagan	Hul, Iowa	Rodenberg	

The SPEAKER. On this roll call 272 Members have answered to their names. A quorum is present.

Mr. KITCHIN. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

WAR REVENUE.

Mr. KITCHIN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4280, the war-revenue bill.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. FOSTER in the chair.

The Clerk read the title to the bill.

Mr. FORDNEY. Mr. Chairman, I yield 40 minutes to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Chairman, I yield one minute to the gentleman from Tennessee [Mr. AUSTIN].

Mr. AUSTIN. Mr. Chairman, I ask that the Clerk read the following article from the *Virginian Pilot* of May 13 in my time.

The Clerk read as follows:

ALL PARIS TALKING ABOUT ROOSEVELT'S VOLUNTEER DIVISION—FRENCH CAPITAL EXPECTED TO OUTDO ALMOST ANY POPULAR DEMONSTRATION SINCE REVOLUTION ON HIS ARRIVAL.

PARIS, May 12, 1917.

All Paris is talking about "Teddy Roosevelt's division."

The Parisian man in the street, the discreet Government official, the Parisian housewife will all ask any American to-day the same question: "When do you think Mr. Teddy Roosevelt will come to Paris with that picked American division?"

It is perfectly safe to predict that Paris will outdo almost any popular manifestation in history—except possibly the French Revolution—if it has a chance to see Roosevelt marching at the head of American troops.

The popular French idea of Roosevelt dates back to Spanish-American War days. They regard him as an "ideal type of American."

Frenchmen honor President Wilson from the bottom of their hearts. They put him down as one of the greatest men in history. Newspapers refer to him in what Americans call "high-brow" language.

But without detracting one whit from Wilson's popularity here, there is a different sort of enthusiasm for T. R. Newspapers spread his name in big type, faces brighten, eyes flash.

Mr. LONGWORTH. Mr. Chairman and gentlemen of the House, I ask you to believe that I was unaware of what the gentleman from Tennessee was going to say. [Laughter and applause.] Nevertheless, if you will permit me to do so, I will say that I indorse the sentiments he has caused to be enunciated.

Gentlemen, I shall try not to abuse your patience. This bill has been explained in great detail by the gentleman from North

Carolina [Mr. KITCHIN] and by the gentleman from Michigan [Mr. FORDNEY]. The debate during the past few days has been exhaustive, and it might seem that it had been even exhausting, judging from the thin attendance at the daily hour of adjournment.

I shall confine myself to as brief a discussion as possible of the general features of this measure without going into any great detail. The gentleman from North Carolina [Mr. KITCHIN] the other day expressed his delight that he was able to bring this bill before the House backed up by the unanimous indorsement of the Committee on Ways and Means. In that expression I join him. That Democrats, Republicans, and Progressives in times like these can act with unanimity upon a revenue bill of these unexampled proportions, affecting as it does almost every field of human endeavor, is, I think, a most fortunate thing for the country, because it shows that in times of real stress the Representatives in this House of the American people can be trusted to act as patriots and not as partisans.

The gentleman from North Carolina accounts for this unanimity in several ways, and he paid a graceful tribute to the Republican Members for declining to inject partisanship in any way into our deliberations. He neglected, however, to mention what I consider the main cause for the harmonious agreement at which we finally arrived, and that is the unflinching patience, good humor, and tact of the gentleman from North Carolina himself. [Applause.] To these he added a knowledge of detail gained evidently by the most laborious investigation of financial conditions which was to me nothing short of surprising. During the many years that I have known the gentleman from North Carolina, during the many years that we have served here together, I have thought of him principally as an able orator, an extraordinarily brilliant debater, and a fluent—and I hope he will pardon me for this—if sometimes flippant rhetorician; but I now recognize that he possesses qualities of statesmanship far higher than these, and I say to you gentlemen upon that side of the aisle that he is well fitted to guide you through the problems you face in the financing of this war. [Applause.] I do not claim for this bill, no one claims for this bill, that it is the last word in war finances. I am perfectly frank to say that there is much in it of which I disapprove; that there is little in it that I would support for a moment in time of peace; but, Mr. Chairman, we are at war and we must have money. We have been criticized for not holding public hearings. If we had held public hearings, judging from the mass of letters and telegrams that I have alone received from gentlemen in the slightest degree touched by taxation, we would have been sitting yet and not a line of the bill would have been written. Judged by the same standard, the bill when eventually completed would have been far worse than it is now, for the vast majority of these protestants seem to me entirely unable to get it into their heads that this country is at war and that it is their duty as Americans to contribute something toward its cost. We do claim for this bill that it is as carefully constructed as was possible in a limited time; that it is well balanced; that its burdens are in no case destructive of industry; and that it will without question produce the revenue it was designed to provide. The main problem which faced the framers of this bill was how to distribute the taxes necessary to raise this huge sum of \$1,800,000,000 in as equitable a way as possible, so that as a general rule those best able under all the circumstances to do so would be called upon to assume the burden.

No one, I think, except the most radical socialist, would hold that these war taxes should be paid exclusively by the very rich, and, on the other hand, no one but the most selfish rich man would advocate that wealth as such should not pay the major portion of expense. [Applause.] This problem confronted us in the very beginning in the construction of the income-tax provisions, which come first in the bill. Under existing law only about 370,000 people paid any income tax whatever last year—less than one-half of 1 per cent of the population of the United States. Faced with the fact that we had to tremendously increase the tax upon higher incomes, it did not seem to us fair—certainly it did not seem to us good public policy—to compel this insignificant number of people to pay the entire war income tax, and so it was decided to lower the exemptions to a point where a reasonable number of people should be called upon to pay from their incomes something toward the national defense. This bill lowers the exemption in the case of a single man from \$3,000 to \$1,000 and of a married man from \$4,000 to \$2,000; and even thus these exemptions are far higher than they are in any other country in the world where an income tax is laid, and in no other country does so small a proportion of the population pay the tax. I shall not go into detail in this matter except to say that in no other country except America is the exemption as high as \$1,000 even for married men. In

most countries a fair average could be said to be about \$500. In Germany, for instance, in the year before the war, with an exemption of about \$500, more than 6,000,000 people paid an income tax. We believe that under this bill, with the exemptions at one and two thousand dollars, about 4,000,000 people will be called upon to pay an income tax, and the rates upon the smaller incomes will be so low that they will not be appreciably felt, I think. We decided unanimously at the beginning to as nearly as possible assess half the cost upon accumulated wealth as such, as large a proportion of the remainder as possible upon luxuries and near luxuries, and as small an amount as possible upon the necessities of life. In that respect I claim for this bill that it is almost ideally balanced. Almost exactly 50 per cent of the amount herein raised will be paid by accumulated wealth; about 30 per cent will be paid by luxuries, pure and simple; about 15 per cent will be paid by what might be called near luxuries; and very little more than 5 per cent will be paid by articles of absolute daily necessity.

I arrive at these conclusions in the following way: It is expected that something more than \$850,000,000 will be raised by income and excess-profits taxes, something like \$520,000,000 by taxes on luxuries, like spirits, wines, tobaccos, automobiles, musical instruments, jewelry, perfumery, amusements of various kinds, and by the customs duty on those things in the nature of luxuries which are imported into this country. It is expected that something like \$320,000,000 will be derived from articles which might be called near luxuries or, at least, not things of absolute daily necessity, like passenger tickets, electric lights, telephone messages, business papers of various kinds, which we have always taxed in this country in time of war, and letters and periodicals.

Mr. BROWNE. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. BROWNE. In what division would an automobile truck come? Would the gentleman consider that a luxury in any way?

Mr. LONGWORTH. Perhaps I would put an automobile truck in about the category that I would a freight bill. I think it comes fairly nearly being a necessity, but we are taxing freight bills. This is war.

Mr. BROWNE. But freight bills are not taxed 5 per cent on the gross amount.

Mr. LONGWORTH. No; we tax them 3 per cent.

Mr. BROWNE. Why make the distinction between an automobile truck and a thrashing machine or any other kind of farm implements? Farm implements are manufactured by one of the greatest trusts in America, the International Harvester Co.

Mr. LONGWORTH. Oh, if the gentleman will pardon me, I can not now undertake to split hairs. I think there is much to be said upon his proposition that an automobile truck is practically a necessity. But the people could get along without it in time of war.

Mr. MEEKER. Will the gentleman yield?

Mr. LONGWORTH. Yes; if the gentleman will make it a short question.

Mr. MEEKER. When the farmer has dispensed with his horses, when his stuff has gone to Europe in the war, how will he transport his goods without any automobile trucks?

Mr. LONGWORTH. Oh, I do not think this provision will ever heavily affect the farmers of the gentleman's district. [Applause and laughter.] Now, the remaining \$150,000,000 will come from one article I have just mentioned, tax on freight, which is a tax practically on necessities, and from the 10 per cent customs rate possibly one-half of which will consist of articles of daily necessity, but even so, gentlemen, just about 5 and not to exceed 6 per cent of all the taxes raised by this bill will come from articles of daily necessity.

To put the situation in another way, I think it can fairly be said that at least 95 per cent of all these taxes will be distributed among the very rich and among people of at least moderate means, and not more than 5 per cent among people of real needy circumstances. It seems to me, then, that, so far as the distribution of the burdens under this bill are concerned, it is almost ideally balanced, and that the bill can not be attacked upon that account.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. LONGWORTH. I do.

Mr. GREEN of Iowa. Does not the gentleman mean in reference to the 5 per cent, only 5 per cent will be put upon the wealthy and those in moderate or needy circumstances alike, instead of—

Mr. LONGWORTH. I said the 95 per cent would be distributed almost exclusively among the very rich and at least

moderately well-off persons and not more than 5 per cent would be paid by people in really needy circumstances.

Mr. GREEN of Iowa. I think the gentleman has that too high, the 5 per cent would be shared.

Mr. LONGWORTH. I accept that amendment. I think that hardly any of these taxes will be paid by the poor people of the country.

Mr. REAVIS. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. REAVIS. Does not the gentleman believe that the 95 per cent paid by those who are well to do will be in a large measure added to the cost of production and paid in the last analysis by the purchaser of the product?

Mr. LONGWORTH. I agree with the gentleman that almost all taxes are finally passed on the consumer, except probably a tax like the excess-profits tax or the income tax, which are the least susceptible of being passed along, and most of this money is raised by excess profits and income taxes. It is significant that protests against this bill come not from poor people, not from those whose necessities may cost more, but from the producers of luxuries whose tremendous profits in the past few years have caused a reorganization of American finance. Nine-tenths of the telegrams and letters of protest that have been pouring in upon us for the past few weeks, literally by the tons, come from the producers of luxuries pure and simple. Each one says we have singled him out to tax his industry with a discriminatory tax, and that it will bring ruin upon him. Is the tax imposed by this bill upon these luxuries unjust and discriminatory? We tax in exactly the same way, by a tax of 5 per cent upon their sales, automobiles, tires and tubes, musical instruments, phonograph records, motion-picture films, jewelry, sporting goods, pleasure boats, perfumes and cosmetics, proprietary medicines, and chewing gum. And in the same way we put a tax upon the amusement industry of this country. We put a tax of 10 per cent upon each ticket worth more than 10 cents for admission to baseball games, movie shows, theaters, and things of that sort. Literally thousands and tens of thousands of articles are taxed in precisely the same way in this bill. Is there anything unjust or discriminatory about that? If one of these taxes is right, then all of them are right. If one of them is wrong, then they are all wrong. If it is wrong or unjust to put a tax of 5 per cent for war purposes on the sale of automobiles, then it is wrong to put a similar tax on a piano, or a drum, or a movie film, or a diamond pin, or a bracelet, or a yacht, or a golf ball, or a tennis racket, or a bottle of cologne, or, I will say to my friend from Michigan who sits in front of me, a bottle of hair dye.

Mr. BLAND. Will the gentleman yield?

Mr. LONGWORTH. Not on this hair-dye proposition. Or a ticket to a theater or a baseball game or a package of chewing gum to be consumed thereat. If one goes out, all ought to go out. But where would that leave us with our revenue bill. We would have destroyed revenue to the extent of \$180,300,000. If taxes like these automobile taxes—like all of these tens of thousands of sales taxes—are wrong, then surely taxes even larger upon things like freight bills, express bills, passenger and Pullman tickets, telegrams and telephone messages, and the like are wrong.

Mr. COOPER of Wisconsin. Will the gentleman yield for a question?

Mr. LONGWORTH. I yield to the gentleman from Wisconsin. Mr. COOPER of Wisconsin. The gentleman spoke a moment ago about taxes on moving-picture films. I notice, on page 26, this provision:

(d) Upon all positive moving-picture films (containing a picture ready for projection) sold or leased by the manufacturer, producer, or importer a tax equivalent to 1 cent per linear foot.

Now, how many feet of film on an average do they use in an evening's performance of a "movie" show?

Mr. LONGWORTH. I can not answer the gentleman accurately on that. We had very conflicting testimony. I should say possibly 5,000 or 6,000 feet.

Mr. MADDEN. More than 10,000 feet.

Mr. LONGWORTH. I beg the gentleman's pardon. They vary very greatly. Some of the larger films are as large as 20,000 feet.

Mr. KITCHIN. It was estimated that there were about between 350,000,000 and 400,000,000 feet bought and sold or leased in the United States during the year. Take a play like the Birth of a Nation and there are 12,500 feet in that.

Mr. COOPER of Wisconsin. That would be \$125 a night. Is that it?

Mr. KITCHIN. Half an hour's play, I imagine, would use about 3,000 feet. An hour's play would be perhaps 4,000 or 5,000 feet.

Mr. COOPER of Wisconsin. Many of these "movie" theaters are what are called a poor man's theater—a wonderful thing.

Mr. KITCHIN. I heard no poor man who kicked against this.

Mr. LONGWORTH. The poor man has not kicked.

Mr. KITCHIN. He has not kicked at all.

Mr. COOPER of Wisconsin. The average poor man is too busy earning his daily bread to learn of the legislation that is being proposed here. He does not know anything about it at all. Suppose there are 3,500 feet of film; that would be \$35 for a single evening.

Mr. KITCHIN. The gentleman is mistaken. It does not say an evening performance, but it is the number of feet. It is the manufacturer, and the film is shown a hundred different times at different places, and not at one performance.

Mr. LONGWORTH. When the poor man comes before Congress to object to taxes on "movie" films, I am willing to listen to the gentleman from Wisconsin [Mr. COOPER] further.

Let me go on now. I am afraid I shall not have time to yield further at this moment. I was referring to these taxes on "movie" films, but I forgot to mention club dues, gentlemen. That is an unjust and discriminatory tax. That will ruin the clubs of this country, gentlemen. It will have a serious effect on the pockets of us clubmen. We ought to protest against such an unjust and discriminatory tax as that. But if taxes of this sort on luxuries are unjust, how much more unjust they are upon these other things I have mentioned, like freight bills, passenger tickets, telephone messages, telegrams, and things of that sort. Suppose we strike these from the bill—and we have much more justification in striking them out than we have the luxuries—what effect would that have on our revenue bill? That would lose us \$222,250,000. Suppose we strike them all out, all these unjust and discriminatory taxes on sales, and where does that leave us? It leaves this bill lacking by more than \$402,000,000 of raising the amount of money that is absolutely necessary. How do you, then, propose to finance this war, gentlemen?

Mr. McCORMICK. Will the gentleman yield for a moment?

Mr. LONGWORTH. I yield to the gentleman.

Mr. McCORMICK. I suggest that the gentleman is presenting an able defense of the more defensible provisions of the bill. Does he expect to discuss the retroactive income tax and the increase in the excess-profits tax?

Mr. LONGWORTH. I will say this to the gentleman from Illinois, that I do not expect to defend them as matters of public policy at all. I am absolutely opposed to the principle of the excess-profits tax. In fact, I was the Member on this side who offered the amendment to strike it out of the revenue bill known as the Kitchin bill. I believe, as a matter of public policy, that if we were to have an excess-profits tax in time of war it ought to be based on the same plan as the excess-profits tax in all the countries in Europe now at war; that is to say, a tax based upon the difference between war profits and peace profits. But, so far as I am concerned, I find myself now in this position: We have in this country the machinery for raising revenue of which I personally disapprove, but being more concerned now with raising money than with the perfecting of laws of which I disapprove I am willing to take this machinery and raise money with it. [Applause.] So far as the retroactive tax on incomes for 1916 is concerned, I am wholly and absolutely opposed to that scheme of raising revenue. I think it opens up a very dangerous field for taxation. But at least we were able in this bill to keep out the retroactive tax on excess profits which was suggested by the Treasury Department, and which was so much worse than this that when I was confronted finally with the absolute necessity of raising \$110,000,000 in some way or other I was forced to accept this retroactive income-tax plan, much as I dislike it.

The Treasury Department estimates that the total receipts from all sources for the fiscal year 1917, now about to close, will be about \$775,000,000, exclusive of postage receipts. This bill is designed to raise two and one-half times that. In other words, in one bill we are raising considerable more than twice the amount of revenue that ever flowed into the United States Treasury in any one year. At the time of the Civil War, with all the tremendous taxes of that day, the largest amount of money that ever came into the Treasury was \$557,000,000. The largest amount that ever came into the Treasury during the Spanish War was \$515,000,000. When I first came to Congress, gentlemen, 14 years ago, the total Treasury receipts were \$587,000,000, and during all the time I have served here they have never run higher than \$775,000,000, which were last year's receipts.

Mr. MANN. Exclusive of postage.

Mr. LONGWORTH. Exclusive of postage. Curiously enough, and I think this is a very remarkable fact, the receipts of the largest Civil War year, the receipts of the largest Spanish War year, and the receipts of the largest business year in history, when added together make a total of \$1,830,000,000, or almost exactly the amount that is carried in this bill.

If I had been told a few years ago that I should some day be called upon to participate in the drafting of a revenue measure which would by itself raise as much as the entire revenues of the Government for its two largest war years and its largest business year combined, I would have cast reflection upon the prophetic ability of the person who so predicted. If some one had told me a few years ago that I would have ever joined with the gentleman from North Carolina [Mr. KITCHIN] and the gentleman from Illinois [Mr. RAINEY] in agreement upon a revenue bill, I should have nominated that person as a fit candidate for an institution for the feeble-minded. And yet I find myself here in that position, and I am not ashamed of it under these circumstances. [Applause.]

If the postal receipts remain substantially where they were in 1916, the revenue this year under existing law would amount to \$1,100,000,000; added to this \$1,800,000,000, we will have a revenue next year of nearly \$3,000,000,000—an amount so huge as to stagger the imagination; an amount as large as the total, including the post-office receipts, of the largest three years in the history of America.

Very nearly three-quarters of this sum will be provided by the five great revenue-producing sources of the country. We receive from customs duties about \$430,000,000; from the excess profits tax, \$425,000,000; from the income tax and the corporation tax, \$975,000,000; from the tobacco tax about \$170,000,000, and from the beer and spirit tax about \$430,000,000.

I merely call these figures to your attention, gentlemen, to show what effect would be had upon the revenue by any amendment which would destroy any one of these sources of revenue to the Government.

Mr. FESS. Mr. Chairman, will my colleague yield for a question at that point?

Mr. LONGWORTH. I yield to my colleague.

Mr. FESS. I listened with a great deal of interest to the gentleman's analysis and especially to this last statement. The theory of the bill, as I take it, is to fix some of the tax upon the producer, so that he can not shift it to some one else, like the excess profits tax and the income tax. There has been a good deal of contention through the mails that the tax will destroy certain businesses, and one of those businesses is that of the automobile. Was the 5 per cent upon the manufacturer placed with the expectation that he would pay it, or that ultimately the user of the automobile would pay it?

Mr. LONGWORTH. I will say to my colleague that I do not think it conceivable, in the remotest degree conceivable, that the tax of 5 per cent on the sale of an automobile will be paid by anyone except the buyer of the automobile at retail. Now, gentlemen must remember that this tax is laid upon the manufacturer's or producer's sale price. We understand that the agents for automobiles receive anywhere from 20 to 30 per cent of the cost of the car. For instance—

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. GREEN of Iowa. Does the gentleman want some more time?

Mr. LONGWORTH. I would like to have 20 minutes.

Mr. GREEN of Iowa. I yield him 20 minutes more.

The CHAIRMAN. The gentleman is recognized for 20 additional minutes.

Mr. LONGWORTH. Take the ordinary automobile, a pretty good automobile, that sells for \$2,000. That automobile is sold, as I understand it, to the agent for about \$1,500. It is on the \$1,500 that this tax is laid, so that in such a case the tax will be \$75. I can not conceive how any man who can afford to pay \$2,000 for a machine, assuming that this tax is entirely passed on, would balk at paying \$2,075 for it. That is all there is to the proposition.

Mr. FESS. Mr. Chairman, will the gentleman yield for another question?

Mr. LONGWORTH. Yes.

Mr. FESS. Realizing that my colleague has made a careful study of this question, is there any danger, in his opinion, that there is any business that is going to be ruined by this bill?

Mr. LONGWORTH. Absolutely not. Far from being ruined, I do not think they will be appreciably hurt. The automobile industry to-day taxes itself on every car that it makes something like 50 per cent. It taxes itself something like 20 per cent for advertising and something like 20 or 30 per cent for selling

through agents, and the Government comes along and puts 5 per cent on. Is that going to ruin them? [Applause.]

Mr. MANN. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Ohio yield to the gentleman from Illinois?

Mr. LONGWORTH. Yes; I yield to the gentleman from Illinois.

Mr. MANN. In that connection, the tax being placed upon the selling price of the manufacturer or producer, will it be possible for the selling agent, increasing the price, to say that it is on account of the tax, without disclosing the difference between the selling price by the manufacturer and the selling price by the retailer or the agent?

Mr. LONGWORTH. Well, with the little experience I have had with automobile dealers, I know they will try to do it, but I do not think they will be able to put it over.

Mr. MANN. I thought the gentleman had said they would do it.

Mr. LONGWORTH. I said that the purchaser would not know the exact amount that the agent would pay for the car.

Mr. MANN. He can not know very well, can he?

Mr. LONGWORTH. No.

Mr. MANN. I am not speaking merely of automobiles, but the tax upon all these products.

Mr. LONGWORTH. Yes.

Mr. MANN. As I understand, on medicinal preparations—

Mr. LONGWORTH. It will be passed on.

Mr. MANN. I do not know whether it will be passed on or not. The tax is paid by the manufacturer or producer. It is not the old stamp tax.

Mr. LONGWORTH. The gentleman is right as to proprietary medicines that sell at a certain fixed price. With regard to almost all other articles, though, subject to this sale tax the tax, I think, will be passed on to the consumer.

Mr. MANN. They may add to the price, but I do not see how it is possible for the selling agent, retail or otherwise, to say, "The amount we added is the amount of the tax," because none of them want to disclose what he pays for the goods.

Mr. LONGWORTH. No doubt the gentleman is right with regard to some patent medicines, but they will still make a pretty good profit.

Of course, I weep for some of these men who are going to be ruined. The story that comes to us by the producer of that beneficent drink, "Coca Cola," brings tears to my eyes. He has made only \$35,000,000 in the last few years, and a tax of 10 per cent is going to ruin him! How can you stand here and support such an unjust and discriminatory tax? [Laughter.]

Mr. DOREMUS. Mr. Chairman, will the gentleman yield for a question?

Mr. LONGWORTH. I will be glad to yield to the gentleman, because he knows more of the automobile business than anybody.

Mr. DOREMUS. The gentleman spoke a moment ago of the manufacturer taxing himself 20 per cent for advertising. Will the gentleman be willing to give to the committee the source of that information?

Mr. LONGWORTH. That is my own judgment. I have no definite information.

Mr. DOREMUS. Do you know anything about it personally?

Mr. LONGWORTH. I do not know what they pay for advertising, but I do know that there is not a magazine or newspaper in this country that does not carry advertisements of automobiles, which are evidently more expensive than any other form of advertising.

Mr. DOREMUS. We will take that up a little later. But does the gentleman seriously contend that the manufacturer of an automobile selling at \$2,000 spends \$400 in advertising its sale?

Mr. LONGWORTH. I would not say of my own personal knowledge that he does, but I think he would.

Mr. DOREMUS. Four hundred dollars to sell a \$2,000 car?

Mr. LONGWORTH. I think so. If the gentleman can show me that he does not, I will accept his statement.

Mr. DOREMUS. It is purely a guess?

Mr. LONGWORTH. Yes; it is purely a guess. I will drop it to 10 per cent or 5 per cent if the gentleman can show me. Even so I think this tax justified.

Mr. FESS. Mr. Chairman, will the gentleman yield for another question?

Mr. LONGWORTH. Yes.

Mr. FESS. In the theory of the bill is the tax to be paid when the automobile is manufactured or when it is sold?

Mr. LONGWORTH. Under the bill the seller or producer simply makes a return to the internal-revenue collector in his district, and it does not necessarily have to be paid at that particular moment. He is responsible for the tax. They would

make a return of the cars manufactured and sold, under regulations imposed by the Secretary of the Treasury, and I assume that the regulations would provide that the returns would indicate the number of sales and the taxes due.

Mr. LANGLEY. Will the gentleman yield?

Mr. LONGWORTH. For one question.

Mr. LANGLEY. The gentleman made a statement that no line of business would be ruined, and not only that but none would be appreciably hurt. We are receiving communications, scores of them in different lines of businesses, stating that the business will be ruined. Is that because they are trying to mislead us, or because they do not understand their business?

Mr. LONGWORTH. I do not think they have got it through their heads that we are at war.

Mr. HOWARD. Will the gentleman yield for one minute?

Mr. LONGWORTH. On Coca Cola? [Laughter.]

Mr. HOWARD. No; we have the money to pay the tax and we are going to pay it. Will the gentleman give me some information as to how the committee arrived at a tax of 8 cents a pound on carbonic-acid gas?

Mr. LONGWORTH. I hope the gentleman will not ask me to explain that in detail.

Mr. HOWARD. The reason I ask is that I know the gentleman or the committee did not intend to do any injustice to any business.

Mr. LONGWORTH. No.

Mr. HOWARD. You want to be fair, and I have received a telegram from the manufacturers of the largest carbonic-acid gas plant in the country, and they run the M. P. Platt Laboratory. They have thousands of contracts on hand now for carbonic-acid gas at less than that a pound. It is taxed in the bill for 8 cents. They sell it at wholesale for 6 cents a pound. Can the gentleman give me any information as to how you arrived at the 8 cents a pound being a just tax when the manufacturer's wholesale price is less than the tax?

Mr. LONGWORTH. We had to guess to some extent. Gentlemen came before the committee and brought experts. There was a hearing on this subject. They differed as widely as the poles as to how much carbonic-acid gas was necessary to carbonize a certain amount. Some said 4 gallons and some said 20. I do not know whether the tax is absolutely right or not, but it is meant to catch soft drinks.

Mr. HOWARD. I am not discussing the tax on soft drinks. As far as that is concerned, I think you put a higher tax on soft drinks than you did on beer, but we will attend to that later.

Mr. LONGWORTH. Oh, yes; the gentleman will be after the beer.

Mr. HOWARD. The gentleman will get the tax lower on beer before Congress adjourns. The thing that I am driving at is that I do not believe the committee intended to put a large concern wholly engaged in the manufacture of this product entirely out of business by putting a tax 2 cents higher than they get at wholesale.

Mr. LONGWORTH. My fundamental political belief is the industries of the United States ought to be encouraged. I am the last man that would vote knowingly for any proposition which I believe would result in the destruction of an American industry.

Mr. TOWNER. Will the gentleman yield for a question?

Mr. LONGWORTH. Yes; and then I must proceed.

Mr. TOWNER. Is there in the bill any provision by which the Government will be protected with regard to the excess profits tax against the transfer of that which may legitimately be profits to the surplus?

Mr. LONGWORTH. The only amendment adopted in regard to the excess-property tax was one that we thought would make just a little clearer what invested capital consists of. I do not know whether it would be possible to prevent inaccuracies in reference to the piling up of a large surplus and thereby escape the tax. At any rate, we did not have an opportunity to go into that.

Mr. TOWNER. Will there be any amendment offered?

Mr. LONGWORTH. I do not think any amendment will come from the committee.

Now, Mr. Chairman, I have given these figures to show that we are living in impressive times. Only a few weeks ago we authorized the issuance of more than \$7,000,000,000 worth of bonds. When we pass this bill we shall have authorized the immediate raising from the national resources the staggering sum of \$9,000,000,000, more than nine times the amount of our entire national debt.

This Congress will in a little more than a month have authorized the raising by bonds and taxation of an amount larger than any five Congresses ever did in 10 years. We have had to think

to-day, we Members of the House of Representatives, in thousands where our predecessors thought in hundreds. We have to think in millions where they thought in tens of thousands. We have to think in billions where they thought in millions. Laboring as we are under such tremendous responsibilities, it is our added duty, as it seems to me, to approach these matters from the broadest possible point of view. The irresistible march of events has made us more than ever the representatives of the people of America rather than the representatives of the people of our constituencies. [Applause.] Representatives of the people of America rather than the representatives of our various political parties. It was in that spirit that the Ways and Means Committee undertook to frame this bill, and it is in that spirit that I sincerely hope this House will undertake the consideration of it.

I can say to you with perfect truth—and I indorse everything the chairman of the committee has said on that subject—that partisan lines were absolutely ignored in the framing of this bill, whether in subcommittee or in full committee. There have been great differences of opinion, it is true, but none of these differences have been based upon partisan lines. In every division Democrats have voted with Republicans and Republicans with Democrats; in no single instance did Democrats line up on one side and Republicans on another and Progressives on another.

My experience in helping to frame this bill convinces me more than ever that there can be no invariable rule in the imposition of taxes on a free people, except the one rule of fairness and reason. Years ago Chief Justice Marshall laid down the proposition that the power to tax is the power to destroy, and that question, so far as this country is concerned, is settled for good and all.

The very fact that power so gigantic is granted to Congress makes it all the more necessary that this power should be exercised with the most consummate discretion. We who are called upon to exercise these powers should always keep in mind the cardinal proposition that an unjust or unreasonable tax may defeat the very purpose for which the tax is laid. A tax which will cripple or destroy an industry or the earning power of capital or of an individual will to that extent at least destroy the revenue the tax is intended to produce. There is always a point where an addition to the tax burden means the impairment of revenue. I hope that that point is nowhere reached in this bill, though I fear that in some cases we may have come perilously near to it.

Upon one feature of the bill there was much discussion. Some well-meaning people have advocated the conscription of all incomes above \$100,000 or even \$50,000 a year. They point out that such a tax would raise considerably more than a billion dollars in the first year, but they neglect to point out how much it would raise in the second year or the third year. Such a policy, pushed to its logical conclusion, could have but one result, and that would be to make the Treasury bankrupt and to reduce the country to a condition of helplessness in the great emergency we have ever faced.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. DOWELL. Does not the gentleman believe that the persons who are receiving these large incomes are sufficiently patriotic to be able to forego the use of the incomes until the termination of this war?

Mr. LONGWORTH. I will answer that yes and no. Some would and some would not.

Mr. DOWELL. Then should not the Government compel them to be sufficiently patriotic to make contribution for the time the war continues?

Mr. LONGWORTH. We are calling upon them now to pay 50 per cent, and that is a pretty high tax. It is ten times higher than we are calling upon the people of small incomes to pay, and there is no possible way by which the Government can prevent a man who owns property from selling that property, there is no way in which you can prevent his buying Government bonds, and is that an unpatriotic thing to do in this crisis?

Mr. DOWELL. Does the gentleman believe that these people receiving these large incomes will convert their property in such way that the Government can not receive proper tax from those incomes?

Mr. LONGWORTH. I believe that the tax that the gentleman apparently is advocating, though I do not believe he would vote for it—would the gentleman vote to conscript everything above \$100,000 in incomes?

Mr. DOWELL. I would vote to conscript sufficient of the large incomes to very materially pay the price of this war. [Applause.] I think the people of the country would favor

taking the incomes of all kinds rather than taking the chance of destroying the business of the country.

Mr. LONGWORTH. Would the gentleman vote to conscript all incomes above \$100,000 a year?

Mr. DOWELL. That is not the question.

Mr. LONGWORTH. That is my question.

Mr. DOWELL. I will go sufficient to raise a revenue—

Mr. LONGWORTH. Mr. Chairman, I decline to yield further.

Mr. DOWELL. I will say to the gentleman that I will go sufficiently to raise the revenue—

Mr. LONGWORTH. Mr. Chairman, I decline to yield further.

Mr. DOWELL. And if it takes it all I would favor that.

The CHAIRMAN. The gentleman declines to yield.

Mr. LONGWORTH. Of course, the gentleman would not vote for confiscation; no sensible man would. Notwithstanding the fact that in some cases we may have pushed the taxes to the revenue-vanishing point, I am firmly convinced that this bill will raise not less than \$1,800,000,000, and I believe a good deal more. While I believe and hope that it will raise nearly \$2,000,000,000, I am frank to say this, that I think it would have been better on the whole if we had been satisfied with a more moderate sum. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONGWORTH. Mr. Chairman, I will ask the gentleman to yield me 10 or 15 minutes longer.

Mr. KITCHIN. Mr. Chairman, I yield the gentleman 10 minutes longer.

Mr. SIMS. Mr. Chairman, will the gentleman answer one question not antagonistic?

Mr. LONGWORTH. Oh, let me proceed.

Mr. SIMS. The question is not antagonistic. I want to ask the gentleman this, with his permission: If he does not believe that the sources of taxes, even to some extent to the amount of them here, are so just and reasonable that they will remain permanently in our taxation system after the war is over?

Mr. LONGWORTH. Mr. Chairman, I certainly hope that we are not going to maintain this country upon the basis of preparation for a new war forever. I hope this is not going to last.

Mr. SIMS. I did not say that, but I said to some extent.

Mr. LONGWORTH. While the war lasts I am in favor of raising an amount necessary to adequately prosecute it. [Applause.]

Mr. FESS. Mr. Chairman, will the gentleman yield for a question?

Mr. LONGWORTH. Yes.

Mr. FESS. A mutual friend of ours from my own district, for whom the gentleman has a great deal of respect, has written stating that he thinks we have put the tax too high, and he said that the people do not know anything about it; that 90 per cent of the people do not yet know that we are in war. He thinks that there is danger that we will produce a countereffect in public opinion. I am wondering whether this bill will not have to be superseded by a second bill later on?

Mr. LONGWORTH. I am going to come to that exact proposition. So far as 90 per cent of the country not knowing that we are at war is concerned, I will say to the gentleman that I think he and I and others did a good job last Saturday when we authorized the raising of four volunteer divisions to go abroad to show this country that we are really at war. [Applause.]

Mr. FESS. I agree with the gentleman.

Mr. LONGWORTH. Mr. Chairman, I said that I would be glad if we could have kept this bill down to a much more moderate figure than \$1,800,000,000. I would have supplied more than we have by bonds and less by taxation.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. But I bow to the superior judgment of the Committee on Ways and Means in following literally the recommendation of the Secretary of the Treasury. I yield to the gentleman from Texas.

Mr. GARNER. Just at this point, if it does not interrupt the gentleman, I desire to call his attention to the amendment adopted in the Senate on Saturday, by which we will lose approximately \$430,000,000 of revenue.

Mr. LONGWORTH. I am coming to that question. This bill is constructed upon the theory that one-half of the cost of financing the war should be borne by taxation on the present generation of the American people. To that theory—and I want it so distinctly understood—I do not subscribe. [Applause.] It is true that this administration in propounding this doctrine has limited the half-and-half principle to the remaining two months of the present and the next fiscal year. It is true also, as you read in the committee report, that we have subscribed to that principle to that extent alone. So far I am willing to go, but no further, in support of the half-and-half principle. I

support the raising of \$2,000,000,000 by taxation now only because I entertain the hope that this bill by its very hugeness will forestall the necessity of further taxation of the present generation for many years to come. I am firmly of the belief that in no country, particularly in a country whose population is rapidly increasing as it is here, that the present generation should ever be called upon to pay more than 25 per cent of the cost of war. No European country does it now. We have never done it before, and while I do not support the proposition that we should necessarily follow the example of Europe, nevertheless these are the facts. Great Britain is the only country now at war that has financed her war operations by increased taxation to the extent of as much as 25 per cent. In her case it is almost exactly 25 per cent. Since the beginning of the war France has paid only about 18 per cent of her expenses by taxation; Italy less; Germany not more than 10 or 11 per cent, and Russia practically nothing. I think it would be fair to say that less than 15 per cent of the cost of the European war is being borne by the present generation of the people of Europe. This proportion may be too small; I think it is too small; but certainly in a country where the population is increasing much more rapidly than any country in Europe it would be fair to assess the principal burden of the cost of war upon the generations to come. The present situation is simply this: It was estimated some time ago by the responsible officials of this Government that our war expenses alone for the next year will be something more than \$3,800,000,000. We have already authorized an issue of \$2,000,000,000 worth of bonds for that purpose, and we are here proposing to make up the balance by new methods of taxation. Gentlemen have criticized the Committee on Ways and Means for not filing a bill of particulars to show where every cent of this money is to go. Gentlemen seem to forget that this is war, and that it is not possible to estimate future Government expenses in war with the same accuracy as we can in time of peace. We state frankly that we do not know where all this money is going. We can not announce every detail of expenditure, but we do know this, that if this bill raises, as we estimate, at least \$1,800,000,000, even if it runs to \$2,000,000,000, that amount plus the \$2,000,000,000 authorized by bonds will not meet the absolutely necessary expenses for the next year for war preparations alone.

Gentlemen, there are already filed in Congress estimates showing that it is necessary to raise for the Army \$2,900,000,000 and for the Navy \$500,000,000. For an emergency fund necessary to provide for some things that we can not even guess at now \$100,000,000, and for war-risk insurance \$50,000,000, and if you add to that half the amount estimated necessary for this new shipping program you arrive at the figure of \$4,050,000,000. And that is not allowing for the full shipbuilding program that this administration evidently thinks necessary. I read from this morning's Washington Post:

BILLION SHIPPING PROGRAM STARTED—FEDERAL BOARD SIGNS ITS FIRST CONTRACT FOR STEEL VESSEL.

Signing of the first contract for ship construction under the administration's \$1,000,000,000 building program was announced last night by the Federal Shipping Board. The contract went to the Los Angeles Shipbuilding & Dry Dock Co., and called for delivery in 1918 of eight steel vessels, each to carry 8,800 tons of cargo.

It also was announced the board is bargaining for 250,000 tons additional steel and wood tonnage for delivery as early as possible. Some of the wooden ships already are under construction, their builders proceeding without awaiting formal contracts.

The Shipping Board plans to have built within the next 18 months at least 1,000 ships, steel and wood, of more than 3,000 aggregate tonnage, to combat the German submarine campaign. Bills to be introduced in Congress this week call for an initial appropriation of \$400,000,000. Later, an additional \$340,000,000 will be asked, and if this is not enough, still more will be sought.

Mr. MADDEN. Will the gentleman yield? Who gave them the authority for a \$1,000,000,000 program?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. KITCHIN. I yield the gentleman 10 minutes additional.

Mr. MADDEN. Will the gentleman yield there? Does the gentleman think it is a wise business policy to levy taxes in advance of schemes that have not yet been enacted into law?

Mr. LONGWORTH. I think we have got to issue very soon \$1,000,000,000 more bonds.

Mr. MADDEN. That is all right; but let us authorize it first.

Mr. LONGWORTH. I think the gentleman wants the same thing I do. I want to raise enough money now by taxation to prevent the taxation question from being again thrown open in the near future. Then the lid will be off; it is on now to a certain extent. The gentleman from Texas [Mr. GARNER] just called my attention to an amendment recently adopted in the Senate which prohibits the use of grain in making distilled or fermented liquors. I pointed out a few moments ago that the revenue next year from distilled and fermented liquors will be \$430,000,

000. That will be lost except so far only as some distilled liquors now in bond are concerned should it become a law of this Congress. The point I am making is that we will not be safe under these circumstances to cut down this bill to any substantial extent.

Mr. MEEKER. Will the gentleman yield?

Mr. LONGWORTH. Although I support it, I repeat that I am opposed to the principle upon which the bill is drafted, namely, that we should tax the present generation with 50 per cent of the cost of war.

Mr. MEEKER. Just a question for information. As a member of the committee, does the gentleman remember at any time any representative, or any other organization favoring prohibition, of the Anti-Saloon League or others, offering any substitute for raising that fund which will be lost?

Mr. LONGWORTH. That is one subject I have not heard discussed.

Mr. MEEKER. Not by them.

Mr. LONGWORTH. No.

Mr. TOWNER. Will the gentleman yield?

Mr. LONGWORTH. I regret I can not yield. This estimate leaves out all sorts of things that are going to be necessary for the building of Army posts and various kinds of equipment, and so forth. We would not be justified, gentlemen, inasmuch as we have only authorized the issue of \$2,000,000,000 worth of bonds, in cutting off one cent, though I admit the principle is wrong, from this bill. If this were announced to be a permanent policy to be continued throughout the war, I would not support it, but I do it for the present and under existing circumstances for the reasons I have outlined.

Should this war in which we are engaged last for more than a year—and who in his heart doubts that it will?—we will be faced, we are even now faced, with the necessity for more money. Suppose that it were necessary to raise four billions? We could do it with bonds; and if we issued \$4,000,000,000 worth of bonds, and should this tax measure stand where it is now, we would then have arrived at what I regard as the proper ratio between taxation and credit for war financing. We would then be raising 25 per cent of our war expenses by taxation of the present generation and 75 per cent by bonds to be paid by the generations to come.

Mr. JOHNSON of Washington. Will the gentleman yield for a question?

Mr. LONGWORTH. I wish the gentleman would let me get through.

Mr. JOHNSON of Washington. A short question.

Mr. LONGWORTH. All right.

Mr. JOHNSON of Washington. If it is equitable to raise 25 per cent, or, better still, raise 50 per cent, is it not better to have the whole country pay the 25 per cent or 50 per cent than to make the Pacific Coast States pay more than their share?

Mr. LONGWORTH. I will not answer that question. I decline to join in any sectional argument upon this bill. I think every part of the country ought to stand its share. [Applause.] Thirty or forty years from now our population will at least have doubled. When the bonds we are now issuing become due it may be that there will probably be more than 250,000,000 people in this country. Is it not fair to ask them to pay approximately three-fourths of the cost of a war fought by the people of to-day that their heritage may be secured? We are facing great responsibilities, my colleagues of the House, responsibilities greater than any of us ever have or probably ever will be called upon to assume. We are at war by our deliberate action with the greatest military power of all time. We are about to impose a tax burden of tremendous proportions upon the American people, one which will affect to a more or less extent every man, woman, and child in our constituencies. Let us not delude ourselves into the belief that any of these taxes will be popular. No tax is ever popular with the person who pays it, and these taxes will affect millions. Let us in voting on this measure discard all thought of how our votes may affect us politically. Let us make the measure of any tax we are about to impose not its popularity but its essential justice.

I am confident that no patriotic American in times like these will balk at the payment of any tax imposed by the national defense if only he is convinced that it is just. Let justice be the one test in every tax we are about to impose, whether the man it burdens be high or low, or rich or poor. And thus, gentlemen, we will have done our duty not only to our constituencies but to our country. [Applause.]

Mr. FORDNEY. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. MADDEN.] [Applause.]

Mr. MADDEN. Mr. Chairman, it has been a very great delight to see the unanimity existing between the Democrats and the Republicans on the Ways and Means Committee and to hear

the laudatory statements that have been made by each side as to the other. It seems more like a mutual admiration society than it does like anything else, and I am glad to see this era of good feeling in a time of war. When the world is ablaze with trouble it is a good thing that we have peace at least in the House of Representatives. Everybody in America who claims to be an American is just as loyal to the flag as the members of the Ways and Means Committee. And all men in American life who helped in the development of our industrial system are just as anxious for the success of the war as anybody in the administration can be. Everybody wants to meet the obligations that the war imposes to the extent that these obligations may be necessary and are just.

But I apprehend that no man, no matter how anxious he may be for success, wants to have imposed upon him undue burdens from which other people are relieved.

We have entered upon a gigantic enterprise, and we all realize that it is going to take a lot of money and it is going to take more than money, for it will take blood and patriotism. I think before we are through every home in America, if they do not already know it, will realize that we are at war. I do not want them to become so full of the realization of war that sorrow will take the place of happiness everywhere, but I do want the American people to understand that we are engaged on a project from which there is now no turning. At the same time, I want them to understand that we are going to deal justly with them, not only on the business side but every other side, for we all must realize, and they must realize, that incomes do not fall down from the sky. If you have incomes that you can tax you must have business from which to attain that income, and if you destroy the business you have destroyed the opportunity of the American people to finance the war, and without finance we are not going to succeed.

I am as anxious to be considered patriotic as any man, and I have endeavored by my actions to prove my patriotism. And while I think there ought not to be any politics in the consideration of the questions involved in the war, yet I think it would be very bad for the country if everybody was to reach the conclusion that no criticism of the plan or measures presented for the conduct of the war would be permissible. I think the healthiest thing that can happen to the administration, to those who have the responsibility of conducting this war, is to have a few men somewhere in public life with the courage to criticize. The mere fact that a man criticizes is no evidence that he is less patriotic than the man that follows the lead of somebody else without consideration. I think it is more patriotic, and if not more equally as patriotic, to have men with courage to-day willing to criticize the acts of the administration and to point out the pitfalls and the dangers of extravagance, as it is for men to follow blindly in whatever the administration wants them to do.

Now, I want to support the Commander in Chief of the American Army loyally, and I will support him loyally to the extent that he has the right to be supported, more loyally than the men of his own political faith have done; but I reserve the right, not as a Republican, not as a Democrat, but as an American, to criticize whatever he proposes or what any other man connected with the administration proposes. And I do not do that because it comes from a Democratic administration. I do that because I believe it conserves the rights of the American people.

Mr. GORDON. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. GORDON. Why is it you deny other people the same privilege you claim for yourself?

Mr. MADDEN. When did I do that?

Mr. GORDON. You are just priding yourself on the fact that you supported the President better than some of the Democrats.

Mr. MADDEN. I say that is true, and I can prove it.

Mr. GORDON. Do you question the honesty and the motives of those who have not been supporting him? If so, there is no force in your argument.

Mr. MADDEN. I am not making an argument. I am stating a fact. If I was making an argument, there might be room for discussion; but I am only making a statement of fact, and it needs no discussion.

Now, I propose to point out if I can, not by any figures that I have made but by the figures made by the Ways and Means Committee on this bill to tax the American people \$1,800,000,000, that it is \$691,000,000 more than is shown to be needed by any computations or any estimates made by anybody in authority.

I will take the last report of the Ways and Means Committee, made during the consideration of the last revenue bill. In that report it was shown by the Ways and Means Committee that the

total estimated disbursements for the fiscal year ending June 30, 1918, would be \$1,368,445,910. Then they estimated the revenue from various sources, which I will enumerate in the RECORD, as \$1,001,750,000. They estimated excess disbursements from receipts of \$366,695,910. Then they deducted the estimated balance in the general fund, \$64,305,931, and it left a deficit of \$302,389,939. And then for a necessary working balance in the Treasury they add another \$100,000,000, leaving \$402,389,939 to raise by taxation. And later on the Ways and Means Committee report bond issues to meet the expenditures incident to the Mexican situation, \$162,418,000; for the construction of the Alaskan Railway, \$35,000,000; armor-plate plant, \$11,000,000; for purchase of the Danish West India Islands, \$25,000,000; or \$233,418,000; and the bonds already authorized for the shipping act, \$50,000,000; nitrate plant, \$20,000,000. Add that to the other, and it makes \$303,418,000. And then there were the Panama Canal bonds, which can be issued at any time, \$222,000,000. That made necessary an additional bond authorization of \$81,418,000.

Now, then, to recapitulate, the Ways and Means Committee in its report, No. 1366, Sixty-fourth Congress, second session, dated January 29, 1917, said:

The estimated amount necessary to raise by bond issues is \$402,318,939.

Bonds were issued to reimburse the Treasury for expenditures incident to Mexico, and the other ones which I have already enumerated, amounting to \$195,256,292, still leaving \$207,133,647 to be raised. Then they raise this amount: Estimated additional receipts under the proposed bill, excess-profit tax, \$236,000,000, estate tax, \$22,248,000, against \$207,133,647, leaving a surplus on excess of bond issues of \$41,000,000 over the then needs of the Government. And that, mind you, was to meet the obligations of the Government to June 30, 1918.

Now, the Ways and Means Committee comes in and it makes this report—

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Not until I get these figures in. I think they ought to go in consecutive order. This is report No. 45, Sixty-fifth Congress, first session, May 9, 1917. The war expenditures for the remainder of this fiscal year and the whole of the next fiscal year are estimated to be \$3,800,000,000, exclusive of the \$3,000,000,000 bond issues to finance the foreign loans. "We have already authorized a bond issue of \$2,000,000,000"—I am using the words of the Ways and Means Committee now—"to provide a portion of the necessary funds to finance the war. Therefore the amount necessary to be raised by taxation or a further bond issue at this time is \$1,800,000,000."

Now, mind you, they already have \$41,000,000 of an excess to begin the year with, to begin the war with, if you please, and they say that the war expenses will amount, according to the estimates on hand, to \$3,800,000,000; and that they have authorized a \$2,000,000,000 bond issue to meet part of this, leaving the amount of the present bill to be raised by taxation.

Now, let us see what it says. According to the estimates of the various departments which have been met by appropriations, we need \$1,108,618,000. That is what the department says. That is what I say. That is what the Appropriations Committee has said. That is what everybody who has talked has said, except the Committee on Ways and Means.

Now, the appropriations that we have made to meet the obligations which the Committee on Ways and Means says we have to meet are as follows: We have met the obligations of a general deficiency authorization of \$100,000,000. That was to be given to the President to be used as he wanted to use it. Then we have authorized a deficiency bill of \$68,000,000, and then we have authorized the expenditure of \$7,000,000 for the cost of marketing the bonds that we authorized to be issued, and we have passed a deficiency bill amounting to \$2,700,000,000 to maintain the Army for the next year to June 30, 1918.

The Appropriations Committee said they had made a thorough investigation of the needs of the Army and the Navy at that time. The Committee on Military Affairs wanted to appropriate \$3,000,000,000. The House struck it out, and the House on further consideration said by its action that we needed only \$2,700,000,000, and that was appropriated; and that involved the expenditures of the United States to maintain the Army, to raise it, to pay for a million new men for eight months; to raise the new army, to equip it, to maintain it, to put it in the field and furnish its equipment of all kinds, ammunition, powder, guns, and cannon. It provided for the maintenance of the Navy. It provided for the increase of the personnel of the Navy, and for all of the things that go to make up a successful war, as they said. That is \$2,700,000,000 added to the figures I have mentioned previously, which make \$2,807,-

068,000. Then deduct from that the \$2,000,000,000 of bonds you have authorized. What have you left? \$807,068,000.

Then we have contracts authorized that are required to be paid before July 1, 1918, amounting to \$56,000,000, and we add that to the \$807,068,000 and you have \$863,618,000. Then I have allowed the interest on the \$7,000,000,000 that we have authorized for the whole year, amounting to \$245,000,000, and everybody knows that these bonds are not going to be on the market for a whole year, and that you will not have to pay more than one-half of the \$245,000,000 interest during the coming year. But with the allowance of the \$245,000,000 for interest on the \$7,000,000,000 of bonds that have been authorized, all of the obligations, according to the Committee on Appropriations and the Committee on Ways and Means itself, made by their reports and their appropriations and recommendations, and the failure of the department to make any estimate of further obligation, leaves the country obligated only to the extent of \$1,108,618,000, to raise which you are taxing the people of the United States \$1,800,000,000.

Now, I apprehend that the policy of taxation is to raise revenue to meet obligations, not to create obligations and to create extravagance in the departments that will allow them to run wild and without reason in the expenditure of money that has not been authorized.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield right there?

Mr. MADDEN. Surely.

Mr. GREEN of Iowa. None of this money can be expended, can it, without the Committee on Appropriations authorizing it?

Mr. MADDEN. I am not in favor of putting it in the Treasury and taking it out of the pockets of the people of the United States and out of the business of the United States and putting it into the Treasury of the United States, at the disposition of the Secretary of the Treasury or any other man that ever lived. [Applause.] Why should you? We need the money in the business of the country. We need to maintain the prosperity of the country. We need to maintain our power to finance the war, and you can not finance the war by putting men into bankruptcy, by taking money out of the pockets of the people, money that the Government does not need. I am willing to admit that we are going to need a lot of money, and I am willing to vote for all the money that we need when we need it, but not a year in advance of when we need it.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield at that point?

Mr. MADDEN. Yes, sir.

Mr. ALEXANDER. Do you include in your estimate the \$500,000,000 to be used in the construction of merchant ships during the next fiscal year?

Mr. MADDEN. Has anybody authorized that?

Mr. ALEXANDER. No; but it is coming. We need that as well as any other expenditure of the Government.

Mr. MADDEN. When it comes, let us meet it.

Mr. ALEXANDER. It is going to come within the next 30 days.

Mr. MADDEN. We ought not to levy taxes on the people for money that nobody knows anything about, not even the lawmaking power. [Applause.] I am basing my talk upon the facts; not on somebody's supposition. I am basing my talk on facts as they exist to-day, and not what would exist 10 years from to-day. But I am ready to meet and join any Member of this House or any other citizen of the United States in an effort to meet any obligation of the Government when the obligation comes. But why take this money out of the pockets of the American people by levying an unjust tax in order that you may have money to go on indiscriminately, without authority of law, to do things that ought not to be done, frequently?

Mr. LENROOT. Will the gentleman yield?

Mr. MADDEN. Certainly.

Mr. LENROOT. Is not the real question, after all, what proportion of the expense should be met by taxation, and if it should be 50 per cent, it is not material how long a bond issue has been authorized?

Mr. MADDEN. The question is, What are we levying a tax for? Is it for the obligations already created and authorized? That is the point I am making. Does the gentleman from Wisconsin believe that we ought to levy taxes of \$691,000,000 for something that is being anticipated?

Mr. LENROOT. No; but if the gentleman will yield, my idea is that if we ought to pay one-half of the expenses of the war by taxation that then the bond issue should be that much less.

Mr. MADDEN. That is true, because the bond issue would be in proportion to the figures I have made, which show that we

have already estimated \$691,000,000 more than they ought to have estimated as taxation. Then, of course, the bond issue ought to be reduced in that proportion.

Mr. LANGLEY. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. LANGLEY. Does not the gentleman think that more of the expense of this war should be borne by future generations?

Mr. MADDEN. Well, that is a question of policy that ought to be considered as to how much of the present cost of the war should be paid by taxation and how much by future taxation. But now I want to revert a little to this fact. It has been said that we are levying a gross tax of 5 per cent on the sales of automobiles and that this gross tax will be no burden upon the industry. It has been stated frequently that if the man against whom the tax is levied does not make any money, he will not have to pay any tax; but you may put him in a position where he can neither pay the tax nor make any money, and then he will be worse than a liability, and he certainly will not be an asset to the Government.

This 5 per cent gross-sale tax is the most unjust tax that has ever been proposed by any governing body in all the world. England started to levy an excess-profits tax, and then made up her mind later on that it was the wrong thing to do. The gross-sale tax of 5 per cent amounts to 25 per cent on a man's net profits. Did anybody ever stop to think what 5 per cent gross tax means and what it amounts to? Then you do not propose to let him charge it as a part of the expense. If he did that, it would not be so unjust, but he will not be allowed to charge it as a part of the cost of the machines against which he pays the tax. Oh, no; he can not pass it on. The men in the automobile business in the United States—and there are only about 450 of them—are nearly all on the ragged edge. [Laughter.]

Oh, you can laugh all you want to, but it simply shows that you do not know what the facts are. There are only 8 or 10 manufacturing automobile concerns that are making any money. The rest of them are either ready to go into bankruptcy or waiting to get the rest of the money that their friends are willing to loan them before they go out of business. That is the truth about it.

A MEMBER. What about Ford?

Mr. MADDEN. Oh, everybody thinks about a Ford when you speak about an automobile, because Ford has made a lot of money, but he is only one of a few. They are not going to be able to pass this on; they are not going to be able to charge it as a part of the expense. When they get through paying the tax they will be in bankruptcy and your excess-profit tax, and personal income tax, and corporation tax, and all that, will find itself where it can not produce any money.

Mr. LONGWORTH. Will the gentleman yield?

Mr. MADDEN. Certainly.

Mr. LONGWORTH. The gentleman contends that the automobile companies will not be able to pass on the tax?

Mr. MADDEN. I do.

Mr. LONGWORTH. Does the gentleman contend the same thing is true in regard to musical instruments?

Mr. MADDEN. Surely, there may be occasionally a cheap one that can do it.

Mr. LONGWORTH. Would the gentleman vote against it?

Mr. MADDEN. I will vote against it, and I am going to vote against the bill, if it is not eliminated.

Mr. MANN. And there are others.

Mr. MADDEN. We have a \$7,000,000 tax on advertising. You tax the billboards. The real advertising you have not touched at all. You put a 5 per cent tax on them and you say they can pass it on. How do you know whether they can pass it on or not? A lot of these people have contracts, contracts that have been in existence anywhere from a year to 5 years, and they run from 1 year to 10 years. The price is fixed and you can not pass it on. The legitimate way would be to levy small tax on all advertising and make it uniform. Why should a newspaper or a magazine, all these publications that have influence enough to tell you whether you are all right, tell the people whether your name is a good name or a bad name, and whether you have been doing your work right here or not, be exempt. Why should the billboards and the street car advertisements pay it all. Why should it be confined to eight or ten thousand people engaged in trying to make an honest living and all the influential magazines and newspapers escape? The chairman of the Ways and Means Committee said to me the other day that, as a member of the Post Office Committee, I did not have the courage to levy a tax on the magazines for carrying them across the country, and now it is evident that he and his associates were in the same fix that he said the Post Office Committee was in. I am not in favor of making the increase

in postage in the first or second class mail, according to the figures that this committee has made. I believe that if you put this item into this bill, as you have made it on the zone system, you will drive every trade journal of the United States out of business. You will sectionalize the thought of the American people. You will prevent the interchange of thought of the East with the thought of the West, and you will do more damage by failing to give an opportunity for the free interchange of thought between the sections of the country than you will reap benefit in imposing the tax.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MOORE of Pennsylvania. One or two points which the gentleman has made interest me. I would like to know whether the gentleman intends to suggest a method by which the \$1,800,000,000 can be raised.

Mr. MADDEN. You do not need it all; that is the answer.

Mr. MOORE of Pennsylvania. I think the gentleman's statement varies from that of the Treasury Department and the President of the United States.

Mr. MADDEN. I do not think the President of the United States has made any statement as to the amount.

Mr. MOORE of Pennsylvania. I would like to agree with the gentleman on several of his propositions, but we are up against the question of raising \$1,800,000,000.

Mr. MADDEN. The question the gentleman is up against is a question that does not comport with the facts. It seems to me that what we ought to be dealing in are facts, not fancies.

Mr. MOORE of Pennsylvania. We have already provided for an issue of \$2,000,000,000 of bonds.

Mr. MADDEN. Yes; and I am giving you credit for that.

Mr. MOORE of Pennsylvania. And we are providing for a total expenditure of \$3,800,000,000.

Mr. MADDEN. Yes; that is, you are.

Mr. MOORE of Pennsylvania. That leaves \$1,800,000,000 that must be raised by taxation.

Mr. MADDEN. That is only in the imagination of the Ways and Means Committee. I have given you the figures from your own report that show you need only \$1,108,618,000, and I did not make those figures. You made them, and the Committee on Appropriations makes them, and I am just tabulating them. I am acting as an amanuensis for your committee.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. GARNER. Does the gentleman agree to the proposition that the expenses for the next fiscal year should be borne 50 per cent by taxation and 50 per cent by bonds?

Mr. MADDEN. I would be perfectly willing to do that.

Mr. GARNER. Then, may I ask the gentleman, according to the gentleman's statement—

Mr. MADDEN. Then we would reduce this cash expenditure \$300,000,000 and reduce the bonds by \$300,000,000.

Mr. GARNER. According to the gentleman's statement, it is necessary to levy at least \$1,600,000,000 in order to take care of it.

Mr. MADDEN. Yes; it would be, if you take credit for the bonds.

Mr. GARNER. For a fifty-fifty proposition it will be at least \$1,600,000,000.

Mr. MADDEN. But if you are going to utilize all of the bond issue it would not be.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. I would like to have 10 minutes more.

Mr. FORDNEY. I yield the gentleman 10 minutes more.

Mr. GARNER. And if you take \$1,600,000,000 as being 50 per cent for taxation, and then deduct from that the revenue for distilled spirits, amounting to over \$430,000,000, I would like to have the gentleman tell me how you are going to get the money?

Mr. MADDEN. Then, you have \$200,000,000 of bonds to pay on that, \$200,000,000 of bonds preserved here by permitting the bond issue to be only partially used, and you get all the money you need, but it would not be lost, because the whisky now in bond would pay the tax next year when released regardless of what may be done with respect to the use of grain in the manufacture of alcoholic liquors.

I am opposed to this retroactive income tax of \$108,000,000. I do not see any reason why we should go back a year from the 1st of January, 1917, to levy a tax on people who have already been taxed and who have paid their tax. It is not right, there is no justice in it, and when we can not raise revenue and go back for a year and a half there is something wrong with the system. If we can go back for a year and a half, we can go back to the beginning of the Government and take everything

that everybody has—and that is about what you are doing here.

Mr. LANGLEY. Mr. Chairman, the gentleman is familiar with this whole subject. What about the custom of other countries on that question of the retroactive tax?

Mr. MADDEN. England is levying only 25 per cent tax upon her people for the conduct of the war, and she is issuing securities for 75 per cent. France is levying 18 per cent taxes and issuing securities for the rest, and I understand that Germany is issuing 13 per cent taxes and issuing securities for the rest, and she is getting along fairly successfully so far as I have been able to ascertain.

Mr. HILL. And on the policy which they are pursuing they have gone broke, and we have had to lend them for the rest of the war.

Mr. MADDEN. We are not lending Germany anything, are we?

Mr. HILL. Certainly. Yes; we did.

Mr. MADDEN. When did we lend Germany anything?

Mr. HILL. Two years ago.

Mr. MADDEN. When and what?

Mr. HILL. Bonds sold right here in the United States before our declaration of war.

Mr. MADDEN. The gentleman means Germany?

Mr. HILL. Yes.

Mr. MADDEN. That is all right. We as a Government did not lend it. The people of the United States who had money to invest thought it was proper to buy any security that was offered to them and recommended by the bankers, and the board of control of the Federal Bank System told our bankers not to lend anybody any money and the next week or two told them to lend everybody money. [Laughter.] We have now issued \$7,000,000,000 of bonds, and \$3,000,000,000 of those are being loaned upon the recommendation of the Federal Reserve Board. There is another thing that I want you gentlemen to understand, to think about, and you better take it home with you and consider it. Do you know that you have created more disturbance in the minds of the business people of the United States by this bill than has ever been created in the business mind of this country in the history of my experience? Do you know that more people are ready to go into bankruptcy than you have any thought of? If you do not give some reasonable consideration to the questions that involve the integrity of the business of the United States you will not be able to finance this war. We ought to finance the war without any trouble, but we are already having trouble financing the bonds that we have placed on the market, and I see by the morning papers that the Secretary of the Treasury is going to engage all of the orators that were out in the last campaign to go out and educate the American people into the idea that they ought to buy American bonds—liberty bonds. I suppose all you spellbinders on that side who were out in the last campaign will be called upon to speak.

Mr. MANN. I suppose he will get all of the orators who said that the President had kept us out of war.

Mr. MADDEN. That is what I mean—men who were out in the last campaign.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. FOCHT. Before the gentleman gets away from the second-class mail matter, I would like to ask his opinion as to a statement made to me in a letter by the president of an important publishing company in central Pennsylvania, in which he says that his company now pays the Government \$40,000 a year, and that with the imposition of the proposed tax it would have to pay \$140,000 a year, and that the minute that is put into operation they go out of business.

Mr. MADDEN. Then he would not have to pay anything.

Mr. FOCHT. That would be a process of elimination, if not confiscation, and nothing whatever for the Government.

Mr. MADDEN. That would be extermination with a vengeance?

Mr. FOCHT. What shall I wire that gentleman?

Mr. MADDEN. Tell him that the Committee on Ways and Means is inexorable and that it is altogether likely the majority of the House will stand for this bill, although there are a few who have the courage to think they will vote against it.

Mr. FOCHT. There is no possibility of passing this tax along?

Mr. MADDEN. No.

Mr. FOCHT. Well, in two minutes I will have your message on the wire to my friend in Pennsylvania.

Mr. ALEXANDER. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. ALEXANDER. The gentleman has been a member of the Committee on the Post Office and Post Roads for years?

Mr. MADDEN. Yes, sir.

Mr. ALEXANDER. And I regard his opinion very highly. Does the gentleman think that second-class mail matter pays as high a rate as it should, whether it is on a zone rate or a flat rate?

Mr. MADDEN. What I would do if I had my way about it, but I have never had it, would be that I would double the rate and make it a flat rate of 2 cents, and not under any circumstances make it a zone rate [applause], because you can not transport this educational matter on a zone basis. When you get to a zone basis or a point where they have to pay 8 cents a pound for the transportation they are out of business. Now take the Christian Science Monitor. That is one of the best papers in the United States—a clean, daily paper, it is true, but it gives the news, foreign and domestic. It does not have anything in it that is not clean and it goes all over the United States. It can not go all over the United States if the zone rates go into effect. Then the trade journals of the United States are essential to the development of the trade industries of the United States and are essential for the information of the people engaged in various lines of trade in order that they may be advised of what is going and what contracts are being let. Their news is up to date and they go all over the United States, and they can not do it if the zone-rate system goes into effect.

Mr. KINCHELOE. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. KINCHELOE. I know the gentleman has given this thorough and careful study, being a member of the Committee on the Post Office and Post Roads. Will the gentleman give the committee an idea of what additional revenue will be raised if this was put on a flat 2-cent rate?

Mr. MADDEN. It would raise double the revenue. We now raise \$11,000,000 and that would make about \$22,000,000, and it would not be a hardship on anybody. I believe it would have gone into effect some time ago but for the fact that paper was so high and the Committee on the Post Office and Post Roads believed it would not be wise on account of the high price of paper to put it into effect just at this time. This does not raise any more money than we would on a flat-rate basis because it will put everybody out of business.

Mr. SWITZER. Will the gentleman yield?

Mr. MADDEN. I do.

Mr. SWITZER. The gentleman believes the Post Office Department can provide the machinery for separating what is called the commercial part from the advertising—

Mr. MADDEN. It is no trouble, it is the simplest thing in the world.

Mr. SWITZER. Why not put that on the increased rate and let the other alone.

Mr. MADDEN. That is the thing we have been talking about and discussing and considering and studying and we find we could do it very readily and we practically reached an agreement by which the Postmaster General and the Post Office Committee and people who are engaged in the publishing business could come to a solution of the question that would be satisfactory to everybody involved including the Government. It was not put into effect because we are waiting for a lower price of paper.

Mr. HELVERING. Did not that contemplate the zone system?

Mr. MADDEN. No; that is an amendment to the Post Office bill, but that is not what we considered. That came out of the committee but nobody voted for it except the man who put it in.

Mr. HELVERING. I understood there was a zone-rate system on the commercial part.

Mr. MEEKER. Can the gentleman give the committee any information as to why a thing of such tremendous importance, which evidently belongs to the Committee on the Post Office and Post Roads, gets on a revenue bill?

Mr. MADDEN. Well, I suppose the Committee on Ways and Means wanted to raise revenue and they saw a chance to raise it and they thought it was a wise thing to do and they were running along the lines of least resistance, I am quite sure.

Mr. MEEKER. As a member of the Committee on the Post Office and Post Roads can the gentleman say whether that committee ever advised—

Mr. MADDEN. Not so far as I know—maybe with the chairman of the committee, but nobody else.

Mr. GARNER. May I state for the benefit of the gentleman from Missouri that the matter was referred to the Post Office Committee, and they considered it and sent word back to the Committee on Ways and Means, "Have your way about it; we will be satisfied"—

Mr. MANN. Does the gentleman say the Post Office Committee considered it?

Mr. MADDEN. I was not at such a meeting—

Mr. MANN. The gentleman said the committee considered it.

Mr. MADDEN. I think there was a meeting which I did not attend; I did not receive any notice.

Mr. GARNER. If the gentleman will allow—

Mr. MADDEN. Let me answer. They said, I think, that they were perfectly willing to have the Ways and Means Committee consider it.

Mr. GARNER. That is exactly what I said.

Mr. PAIGE. As a matter of fact the Post Office Committee considered it to this extent, that they would waive jurisdiction of the matter, and that the Committee on Ways and Means could consider it.

Mr. MEEKER. Did not the gentleman from California, a member of the Committee on the Post Office and Post Roads say—

The CHAIRMAN. The time of the gentleman has again expired.

Mr. GREEN of Iowa. I yield the gentleman five minutes additional.

Mr. MADDEN. Now, I want to say in conclusion, that the excess-profits tax is what I think to be a very unscientific tax. It is a very unjust tax; it is a tax that ought not to be imposed, because an excess-profits tax works unequally between two men with the same amount of capital.

For example, I might engage in a business with \$100,000 capital to-day, and any other gentleman here might do the same thing, and we might go on building up our business for 25 years. I would run my business along scientific, systematic, business lines and would charge off all the depreciation in my plant every year, and at the end of 25 years my capital would remain about the same that it was when I started, but my profits would be larger on the capital. I would have had an established, successful business. Some other man might start in, as I said, with the same capital and run a slipshod business and every engine that he purchased, whether it was worn out or not, after it had been used for a while, he would still continue to carry as an asset at the original cost.

If he put up a building, he would not charge anything for depreciation against the building. And at the end of 25 years he might have accumulated \$900,000 of assets of that sort. They would not be worth much, but they would be added to his capital. And so the man here who ran his business along scientific lines, charging off for depreciation and everything which ought to be charged off every year, would find himself at the beginning of this tax system with his original capital. He would make as much money on his original capital as the other man on his accumulated capital. So his profits would seem large. So if he had \$100,000 capital he would be allowed to collect 8 per cent on it after deducting \$5,000. And the other man, having allowed all his old junk to accumulate, would have \$1,000,000 of capital and surplus, and he would be allowed to collect 8 per cent on that before the Government could begin to take its share. So the one man with equal capital, running his business in a slipshod way, having everything charged up to surplus that he found himself in possession of, would be able to collect 8 per cent on a million dollars, and the other man, who had been scientific in the conduct of his business, would be able to collect 8 per cent on \$100,000, and the Government would come along to the \$100,000 man and collect 8 per cent on what he had left. So you see what an injustice it is to the Government and to the man who has been systematic and honest in the conduct of his business.

You say the Government of the United States, through its experts, will say what the surplus is to be. This surplus was not created with a view of fooling the Government of the United States. It was created at a time when the Government of the United States had no right to recognition in connection with the case. The excess profits tax is collected on the basis of one million against one man and on the basis of \$100,000 against another man, men who are doing business on equal terms, one man having been systematic and honest and fair and the other man endeavoring to pile up a surplus that he calls capital. But the way to do that thing, if you want to be just, is to levy a net profits tax. Now, this excess profits tax should be levied equally against everybody. Why did not the Committee on Ways and Means stop and consider the question along scientific business lines? Why did they not stop and consider what was the most just and equitable? Why did they stand by this excess profits tax, where there is no equality of opportunity for the collection of the tax on equal terms, and where one man is allowed favoritism and the other man is discriminated against?

Mr. GREEN of Iowa. Will the gentleman yield there?

Mr. MADDEN. Surely.

Mr. GREEN of Iowa. Can the gentleman tell the committee how he would estimate the net profits in any different way?

Mr. MADDEN. I would estimate the net profits of a concern on the basis of what it cost to conduct the concern. I would give them credit for all the dollars they received and would compel them to charge every dollar that they used in the conduct of their business, and when they got through doing that, what would be left would be net profits, without respect to what the capital was.

Mr. GREEN of Iowa. What would you estimate the net profits on?

Mr. MADDEN. I would estimate it on the basis of earnings and legitimate expenses without respect to capital.

Mr. GREEN of Iowa. No matter what it was?

Mr. MADDEN. Any legitimate expense incurred in the conduct of his business. I would not let him estimate it on old junk, and worn-out engines, and boilers that had been in existence for 50 years and were falling into decay.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. I am very much obliged for the consideration you have shown me. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. HILL].

Mr. HILL. Mr. Chairman, I do not know that I shall be able physically to continue for 15 minutes. I did not intend to speak at this time, but some statements have just been made that induced me to suggest to the gentleman in charge of the time that I should like to reply to them now. They are so directly contrary not only to the facts but to the character of the gentleman who made them that it seems to me they ought to be refuted. Only two or three weeks ago the same gentleman made these remarks on the floor of the House:

There is no way to win this war except by men and money. * * * I would not care whether we were repaid for the bonds or not. * * * We ought to begin the war upon which we have entered now; to-day; not to-morrow.

That does not mean to postpone until next December appropriations for the equipment of men who are going into the field within 60 days. I call the attention of the gentleman from Illinois [Mr. MADDEN] to his own statement again.

Mr. MADDEN. Will the gentleman yield?

Mr. HILL. I will.

Mr. MADDEN. Why, of course, I made that statement then, and I make it now.

Mr. HILL. You have not done so. You said, "We ought to begin the war upon which we have entered now; to-day; not to-morrow."

Mr. MADDEN. Will the gentleman yield?

Mr. HILL. I will.

Mr. MADDEN. Why, what the gentleman suggests is no argument against what I have said on the floor at all.

Mr. HILL. Not at all. It is an entirely different matter. The gentleman says now that if taxes he does not approve of are included in this bill he will not vote for it. How are you going to pay your soldiers or buy your ammunition? Is this bill to be made to suit your particular views or else the Nation withdraw from the war with Germany?

Mr. MADDEN. Just a moment. Do not get excited. What I have said, and the gentleman is not fair in making the statement that he does, is that according to your statement, the statement of the Ways and Means Committee, you want only \$1,180,000,000.

Mr. HILL. I will take that up in a minute. Do not take my time for that. I do not think that I ought to yield to the gentleman any longer, and I will tell him why.

Mr. MADDEN. I do not want you to.

Mr. HILL. Because two weeks ago he used this language:

The American people believe that the time for talk has passed, that the time for action has come, and, for God's sake, let us get into action.

Now he wants me to yield to him to discuss the merits of an automobile tax.

Mr. MADDEN. That was on the war bill that I was talking.

Mr. MANN. Mr. Chairman, will the gentleman yield?

Mr. HILL. Certainly I yield.

Mr. MANN. Does the gentleman think that my colleague is to be criticized—

Mr. HILL. No; I will say that in advance.

Mr. MANN. Let me ask my question—criticized for saying a word not in approval of this bill, after the members of the committee had talked for four days, wasting the time of the House from the gentleman's standpoint, supporting the bill instead of voting on it?

Mr. HILL. I do not. I think the gentleman's criticism is fair, and for that reason I surrendered my time, which was given to me a few days ago, so that we could sooner get into the five-minute debate. But the gentleman's statement was so misleading that I thought I ought to ask a little time to set the House right on the question.

I am going to tell the Members of the House, if they will pardon me for a few minutes, just what my connection is with this bill. I am a business man, like the gentleman from Illinois [Mr. MADDEN]. I like to do business, whether it is war or peace, on business principles; and the day before the Committee on Ways and Means met at all I went to the Committee on Appropriations and got the estimates which the Committee on Ways and Means was called upon to provide for. There they are—the printed estimates sent by the department to the Committee on Appropriations. There is the tabulation and the footing which the clerk to the Committee on Appropriations gave me. They amounted to \$3,556,196,784.37. I took that and went to the Treasury Department. I said to the Secretary of the Treasury, "We meet to-morrow, and we have got to raise this money." I do not think I am violating any confidence in stating the substance of this conversation in a great national crisis of this kind, and if anybody thinks I am, let him stop me now. I said to the Secretary, "Have you included in your estimates the interest on the bonds?" I agree with the gentleman from Illinois [Mr. MADDEN], who has just stated that in his judgment it ought to be included; the interest on the bonds, all the bonds, what we loan to the allies as well as our own. We have practically entered on a program, gentlemen, of financing the allies at the rate of \$400,000,000 a month. I think that is conceded. We will have exhausted the authorized bonds by January. There are 14 months of the life of this bill—May and June and 12 months of the fiscal year 1918. At \$400,000,000 a month we will need to issue \$5,600,000,000 of bonds and we have only authorized \$3,000,000,000.

I said to the Secretary, "I think we ought to include in this estimate all of the interest on the three billions already authorized." You know as well as I that some of the very money which we are loaning them now must be taken by them to pay the interest on the bonds they have already out, and we can not expect to get the interest on these bonds back from those people now. There is not the slightest doubt that so far as this generation is concerned the bond issues are practically an annual expense to us in the conduct of this war. We will get them paid by and by in years to come, but we have got to carry these people along. As any of you know, if you take a man in hard circumstances and indorse half his paper you guarantee the other half by so doing, or else lose your own. That is the position we are in with reference to these nations with whom we are allied. We can not say to the people who buy our bonds, "France or England have not paid their interest." The American people have got to pay it the day it is due, whether anybody else pays it or not, and any good business man would do that.

How much does it amount to? One hundred and ninety-two millions five hundred thousand dollars on the bonds, and that does not include six months' interest on the certificates of indebtedness, \$35,000,000. I put it in. It is not included in any of the appropriations which the Committee on Appropriations has made, and yet the gentleman from Illinois says we must measure this thing by the appropriations that have been made, not by the necessities of the case. He admits it ought to be there. Why did you not include it in your appropriation?

Mr. MADDEN. What was that?

Mr. HILL. The interest on the bonds.

Mr. MADDEN. I certainly did. I included the \$145,000,000 in the statement I made.

Mr. HILL. Yes; but where is it in your appropriation bills?

Mr. MADDEN. I was not speaking of the appropriations. I estimated that.

Mr. HILL. Oh, yes. It is easy enough to say it ought to be paid and that we ought to be guided by the appropriation bills rather than by the facts in the case, but the gentleman himself has not included it in the appropriation bills.

Mr. MADDEN. I am not on the Appropriations Committee.

Mr. HILL. I thought you were.

Mr. MADDEN. No; not now.

Mr. HILL. Then I think you know less about it than I thought you did. [Laughter.]

I said to the Secretary this: "Have you included in your estimates the increased pay of the Army?" He said, "No; it was only authorized by the House Saturday night." This was Monday morning. "Of course," said he, "we have not included it." That is \$360,000,000 not included in the estimates. It is now authorized by act of Congress, but not in-

cluded. I am coming to it again in a moment. Said I, "Have you included, as we have, a rough estimate of \$400,000,000 to cover an additional estimate that is coming in from the Navy?" He said, "No; I have not." It did come in, \$503,000,000, and is included now in the appropriation bills.

Then there is \$100,000,000 more of deficiencies which will show up on the 30th day of June, according to the Secretary's own estimates, that must be paid out of this tax bill, deficiencies in the current revenues for the last fiscal year, making a total requirement of \$4,760,696,785.37, not including any additional estimates that will come in between the 1st day of May and the day when this Congress adjourns, and \$1,000,000,000 extra has already come in in one lump. But not including that, and I think not including the \$100,000,000 given to be expended by the President in his own discretion—

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Connecticut yield to the gentleman from Iowa?

Mr. HILL. Certainly.

Mr. GREEN of Iowa. Then, if I understand my colleague on the committee correctly, instead of the sum which we are about to raise being altogether more than is necessary, we shall have to levy additional taxes to meet it?

Mr. HILL. Yes. I will show you when I get to it.

Now, what happened? I have told you what was not included. The Committee on Appropriations, exercising their discretion and, in my judgment, exercising it wisely in some respects, struck out of those estimates \$760,000,000.

Now, I want to show you how they did it. Striking out the \$760,000,000 from the estimates, they reported a bill to the House, which we passed. The balance left was \$3,986,696,784.27, to be provided for by two billions of bonds, and the remainder to be raised by taxation, so that it is not \$1,800,000,000; it is \$1,986,696,784 at least.

Now, what was it that they struck out? In the first place, there was \$280,000,000 stricken out because of duplication of appropriations that were in last year's appropriation bills and thoughtlessly brought forward into this great estimate of \$3,500,000,000 which the department had made. That ought to have gone out. Of course, we did not want to appropriate it twice. Then there was \$144,000,000 stricken out which was in that estimate, to take care of the dependent wives and children of the soldiers who will be called from their work by draft during the next year, all stricken out. Do not you think that at least a part of that will have to be met during these 12 months, or you will get no army?

Mr. GREENE of Massachusetts. That is a deficiency.

Mr. HILL. Yes. It is a deficiency. But it has all gone out, every dollar of it. They did it on the theory that the vote to take care of the dependent wives and children applied only to the National Guard during the troubles on the Mexican border. Every nation in this war, even Canada, is taking care of its dependent wives and children. We have got to do it or be disgraced in the eyes of the civilized world.

Every dollar of it has gone out, and you know you have got to pay it by and by. That is added to the \$1,900,000,000. Fifty million dollars was taken out which was estimated because of the 20 per cent increase for soldiers in foreign service. It was taken out of the appropriation from the standpoint of the Committee on Appropriations—and I am not criticizing them—on the ground that the law applied to the past organization of the Army, and the authorization for the new army made no provision for extra pay, and that it would be covered in the double pay. I presume that we will not have to appropriate anything for that purpose.

Mr. FOCHT. Will the gentleman yield?

Mr. HILL. Yes.

Mr. FOCHT. Is it the gentleman's idea that the conscripts or drafted men who have dependent mothers or widows and children—that the dependents will be provided for by the Government?

Mr. HILL. They are provided for in all other countries.

Mr. FOCHT. Can the gentleman say whether they will be by this country?

Mr. HILL. I am in favor of a reasonable allowance, and I proposed it first on this floor when the National Guard was provided for.

Mr. FOCHT. What shall I write to my constituents who want to know if this Congress is going to pass such a bill?

Mr. HILL. You can tell them that you are for it. Of course the gentleman can not control the House.

Mr. FOCHT. I am for it, to be sure, but I do not get the gentleman's opinion.

Mr. HILL. I said that I am in favor of it.

Mr. McKENZIE. Will the gentleman yield?

Mr. HILL. Yes.

Mr. McKENZIE. The gentleman from Pennsylvania can write his constituents and tell them that one of two things will happen. The soldier who is conscripted with a dependent mother would very likely be excused, but if not excused he will be taken care of, and also his mother.

Mr. HILL. I am glad the gentleman from Illinois is here. I want to ask him a question. A few days ago we authorized in the Regular Army and National Guard about a million men between the two.

Mr. McKENZIE. Yes.

Mr. HILL. We authorized the President of the United States to at once begin conscription in this country to raise two contingents of 500,000 men. Is not that true?

Mr. McKENZIE. Yes.

Mr. HILL. And preparations are going on to-day to do it. When the conference report is adopted, as I understand it, the orders will go out.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. GREEN of Iowa. I yield to the gentleman 15 minutes more.

Mr. HILL. What do you suppose the Appropriation Committee has done? The pay of the Army which we authorized the other day will amount to \$720,000,000, and they have appropriated \$219,000,000. Now, suppose we do not pay them a cent until the first day of July, the pay will be \$720,000,000 unless we change the law during the fiscal year of 1918. They have appropriated \$219,000,000. Why? On the ground that we are not going to get the 2,000,000 men, that we are not going to get the 1,000,000, and if we do get 1,000,000 ultimately the full number of the Regular Army and the National Guard will only need to be paid for eight months of that time. You know as well as I do that if that is the fact the war is a failure at the start. You know that it will be absolutely necessary to come in here next December and make another appropriation bill to make up the pay of the Army and these other items and enact another tax bill then.

When are the taxes proposed in this bill to be collected? The income tax, corporation tax, excess-profits tax will not be collected until after next January. The statements of incomes are not due until the 1st of March next year, and the payments are required between that and the 15th of June. What are you going to do? It is easy enough to say that you will make a new appropriation in December to meet the items of deficiency.

Mr. SLOAN. Will the gentleman yield?

Mr. HILL. Yes.

Mr. SLOAN. I want to say to the gentleman that the retroactive income tax is due next September.

Mr. HILL. Yes; \$110,000,000. Let me say that it is not a retroactive tax at all. We needed \$110,000,000 to make up the amount, and this is an income tax for this year measured by one-third of what they paid last year. We could have made a normal tax of 5 per cent instead of 4 and got the same amount, and then you would not call it retroactive. It is simply a means of measuring. Even then I voted against it, but it is for this year only. We did not want to adopt a normal income tax of 5 per cent for future years. You will not get it again, and we only measure it by one-third of what you paid last year. It is an unfortunate expression to call it retroactive. The committee by a unanimous vote had at the beginning of its deliberations repudiated the suggestion made to it to reenact all of last year's income tax and substituted other taxes for the whole amount.

So we have got to lay the taxes now for 12 months. We can not lay taxes on the people to suit the convenience of the Committee on Appropriations in making its appropriation bills. They can hold back the pay for the Army now and appropriate for the rest of it in December. We have got to lay the taxes now and proceed to the collection of the money which we will need, amounting to nearly \$2,000,000,000, before we can get a chance to lay another tax bill.

Mr. GARNER. Will the gentleman yield right there?

Mr. HILL. Yes.

Mr. GARNER. Is it not the opinion of the gentleman that if the war continues, Congress will be called upon at the next session to lay another tax bill?

Mr. HILL. I have not the slightest doubt that notwithstanding the eighteen hundred million dollars we have laid this year we will be called upon to raise three billion six hundred million next year, or double the amount in taxes. I think our expenditures this year will be \$10,000,000,000, counting the cost of financing the allies, and I think next year it will be \$15,000,000,000, counting the cost of financing the allies. We might as well face this proposition like men and not pettifog about a tax

on jewelry, the tax on automobiles, the tax on this, that, and the other. It is going to reach everybody before you get through with it.

Mr. GARNER. And these gentlemen who object to certain taxes in this bill ought to be prepared to offer a substitute which would raise an equal amount of money.

Mr. HILL. Absolutely. No man should rise on the floor and offer an amendment to the bill who is not willing to couple with it some form of taxation to supply the amount that he wants to take away.

Mr. DOWELL. Mr. Chairman, I will suggest an amendment. Take the tax off the necessities that you have in this bill and put it on the excess profits and the large incomes.

Mr. HILL. Yes; and another gentleman sits here who says that the excess-profits tax is all wrong and ought not to be levied. Which is going to have his way?

Mr. DOWELL. He says to put it upon the net profits.

Mr. HILL. You have got it on the net profits in the corporation tax.

Mr. DOWELL. But you have not enough. Put it on the large profits and you will get the amount.

Mr. PLATT. You could raise considerable by a check tax, as we had in the Spanish-American War.

Mr. HILL. Certainly; and I was in favor of that in the committee. I have no hesitation in saying that. I voted for it. I think I have shown you—at least, I have tried to show you—that we need eighteen hundred million dollars. I want to show you that a man who did not agree with that proposition in the committee, a colleague of the gentleman from Illinois [Mr. MADDEN], set for him an example which he might well follow when he stood up and changed his views, and said, "Gentlemen, I am in favor of raising eighteen hundred million dollars, as called for by the administration, for I believe that if we answer that call with 80 per cent only, the first battle of this war is lost." [Applause.] I commend that patriotic statement of the gentleman from Illinois [Mr. RAINY] to the gentleman from Illinois [Mr. MADDEN].

What have we got? We have a bill which, according to the estimates, gives us eighteen hundred million dollars. I have shown you that we need nineteen hundred million dollars or more. We are not going to get eighteen hundred million dollars from the bill, or anywhere near it, and that is something that you want to think about. Why? The best taxation authority in this country, Prof. Seligman, of Columbia University, reviewing the income tax, winds up with this statement, that you gentlemen should think about:

Finally, another notable diminution of the yield from the income tax would follow the unfortunate exemption of interest on the new gigantic war debt. With every billion of new tax-free bonds there would be a reduction of from ten to twenty million dollars in the income tax.

We have authorized five and one-half billions this year of tax-free bonds, and it means scaling \$110,000,000 right off your income-tax receipts which are put in here in this estimate, as any one of you can see. That is the first scaling. It is unnecessary for me to go into the reasons why Prof. Seligman is absolutely correct. Every one of you can figure it out for himself. For every billion of tax-free bonds that we issue you can scale \$20,000,000 from the receipts of the income tax. That takes \$110,000,000.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HILL. Yes.

Mr. COOPER of Wisconsin. Prof. Seligman, I understand, is opposed to the tax-free bonds?

Mr. HILL. I do not know whether he is or not. I think that he is. I think that he claims that every bond ought to pay a tax. I said on the floor of this House when that bill came up, and in the committee, that the rate of interest ought to be 4 per cent. My judgment then is justified by the facts to-day. I am sorry that the interest is not 4 per cent.

What else is to come up? Just think of this proposition. We never have faced a problem of this magnitude before in the United States, and the peculiar situation has never before arisen. We have an income tax, we have a corporation tax, we have an excess-profits tax. Every one of those things depends upon the money a man makes, either individually or in a corporation. How are you going to determine what he makes? By taking out from the gross profits his expenses. Is he going to have any added expenses this year? Yes; eighteen hundred million dollars of taxation. That is going right into the debit side of the books of every business man and manufacturer in the United States, and you lose 4 per cent normal income tax at least upon eighteen hundred million dollars of taxation that he is going to charge up as expenses. Had you thought of that? That amounts to \$72,000,000 a year that comes out of this esti-

mate. It cuts down the eighteen hundred million dollars. Four per cent of the very taxes that we lay are coming out of the income, corporation, and excess-profits tax, and you can not stop it. Do you not suppose men will deduct the taxes upon the factory or the taxes upon their homes before they figure up the income tax? Then these taxes put in here to the amount of eighteen hundred million dollars are just so much deduction from the profits in this country for the coming year; and on that we lose 4 per cent anyway, and possibly in some cases as high as 15, 20, or even 47 per cent. I have taken it at the very lowest figure, so that on that thing alone you can deduct \$72,000,000 from this estimate.

What else? We have an idea from this estimate that the postage, if we charge 3 cents for a 2-cent stamp and 2 cents for a 1-cent postal, will bring in just that much excess. It will not. It will stop the mailing of letters to a very large extent. I should like to say more than I have time to say or would otherwise say as to what my opinion is of this whole postage legislation. I wish it was not in the bill. I would tax the evil at its root. I would tax the advertising matter that goes through our mail at a rate of 10 per cent and let the newspapers transfer it to the buyer. I do not know of any reason why this Government should carry John Wanamaker's or Marshall Field's advertisements all over the United States at the expense of the rest of the taxpayers of the country. I would tax that right there and get \$100,000,000 out of it. [Applause.]

The experience of Canada shows that they did not get the increase from 2 to 3 cents, because it reduced the number of letters that went through the mail. They did get about 40 per cent. We estimate 50 per cent, and that would be \$14,000,000 more to come off.

Then there is another thing. We have made an exemption of 50 gallons of spirits in the hands of each retail dealer in the country, and there are 180,000 of them. How much new spirit do you suppose will be sold until that is used up that has 90 cents less tax to pay than the other has? In time it will come all right, but this year we lose \$10,000,000 on that.

Mr. MANN. May I ask the gentleman a question?

Mr. HILL. Certainly.

Mr. MANN. Are not all the spirits used practically taken out of bond?

Mr. HILL. I am referring to the exemption that is in the hands of the retailer and taken out of bond. There is an allowance of 50 gallons for each retailer. I do not refer to the matter the gentleman has in mind.

Mr. MANN. That is a barrel, and that does not amount to much. A statement has been made here and I desire to ask the gentleman a question in respect to it. If we forbid the use of grain—that is, practically forbid new distilling—the statement is made that we lose all of the revenue from the tax on alcohol. Is not the tax on alcohol practically paid, except for commercial purposes, on alcohol coming out of bond?

Mr. HILL. Yes; it is only paid when it comes out of bond.

Mr. MANN. Cutting off the new supply will not have effect for—

Mr. HILL. Probably not for two years to come. There is enough in bond to last the country two years.

Mr. CANNON. How much is in bond now?

Mr. HILL. I do not recall the exact amount, but I think somewhere in the neighborhood of 300,000,000 gallons.

Mr. HELVERING. Two hundred and thirty million gallons in bond.

Mr. HILL. I do not know. I have not the time nor the strength, gentlemen, to discuss the provisions of this bill. I am not going to do as the gentleman from North Carolina said he was going to do, vote for it with his eyes shut. I am going to vote for it with my eyes wide open, knowing just what is in it, I think, just what ought to be in it, and just what ought to be in it that is not in it, and yet I am going to vote for it. It is said that Napoleon said that there were three things which were absolutely necessary to the vigorous prosecution of war. The first was money, the second was money, and the third was money. This administration has asked us for \$1,800,000,000, and as a Republican and as a citizen of the United States of America I propose to try to give it to them. [Applause.] I propose to give it to them to the best of my ability, whether it suits my political views or whether it does not suit my political views. A moment ago some one said that he was opposed to the excess-profits tax. So am I in the form in which it is computed. Another man said he was opposed to another tax and said that they ought to put the excess-profits tax in place of it. There is a difference of opinion. What are you going to do; surrender before you begin? I was going through Siberia 10 or 15 years ago, and at a city called Blagovestschenck I met a bright

German who was a cashier of a bank. Two weeks afterwards I met him again walking the streets of Stretusck, a thousand miles up the Amur River. I said to him, "Where in the world did you come from?" He said, "I came from Blagovestschenck; I left on the next boat after you." "Where are you going?" "I am going home." I said, "I am glad you are going to have a vacation." He was a fine fellow. But he said, "I am not going on a vacation." I said, "Then you are going on business, and you can make it a vacation trip." He said, "I am not going on business." I said, "What in the world are you going for?" I was a Yankee, traveling for curiosity. He said, "I am going home to do my last year's service in the army." I said, "Are you an officer in the army?" He said, "No; I am a private." "Do you mean to tell me that you are going several thousand miles and throw away the salary of a cashier in your bank to serve a year in the army at 6 cents a day?" He backed off, straightened up, giving a military salute, and said, "Mr. HILL, it is my duty, you know." That service was not pleasant to him; this bill is not pleasant to me, and there are many things in it which I do not like, but I salute this Republic to-day and say, "It is my duty, you know." [Applause.]

Mr. SLOAN. Mr. Chairman, I yield one minute to the gentleman from Illinois [Mr. MASON].

Mr. MASON. In that one minute I desire to have printed in the RECORD some amendments which I propose to offer, because I understand we will have very little time in the discussion under the five-minute rule. The first amendment is:

Amend Title VIII by inserting at the end thereof the following:
"SEC. 14. One cent per pound on all canned meats, including all fish and fowl, to be paid by stamp on the original package, said stamp to be canceled in such way as to show in legible letters the month and year of canning."

The other amendment is as follows:

Amend Title I at the end of section 2:
"In addition to the income tax herein provided, 50 per cent of all profits derived from the purchase and sale of all articles of human food, where such purchase and sale has been or shall be made in any produce exchange, board of trade, or similar association, on margin, without the intention to actually deliver said articles of food."

I ask to have those printed in the RECORD as part of my remarks, and I yield back the remainder of my time.

Mr. SLOAN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. SNYDER]. [Applause.]

Mr. SNYDER. Mr. Chairman, I know that this bill, if enacted, will mean sacrifice for many of our industries and to many of our people. That is to be expected in times such as these. No people can stand on the threshold of war or of any other great national trouble or calamity and not undergo sacrifice if the country is to be saved or catastrophe averted.

Sacrifice is the natural attribute of trouble, whether that trouble comes to us as a Nation or as individuals. I have, by my presence here in this Chamber and by word of mouth, supported this House and this administration in the work of preparedness and of building up a greater Army and a greater Navy, and I believe we have done the right thing, even though late in the day. It is true we have waited until we are forced to action by a situation which, even within a few months, some of us did not realize was confronting us. It is true, also, in my opinion, that this work of preparedness both of our Army and Navy should have been begun 20 years ago. Had it been so, the people of this country would not now have been called upon to make the sacrifices which are necessary because of our laxity in these matters over which we had control but action on which was postponed from year to year.

If there is any feature of this bill more than another which is objectionable it is the retroactive feature. This provision it would seem to me to be hardly necessary. It is one thing to have a tax staring you in the face, knowing that you must pay it, though it gives one the opportunity to arrange for it, but it is quite another thing, after a tax has been paid, or when money has been put aside to pay it, to then be called upon to increase that tax to a considerable extent, namely, 33½ per cent.

Mr. HELVERING. Will the gentleman yield for a suggestion?

Mr. SNYDER. I will.

Mr. HELVERING. I will say the committee in considering that thought it preferable to compute it this way instead of increasing the excess-profits tax or the normal income tax, which would continue during the war, and this is only one year.

Mr. SNYDER. I understand that is the view the committee has taken of it. I am not going to vote against the bill on account of the position the committee has taken.

It seems to me some other method might have been found which would have realized the same amount of money to the

country and placed the assessment before the people instead of behind them.

However, Mr. Chairman, I favor this measure. The funds with which to pay for these increases in our establishments for offense and defense must be secured. Patriotism and sacrifice and patriotism and Americanism walk hand in hand. It is possible that some industries may suffer, but that is nothing compared to the American boy or man at the front on the firing line. He makes a visible and vicarious sacrifice when he leaves his home, his family, and his country, perhaps, with a musket on his shoulder, to face ordeals which we escape and for which we are asked in this measure to soften for him as much as possible. It is our duty to see to it that that man is armed, clothed, fed, and protected beyond question. [Applause.]

Furthermore, Mr. Chairman, I am a firm believer in the theory that this protection must in some degree come from the implements and conveyances of luxury; the luxuries enjoyed by the people of this country should be the first sacrifices to be made. If not made, they should be paid for at a rate which will enable us to be charitable to the poorer classes and not assist in weighing them down with additional burdens because of their willingness to couple their endeavors with their patriotism. So far as I am personally concerned, I shall contribute cheerfully all that is asked of me, and in so doing believe I am giving to my country the best support I can render at my time of life.

I have little patience, Mr. Chairman, with those who seek to shift their burden to other shoulders and thus evade a duty to the Nation which ought not to be evaded or tolerated, any more than is the evasion of the "slacker," who conceals his person from the arm of the law. It is for us who remain at home to bear the burdens thus put upon us and see to it that these burdens produce not only funds but assistance in other directions which is needed and when it is most needed.

By this I mean that there are industries in this country which should not be crippled by legislation, which will tend in any way to cutting down the measure of necessary supplies, not alone for our armed forces but for those who remain at home. It is the duty of the Government, I believe, to see to it that this result is accomplished. I am not speaking now of the production of luxuries, but of food, clothing, and other necessities of which war will demand an increased amount. Let us not lose sight of this important factor in time of war and in our haste to raise funds for the vast expenses of our forces. The latter can not be reduced; the former ought not to be.

The district I represent, Mr. Chairman, is patriotic to the core. It has, I believe, always stood for and demanded a greater Army and a greater Navy. It is composed of intelligent people who knew and now know that such an increase must be paid for, and it stands willing and ready to meet its share of this increased expense without murmur or quibble. No sacrifice will be too great for it; no demand will remain unmet in order that complete victory may be won. I am proud to represent such a district, firm in the belief that its response to any call from the Government, the State, or from within its local boundaries will be cheerfully and promptly met no matter what sacrifice may be entailed thereby.

Mr. Chairman, there has been a great deal said about the receipt of telegrams from manufacturers in protest against the various drastic taxes in this bill. I want to say that I represent one of the greatest manufacturing and agricultural districts in this United States. Included in these manufactures are such as brass, cotton yarn, cotton goods, woolen goods, knit goods of every description, clothing, machine tools, cutlery, felt shoes, typewriters, furniture and desks, tanners, arms, both small and machine guns, steel office furniture, and others too numerous to mention, in all employing many thousands of men.

It will be noted that all of these come within the scope of prime necessities. But, gentlemen, I am proud to state, bearing out what I have said heretofore with reference to my district being patriotic to the core, I have not received a single telegram in protest from any one of these manufacturing establishments, and therefore I must assume that the people interested in these industries are willing without murmur to undergo the sacrifices that they will be called upon to make under this act, and it is a further source of pride to me as their Representative to feel that they are meeting this great issue in this splendid way. [Applause.]

Mr. HELVERING. I yield two minutes to the gentleman from Tennessee [Mr. MOON].

Mr. MOON. Mr. Chairman, I do not rise to discuss the bill, but to have printed in the RECORD two or three amendments which I propose to offer, or which some other member of the Committee on the Post Office and Post Roads will probably offer when this bill comes up for consideration under the five-minute

rule. I will ask that the Clerk read the amendments. There is one that I think will make clear the meaning and intention of the act in this particular. The act is not clear in the particular section.

The Clerk read as follows:

Mr. MOON moves to amend by inserting, after the word "gallons," on page 9, line 20, the following:

"Provided, however, That such liquors in the custody of a court of bankruptcy in insolvency proceeding at the date of the passage of this act shall be exempt from this tax when the packages containing such are stamped by order of the said court showing in substance the terms of this exception."

Mr. MOON. Evidently the intention is to make that exception, which is very necessary, and I think it ought to be made clearer by this provision. Another one I will ask the Clerk to read.

The Clerk read as follows:

Page 47, line 22, after the word "valorem," strike out the period, all before the word "the," on the same line, and insert "except on white print paper."

Mr. MOON. That amendment, it is clear, is intended to prevent the tariff-tax increase in white print paper. It is not necessary for me to discuss that now.

The third amendment is the one that reaches the question of postal rates and is intended to preserve from additional postal tax the matter of the second class within the limited zone or radius fixed and to place the burden of the tax upon the advertising or commercial features of publications. The question has been fully discussed here, and I simply propose to give notice that I will offer that amendment, or it may be that some other member of the committee may offer it, although in different language. I want to get before the House the consideration of the question of the necessity for the preservation of the policy of the Government upon the question and at the same time the wisdom of taxing the advertising features of these magazines. I believe that under this provision we will remove from unjust and unfair taxation the weekly and daily newspapers of this country and yet raise larger revenues than under the proposed bill.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MOON: Page 51, line 21, after the words "Sec. 1201," strike out the remainder of line 21 and all of lines 22, 23, 24, and 25 on said page and all of lines 1, 2, 3, 4, 5, and all of line 6 to the word "Provided" on page 52, and insert in lieu thereof the following:

"Upon all newspapers, magazines, and other publications regularly admitted as matter of the second class, when mailed by the publisher and no other, 1 cent per pound: *Provided*, That parcel-post rates shall be charged upon all that portion of such newspapers, magazines, or other publications which is devoted to paid advertising matter, when addressed to any post office in the third, fourth, fifth, sixth, seventh, and eighth zones."

Mr. MOON. Mr. Chairman, that is all I desire to offer at present.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. Moon] has expired.

Mr. SLOAN. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. Moore]. [Applause.]

Mr. MOORE of Pennsylvania. Mr. Chairman, it may truthfully be said that I do not approach the discussion of this bill with any enthusiasm. I do not believe, as a rule, in encouraging too much taxation upon industry and enterprise. But we have reached a point where what we would like to do must give way to what must be done. In former discussions affecting revenue legislation I have stood generally against measures brought in by my friends on the other side. I was opposed to their original income-tax bill. I did not believe it was necessary to introduce that measure at the time, because we had a protective tariff working, and it was very effective and was producing all the revenue necessary to properly conduct the Government. But our friends on the other side having come into power thought otherwise, and they began the introduction of a series of revenue bills that have made the task of the business man and the manufacturer of this country harder than ever. I do not want that to be forgotten.

I realize, as my friend from Connecticut [Mr. Hill] does, that we are confronted by a stern necessity—the raising of \$1,800,000,000 to prosecute the war with Germany. I do not agree with the gentleman from Illinois [Mr. Madden] and others who have indicated that a less amount will suffice. The President has indicated what he wants done, and the Congress has given its support to the President in a declaration of war. The various departments are preparing to make their expenditures, and the country is ill at ease because Congress is not moving more rapidly to uphold the hands of the President. I have been sworn in to do what I can as a Member of Congress to help the President of the United States prosecute this war to a speedy and successful conclusion. I voted for the declaration of war with many misgivings, but I knew there

could be no turning back; so when the President came forward with his drastic suggestion that conscription was necessary to sustain the honor of the country I voted for conscription.

Now comes the vital question of supporting the declaration of war and supporting the men who do the fighting. Are we to fall back at this point, and are these measures for which we have stood—whether reluctantly or otherwise—to go for naught? I think not. Our duty is clear. We must back up the action we have taken. I, for one, propose to support a measure to raise sufficient revenue by taxation to put the President and the various departments of this Government in position to speedily and effectively prosecute the war with Germany. That will be the best way to restore peace.

But I am approaching a discussion of this bill, as I said a moment ago, without any enthusiasm.

Gentlemen of the Ways and Means Committee who have preceded me have indicated, with much good will and a commendable desire to promote our patriotic inspirations, that this is a unanimous report; that it comes out of the committee indorsed by both Democrats and Republicans as one man. I have hesitated to throw any monkey wrench into the machinery of the Committee on Ways and Means, as led by the eloquent gentleman from North Carolina [Mr. Kitchin], or into the majority now charged with the responsibility of supporting the President and pointing the way by which the war shall be conducted. But there was one member of the committee who was temporarily recalcitrant and who did not agree to sign the report, and for that reason he has not taken a very active part in the discussion up to the present time. His reason was that he desired to be free to offer certain amendments upon the floor when the proper time came. It had nothing to do with the desire to raise the \$1,800,000,000, which he approved, but it was due to a desire to properly and equitably distribute the burden of taxation which must fall upon the people as a result of the passage of this bill.

Mr. FOCHT. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. FOCHT. In the observations of the gentleman from Connecticut a while ago he made certain subtractions on account of the falling off of various incomes. Now, can you furnish an estimate of how much further of a subtraction must be made, or have you any idea as to what it will cost to collect this by way of additional officers to be appointed by the administration?

Mr. MOORE of Pennsylvania. I had not intended to raise that question, but so long as the gentleman has raised it I will say that I have no doubt whatever that the \$1,800,000,000 will not be net to the Government for the direct purpose of prosecuting the war. There will be enormous reductions due to the extra employees necessary here in Washington and elsewhere, and to other things that will have to be done in order to raise and disburse the \$1,800,000,000. It may not be pleasing to some of my friends upon the other side—and by the other side I mean the Democratic side—though I am breaking away for a moment from the spirit of harmony that prevails with respect to this bill, if I observe that the taxes levied in this measure are levied almost exclusively upon the industries and upon the large centers of population. And the consumer will pay his share.

Now, I hope my farmer friends will not run away until I have a chance to fairly criticize this bill. This body is made up largely of Representatives of rural communities, and when the question of taxation arises there is usually a tendency to put the burden upon the manufacturing industries—not the man who tills the soil but the man who fabricates and manufactures the raw material that comes from the soil. I think this bill has been framed with scrupulous care to avoid laying an undue proportion of the burdens of war upon those who are not engaged in what we commonly designate as manufacturing industries. I am permitted to say this because I was in favor, so long as this is a war emergency measure and entirely abnormal, for I probably would not have approved a single paragraph of this bill in normal times—I was in favor of putting a fair proportion of the burden of taxation upon the big incomes of the country and upon the industries.

Mr. HILL. Do you not think that everything points to the fact that next year, certain resources of taxation having been exhausted, the farmer and other people will get it then?

Mr. MOORE of Pennsylvania. I agree with the gentleman that something is coming to the farmer and probably will come to him in December, if it does not come to him in this bill. I am raising this little note of discord merely for the purpose of putting on guard a great proportion of the people of this country who may not immediately be touched by the ramifications of this bill; the prospect is that they will ultimately be touched and will have to pay in common with the rest of American mankind. I have no delight in making this prediction. We

have gone into a war that means business, only most of the people have not yet come to realize it. The period of parades and the waving of flags is still popular with many of our patriotic citizens, but we are now about to enter the conscription period and taxes come after. Both are as sure to come as death itself. Folks who are cheering in moving-picture shows, or who are daily parading in the thoroughfares of our great cities, may have a rude awakening a few weeks hence when the sheriff comes around for the boys who must fill up the ranks. And when the tax collector comes, then the men and women of the United States will know that we are at war. It is a terrible business we have undertaken, and I do not want the farmer, whom I respect highly as a food producer, to overlook the fact that though he may have been exempted from conscription and the burden of military service he may escape from taxes, for his turn is coming. He is sure to be in this war one way or the other.

I do not say there is no virtue in this bill, but if there is one virtue in it, it is that it gives notice to the masses of the American people that they are up against a real war and must prepare themselves, both in the matter of taxes and privations and life and death.

This bill does tax heavily, doubly, the incomes of our citizens; it diffuses somewhat the taxes upon incomes in that it proposes to reduce the exemptions to \$1,000 and \$2,000. Teachers and preachers and professors and others who have been discussing war will be reached by this bill and will be asked to come up to the captain's office to pay. They will share in a patriotic sense and in a material sense along with those who have accumulated vast fortunes, who in proportion will be made to pay more than they did before.

I have supported the proposition, in this emergency, that large estates should pay, and pay well, and I have supported the suggestion that the profits of manufacturers in the great industries where thousands are employed should also pay even double what they paid before. This is war. If they are making vast sums of money out of war materials, they ought to pay. If they are making large sums of money in legitimate business, apart from the manufacture of war materials, then they should pay in fair proportion, and I suspect that this bill treats them fairly, up to the present time, seeing that this is war. Industries generally are covered by this measure; but we are carried by the bill from the large manufactories into the home; not so much the rural home, but into the home in the city where we have the gas and heat to pay for and the necessities of life apart from the amusements and the ball parks.

It may not be generally known to those who have casually read this bill that we are passing a heavy burden to consumers in this measure. I do not want the country to get the impression that only the wealthy are going to pay. That is one of the reasons why I did not sign the report.

Perhaps we can get a little more real patriotism out of the people if they are made to understand that all will have to pay and that war is a deplorable and a deadly business.

Perhaps the people may understand, even the manufacturers of war materials may understand, that those who encourage war must pay for war. If they have to pay—those who call for war—then they will be quicker to demand the permanent peace to which we hope this country may soon return.

Mr. FOCHT. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. FOCHT. It seems to me that a very fair proposal was made by gentlemen on the other side, that where opposition is offered to any particular object that is being taxed, a substitute be offered. Now, for instance, it is proposed, I believe, to tax the tickets for all entertainments—from a theater or a circus to the picture show, and including the tickets to the fair of the Union County Agricultural Society in my district—as well as the great publishing company that I spoke about this morning. What would you propose to substitute for the publishing company? What would you suggest as a substitute for the tax of something like \$60,000 additional for the mailing of his paper, which added amount puts this big Grit Publishing Co. out of business?

What are you going to do about it?

Mr. MOORE of Pennsylvania. I suppose the company the gentleman refers to is one of the numerous companies that have wired to Washington that they will be "put out of business."

Mr. FOCHT. This is not one of those imposters that is a fraud put upon the Government in the shape of many advertising magazines, where they had five-sixths advertising and one-sixth reading matter. This is a newspaper publishing company, the big Grit Publishing Co., of Williamsport, Pa.

Mr. MOORE of Pennsylvania. Now I understand the gentleman.

Mr. FOCHT. Very well; then how are we going to save the Government?

Mr. MOORE of Pennsylvania. The gentleman is complaining about the postal rates in this bill. I grant that while some large publications will be heavily hit if the zone system carries, some of the smaller publications may be hit so heavily that they will be put out of business. If that eventuates, then revenue will be lost to the Government. There is no doubt about that. If that is true, then the estimate made by Mr. HILL a little while ago, as against the estimate made by Mr. MADDEN, of Illinois, will hold. We will have to raise more instead of less money in that event. If the gentleman wants substitutes for some of the paragraphs which he does not like, I will give them to him.

But first, let me observe that not only are income taxes imposed, and they are largely the result of industry; not only are profit taxes imposed, and they are wholly the result of industry; not only is liquor taxed, and, of course, liquor claims to be an industry, although much inveighed against—all these and more, originating in the large centers of population, are heavily taxed. I pause for a moment to say with respect to the liquor tax that one of the anomalies in the presentation of this bill is the recognition of liquor in certain sections of the country where prohibition has been advocated to such an extent that States have adopted it. From States adopting prohibition has come indorsement of the provision in this bill increasing the liquor tax to the extent of \$150,000,000. We are to tax this alleged nefarious business; and yet it is proposed on the other side of this Chamber, and it may eventually be proposed on this side, to wipe out this very revenue that the advocates of prohibition have insisted shall go into this bill. I say this is one of the anomalies of the bill, and it may result in our having to tax some other products in the factory or on the farm to make good the loss that will necessarily ensue if those who desire prohibition shall be successful in destroying this revenue.

Mr. Chairman, many things apart from the city are not referred to in this bill at all. It is interesting that we should levy a 3 per cent freight tax upon the shipper and let the railroads out of it altogether; that we should put a tax of 10 per cent upon the individual passenger and relieve the railroad. These are amongst the anomalies which this bill presents. But on page 20 of the bill you will find a series of new schemes of taxation that are worthy your careful consideration, among them a tax equivalent to 5 per cent on the amount paid for transportation of oil by pipe line. Will you tell me who pays that tax? Will it be the great oil-refining companies for whom the Government of the United States makes vast expenditures in the improvement of its rivers and harbors and for whose benefit, largely, the Government War Insurance Bureau was established? No; they are not covered in this paragraph of the bill. It is the farmer, the individual owner of the oil wells, who is made to pay a rental for the use of the pipes owned by the larger companies.

On the same page you find a tax equivalent to 10 per cent on the amount paid for electric power for domestic uses, and a like amount for light or heat service. Oh, my friends in New York City, where gas is an absolutely necessity, where electric light is in common use, bear in mind that the 5 per cent tax does not go upon the company generating the light or the heat, but it goes on the consumer, and every housewife who has the accounting at the end of the month or three months' period for the gas and light that is used to light the dining room or the bedroom of the home will have that tax to pay. I observe that it does not apply except as "to domestic use," and that it has been interpreted to mean that it does not apply to the farm, where the electric power is used to churn butter or otherwise in conducting an industry; neither does it apply to establishments generating their own light and power. This tax is checked up for the ordinary consumer or renter of the small home. These matters are worthy of consideration as we pass along.

In the time I have remaining let me call attention to a few of the things that are studiously avoided in this tax bill. Far be it from me, when we should stand together as Americans shoulder to shoulder and with an eye single to American victory in the fight we are waging with Germany, to say one word that would seem to be political. But do you observe that several of the recommendations of the Secretary of the Treasury as to items that might be taxed are not included in this bill? Denatured alcohol, from which the Secretary of the Treasury says we could collect \$5,000,000, it is not in this bill. An excise

tax on sugar, which, according to the Secretary, might raise \$92,000,000. The Secretary suggested that sugar should be made to pay, but it seems to be not good policy to include a sugar tax in this bill, and so sugar goes free of excise tax, while we hold coffee and tea. From an excise tax on glucose \$6,000,000 revenue, the Secretary tells us, might be had.

Mr. FORDNEY. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. FORDNEY. The gentleman is in error when he says that we hold tea and coffee and let sugar go free. Sugar is taxed in the same way that we propose to tax tea and coffee, by a 10 per cent ad valorem.

Mr. MOORE of Pennsylvania. Sugar will have a distinct advantage in the domestic market, if I am not mistaken, over the sugar, tea, and coffee upon which no excise taxes are paid, except as to stock on hand at the time of the passage of this bill.

Mr. FORDNEY. This bill in no way refers to tea, coffee, or sugar except under the import tax—nine-tenths per cent on coffee, 1.8 per cent on tea, and half of 1 per cent a pound on sugar.

Mr. MOORE of Pennsylvania. I am referring only to the excise tax on sugar. The gentleman understands the difference between an excise tax and a tax at the port. The Secretary of the Treasury recommended an excise tax on sugar. But it was a consumption tax and the majority contended against a consumption tax. That would be unpopular.

The Secretary of the Treasury recommended that petroleum should be taxed. He said it would produce a revenue of \$75,000,000. Why was petroleum left out of this bill? Petroleum is the raw product of which gasoline is made. Petroleum is the raw product from which a series of by-products are made by the great refineries, which have almost complete control of the market. But gasoline is what the farmer uses in the farm truck and automobile, and our good patriotic friends upon the other side of this House, who want us to stand as a unit, did not care to put a tax on their friends.

Mr. HELVERING. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. HELVERING. The gentleman does not mean to confine his remarks to those on the other side.

Mr. MOORE of Pennsylvania. Well, the Democratic Party is in control of the Nation, and the gentleman from Kansas is an able exponent of that party.

Mr. HELVERING. The gentleman did not want to put a tax on consumption, and the gentleman does not contend that the Standard Oil Co.——

Mr. MOORE of Pennsylvania. Oh, we get the Standard Oil Co. on the excess profits and individual incomes. But the Standard Oil Co. gets a great deal. The Standard Oil Co. gets the benefit of our taking care of their ships and their insurance. We dredge the harbors so that they can get in and out, and for that they do not pay a cent.

Mr. PLATT. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. PLATT. This bill taxes ginger pop and pink lemonade.

Mr. MOORE of Pennsylvania. Yes; that is so. But the gentleman could not get intoxicated on that.

Mr. PLATT. Why have they not taxed peanuts?

Mr. MOORE of Pennsylvania. The gentleman's question is more intelligent than I thought it would be. [Laughter.] The gentleman is entirely right. Peanuts are not mentioned, but they will come along under the 10 per cent ad valorem clause and the Japanese peanuts can not get in over the 10 per cent barrier.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FORDNEY. I will yield to the gentleman 10 minutes more.

Mr. MADDEN. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. MADDEN. Where do they raise the most peanuts?

Mr. MOORE of Pennsylvania. Well, some are raised in North Carolina [laughter], and we have a very powerful gentleman from North Carolina on the Ways and Means Committee; but many are raised in Virginia. I have been told outside of the committee—because we can not reveal the secrets of the committee—that it is cheaper to buy Japanese peanuts in Chicago, from which the gentleman hails and to which he does so much honor, than it is to get them up from Virginia.

Now, you notice that advertising is not taxed in this bill, and while I am a newspaper man I think that in this great emergency advertising might have paid. It is one of the things that could fill the gap made by prohibition, if prohibition is adopted. We have left out of the bill newspaper and publication advertisements, but have held in the fellows that have

electric-light signs and billboards. Therefore the newspapers and the publications go free on advertising. That is a discrimination, and it is such a discrimination as might be noted when the next bill comes along.

Mr. FORDNEY. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. FORDNEY. Is it not fair for the gentleman to state that the signs and the billboards do not go through the mails, and the newspapers and magazines do?

Mr. MOORE of Pennsylvania. Yes; that is fair, except that the proposition as presented by the gentleman from Connecticut [Mr. HILL] was that advertising should be taxed separately like everything else, and should be taxed at the office taking the advertisements. The mails did not enter into it. If the mails did enter into it the gentleman's criticism would be fair.

Mr. Chairman, long before the war the President of the United States came here when he had certain revenue difficulties that harmony now would conceal, when the country was going to the "demnition bowwows" because Democratic financial policies were not effective, and because we had to raise revenue by special taxation, and from this rostrum stated that there should be a tax levied upon bank checks. That was a tax that our friends did not care to report in this bill, and yet it would be a fair substitute for some of the taxes in this bill that are going to oppress the consumer.

Mr. MADDEN. Can the gentleman tell us how much that would raise?

Mr. MOORE of Pennsylvania. I think I heard the gentleman from Michigan [Mr. FORDNEY], who is a wizard at figures, state that that would raise about \$300,000,000.

Mr. FORDNEY. On bank checks?

Mr. MOORE of Pennsylvania. Yes.

Mr. FORDNEY. Yes; a graduated tax on bank checks such as is being placed upon notes, of 2 cents per hundred dollars or fraction thereof, or 20 cents per thousand dollars, would raise anywhere from \$600,000,000 to \$900,000,000 without any doubt.

Mr. MOORE of Pennsylvania. That would not be a tax upon the poor. That would be a fairly distributed tax and would not be a burdensome tax, and yet it was not put in the bill.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. DICKINSON. Does the gentleman favor a tax on bank checks?

Mr. MOORE of Pennsylvania. I would favor a tax on bank checks in an emergency like this, because I think it would be less oppressive than some of the taxes that are here levied.

Mr. DICKINSON. Does the gentleman purpose to offer an amendment to put a tax on bank checks in this bill?

Mr. MOORE of Pennsylvania. If certain paragraphs are stricken from this bill, I would have no hesitation in offering an amendment placing a tax on bank checks. We must get the \$1,800,000,000.

Mr. HILL. Mr. Chairman, the tax on bank checks, which the President of the United States favors, however, is no such proposition as a graduated tax, but is a straight, flat tax, as we had in the Spanish War.

Mr. MOORE of Pennsylvania. It was a straight, flat tax. Bank checks were recommended by the President as a source of taxation, but why were they not considered in this bill? The President also suggested stationary engines. Why were not they put in this bill? To be practical, there were some gentlemen on the other side who did not think it wise to worry the people with that kind of a tax. That was evaded just as was the tax upon gasoline. I suggest also that individual owners of automobiles are not taxed.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. HASTINGS. It has been stated by a number of gentlemen who have participated in this discussion that there was no division between the parties on any question in the Ways and Means Committee. I notice that the gentleman from Pennsylvania has made frequent reference to "certain gentlemen or the other side" who did not favor or who did favor so and so. Is it true that there is any division in the Ways and Means Committee along party lines?

Mr. MOORE of Pennsylvania. I do not believe the gentleman from Oklahoma was here when I opened my remarks, for I stated specifically there was "one gentleman" who did not sign the report, and that one gentleman being myself, I reserved the right to offer certain amendments on the floor. I did not sign the report because I wanted to express myself about this bill. I have indicated that I want to go along with the President and raise \$1,800,000,000 in taxes, and I have also stated I wanted to raise it by an equitable tax. That is the

reason I am making this statement, introducing certain specialties.

Mr. HASTINGS. But the gentleman has said some two or three times in his discussion that "the gentlemen on the other side," evidently referring to this side of the Chamber, did not want this or that kind of a tax. As I understand it the committee never did divide on any question along party lines. If that be true, the gentleman must be mistaken.

Mr. MOORE of Pennsylvania. Mr. Chairman, the gentleman from Oklahoma [Mr. HASTINGS] not being a member of the committee, nor in the confidence of "the holy of holies," he can not induce me to violate the secrets of the sanctum sanctorum. [Laughter.] The gentleman comes from a territory where they produce a great deal of oil. Why should not the oil producer pay a little? Has he not been making money? Has he not been doing well? The Lord helps him very materially to his wealth, while the man who runs an automobile pays him; but I observe that he is not caught, and I observe also that the individual owner of the automobile is not caught. Look at the millions of automobiles in this country to-day, from the four hundred dollar new machine up to the five and six thousand dollar machine. Would it be a hardship upon the individual owner of an automobile to pay a portion of this tax? An automobile may be a necessity in some parts of the country, a truck is, but many automobiles are luxuries, and some families have more than one of them, and why should not they pay a fair proportion of this tax? But they are left out of this bill. The point is, of course, that the tax would be too general in its operation, it would touch too many of the low spots, it would bring too much opposition, and that may be the reason, perhaps, it is not in the bill. But I am giving notice to the gentleman and to the owners of automobiles, to the producers of oil and others, that there is another tax bill coming in December, and I am merely mentioning these things so that when we come to look around for things to levy upon the country will have notice, or at least those who are within the sound of my voice will.

Have you heard of the food corners? The increase in the price of food commodities, the high prices paid for butter and eggs and foodstuffs in the great cities—have you heard of the families that have almost gone starved because of the lack of the wherewithal to buy the product of the farm? Have you heard of the food riots in New York? Why not get a little from the man who produces that sort of material, or from the man who "corners" it? The newspapers reported a day or two ago that somebody had made "a strike" of \$3,000,000 on the grain exchange in Chicago. Do you not think that is a fruitful field for war taxes? But that is not covered in the bill.

Mr. CURRY of California. Mr. Chairman, will be gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. CURRY of California. Does the gentleman not think that is a fruitful field for lynching?

Mr. MOORE of Pennsylvania. Yes; I agree with the gentleman as to that. I think the man who in these times will deliberately make money out of the very poverty of the people who are patriotic and who are bearing the burdens of this war might be worthy of a lynching bee; although as a lawmaker I can not advocate such a course.

Mr. CANNON. I think it was reported in the newspapers that Mr. Joseph Leiter had made a profit of \$3,000,000, and I see it is denied by him in the newspapers, but he has not informed us whether it was \$10,000,000 or \$30,000,000 that he lost in attempting to bull the price of wheat some years ago.

Mr. MOORE of Pennsylvania. The distinguished gentleman from Illinois refreshes my memory and rather improves upon the suggestion of the gentleman from California, because I read yesterday in one of the newspapers that Mr. Joseph Leiter, president of the Army League, a patriotic body that wants war and wants it quickly, has denied that he made \$3,000,000 or any other sum in the last 30 years, and intimated that anyone who would be guilty of speculating in these food products should be lynched. That was Mr. Leiter. Are you plagiarizing, my friend from California?

Mr. CURRY of California. Sometimes the gentleman's thoughts and mine run in the same channel.

Mr. MOORE of Pennsylvania. I notice that the reported thoughts of Mr. Leiter and the gentleman from California run in the same channel as to the lynching question.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes additional to the gentleman.

Mr. MOORE of Pennsylvania. I thank the gentleman; he has been very civil to me.

Mr. PLATT. Will the gentleman yield to me for a question? Mr. MOORE of Pennsylvania. I will.

Mr. PLATT. If a man makes \$3,000,000 on the Chicago Exchange in grain, does he not have to pay half to the Government under this bill?

Mr. MOORE of Pennsylvania. He would if found; but the man who is able to make \$3,000,000 on the Chicago Exchange out of food products in war time is usually slick enough to avoid the Government's agent when he comes around.

Mr. PLATT. If he does not put it in his income-tax return he swears to a false return, does he not?

Mr. MOORE of Pennsylvania. Yes; but have you heard of anybody being arrested for false returns? I have a large correspondence showing that the income tax is collected extensively in certain States and that in certain other States it is not collected at all, which would indicate that some gentlemen are avoiding the payment of taxes. The Secretary of the Treasury has said in private, if not in public, that public notices should be published in certain States with respect to those who avoid the payment of taxes. I did not intend to refer to that, but inasmuch as the gentleman has introduced the subject, I will say there are 8 States—Connecticut, Illinois, Massachusetts, New York, New Hampshire, New Jersey, Ohio, and Pennsylvania—that last year paid \$53,839,000 of the total income tax of this Nation; and that 12 other States—Alabama, Arkansas, Oklahoma, Florida, Georgia, Louisiana, North Carolina, South Carolina, Tennessee, Texas, Virginia, and West Virginia, all having powerful influence in the House of Representatives and in the Senate and with the administration—paid only \$3,109,000 of the income tax. The total income tax paid by all the States in 1916 was \$67,900,000. Now, remember that this little handful of New England and Northern States paid \$53,000,000 of that \$67,000,000, and that this great group of States that I have mentioned—I will not be sectional about it, but the geography will speak for itself—paid only \$3,109,000.

Mr. HEFLIN and Mr. MONTAGUE. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I thought I would get a rise from somebody on that. [Laughter.] I yield to the gentleman from Virginia.

Mr. MONTAGUE. Does the gentleman seriously think that the income tax is paid for geographical reasons rather than by reason of the possession of wealth?

Mr. MOORE of Pennsylvania. The gentleman has asked a question which I answer in this way: No greater fortunes, relatively, have been made anywhere in war times than out of tobacco and cotton. The southern banks are overflowing with money just now, and they are getting their money from cotton, which is an American monopoly. Cotton is a munition of war, and while other munition makers in the States are taxed to the limit in this bill, cotton does not pay a cent.

Mr. BLACK. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I yield to the gentleman from Texas.

Mr. BLACK. From what statistics does the gentleman quote that income-tax data?

Mr. MOORE of Pennsylvania. Nineteen hundred and sixteen; and the amount paid by the great State of Texas, from which the gentleman hails, is \$900,000.

Mr. BLACK. Does not the gentleman know—

Mr. MOORE of Pennsylvania. And the amount paid by the State of New Jersey, which could be put in Texas five or six times over, was \$2,900,000.

Mr. BLACK. Does not the gentleman know that in 1914 the cotton crop was sold for an average price of about 8 cents a pound, or a loss of at least 2 to 3 cents a pound on the cost of production?

Mr. MOORE of Pennsylvania. I remember the appeals which were brought to us several years ago by our friends from the cotton fields. Our northern mills had also been suffering. I have a very vivid recollection of speeches made upon the floor at that time, when we were asked to buy a bale of cotton—when \$50 was the standard price throughout the country—but I have not heard that cry during the last two or three years. The first two American ships which went down before this American war opened, sunk not by a submarine but by mines in the British Channel, were the *Carib* and the *Evelyn*. They were carrying cotton for the purposes of war. You can not shoot off a gun of any magnitude without the use of cotton. It has been a bone of contention of the warring nations of Europe, and the States producing cotton have availed themselves of it. They have been overflowing in "milk and honey," and yet cotton is not included in this bill.

I reserved the right in committee to say something about this bill on the floor, because I hope and expect to introduce an amendment calling attention to the fact that cotton has been

prosperous and that cotton ought to pay. When the time comes I shall ask that a tax of at least two and a half dollars a bale be imposed upon that magnificent product of American plantations.

Mr. DICKINSON. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I will.

Mr. DICKINSON. Does the gentleman also wish to put a tax on wheat and corn and potatoes; if not, wherein is the difference?

Mr. MOORE of Pennsylvania. Inasmuch as Mrs. Moore pays \$2.50 a basket for potatoes at the present time, I would answer yes; as a war measure and to regulate prices for the farmer as well as the consumer, yes. As to grain, why could it not be taxed on the cars? It has been profitable.

Grain could be taxed in the cars and in the elevators. Bear in mind that grain held up in the United States for export and kept from the people here who need it raises the price of bread to the American consumer and pays nothing into the Treasury of the United States. They have a complete monopoly—those who export the cotton and the food products of the United States.

They have the poor people of this country by the throat, so to speak. The Constitution of the United States prohibits an export tax, which would bring something into the Treasury of the United States, but under this bill what comes into the country will now pay.

Mr. MONTAGUE. If the gentleman will permit, if you bring it into this country the people pay?

Mr. MOORE of Pennsylvania. Yes; but a duty on imports is not a direct tax. That helps the Treasury.

Mr. MONTAGUE. I wanted to see if I understood you correctly.

Mr. MOORE of Pennsylvania. The importer will pay 10 per cent under this bill upon everything that comes into the United States, and he will pay it under the stress and necessity of the administration which needs money to carry on the war. It was the only recourse the committee had of raising the difference between the articles specially taxed in the paragraphs of this bill, and the balance of \$300,000,000 needed to make up the \$1,800,000,000. In this particular the representatives of the Democratic Party got down from their free-trade high horse and became Republican protectionists. [Applause.]

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

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. LEHLBACH] 10 minutes.

Mr. LEHLBACH. Mr. Chairman, I do not intend to criticize the imposition of any tax provided for in this bill. I do not intend to suggest an abatement of a single penny of revenue sought to be provided by the terms of this measure. I do not intend to suggest that the burden of this tax or of any of these taxes be shifted from the persons who, under the terms of the bill, are supposed to pay them upon some other class of persons. But I do want to call attention to one phase of this bill with reference to the sections imposing taxes on beverages known as soft drinks. I have no objection to the taxes thus imposed upon these beverages, nor have I any objection to the manner in which the taxes are sought to be collected. But it occurs to me, or my understanding of this particular article is, that it falls in the object which it obviously intends to bring about. And I invite the attention of the committee to this state of affairs, with a suggestion that it ought to be taken up and corrected, as I think it can be corrected, without any very great trouble. The intention, as shown by the report and by reading of the bill itself with reference to the tax on soft drinks, is that these beverages should pay a tax, figured out to be approximately 2 cents per gallon. These beverages are practically water charged with carbonic-acid gas, and flavored. Now—

Mr. DYER. The gentleman does not mean that all the so-called prohibition drinks are composed of those ingredients?

Mr. LEHLBACH. Oh, no. Some of them have opium, cocaine, and other things in them, but I mean the particular beverages that come under the class of this particular taxation which I am now discussing.

Mr. DYER. The gentleman does not include the celebrated product known as "Bevo," made from cereals?

Mr. LEHLBACH. No. Paragraph (b) of section 308 provides that "beverages manufactured and sold by the manufacturer, producer, or importer of the carbonic-acid gas used in carbonating the same" shall pay "a tax of 2 cents per gallon." (d) Provides that all carbonic-acid gas intended for use in the manufacture or production of carbonated water or other drinks—that is, these drinks that have been enumerated in paragraph (b)—shall pay a tax of 8 cents a pound.

Now, as a matter of fact, the average market price to-day of carbonic-acid gas per pound is 5 cents. Therefore it is perfectly obvious that the intention of the framers of this measure was not to tax the manufacturers of the carbonic-acid gas, because

there is no tax on the carbonic-acid gas which is made by the people who at the same time use it in the manufacture of these soft drinks; in that event it is not subject to taxation, but the product itself, the sarsaparilla and ginger ale, has a 2-cents-a-gallon tax. Now, the object of this is merely to provide for the assessment and collection of a tax which will figure out to be about 2 cents a gallon on these soft drinks, by requiring the seller of the gas to the producer of the soft drinks to collect at the time he sells it, over and above the 5 cents he gets for the product, a tax of 8 cents, because a tax of 8 cents on the material or the gas would, when charged into the water, make a tax of about 2 cents a gallon. I think that is a reasonable and fair and practicable way of collecting this tax, in so far as the ordinary sales are concerned. But the difficulty is that a very large proportion of this gas is sold and will continue to be sold for the next 9 or 10 months, at least, under written contracts entered into in the past, which provide for a fixed price for the gas, and therefore preclude the collection of this 8 cents by the gas men from the manufacturers of the soft drinks.

Mr. FORDNEY. Will the gentleman yield? I will yield him more time if he desires it. Let me say to the gentleman it was shown in the committee that 1 pound of that liquid gas would charge 4 gallons of water.

Mr. LEHLBACH. Yes.

Mr. FORDNEY. The committee was desirous of putting a tax of 2 cents a gallon on soft drinks. Therefore 1 gallon of the liquid gas would charge 4 gallons, which would be 8 cents at 2 cents a gallon, and the tax instead of being put upon the soft drink itself, which would require a stamp, it was decided by the committee to put a tax of 8 cents a pound on the liquid gas, which would be equivalent to 2 cents a gallon on fully charged water.

Mr. LEHLBACH. Yes, sir. Now, I will say to the gentleman I understand that, and I have no objection to it. I think it is a just and equitable tax. I think 2 cents a gallon is not excessive upon these soft drinks, and I think the method of collecting this tax—

Mr. HELVERING. If the gentleman will yield, I might say in way of explanation that this morning we had a meeting of the Ways and Means Committee, in which an agreement was made to an amendment which will allow the contract price to be added on when the contract was made prior to the declaration of war.

Mr. FORDNEY. I was with the gentleman, but do not agree with the method of putting the tax on liquid gas.

Mr. LEHLBACH. I think with an exception covering running contracts it is a fair method of collecting a tax, and, so far as I know, nobody has raised a valid objection to it.

Mr. BLACK. About how long do these contracts run?

Mr. LEHLBACH. The contracts are largely entered into in the months of October, November, December, and January. That is the slackest season for the sale and distribution of these beverages, which are in greatest demand during the hot months of summer.

Mr. BLACK. They do not run for more than a year, do they?

Mr. LEHLBACH. They average about a year. I do not know of any contracts that run longer than a year; but to show that this condition resulting from existing contracts is not a trivial condition and only affects a slight percentage of the trade, I want to call attention to these figures. According to the last available figures there are about 60,000,000 pounds of carbonic-acid gas used in the manufacture of beverages. The chairman of the committee, the gentleman from North Carolina [Mr. KITCHIN], stated on the floor that since those figures were compiled the use of soft drinks had greatly increased, and that possibly the consumption of carbonic-acid gas for this purpose had doubled or possibly trebled, so that we may assume that we may have almost 100,000,000 pounds of this gas used for this purpose annually.

Mr. MANN. Will the gentleman yield for a question?

Mr. LEHLBACH. Certainly.

Mr. MANN. Do I understand from the gentleman that under the terms of the bill where a manufacturer has agreed to sell carbonic-acid gas for 5 cents a pound he would be required to pay a tax of 8 cents a pound?

Mr. LEHLBACH. I do. That is what I mean.

Mr. MANN. Out of his receipts?

Mr. LEHLBACH. Out of his receipts.

Mr. MANN. He would be minus 3 cents a pound. That is the situation.

Mr. LEHLBACH. That is the situation. Now, in order to get a good grasp on the situation it is well to take a specific example.

Mr. MANN. It shows very great care in the preparation of the bill.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. HELVERING. Mr. Chairman, will the gentleman allow me a minute to explain?

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from New Jersey five minutes.

The CHAIRMAN. The gentleman from New Jersey is recognized for five minutes more.

Mr. LEHLBACH. I yield to the gentleman.

Mr. HELVERING. I will say to the gentleman that it would be much more convenient to this industry to leave the imposition of the tax remain in this way instead of by putting stamps on the bottles.

Mr. MANN. Does the gentleman think it would be more convenient to a man selling gas at 5 cents a pound to pay 8 cents a pound on it?

Mr. HELVERING. There is an amendment, which does not appear in the bill yet, that will allow him to pass it on.

Mr. MANN. I am glad that the Committee on Ways and Means is learning something about this bill.

Mr. HELVERING. I am sorry we did not have the gentleman's information before.

Mr. MANN. If you had, you would learn more.

Mr. EELVERING. I am glad to have the gentleman's information.

Mr. LEHLBACH. As an illustration, I may point to a concern in my congressional district, in the city of Newark, which I have the honor, in part, to represent. This concern is capitalized at \$700,000. It does an annual business of almost 4,000,000 pounds of carbonic-acid gas per year. Eighty per cent of the coming year's business is under contract, where the contracts have already been entered into, and the price has been fixed at 5 cents per pound in those contracts. They can not pass this tax along under the bill as it stands now. Therefore they will receive on the gross returns of that contract business from their purchasers \$125,000. That is their gross receipts on 80 per cent of their whole business; and on those gross receipts they would be compelled by this law as it stands to pay into the Treasury of the United States \$200,000, which is over one-fourth of their entire capital; and they can not do it if this bill is allowed to stand unamended as it is. It is perfectly evident that they had better cancel all of their contracts, supply this 2,500,000 pounds of gas free to their customers and thereby save \$75,000. They would have to pay out \$200,000; and inasmuch as the tax is only on sales, if the gas is not sold they can not be taxed for it.

Now, section 309 provides that the "manufacturer, producer, bottler, or importer shall make monthly returns under oath to the collector of internal revenue for the district" in which he is located "containing information necessary for the assessment of the tax." Now, my suggestion to the committee is an amendment, and I hope that this amendment will be given consideration, unless another amendment has already been prepared which would provide for a remedy such as is suggested by this amendment. The amendment is as follows: At the end of section (d), on page 15, that imposes a tax of 8 cents a pound, and under the terms as it now stands imposes that tax on the manufacturer when he sells the gas, strike out the period, put in a colon, and add these words:

Provided, That whenever sales are made under a contract in writing, entered into before the 1st day of May, 1917, by the terms of which the selling price of the carbonic-acid gas is fixed, such tax shall be paid by and collected from the purchaser

That is the intention of the act, and, if you say so, that will remedy this difficulty. The point that it would hamper the collection of the tax to collect from the purchaser rather than from the seller is not well taken, because section 309 provides that the man who sells the gas shall make returns to the collector, and all that is necessary to be done under this amendment is to send the tax bill to the purchaser. Then you would do what you intended to do, and you would not have harmed anybody.

The CHAIRMAN. The time of the gentleman from New Jersey has again expired.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. LEHLBACH. I am in the same fix as the gentleman. My time has expired.

Mr. HOWARD. Can not the gentleman from Michigan give me a minute?

Mr. FORDNEY. I will; but we will have to reduce somebody else.

Mr. HOWARD. I am interested as the gentleman is. The condition is the same in my city. What are you going to do about the 8 cents a pound on this that is not contracted for? A manufacturing establishment in my district has probably got four-fifths of its output already contracted for at 5 cents a pound. He will lose 2½ cents a pound by this unamended bill. Twenty per cent of his business is not contracted for.

Mr. LEHLBACH. He pays 8 cents and gets it from the man he sells it to.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Mr. Chairman, I yield 20 minutes to the gentleman from Nebraska [Mr. SLOAN].

The CHAIRMAN. The gentleman from Nebraska is recognized for 20 minutes.

Mr. SLOAN. Mr. Chairman and gentlemen of the committee, the chairman of the Committee on Ways and Means [Mr. KITCHIN] happily said that he expected to support the bill which he presented. The rest of us are nearly all agreeing with him and following in his wake. I, however, indorse him in that matter as I do his politics in other matters, if at all, entirely without recourse. [Laughter.] I say that I shall vote for this bill, but not as he said he would vote for it, with his eyes closed. I expect both of my orbs of vision to be full and flaming when I vote for this bill. I shall vote for it for one special reason, and none other. If I were asked to vote for it under any other circumstances, and should feel so inclined, I should certainly feel constrained not only to close my eyes, like the chairman of the committee, but to stop my ears, shackle my gorge, and cocaine my conscience. [Laughter.]

Mr. DICKINSON. Mr. Chairman, may I ask a question of my colleague?

Mr. SLOAN. Yes, sir.

Mr. DICKINSON. Was not that remark that the gentleman refers to on the part of the chairman of the Committee on Ways and Means directed especially to the imposition of the 10 per cent duty tax, and not to the entire bill? [Laughter.]

Mr. SLOAN. Yes. The trouble with the chairman was that he can appreciate and enjoy the fly, but he has no appreciation for the real ointment. [Laughter.]

Mr. DICKINSON. I simply wanted to get it stated correctly.

Mr. SLOAN. That is the one redeeming feature, so far as national policy is concerned, contained in the bill; but that is aside from the reason I am supporting this measure.

Mr. DICKINSON. Allow me further to say that in the absence of the chairman of the committee I simply wanted to get a history of the facts as contained in his speech.

Mr. SLOAN. Yes; I would like to have, if possible, the facts kept straight from that side of the House once. I am glad the gentleman from Missouri has undertaken the task, because I do not know anybody that could do it with greater prospect of success.

Now, I shall support the bill. What the chairman of the committee said is true. There was practically no partisanship in its makeup. We were about the table. We built up this bill as best we could and present it with no particular pride of architecture or construction, but as the result of grim necessity. There was only one appealing irresistible reason prompting us all to support it. That reason was that twin monosyllable of hell known as "war." That is the reason I propose to vote for it with my eyes open, just as I voted against the first declaration, as I voted for the bond issue, and as I opposed conscription. This is the least of the four propositions. I expect to vote for and support the administration recommendation. Because on matters of war itself and the matter of compelling men into the service I take no suggestion from any man or any power on earth; but if it is a mere matter of money, I think now that the Congress has spoken and all our judgments have been merged into one, the war situation being a reality, it is our duty to do all that we can with men and munitions, with blood and with gold, and with all the means of modern civilization to meet the power of modern barbarism and make the American will dominant in this great struggle. [Applause.]

Before passing I want to say as to partisanship and non-partisanship, which have been discussed, that within the memory of some Members on the floor of this House there has been a change in the two wars that have been waged. Gentlemen who were here in 1898 will remember that the same harmonious situation between the two sides of this Chamber was not observed in raising money to carry on the struggle that the Congress had then declared. The Republican Members are making a record the opposition of that day might well envy.

While favoring some features of this bill, tolerating others, and vigorously opposing still others in the standing committee, and finally agreeing to support the bill as a war measure, I refused to indorse the postal section of the bill and reserved the right to submit an amendment to the second-class rate in the Committee of the Whole.

Much has been said by speakers on either side of this Chamber about the newspapers deserving this increase of rates as a punishment for unduly exciting the war spirit of the country. As to that fact, I submit no palliation or defense. Sufficient to

say that the work of our standing committee was to raise revenue and not to conduct a punitive expedition.

The postal section is at best a regulatory one, seeking to adjust the proper contractual relations between the Post Office Department and the publishers. As such it should be brought up by the Post Office and Post Roads Committee. As to the statement made several times on the floor that if we did not settle this matter now under stress of war it never could be done, permit me to say that under that cover more crimes against our Government will be committed than can be conceived of by the most acute man in America. Of the three departments of Government the legislative has more nearly adhered to the original plan of the Constitution than either of the others. Let us not give a glaring example of using the pressure of war for civic purposes to other branches of the Government.

I call your attention to a bill introduced by Chairman Moon, of the Post Office and Post Roads Committee, in which he places in one mail zone of 300 miles the first three parcel-post zones. This was well said by him on the floor of the House the other day to accommodate the daily press, whose average distance of carriage is 255 miles; agricultural papers, 490; while magazines are 920 miles.

Statements have been made by various people, including the Hughes Commission and departmental officials, as to the cost of carrying and delivering second-class mail.

That mythical overhead charge, concerning which there has been much debate, may be great or small. It is, in any event, the same for a long or short haul. It is largely an estimate made by bookkeepers of the part of the expense of an establishment which must in large part be maintained for other branches of the mail that should be charged to second class.

But the part paid for carriage is definite and certain. It is 1 cent per pound for every 200 miles. A zone system should provide for that first and the overhead expense should be met equitably along the line.

Under this rule the provisions of this bill would pay the carriage average distance in the first mail zone and leave 1½ cents per pound to apply on the overhead. Under the second mail zone, after paying the carriage, there would be 1½ cents to apply on the overhead. Under the third mail zone, after paying carriage, there would be three-fourths of a cent to apply on overhead. In the fourth mail zone it would lack 2 cents of paying carriage and, of course, nothing to pay on overhead. In the fifth mail zone the carriage deficit would be 3 cents and nothing for overhead.

I shall submit an amendment combining the third parcel-post zone with the first and second, making the first mail zone one of 300 miles; making the second mail zone the fourth parcel-post zone at 3 cents per pound; and the third mail zone the fifth parcel-post zone at 4 cents per pound, as it is in the bill, and leaving the other zones and rates as they are in the bill.

This will make the mail-zone radii as follows:

	Cents.
First zone, up to 300 miles.....	2
Second zone, 300 to 600 miles.....	3
Third zone, 600 to 1,000 miles.....	4
Fourth zone, 1,000 to 1,800 miles.....	5
Fifth zone, beyond 1,800 miles.....	6

While the above plan will tend to equalize the system and reduce the discrimination against the newspapers and farm papers, yet it will only accomplish it in part.

If we assume the parcel-post zones and rates to be at once compensating and equitable, then we have the remarkable condition of the proposed mail rates in the first and second mail zones more than 50 per cent larger than the parcel-post rates. While in the third mail zone the rate is 12½ per cent less than the parcel-post rate and 50 per cent less in the more distant zones.

I submit the following tables:

Rates in bill.

	Rate per pound.	Average haul.	Cost for average haul.	Left for overhead, per pound.
First and second zones, 0-150 miles.....	\$0.02	Miles. 75	\$0.00½	\$0.01½
Third zone, 150-300 miles.....	.03	225	.01½	.01½
Fourth and fifth zones, 300-1,000 miles.....	.04	650	.03½	.00½
Sixth and seventh zones, 1,000-1,800 miles.....	.05	1,400	.07	— .02
Eighth zone, over 1,800 miles.....	.06	1,800	.09	— .03

1 Minimum.

Carriage costs Government 1 cent per pound for 200 miles.

Rates in the proposed amendment.

	Rate per pound	Average haul.	Cost for average haul.	Left for overhead, per pound.
First, second, and third zones, 0-300 miles.....	\$0.02	Miles. 150	\$0.00½	\$0.01½
Fourth zone, 300-600 miles.....	.03	450	.02½	.00½
Fifth zone, 600-1,000 miles.....	.04	800	.04
Sixth and seventh zones, 1,000-1,800 miles.....	.05	1,400	.07	— .02
Eighth zone, over 1,800 miles.....	.06	1,800	.09	— .03

I suggested to Judge Moon, chairman of the Post Office Committee, when he appeared before the Committee on Ways and Means that if the Post Office Committee would submit a good, fair, wholesome amendment to the postal section of this bill I would be glad to support it and accept the judgment of that committee in advance as final and binding on me.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. MOORE of Pennsylvania. Did the gentleman hear read a little while ago an amendment which the gentleman from Tennessee, Judge Moon, proposed to offer?

Mr. SLOAN. I heard the one the gentleman refers to. I think that amendment, as far as I was able to consider it, is a wholesome amendment. It is based on the proposition that we are one vast country, and that the intelligence of New England and the intelligence of the Pacific coast should mingle. That no great barriers or oppressive obstacles should be placed in the transmission of intelligence from coast to coast or from North to South. Unfortunately, there has grown up upon this medium of intelligence what might be called an excrement of business advertisement. It is a burden on the postal facilities of the Government, involving every year a considerable loss. I think the true way to dispose of it, now that we have a parcel-post system, would be wherever the publishers present their publications within any of the zones, they should be carried at a flat rate to any part of the country for the reading matter, while the advertising should pay the parcel-post rates. That can be done very easily, and, if followed, the present loss to the Government will be greatly decreased.

In carrying the mail the cost of carriage is a flat average rate of 1 cent per pound for every 200 miles. It is estimated that there is an overhead charge of from nothing up to 4½ cents. That can not be known definitely. It is estimated by the book-keeping department of the Post Office Department and consists of a portion of the time of certain clerks and other employees necessary who look after the first, third, and fourth class mails. It is merely a matter of classification as to how much is overhead charges due to the second-class mail and how much is not. But the carriage rate is 1 cent for every 200 miles. So, that being definitely known, with the establishment of the zone system the first concern would be to pay the carriage. Then if there is anything left over, let it be applied to the overhead charge.

Mr. MANN. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. MANN. What does the gentleman mean by carried for 1 cent for 200 miles?

Mr. SLOAN. The testimony of those who claim to know, especially the First Assistant Postmaster General, was the cost of carrying one pound is 1 cent for every 200 miles.

Mr. MANN. The average cost?

Mr. SLOAN. Yes; the country over.

Mr. MANN. Then it costs 15 cents to carry a pound from New York to San Francisco?

Mr. SLOAN. Yes; if it is 3,000 miles.

Mr. MANN. Then it only costs a quarter of a cent or half a cent from New York City to Philadelphia?

Mr. SLOAN. Oh, it is more than 100 miles from New York to Philadelphia, is it not?

Mr. MANN. The gentleman knows the charges are not uniform.

Mr. SLOAN. No, but they should be.

Mr. MANN. But they are not.

Mr. SLOAN. What I know is the undisputed testimony in the Hughes report, in the Ashbrook hearings, and in the testimony of Mr. Koons just a few days ago before our committee; so there is no question about it. I never heard it questioned.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. SLOAN. Yes.

Mr. JOHNSON of Washington. According to that theory the whole rate of cost ought to be charged for carrying a letter from Washington, D. C., to Nome, Alaska, 5,000 miles away.

Mr. SLOAN. I presume the stamp upon the letter would pretty nearly pay for it. Its weight is small. Consider the number of letters it would take to make up a pound and I think you would find that it would pretty nearly pay its own carriage. The newspapers of the country need no encomium from me for the especial service they will be performing from now until this war closes. They will carry the news from day to day, whether it be good or bad; whether it conveys to the waiting fathers and mothers an account of the day of battle in favor of our boys or whether it will bring tidings of reversal and, mayhap, the darkest news. That part of the service will be especially appreciated by the American people in the coming years of the war, as it has never been before. Now, to say that the newspapers within that zone under 300 miles should be compelled to pay more than twice as much overhead charges as they do anywhere else, and where in the greater part of the country the magazines would not even pay the carriage, it is absolutely unfair to the newspapers and unfair to the farm papers of which I have spoken.

Mr. JOHNSON of Washington. Mr. Chairman, how many zones are there in the district from Kansas City, Mo., to the farthestmost part of Nebraska?

Mr. SLOAN. There would be four zones. It would be the first, which is 50 miles—I mean the parcel-post zone, and you want to keep those separate from the zones in this bill.

Mr. JOHNSON of Washington. Make it the newspaper zones.

Mr. SLOAN. It would be in the third newspaper zone. The first newspaper zone proposed in the bill is 150 miles. The next is out 300 miles, and the next 600 miles, which makes it 600 miles, which would carry it to the farthest part of Nebraska.

Mr. JOHNSON of Washington. Who will divide these newspapers up into zone distribution, the Postal Service?

Mr. SLOAN. The bill provides that the Postmaster General shall require or may require the newspapers to make up their publication by zones in such manner as will make it easy to handle. The way the newspapers are shipped now they are more easily handled by a great deal than the average parcel-post matter. Yet in these first two zones proposed by the committee in the bill on everything over 4 pounds the parcel post is cheaper than the newspaper.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes more to the gentleman.

Mr. SLOAN. Mr. Chairman, I desire in closing this matter to say that should the amendment of the chairman of the Post Office Committee be presented, I think it would be fair to all the publications, but if it is not presented and does not receive favorable action of this committee, then I shall insist upon my amendment being presented.

I desire to speak now with reference to two other features of the bill. First, as to the objection with which it is met upon the ground that we are raising too much money. Eighteen hundred million dollars is an enormous sum. Figuring it out in one way it would take 100 cars of 20 tons each to haul it if it were reduced to gold. It was quite a task for the committee to undertake to raise that amount. But I think the committee should have done so. I do not think that this House can refuse to adopt the bill on the ground of the amount of taxation it involves. Regardless of what individuals may do, the Congress of the United States must keep faith with the country.

We must especially keep faith with the young men to whom we have said you must respond to the country's call and fight its battles. At the recommendation of the President of the United States war was declared. At his recommendation \$5,000,000,000 of bonds were provided for. At the recommendation of the President of the United States the young men of the country between 21 and 31 years of age were, whether they would or not, told that they would have to go and fight the battles of this Nation on foreign soil.

Mr. LOBECK. Will the gentleman yield?

Mr. SLOAN. I will.

Mr. LOBECK. The gentleman means between 21 and 31 as proposed in the bill now going through the two Houses?

Mr. SLOAN. Yes; up to the day they are 31, as I understand it. When the proposition for war and the proposition for financing the war and the proposition for conscription was before us, the young men of the country were told—and I never heard an objection to it until after conscription was by Congress fastened upon them—that half of the expense of this war would be raised by taxes and the other half by bonds. That

was determined in advance. There was an agreement and promise to the young men of the country that if they submitted to conscription and fought our battles, when they came back they would not be called upon late in life to pay the expense of the war, as some of them had paid in life and blood the obligations of battle. They were given to understand that the expenses of that war on foreign fields would not be theirs to pay long after this war had closed. That promise was made—made by the Executive of the Nation, indorsed by every man in this House when he voted for war, when he voted to finance the war, and when he voted for conscription. No man in this House and no man in America can afford to repudiate that solemn pledge, even though it takes half his profits, or all of it, even though it takes part of his capital.

Some of those young men are business men. They lose all their profits. What becomes of their capital? They lose part or all of it. What is proposed? Gentlemen who voted for the bond issue, and voted especially against an amendment which I presented, are absolutely—morally, politically, and patriotically—stopped from claiming that we ought to issue more bonds and levy less taxes. In that amendment I asked this House to say when those bonds should be paid. The House refused to do it, but left it to the judgment and wisdom of the Secretary of the Treasury. He has issued these bonds at 30 years.

The average age of the man called out to fight the battles will be 26. To 26 add 30 years, the term of maturity of those bonds, and you have men at the maximum of their earning capacity as business men. Remembering that they fought the war, which I hope and expect will be successful, they will be confronted with the payment of \$5,000,000,000 of bonds. Who will stand in his place to-day and say to them, "We will add \$500,000,000 bonds for them to pay 30 years hence?" That is not all. I raised another question when the bond bill was pending. There was a dispute as to facts, but we will let that pass at this time. There was a provision that those bonds should bear 3½ per cent interest. Further, should other bonds be issued during the period of the war, at a greater rate, that very fact would automatically advance the interest on the \$5,000,000,000 bonds to the rate which the new issue would bear. There is not a man here who would for a moment say to the Secretary of the Treasury if we were to issue, as has been suggested, \$500,000,000 more bonds that they could possibly be floated at less than 4 per cent. If we were to float them at 4 per cent, automatically these \$5,000,000,000 3½ per cent bonds would become 4 per cent bonds. An additional one-half per cent for 30 years would make an additional amount to be paid by those who came back and others of \$750,000,000. More than that, these \$500,000,000 that are suggested, from various quarters, would bear 4 per cent, and the interest to be paid on these as they came due from year to year to be paid when they came back would be in all—at 4 per cent for 30 years—\$600,000,000. Then add \$500,000,000 principal to be due, the additional interest \$750,000,000 and \$600,000,000, and you will have an additional burden of \$1,350,000,000, all started from this proposed bonding when taxation should be followed. I want to know who in this House or elsewhere will stand up and say that these boys should go and fight and in addition to going and fighting the war that they should be made to pay the expense.

I read a very interesting speech quite recently. I heard it when delivered. You will find it on page 612 of the present Record:

I am one of the American people who is ready to pay my share of the obligation [applause], and I shall have to pay as much money to be raised in taxes as most of the men in the United States will have to pay, and I am ready to do it to the extent of every dollar that I own. [Applause.]

I have no doubt of that statement. That moment in a burst of patriotism the gentleman from Illinois [Mr. MADDEN] obligated himself, and I have no doubt he meant it. He was willing then to bind himself to pay every dollar that he had, undoubtedly.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SLOAN. May I have about 10 minutes more?

Mr. FORDNEY. I yield 10 minutes additional to the gentleman.

Mr. SLOAN. The gentleman undoubtedly would make good. I regret that while he spoke thus in his individual capacity and bound himself under that sacred promise to pay, he spoke to-day in a representative capacity. I want to appeal from MADDEN, Representative, to MADDEN, individual, and ask him to hold up the same standard of patriotism, liberality, and generosity upon the part of his constituents that we know he would live up to himself. [Applause.] Again, I read from the same speech—

Most of the men who are not so fortunate will not have to pay the taxes, because the revenue that is raised now is raised by the income tax, and the men that have not the money, and the men who are not earning it, are exempt from taxation. The men who have the money ought to pay, and they are willing to pay. [Applause.]

And that brought a storm of applause, as it should have done. And he said:

If the men who have not the money, and who are able to fight, are willing to fight and offer their lives for the preservation of American honor and for the liberty of the world, then the men who are not able to fight, but who have had the good fortune to make money ought to help to pay the bill.

That was good doctrine then; it is good doctrine now. We must remember that issuing bonds pays no debts. It would have the effect of the present generation going security for the payment that was being saddled upon those who later would have to pay. I think it a matter of good faith to the soldiers that it should go out to them that we who remain at home will pay with full and round measure during the years of the war one-half of its expense.

One other matter I desire to refer to and then I have done. That is the feature of this legislation referred to by my friend from Missouri—the import-duty feature. It was very interesting. The gathering together of the large amount of money from various sources and building it into a sort of legislative pyramid worked well when we began. As we climbed along higher up we seemed to get along very well; but like building any other edifice, the farther you got up the harder it was to bring the material there. So there came a time when we had something over \$1,500,000,000 and could go no farther. Then there were those who insisted upon bonds. But while there was no party division, and this was not along party lines at all, it was very interesting. It occurred something like this: There were a lot of us who wanted to follow the Constitution. We wanted to resort to the time-honored constitutional way of raising revenue; that is, at the ports. There were those who, on the other hand, wanted to avoid following their own platform—a tariff for revenue. There the contest waged. The result was we compromised by following the Constitution. We provided for raising all the way from \$200,000,000 to \$250,000,000 at the gates, as free-trade England had raised its last fiscal year \$352,000,000 at her ports and as our neighbor, Canada, had raised \$134,000,000 at her ports, that being 57 per cent of all her revenues. So we present you a tariff bill. It is not a scientific tariff measure. It is not as protective as I would like to see it. But the revenue feature is there. I think it was fitting and proper that when we approached the summit section of that great legislative pyramid, to provide it we should place a tariff provision there. It was well said by the chairman of the committee [Mr. KITCHIN] that on the summit of that bill we planted Old Glory. It seems fitting and proper that as a part of the greatest revenue bill ever presented in the United States or the world the crowning section is a protective tariff, and further that Old Glory is planted there by the gentleman from North Carolina. It is certainly a spectacle for the joy of the gods and the delight of all men. [Applause.]

Mr. Chairman, I yield back whatever time I may have left.

The CHAIRMAN. The gentleman yields back five minutes.

Mr. FORDNEY. Mr. Chairman, I yield 20 minutes to the gentleman from Kansas [Mr. LITTLE].

Mr. LITTLE. Mr. Chairman, when I voted against war I voted against high taxes and conscription and big bond issues. Having done so once, I feel at liberty now to occasionally support some things I do not entirely approve, if it becomes necessary. The first duty we have at this moment is to prepare this country to support the man that goes to the firing line. Doing that we will necessarily be compelled to vote for many appropriations and laws, for many orders, that do not appeal to us as being very satisfactory or such as we would ordinarily support in ordinary, common times. I am rather inclined to believe that this bill is of that nature. None of the gentlemen who bring it into this House seem to be entirely satisfied with it. After careful examination of its provisions, I think as little of it as they do. Judging from what they say, it is about the worst bill that was ever introduced into the Congress of the United States, and the only reason they bring it here is because they simply must have the money. "A poor thing, but mine own," says the committee. One can see how it might be better and hardly how it could be worse, but it will, it appears, bring the money, and it is possible I may, as many others, vote for it as they voted heretofore for things they did not like, if a few amendments are made. However, the Constitution says this is a deliberative body, and it is our business and our duty here to discuss these measures and to make such suggestions as come to us individually, and to endeavor, if possible, to eradicate the evils and get the best results.

I notice that my predecessor a moment ago referred to the gentleman from Illinois and his recent statement (speaking for the custodians of wealth) that "the wealth of this country will support the soldiers of this country." I wish to say that is a contract, because I went over to the gentleman from Illinois after he so stated and accepted his proposition on behalf of the people who do not have the money.

You promised when you conscripted the youth of this country that you would conscript the wealth of this country. The principal criticism of this bill is that it does not do that, so far as I can see. I have gone over the bill with such care as I could give it, and I find that two-thirds of all the money to be secured by this bill is to be paid by the people without wealth in this country, by the people who fight the battles of this country. We were told on the floor that one-half of 1 per cent of the people of this country paid the income tax of this country; that only one-half of 1 per cent of the people of this country had incomes above \$3,000 and \$4,000. We have frequently been told that 2 per cent of the people of this country have 65 per cent of the wealth of this country. Gentlemen, if the men without that wealth are to fight the battles of this country, I think the men with that wealth should pay the debts of this country. Let their dollars die for their country, too. I think that this tax should be so arranged as to touch the large incomes in a way that would make that the real fact.

The distinguished chairman, the gentleman from North Carolina [Mr. KITCHIN], said perhaps they would have done that, but they feared if they taxed the great incomes at any higher rate they would fly into that city of refuge you provided here before you did anything else, the \$5,000,000,000 bond issue, and would escape taxation of this kind. I would like to make a suggestion that may be practicable and tangible. Suppose you have a man having a large income, and you are taxing it. You could, I believe, make a statute here which would provide that if he sought a way to bring that income to a nontaxable status you could reach him in doing so. If he wanted to take \$50,000,000 out of a property from which you are securing an income by taxation and transfer it to nontaxable investment, you could charge him 5 or 10 or 20 per cent as a transfer tax, like an inheritance tax.

Mr. JOHNSON of Washington. Suppose the wealthy gentleman buys a great quantity of war bonds at 3½ per cent?

Mr. LITTLE. That is what I am talking about. You get the idea. [Laughter.] A transfer tax of such a nature would conserve our resources for taxing purposes. I think we can get by it, I will say to the distinguished committee that brought that bill in here and got by with it, so far at least. We can reach and avoid the difficulty in taxing the great incomes suggested by the committee chairman.

Run through this bill minutely and you will find that the people who fight this war are, as I said, to pay two-thirds of the taxes that support the war. When the boy comes back on a furlough from France, and goes to the station to buy a ticket, he will pay a tax to support the war. When he gets home and takes his sweetheart to a soda fountain, he will pay a tax to support this war. When his father has an automobile and this boy takes his sweetheart out riding, he will pay a tax to support this war. If he should be injured in France, and his mother or his sister should send him something by freight or express, they would pay a tax to support this war. If his girl started to nurse the boy yonder in the valleys of France, she would have to pay a tax when she buys her ticket. When the family with a boy on the firing line turns on the electric light, lights the gas range, sends a telegram, starts the phonograph, the shadow of the taxgatherer slips a hand into their frugal and hard-earned savings. If you send this boy to Europe, take your hand out of his pocket!

Every time the man that fights this war turns around, if he is at home; every time his sweetheart turns around at home, every time that his old mother goes to town, every time his father makes a purchase, a tax is paid for war purposes; and yet we are told that men with millions upon millions, millions piled upon millions, have already paid as much as they ought.

Gentlemen, you conscripted the boy. You send him off to France. He offers everything that he has upon the altar of his country, and when he lies yonder in the Pantheon of Paris, cold and dead, where is the American millionaire who would not be proud to lay his millions beside him as an offering to his country? Who makes the real sacrifice?

Somebody said this morning that no sensible man would suggest that you should tax an income over and above \$100,000 to the full limit. Years ago I served this country in the Valley of the Nile, and a man worth \$40,000,000 felt it necessary to do some official business through me, and he used to tell me a good many of his troubles. He said to me one day, "Wealth is of

no value after you have a sufficient and reasonable competence. With a reasonable, assured income behind it, you have got everything in the world that can do you any good, and all beyond that is simply a burden and a care." He said a man with an income of \$100,000 a year, is just as well off as a rich man. [Laughter.] After some conferences with myself I agreed with him. But since then I have always felt that any man who had attained that rounded limit had all the wealth that is necessary in this world, and there was no particular reason why any man having that income should want any more. If this man was right—and I thought he was—there would be no use that could be made of it that would be of real assistance to him.

I was glad to hear that some honorable gentlemen had come here and tried to be heard and had told the committee that they did not want anything above \$100,000, that they desired a tax of 98 per cent on all incomes over \$100,000; they did not want more. I am glad that we have such patriotism in this country as compels men to come here and thus offer their money. It raised my respect for the rich 100 per cent. I do not know why the committee did not accept it. We have \$225,000,000 put upon electric lights and the like. We had \$426,000,000 put upon liquor, \$60,000,000 on dues and show tickets, \$33,000,000 in petty stamp taxes, and \$70,000,000 added to letter postage. Do you know that the average income in this country is less than a thousand dollars? Those are the people that are paying all these taxes—\$1,900,000,000 of \$3,300,000,000. This is what you require of the men whose incomes average under \$1,000.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield to a question?

The CHAIRMAN. Does the gentleman from Kansas yield to the gentleman from New York?

Mr. LITTLE. Yes.

Mr. LAGUARDIA. Does the gentleman object to that tax on liquor?

Mr. LITTLE. I am glad you mentioned that. It came near getting away from me. The tax on liquor is paid by the poor man. All these taxes are shifted onto him. I do not like to see my country sharing in the profits of the saloon. If we are to have war-time prohibition in this country, as in other countries; if we are to wage war against that great evil; if we are to turn the grain into an edible instead of into a drinkable; if we are to at once begin to save our grain for the hour when women call for bread; if we are to drive the bawdy house and the saloon away from the camp, as we should, there will be no liquor to assess. I think that is what ought to be, and earnestly hope it may come to pass. If we are not going to do that, then I am in favor of charging the people who use it everything that the traffic will bear. If the bill I introduced April 5 becomes a law, there will be no drunken soldiers and no liquor to tax. I think that answers the gentleman from New York. He can take his choice either way. [Laughter.]

Mr. HILL. Mr. Chairman, will the gentleman yield for a question?

The CHAIRMAN. Does the gentleman from Kansas yield to the gentleman from Connecticut?

Mr. LITTLE. Yes.

Mr. HILL. Mr. Harkness died in California last year. If this tax which we now propose to impose had been laid prior to his death, he would have paid 50 per cent of all his income, and on his death his estate would have paid to the National Government 40 per cent of the principal, and to the State of California 40 per cent more of all his principal, and all his heirs would have received 20 per cent of his estate, provided it sold for enough to pay the taxes. Is the gentleman satisfied?

Mr. LITTLE. I would say to the gentleman from Connecticut that I went to the State of California in 1898 with 14,000 other men that left a thousand dead in California and across the sea. What did that millionaire's heirs lose as compared with those who loved my comrades? [Applause.] In the great game of war, gentlemen, you cast the dice and accept the fortunes of war. Lives and millions go out with the tide—but is there any here that will dare weigh them in the same scales?

Shorten my days thou canst with sullen sorrow,
And take nights from me, but not lend a morrow.
Thou canst help time to furrow me with age,
But not stop one wrinkle of his pilgrimage,
Thy word is current with him for my death;
But, dead, thy kingdom can not buy my breath!

What has the millionaire to lose alongside of the boy of 21 with a mother to kiss him good-by and a sweetheart to greet him home? The tax the gentleman suggests would be too great, but if it was, that millionaire did not lose one-fiftieth of what my comrades lost on the battle field. The heirs to 20 per cent of such an estate would still be rich.

Mr. HILL. Mr. Chairman, will the gentleman yield again?

Mr. LITTLE. Yes.

Mr. HILL. I have seen thousands of them do the same thing, but the millionaire is subject to conscription and subject to the taxation of his money besides.

Mr. LITTLE. Where is he who has accumulated a million by the time he is 30? It is said that one-half of 1 per cent of the people of this country only are able to pay an income tax. Not one-half of 1 per cent of that one-half of 1 per cent will be subject to conscription. Not 2 per cent of the 2 per cent that own 65 per cent of our wealth are subject to conscription—no, gentlemen; the people who do not own the wealth of this country will fight its battles, and the people who do own the wealth should pay its debts. [Applause.] It is no more than right and fair as an adjustment.

I do not believe in being radical or in overdoing these things. Let equity prevail. One-third, one-half, two-thirds of the tax placed on the necessities and simple luxuries of average men and women should be canceled and the same amounts levied on incomes of over \$100,000, and if everyone went into the Treasury of the Nation their owners should be proud they had anything their country would accept, while the unstained youth of the Republic marched with measured tread and singing lips to the rendezvous with death. I do not know of any reason why the man that has an income of above \$100,000 in the clear at a time when millions are to go down into the valley of the shadow, at a time when the widow will lay her only boy on the altar of his country, when the father will send his eldest son off to the plains of Europe—I do not know why a man with over \$100,000 income should want to retain a cent of it, above that, when his country needs it. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Illinois [Mr. McCORMICK] 30 minutes.

Mr. McCORMICK. Mr. Chairman, there is something ominous about the reception of the measures proposed for the support of the war. At a time when the Government should summon the energies of an inspired people we seem ready to daunt their resolution to take up the burden. When we should be mustering all our resources, the administration and Congress contemplate closing the doors of popular knowledge of public affairs and putting manacles upon the national industries. We have not yet acted, and I trust that we shall not so act; but the first fruits of our proposed action may be seen in the unexpected journey of the Secretary of the Treasury to secure subscriptions for the liberty loan. None of us in this House will enjoy the task of challenging the experience and judgment of a unanimous Ways and Means Committee. We are compelled to do so only by our convictions as to what the consequences of this bill will be if it becomes a law.

Members of the committee have argued in its defense that the new taxes for the most part will fall upon those able to bear them, and that, unsound as are some of the taxes proposed, certain members of the committee have assented to them under compulsion of necessity. There is no necessity now to impose taxes which unnecessarily and gratuitously will disturb the production of the country, which will bear illogically, irrationally, and unevenly upon persons and businesses which should be equally liable to taxation.

There are some of the taxes which I shall not enumerate, but which in my inexperience I can not reconcile with the sagacity of the committee. For example, duties on fertilizer, when we would increase the productivity of our soil.

Like many Members of the House, I have been puzzled, and the American public has been puzzled, by the provision for the income tax. Members of the committee have said that they did not believe in a retroactive income tax, but one member of the committee has just explained to me in the cloakroom that if the tax be retroactive in form it is not in fact. But I am not clear why, in seeking an additional \$100,000,000, it would not have been possible to add that sum, or 20 per cent, to the income taxes proposed for next year. I am not clear, and I would like to know why the rate—mark you—the rate of graduation is steeper on the smaller incomes than it is on the larger incomes. If it provide for the increase of about 10 per cent in the rate on incomes of \$100,000 a year over those of \$10,000 a year, what logic is there in increasing by less than 10 per cent the tax on incomes of \$10,000,000 a year over those of \$1,000,000 a year?

Under the provisions of the bill as they stand the exemption for married persons is lowered from \$4,000 to \$2,000 a year. I will not differ with the gentlemen who have proposed that provision, but I submit, Mr. Chairman, that when the exemption is fixed at \$2,000 a year the committee should have provided for an additional exemption on account of children. I submit that the contemplated tax will not bear equitably upon

childless couples and men and women who have families of children to support.

As I have suggested, we do not challenge the statement that a greater part of the burden will fall upon the rich and well to do, but we do charge that it will fall unequally upon those who should and must bear it.

I wish I might persuade myself that there is wisdom in the argument that the existence of the machinery for the collection of excess-profits tax justifies its oppressive and inequitable features. There are in a prosperous little city in Illinois three mercantile establishments of like size. Two of them belong to individuals who will be exempt from the excess-profit tax. The third, built up by the father, so I understand, is incorporated in order that his two sons may share in the business. It is a corporation and therefore, if the bill as it stands becomes a law, must pay 16 per cent upon its profits over 8 per cent earned on the small capital of the business.

Mr. HILL. Will the gentleman pardon me?

Mr. McCORMICK. I will yield to the gentleman.

Mr. HILL. The income tax laid under this bill is additional to the present tax. As a matter of fact, the income tax on large incomes will be about 50 per cent, which is very much higher than is charged in England to-day, notwithstanding they have been three years in the war.

Mr. McCORMICK. If the gentleman will permit me to correct him, there are incomes in England which pay 60 per cent.

Mr. HILL. That is out of war profits. There the rate is 60 per cent, but on personal incomes the rate is nowhere near as high as the rate fixed in this bill.

Mr. ELSTON. Will the gentleman yield?

Mr. McCORMICK. Yes.

Mr. ELSTON. In the operation of the excess-profit tax has the gentleman considered that the profits of the individual are subject to the tax and the surtax under the income-tax law, while the profits of the corporation are not subject to the income tax until after the excess-profit tax is taken out?

Mr. McCORMICK. Precisely; and that illustrates the gross injustice of the excess-profits tax.

Mr. ELSTON. Has the gentleman figured the compensation—the difference between the two burdens—and whether or not it is not equalized somewhat?

Mr. McCORMICK. An individual whose income is drawn from stocks in several companies will pay through the companies the excess-profits tax. And, then, if his income in the aggregate amounts to enough he will be liable to the surtax.

Mr. ELSTON. It is my recollection that the dividends from corporation stocks are excepted from the income tax altogether.

Mr. HILL. Oh, no.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. McCORMICK. Yes.

Mr. LITTLE. I would be glad if the gentleman from Connecticut [Mr. HILL] would give me sometime the information he suggested. I went through the library information yesterday—

Mr. McCORMICK. Oh, Mr. Chairman, I should be very grateful to the gentleman if he would ask for private information in some other time than mine.

Mr. LITTLE. I hate to interrupt the gentleman; but I did not want that fact to get away. I just wanted to say that was not the information that I got in the library yesterday.

Mr. McCORMICK. Mr. Chairman, I think the gentleman should get his information in some other time than mine.

Mr. LITTLE. Oh, I shall not interrupt the gentleman again. He will be here for two years and I shall not interrupt him again.

Mr. McCORMICK. Mr. Chairman, the bill would carry into almost every community in the United States the injustice of the excess-profits tax exemplified in that little city in Illinois. It is not an excess-profits tax in the original popular understanding of the term and bears no relation to excess profits solely due to war. For example, last week I was advised that the representative of a group of great New York business men expressed himself as being in favor of the proposed increase in the excess-profits tax. It would be easier, so I conceive, for the owner of "war brides" or "war babies" earning 500 per cent to pay an excess-profits tax than to pay an income tax graduated in fair consideration of the great incomes.

There is a vast difference between the excess-profits tax, so called, in this country and that which obtains in Great Britain. In broad terms the British excess-profits tax has amounted to 60 per cent of all traders' profits which are in excess by more than \$1,000 of the average of any two out of three years preceding the outbreak of the war. The books of an industry in Great Britain are examined to determine what was the average

of profit prior to the war, and taxation is then based upon the increment and profit due to the war. That is a sound and just tax, as ours is unsound and unjust.

Yesterday I met, quite by accident, certain gentlemen interested in the publication of agricultural weeklies and periodicals. Parenthetically perhaps I ought to say that not one of the great newspapers published in Chicago has suggested to me either that it would suffer by reason of the proposed zone rate or that if it would suffer it objected to the imposition of the zone rate. My correspondence indicates that the full burden of the proposed rate will fall upon the smaller newspapers and upon the periodicals. But, to revert to the gentlemen whom I met yesterday, they permitted me to copy some rather interesting tables prepared by the accounting firm of Price, Waterhouse & Co. relative to the profits of periodicals and the effect upon them of the increase in the cost of paper and the increase of the postal charges contemplated in this bill. The income of 55 farm papers amounted last year to \$581,875. The increase in the postal charges, if they are not compelled to abandon publication, or if they do not ship by express rather than through the mails, will amount to some \$1,823,000. The increase in the cost of paper at present prices over last year will amount to some \$1,107,000. That means that the increased burden upon them from these two causes will aggregate nearly \$3,000,000, or an increase over their combined net income of \$2,348,000. These gentlemen also permitted me to take a copy of another statement prepared by Price, Waterhouse & Co. covering the business of 88 publications of a general character, including all those, save one or two, next in importance to the Curtis publications, to which reference has been made ever since the question of the increase in postal rates was mooted in 1910 or 1911. Their aggregate net income was \$1,154,654.14.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. McCORMICK. Yes.

Mr. MOORE of Pennsylvania. As to the second-class postal rates in which the gentleman is interested and about which he knows a great deal—

Mr. McCORMICK. I know relatively little.

Mr. MOORE of Pennsylvania. The gentleman is associated indirectly at least with the newspaper fraternity, as I have been. I would like to know what remedy the gentleman has to suggest for the existing condition. The Curtis Publishing Co. is in my district. It is a wonderful establishment and ought to be encouraged. How are we going to meet the question of fair play to them and at the same time do justice by the Government?

Mr. McCORMICK. Will the gentleman permit me to conclude these figures?

Mr. MOORE of Pennsylvania. Oh, I beg the gentleman's pardon; I thought that perhaps the gentleman had some remedy in mind.

Mr. McCORMICK. I shall offer one tentatively in a moment. I will ask the gentleman to let me conclude these figures, as they are somewhat interesting. The increase in the cost of postage and paper over the combined net profits of these eighty-eight periodicals would amount to some \$6,575,000 over income. The net income of the Curtis publications, so I am advised, is not less than twice as large as the aggregate net income of these eighty-eight other publications next in importance. I do not know whether the gentleman from Pennsylvania remembers that seven years ago, when I was still the publisher of a newspaper, I advocated the imposition of zone rates. The difficulty with these proposed rates is that they have very little relation to the present ability of publications to bear them. Indeed, I understand that the Postmaster General, who always has supported the principle of zone rates, takes the ground that his business in the carrying of second-class matter would be so gravely injured by these rates that he opposes their imposition. If they did not ruin publications they would drive them to ship through the express companies. It may be that upon due consideration, as some gentleman has suggested to the committee, the Post Office Committee may be able to devise a system of charges which will bear a relation to the ability of the publications to meet the charges, and it may be that they can devise a system of taxation which will bear a relation to the income of publications as well as to the volume of mail of second-class matter which they offer the Government for shipment. I assume, of course, that the Curtis publications would be liable to the proposed excess profits and income taxes, but nevertheless, I am told that they alone among these more important periodicals can meet the proposed rate and still find a profit for their owner.

Before I conclude I wish to invite the consideration of the committee to two statements which have been made before the

committee and which seem to me entitled to more consideration than has been given to them. One is the statement of the gentleman from Illinois [Mr. MADDEN], which I have not heard challenged, that the estimate for expenditures is some \$800,000,000 or \$700,000,000 less than the revenues which it is contemplated to raise under the bill.

Mr. HILL. If the gentleman will pardon me, he does not say the estimate of expenditures; he says the appropriations which have been made. But when you recognize the fact that appropriations have been made to cover only a portion of the year and that the tax is laid to cover the whole year, is where the difference between Mr. MADDEN on this bill lies.

Mr. McCORMICK. The other statement was by the gentleman from Michigan, the very able ranking member of the committee, that the bill would raise from \$100,000,000 to \$200,000,000 more than the estimates submitted to the committee. It is the general understanding, and doubtless the justified understanding, that it is the administration's purpose to defray half the cost of the war through the issue of bonds and half through the revenue to be derived by special taxation. In Germany 10 per cent of the cost of the war has been raised by taxation. In France, 18 per cent; in Great Britain, in spite of the fact that she has carried a great part of the financial burden for her allies, only 26 per cent has been raised by taxation. Certainly none of those countries may anticipate any increment of developed national wealth comparable with the certain increment of developed wealth in this country. Posterity yonder will be far less able to bear its portionate cost of the war than will our posterity here. We are engaged in a conflict, not primarily for our immediate protection, but for the protection of the country long after we are gone, I submit to the committee that it is gravely doubtful if it be wise to impose so heavy a burden of taxation upon the country at this time. I know it has been said that we should proceed with dispatch and vote upon this bill that it may become the law. Gentlemen, the present market, such as it is, for the liberty bonds indicates to me that it is far more important to proceed with care and act with wisdom than to act with foolhardy courage and haste. [Applause.] There will be nothing more difficult to do, no more important task will devolve upon us than to lay a sound foundation for the support of our armies this year, next year, and for a third year, if need be, when the burden will become too great for the countries allied with us. I have not heard a word of stubborn protest against the intention of Congress to raise great sums by revenue, even from the lips of men who think it unwise to raise so large a proportion of the cost of war from taxes. But there is not one of us who has not heard from men whose judgment is to be respected, that it is all important that these taxes shall be sound and equitably laid upon all those who are able and who ought to bear the vastly greater part of the war's cost. [Applause.]

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. MEEKER].

Mr. MEEKER. Mr. Chairman in line with what has been said by the gentleman from Illinois [Mr. McCORMICK], I wish to place before the committee at this time a concrete illustration as to how this zone system is going to affect some of our metropolitan papers. Let us not lose sight of this one thing: When we are discussing the welfare of our great daily papers let us remember that they are the daily feeders of 100,000,000 of people with the news of the world. The little county paper does its bit; our magazines have their place; but it is only through this great medium of information that it is possible for us to carry on a national informational program. Now, I am going to give you a few figures which have been compiled by the representatives of three of the largest papers of the city of St. Louis to let you see just how this thing will work out in affecting papers going into different zones of circulation. This new burden that will be placed upon the papers should the zone system as it is now proposed become the law will make an increase to the St. Louis Globe-Democrat of \$200,000 per year. It will effect an increase to the St. Louis Republic of \$175,000 per annum, and it will effect an increase to the St. Louis Post-Dispatch of \$86,000 per annum in its expenses. That means that the Globe-Democrat will bear a burden of \$114,000 annually more than the Post-Dispatch bears, and that the St. Louis Republic will bear an increase of \$89,000 more than the Post-Dispatch. But here is the thing I want you to note: The daily circulation of the St. Louis Post-Dispatch is 34,000 more than the Globe-Democrat, although the Globe-Democrat will carry \$114,000 heavier expenses. The daily circulation of the Post-Dispatch is 68,000 more than the Republic, although the Republic will carry \$89,000 heavier burden. The Sunday circulation of the Post-Dispatch is 73,000 more than the circulation of the Globe-Democrat, and the Sunday circulation of the

Post-Dispatch is 130,000 more than the Sunday circulation of the Republic.

Mr. STAFFORD. Will the gentleman yield?

Mr. MEEKER. I will.

Mr. STAFFORD. Has the gentleman any figures to give the committee as to whether this additional expense is occasioned by the increase of rates on the first zone or merely was occasioned by doubling the rates of the first zone?

Mr. MEEKER. I have not that exact information except this, that the Post-Dispatch is an afternoon paper. It sells within the immediate vicinity of St. Louis. The Globe-Democrat and the Republic have a very large country circulation. Take the papers of the Northwest, for instance, papers from Milwaukee or from Duluth and Minneapolis. Think how sparsely settled is that great northwest country and what a struggle there has been to put those papers, those mediums of circulation onto their feet. They are going to find this burden such as would wipe them out of existence is my judgment. Now, there is another thing we have to keep in mind. Suppose you are in Kansas City or in Washington or in any other community and you desire to find out what conditions are in St. Louis? The St. Louis publisher with his daily paper finds himself in competition with the Kansas City publisher on the streets at a disadvantage of possibly 6 or 8 cents a paper. It means the destruction of what you might call the national circulation of our dailies. It will practically be impossible, and the thing that will occur with these papers cutting down the territory they reach will be that their advertising rates will be worth less. I believe that the newspaper men themselves would rather that the Government would step in and take everything out of their treasury except what it costs to run the paper and pay for their help than they would to have it tax them in such a way as to destroy their business. That is the thing we want to get at. We are not differing here over the money that is to be gotten, but we should not adopt a system whereby we will destroy the very organization that is to yield a revenue.

Mr. MANN. Will the gentleman yield?

Mr. MEEKER. Yes.

Mr. MANN. The gentleman is making rather of a startling statement. Can he give us the circulation of any one of these papers?

Mr. MEEKER. I gave them all.

Mr. MANN. You did not give them.

Mr. MEEKER. The Post-Dispatch is 170,000 daily; the Globe-Democrat, 136,000; the Post-Dispatch, Sunday, is 230,000; the Globe-Democrat, Sunday, is 163,000; the Republic, daily, is 102,000, and Sunday is 106,000.

I beg the gentleman's pardon. I thank him for calling my attention to it.

Mr. RUBEY. Will the gentleman yield?

Mr. MEEKER. Yes.

Mr. RUBEY. Can the gentleman give us any information as to the percentage of circulation that goes through the mails and the percentage that is given out by carriers?

Mr. MEEKER. I can not.

Mr. RUBEY. Does not the gentleman think that 95 per cent, as much as that, of the circulation of these papers is through carriers and does not go through the post office?

Mr. MEEKER. Oh, no; not that percentage. The Globe-Democrat has a very large circulation of its semiweekly number.

Mr. COX. Can the gentleman tell the committee what per cent of all these papers in the city of St. Louis, that he enumerates, use the express companies to forward their papers?

Mr. MEEKER. I can not. But under this bill as submitted by the committee the express will not give them any relief, because wherever they send the paper by express the rate is to be the same as if they mailed it the whole distance, and 10 per cent express in addition.

Mr. STAFFORD. Will the gentleman yield?

Mr. MEEKER. Yes.

Mr. STAFFORD. The newspapers only send their publications by express when they are sent to be distributed by other agencies than the post; that is, for instance, the news dealers in other cities. There are rarely newspapers sent by express there, later to be deposited in the mail for local delivery.

Mr. MEEKER. The Sunday edition, much of it, I think, is carried by the express. I will say to the gentleman, however, I will endeavor to obtain the facts as to what the percentage distributed by carriers is and the percentage carried by mail. These figures which are here submitted I have obtained from the representatives of the three newspapers, who at this time have stated just what conditions are. I simply lay them before the committee, so that we will see how it is with a great metropolitan paper, like in the cities of New York or Chicago, that

may have a large circulation in the immediate vicinity. The minute they strike the mail service a large addition to the cost is going to weigh heavily on them if they have a small city circulation but a large rural circulation.

Mr. MANN. Somebody must have figured on this. Is the gentleman able to give the circulation of these papers that go by mail and the different zones to which they go?

Mr. MEEKER. I can not. I have not obtained that yet.

Mr. MANN. How is it possible to arrive at a total without doing that?

Mr. MEEKER. I simply have the sum total of the figures, but I have not divided them up.

Mr. MANN. The gentleman gets his sum total from a statement made by somebody else?

Mr. MEEKER. Yes, sir.

Mr. MANN. Somebody must have figured it out to get it. I do not think it is possible that those figures are accurate. However, they may be.

Mr. MEEKER. I make the statement on the basis of what I was shown by the representatives of the three St. Louis papers—the Globe, the Republic, and the Post-Dispatch—who held a conference and prepared these figures. I will be glad to verify them further for the information of the gentleman.

Mr. SLOAN. I would like to give the gentleman some of the figures called for by the gentleman from Illinois, of what is a typical Northwestern paper, the Omaha Bee. The statement from the editor is as follows:

Omaha Bee is in round numbers 56,500, of which 34,500 go through mails; none by express. Mail subscribers in first and second zones, 25,200. Mail subscribers in third zone, 5,800. Mail subscribers in fourth zone, 3,500.

I think probably that is the situation as to the papers of the Northwest, and probably throughout the country.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. MEEKER] has expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield five additional minutes to the gentleman.

Mr. IGOE rose.

Mr. MEEKER. I yield to the gentleman from Missouri.

Mr. IGOE. I was going to suggest that the condition of apparent inequality between the Post-Dispatch and the other two papers is due to the fact that the circulation of the Post-Dispatch is almost entirely local, and that the effect of the increase of the rates upon these other two papers will be simply that they will either have to charge a higher rate for the papers which circulate in the country or discontinue that circulation.

Mr. MEEKER. That is the point I think we should bring out.

Mr. MADDEN. I think the principal thing that will be done will be this, that in the outer zones, where the rate is high, it will destroy the circulation of the paper altogether. It would reduce the circulation by that much; reduce the income by the reduction of the circulation, and reduce the value of the advertising space in the paper besides, and therefore reduce the revenue to the paper.

Mr. MEEKER. Yes; that is the point I touched on a moment ago.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. MEEKER. Yes.

Mr. JOHNSON of Washington. In Ayer's Newspaper Annual the St. Louis Globe-Democrat is given last year a morning circulation of 151,000, a Sunday circulation of 175,000, and a semi-weekly circulation of 85,000 copies, sold at 50 cents a year. That paper circulates largely in the Southwest, including the State of Texas.

Mr. MEEKER. Yes. I believe that the committee should bear in mind that in our desire—pardon me; I was going to say in our haste—sufficient time should be given for the consideration of this subject. Inasmuch as we are dealing with a proposition that involves billions of dollars we should take sufficient time. I do not believe it would be a crime to spend 24 hours more on it to think it over. If we were only appropriating several hundred thousand dollars we might take only an hour; but here is a proposition to bring the largest return to the Government and at the same time to safeguard to the fullest possible extent the institutions that are to produce this revenue. Do not let the suggestion go out from here that whatever tax we are going to lay is to be a menace to the industry upon which it is laid. The business world should feel that while this revenue is to come, it is to come out of what they are able to produce and that it will not approach them in such a way as to destroy their efficiency and make it impossible for them to live.

Mr. REED. Mr. Chairman, will the gentleman yield?

Mr. MEEKER. Yes.

Mr. REED. There has been a great deal of emphasis laid on the fact that the Government is losing so many cents a pound on second-class matter and gaining about 32 cents a pound on the first-class matter, and by that the loss is made up.

Mr. MEEKER. Yes.

Mr. REED. Can the gentleman inform the committee what the loss would be to the Government when the second-class publication circulation is destroyed? Because every advertiser is keyed to know how many replies he gets in the post office. As the advertisers write in they want to know how many letters they got through Collier's, for instance. How much business will the Government lose when now it is making a fine profit?

Mr. MEEKER. I could not answer that because I am not a member of the Committee on the Post Office and Post Roads, where this question should have gone, instead of being considered by the Committee on Ways and Means.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. MEEKER. Yes.

Mr. COX. Our Committee on the Post Office and Post Roads recommended a small increase of postage a few years ago in one of the post-office appropriation bills, and when the reading clerk reached that item not less than 50 Members were on their feet seeking to make a point of order against the item.

Mr. MEEKER. That was under the zone system?

Mr. COX. Yes; it involved a much smaller increase than this.

Mr. MEEKER. I think the establishment of a zone system for national service, in the way of disseminating information or anything of that sort, is a wrong system.

Mr. COX. Would the gentleman agree to the amount recommended by Mr. Justice Hughes?

Mr. MEEKER. What was that? How much?

Mr. COX. A flat rate of 1 cent increase.

Mr. MEEKER. I think that would be equitable, to say the least.

Mr. COX. Our committee held hearings in 1914 on the subject for I do not know just how long. I think it was about two weeks. During the continuance of those hearings newspaper representatives from all over the country appeared before our committee when we were trying to enforce the provisions of the Hughes Commission, and they complained vehemently that even that 1 cent a pound extra would put them out of business.

Mr. MEEKER. I do not know anything about that.

Mr. COX. Those hearings may be found in our committee. They are very interesting.

Mr. MEEKER. I think the chairman of the Committee on the Post Office and Post Roads indicated this afternoon, although I was not on the floor at the time, that an amendment was to be offered that will later on be voted upon. I think the Committee on the Post Office and Post Roads should be consulted. I believe that we should take into consideration not only the newspaper men but we should remember that when we are dealing with the newspaper business we are dealing with the only world-wide source of information. [Applause.] When we are talking about taxing this industry let us see to it that we do not in any way limit its usefulness. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. LAGUARDIA. Mr. Chairman, I do not believe that it is necessary for any Member of this House who does not agree with any proposed bill to apologize. I want to make it clear that I am not taking part in the confetti throwing and the flower showering that has been indulged in by the gentlemen of the committee. I can not for the life of me understand how 23 men can agree on a bill of such vast importance. [Laughter.] I do not say that there should be differences on party lines, but if it had been thoroughly studied and true deliberation given there would have been differences of opinion on economic principles—such difference of opinion would have been productive of wholesome debate rather than a carnival of praise.

A great deal has been said about harmony and about sectionalism. I, coming from the State of New York, which State will pay about one-third of these taxes, am not afraid to say that I shall argue on the question of sectionalism. It is real nice for gentlemen to say, "We are partners now, and we will each bear our share." We are partners, but a few Northern States are furnishing the fodder and feeding the cow, and the South is doing the milking.

Now, you say that this bill is equitable. You say that you want to tax every man, and you start taxing a man with an income of a thousand dollars. Without any tax being imposed

on his income, the man earning a thousand dollars a year is paying a greater proportion of these taxes than the man who is earning \$5,000 a year. You tax his coffee, you tax his tea, you tax his soap, you tax his light, you tax his heat, you tax his insurance, you tax his amusements, and you tax his beer or his soda, and even the chewing gum for his children, and the proportion those necessities bear to his income is greater than that in the case of a man who is earning \$5,000 a year; so much so that he is already paying more than his share. Income should not be taxed as low as \$1,000. It should be left exactly where it is if you are going to levy the other taxes proposed in this bill. Then you say you are going to tax coffee and tea. You are going to tax the breakfast table. If necessary, do it; tax coffee; but why do you not also tax Postum and other substitutes for coffee? "Is there a reason?"

We tax substitutes for wine. Let us tax every substitute for coffee and tea. I am going to introduce such an amendment. I wish some Member of the committee would do it and then there might be some chance of putting it through.

Now, a great deal has been said about the 10 per cent ad valorem duty on all imports. I can not see anything scientific in shutting your eyes and saying 10 per cent on everything that is imported. There are raw materials, fertilizers, and a good many other articles that we absolutely need in our industries. To do so is ruinous, but quite in keeping with the logic of the bill. Everybody who has spoken against the bill said that they were going to vote for it. I am frank to say that unless it is so changed that it will not be recognized by the distinguished gentlemen who boast of its paternity I shall vote against it. It is true we must raise \$1,800,000,000, but I believe that that can be done in a scientific, equitable, and just manner.

Why, this zone system? The second-class mail is an American institution. It has done more to spread education, knowledge, and entertainment throughout this country than anything else. It has made this vast country a unit. You are going to tax the very existence of an important industry, and you must take into consideration what that will mean. There are thousands and thousands of men in my city that will be thrown out of employment, and what some of you gentlemen will do in your section of the country for information and knowledge I do not know. [Laughter and applause.]

I do not see why the committee did not include a tax on bank checks. If a proper and equitable tax on checks were imposed, we might be able to do away with the change in the postal rates. No matter, gentlemen, what change is proposed in the postal rates, no matter how just it may be, you ought not to put such a law into effect for less than one year after its enactment.

You intend taxing light and heat if furnished by a public service corporation. This hits every resident of New York City. If city people when they go home in the evening and light the gas or turn on the electricity, will pay toward the expense of the war, well and good; but they have a right to tell you that their countrymen throughout the Nation ought to be taxed likewise, whether they burn petroleum or anything else. [Applause.]

I hope the committee will take that into consideration. I do not think it is just where one State of the Union is picked out to bear all the burdens. New York will furnish the greater number of men, the greater number of officers, regardless of the population, and now it is a huge joke to spread the burden of taxation upon it. You men are throwing bouquets at each other, but you do not play fair, because the bill is not fair, just, or patriotic. I wonder if the river and harbor bill is going to be likewise. I believe the best thing this House can do is to vote to recommit this bill to the committee. Let them start anew, let them spend some time on it, and come back with a bill which will provide the necessary revenue and which will distribute the burden throughout the country equally. Mr. Chairman, I yield back the balance of my time.

Mr. MOORE of Pennsylvania. Mr. Speaker, I yield 20 minutes to the gentleman from Minnesota [Mr. STEENERSON].

Mr. STEENERSON. Mr. Chairman, I was promised 30 minutes. I want to discuss this question of postal rates, which I fondly believed would be so interesting that it would attract a very large attendance in this House. I am delighted to see my expectations have not been disappointed.

I said I thought it would interest the House, because there have been so many statements made here that were startling if true, made by gentlemen who undoubtedly believed they were true but who were greatly mistaken.

The chairman of the Committee on Ways and Means, for instance, made the statement that the loss to the United States Government upon second-class mail matter was \$92,000,000. He was followed by the gentleman from Illinois [Mr. RAINEY], who

in his most unctious style described this as the most hateful graft, and it amounted to \$80,000,000 a year.

They get this statement from the calculations made on what? They get it from the report of the Postmaster General in 1909 and the figures submitted by the Hughes Commission. What were those figures based upon? They were based on actual investigations made on the ground, and a count of the pieces, and the stamps, and it was a very thorough investigation of what the second-class mail matter cost at that time. They took the total expense of the Postal Service, divided it among the different classes of mail, and arrived at the particular pound cost of each class of mail matter. They found, for instance, that the cost of second class was 9.23 cents. The publishers paid 1 cent and the Government lost 8.23 cents a pound. At that time the volume of the second-class mail was 700,000,000 pounds. It is now 1,200,000,000 pounds, according to the last report. The way they figured it out it cost 9 and a fraction cents, or a loss of 8 cents, and over, a pound. Twelve hundred million pounds, at 9 cents, makes \$108,000,000—less \$12,000,000, 1 cent per pound paid—leaves \$96,000,000 loss. That, of course, would be correct if the cost given is correct. It is based, as I said, upon facts and data collected in 1907—10 years ago. If the cost of transporting and handling the mail has decreased per pound in the last 10 years, manifestly the conclusions are correspondingly wrong. The volume of mail has increased more than 300 per cent in those years, and the cost per pound has been reduced by about one-half.

What do these gentlemen contend? Has the cost of performing the mail service been stationary in 10 years? The gentleman from Illinois [Mr. RAINEY], who is so absorbed with his love of books that he deprecates every periodical publication, and who read some sentimental extracts from publications in Maine, has neglected to keep up with the times. If he kept up with the times he would know that there has been great economies in handling and transporting mail since 1907, when these figures upon which he based his conclusions were made. What do you suppose they gave as the cost of transporting and handling fourth-class mail? Why, 12 cents per pound! Last year we transported over 1,000,000,000 pieces, weighing 2,000,000,000 pounds. At 12 cents per pound this would cost \$240,000,000, while the postage collected was only slightly over 3 cents per pound, or \$60,000,000. According to latest figures, we are now carrying 2,114,000,000 pounds per annum. The last three years we have collected in postage, on the average, 3½ cents per pound on parcel post, and the cost, according to the department, has been less than 3 cents per pound. Now, will some one tell me how they can carry parcel post less than 3 cents per pound if it costs over 9 cents for second-class matter? The cost of transportation is precisely the same for both classes and the difference in cost of handling can not possibly be more than a cent or two per pound.

The Hughes Commission, upon the evidence submitted, found that the cost of handling and transporting second-class mail in 1908 was 5½ cents per pound. (See p. 127 of Hughes Commission Report.) In other words, they cut down the claim of the department from 9.23 cents per pound to 5.5 cents. Still the department has kept on repeating that it costs over 9 cents per pound. But let us remember that the Hughes Commission based its finding on the figures for 1907 and 1908, since which time the reduction in the cost of handling and transporting the mails have been gradually reduced as the volume has increased.

This can easily be demonstrated. If, for instance, we calculate the cost for last year by applying the rates per pound given as the cost in the Postmaster General's report for 1908, we find that it amounts to more than twice what we actually paid last year. The old figures were: For first-class mail, 50 cents; second class, 9 cents; third class, 14 cents; fourth class, 12 cents; franked matter, 11 cents; penalty-envelope mail, 12 cents; foreign mail, 11 cents per pound.

The first-class mail then was 157,000,000 pounds. It is now estimated 315,000,000 pounds. They say that it costs 50 cents a pound for first-class mail. You will understand that by knowing there are 45 pieces to the pound and it costs so much for distribution. The transportation of letters is a bagatelle and the main cost is in the handling. The revenue is given as 84 cents per pound and the number of pieces to the pound 45; but the expense is within a very small fraction of 50 cents a pound. Applying these figures we find that it cost last year \$157,500,000 for first-class mail. But let us take second-class mail matter. They say there were 1,200,000,000 pounds last year at 9 cents a pound. This would give us \$108,000,000. Third-class mail matter would cost \$50,400,000, and fourth-class mail, which last year amounted, including parcels, to 2,114,000,000

pounds, which, they said, cost 12 cents a pound, would cost \$253,000,000. Franked matter, \$1,000,000; penalty envelopes, which do not pay anything, which cost at the rate per pound, they said, of 12 cents, \$10,000,000; and foreign mail would have cost \$108,000,000. Therefore we have \$687,000,000 as the expense of the Postal Service if we paid the rates that were in vogue 10 years ago. The cost of the Postal Service was only \$306,000,000 last year, therefore we have done it for a great deal less than half of what it cost according to these rates. I here insert the table from which these figures are taken:

Table showing weight of mails in 1907 and at present time of the different classes and the cost of the service based on the figures, per pound, given in the table of 1907, which was used in the computations of the Postal Commission and Hughes Commission.

Class.	Weight in 1907 (pounds).	Weight at present (pounds).	Estimated cost in 1907 (rate per pound).	Cost at present, if old rate of 1907 was applied.
First.....	157,502,610	315,000,000	\$0.50	\$157,500,000
Second.....	792,580,967	1,200,000,000	.09	108,000,000
Third.....	179,694,654	360,000,000	.14	50,000,000
Fourth.....	58,889,400	2,114,000,000	.12	253,000,000
Franked.....	4,531,080	9,000,000	.11	1,000,000
Penalty.....	43,092,474	86,000,000	.12	10,000,000
Foreign.....	54,067,099	100,000,000	.11	11,000,000
Total.....	1,290,358,284	4,184,000,000		590,500,000

Entire cost of the Postal Service in 1916 was \$306,000,000.

Entire revenue in 1916, \$312,000,000. If we apply the cost rate used by department, there would be a deficit last year of \$284,500,000 instead of a surplus of \$6,000,000.

The Postmaster General reports that the parcel post, which weighs more than 2,000,000,000 pounds, is carried at a profit of \$15,000,000. It costs .6 cents and a fraction per parcel, and there are 6 mills per pound profit. Therefore it is less than 3 cents. It is 6 cents per piece, and the average is 2 pounds to the piece, or, to be exact, 1 pound and 15 ounces. I have his letter here, which is rather old, more than a year old, but he figured it out then according to statistics gathered in 1915. The cost has been reduced since.

JANUARY 12, 1916.

HON. WILLIAM W. GRIEST,
House of Representatives.

MY DEAR MR. GRIEST: Receipt is acknowledged of your communication of December 29, 1915, relative to the Parcel Post Service, and in reply I wish to state that in order to enable the department to ascertain the growth of the service, as well as the revenues and cost, periodical counts have been made and statistics in the minutest detail compiled from the data obtained in these counts at the 50 largest post offices, which handle approximately three-fourths of the entire parcel-post business of the country. The last such count covered the period from October 1 to 15, 1915, inclusive, which is believed to be a period of the year when an average amount of mail is handled. This count showed that in the entire Postal Service during that period 40,889,595 parcels were handled, or an aggregate of 981,350,280 for one year. As the average weight of these parcels is 1 pound and 11 ounces, the total weight for the year was 1,640,943,240 pounds, and the postage, at an average rate of 6.6 cents per parcel, was \$64,769,118.48.

During the hearings before the subcommittee on parcel post of the Senate Committee on Post Offices and Post Roads in 1911 it was estimated by officers of the department that the average cost of handling parcels, exclusive of transportation, would be approximately 2.35 cents. It has been found, however, upon experience that this was greater than the actual cost, due no doubt to the increased number of parcels handled, the adoption of better methods, and higher efficiency of the Postal Service generally. Based upon statistics which are believed to be absolutely reliable, it would appear that the average cost of handling parcels at this time, exclusive of transportation, does not exceed 2 cents, or 1.185 cents per pound. The average distance which a pound of parcel-post matter is transported is 416 miles, and the average rate of transportation per pound for the United States is 2.08 cents, making a total cost of 3.265 cents per pound. The average postage per parcel is 6.6 cents, or 3.911 cents per pound, leaving a net profit of 6.46 mills per pound. As 1,640,943,240 pounds are handled in a year, the profit at this rate would be \$10,600,493.33.

Officers of the department have made a most careful study of the entire parcel-post subject, and the statistics which have been compiled are based on records made at the time parcels were actually mailed and are believed to be absolutely reliable. It will therefore be seen that instead of a deficit in this service the revenue derived therefrom is sufficient not only to meet the cost thereof but result in considerable profit to the department.

Sincerely, yours,

A. S. BURLISON,
Postmaster General.

The cost of handling the parcel post has been reduced, so that to-day it costs for transportation and handling about 2½ or 3 cents per pound.

Mr. COOPER of Wisconsin. That is the parcel post?

Mr. STEENERSON. The parcel post. Some say that the parcel post is only transported a short distance. He says in his letter that it is between four and five hundred miles, the average distance. The average distance of newspapers is only 255 miles, a great deal shorter transportation than upon parcel post. Everybody knows that catalogues travel from New York, as they say in the Post Office Department, 1,500 miles on an aver-

age, and some say 1,800 miles. If the catalogues travel that distance, then, the parcels and the parcel post sent in response to those advertisements travel that far. I think the distance the parcel post travels is very much greater. However, it can not be true that the Government lost \$96,000,000 or \$80,000,000 or any other like sum on second-class mail matter. It is impossible.

Mr. GOOD. Mr. Chairman, will the gentleman yield?

Mr. STEENERSON. Yes.

Mr. GOOD. Did the commission find what it cost to carry second-class matter for the average distance?

Mr. STEENERSON. Yes; the Hughes Commission found, based on figures taken in 1907, the cost of transporting and handling second-class mail was 5½ cents, but the gentleman should know and should remember that the railway-mail pay per pound has been reduced enormously since then—nearly one-half. The reason for that is that we are still operating under the old system of weight. The space plan has not gone into effect except experimentally, and the rate for carrying the mail on the railways under that system is a sliding scale. It costs twenty times as much per pound per mile to haul mail on a road that carries 200 pounds average daily weight as it does when it carries 43,000 pounds. Therefore, when you increase the volume you automatically reduce the expense per pound, so that the inauguration of the parcel post has had the effect of reducing the rate of pay to the railways for transportation by nearly one-half in the last 10 years, and these gentlemen do not seem to know it.

Mr. GOOD. Will the gentleman state how much the Hughes Commission found it cost?

Mr. STEENERSON. They found it cost 5½ cents per pound for railroad transportation and handling. I just stated that.

Mr. GOOD. For 250 miles?

Mr. STEENERSON. Oh, no; the average weight all over. Newspapers are carried 250 miles on the average, magazines 1,000, and the average for second-class would be 400, or about that.

Mr. GOOD. The gentleman says this was reduced about one-half?

Mr. STEENERSON. Yes. I will prove it to the gentleman. Although there may be a lot of mail that does not go on the railways, yet for the sake of illustration I will take the 4,000,000,000 pounds of total weight of mail. How much is the railway mail pay to-day? Sixty million dollars? If it is \$60,000,000, it is 1½ cents a pound on the average for railway mail transportation, and we pay them the same for hauling a brick as we do a letter. It is pound for pound. It may be that it costs more than a cent and a half on an average, because probably a considerable part of that 4,000,000,000 pounds does not reach the railroads, and yet there are 114,000,000 more than the 4,000,000,000 that I have allowed as a matter that does not reach the railroads at all. Even if there was only three billion pounds, 2 cents a pound would be \$6,000,000. It is not only the automatic reduction in the railway pay, but we have reduced it by other means—we have reduced it by the divisor about 7 or 8 or 9 per cent since 1908. It took four years, to put that into effect. It went into effect in one division each year. In 1907 the weight of the bags, and so forth, the equipment, as nearly half as much as the weight of the mail. The old burglar-proof leather sacks were heavy; we now use light sacks; equipment now weighs one-half less than then per pound of mail. We ship magazine mail by freight under the blue-tag system. We made other reductions since the statistics that the department submitted to the Hughes Commission were gathered. Therefore, I say that we are conservative when we say that the statements made here as to a graft of \$80,000,000 or \$90,000,000 are gross exaggerations, unworthy of anybody that makes the statement. [Applause.] It can not be true. What, then, does the expense of this second-class mail consist in? If on the average it costs a cent and a half for railway transportation, what is the other? It is the handling. Now, you notice that the figure of 50 cents a pound for first-class mail was fixed because there are 45 pieces to the pound. Why is it they only call it a half cent to a cent for handling parcel post? It is because there are 2 pounds to each piece and there are fewer handled. That is the reason.

Now, then, the gentleman from Illinois [Mr. RAINY] has argued that it was a grave injustice to take large pieces of mail. That is a mistake, because it is cheaper for the Government to handle large pieces than it is small ones. The injustice he showed was in a little slip of a paper published in Vermont or New Hampshire where 100 pieces of them went to the pound. If that is true, that is an outrage and it ought to be ruled out, and I think the department should rule it out of the second-class privilege. The expense of handling is an important item of expense and that has been reduced in the

last 10 years by reason of the fact the Postmaster General has required and now requires all second-class mail to be put into—made up as they call it—bundles and addressed to the postmasters and branch post offices where they are to be taken, and so forth. There is great economy in the distribution over what it was in 1907. Otherwise you could easily see that we could not do this enormous postal business we now do and still have a surplus, as they claim, of \$6,000,000, although I doubt they have any, but still it is very near self-sustaining and the volume has been increasing. Now, therefore, gentlemen, it seems to me that nothing can be gained by error. These gentlemen who have for years and years advertised to the world that the Government was being robbed out of \$80,000,000 should reflect that that is unfair. It is bad enough as it is. I believe the Government does lose on second-class mail, but it does not lose anything like as much as they say.

Mr. FORDNEY. Will the gentleman yield for an interruption?

Mr. STEENERSON. I will.

Mr. FORDNEY. Is it not true that the report of every Postmaster General in the last 10 years shows that that is about the amount lost on second-class mail matter?

Mr. STEENERSON. Yes; but I think, while the gentleman was out possibly, I showed by the actual figures taken of the parcel post in 1907 that they have entirely changed it and whereas they said probably truly that it cost 12 cents per pound to handle and transport, they now say it costs less than 3 cents. Both statements are correct, but we should not use the figures of 1907 in 1916 or 1917.

Mr. FORDNEY. Let me finish that statement. The Postmaster General has all the information with reference to the entire working of the Postal Department under his observation, and each and every one of them makes the same statement every year. Therefore does not the gentleman think there is something in it?

Mr. STEENERSON. It is absolutely a mistake, and they ought to revise it. The cost of doing the business has been reduced.

Mr. FORDNEY. Then for 10 years everybody has made the same mistake—

Mr. STEENERSON. Oh, no.

Mr. FORDNEY. And they tell us in making their report—

Mr. STEENERSON. Can not the gentleman see their mistake?

Mr. FORDNEY. No; I can not see any from what the gentleman has said. The gentleman has not got the books of the post office of the whole workings of it.

Mr. STEENERSON. But I have the figures—

Mr. FORDNEY. Does the gentleman know that there is in the Treasury Department twenty to thirty million dollars which is not paid out of postal receipts that do not show on the Postmaster General's report—

Mr. STEENERSON. I criticized that recently. If the gentleman will excuse me, I am sorry that the committee have continually repeated this story, because, as I say, it is based upon figures made in 1907, which were correct at that time; they were correct, and it cost them 12 cents a pound. Does the Postmaster General claim that it costs 12 now? He certainly will not. It costs 3 cents a pound, 6 cents per piece for parcel post, and they make money at that—6 mills on the pound. The gentleman wants to put on his thinking cap and not take the authority of somebody else for it. Gentlemen, it is as plain as sunshine that when the volume of mail is 4,000,000,000 pounds, and we pay the railroads only \$60,000,000, that we only pay them 1½ cents per pound on the average, and that it does not cost as much now as 10 years ago, when we paid them \$50,000,000 and our whole volume of mail was only 1,200,000,000 pounds. We then paid 4½ cents per pound, while now it is certainly less than 2 cents.

Mr. FORDNEY. With all due respect to the gentleman's knowledge of affairs of the Postal Department, I have great respect for them and for his knowledge—

Mr. STEENERSON. I thank the gentleman.

Mr. FORDNEY. The gentleman takes the figures and then makes up these things, does he not?

Mr. STEENERSON. I certainly do at this time, and I have shown that the price it costs to-day and what it cost 10 years ago has been reduced one-half.

Mr. FORDNEY. Why not induce the Postmaster General to do this thing right and tell him that his bookkeeping is all wrong and that his statement is all wrong?

Mr. STEENERSON. I am ready to do that. I will tell you one thing. I asked the Assistant Postmaster General at the hearings what is the total volume of mail, and he said he did

not know. The only way I have arrived at these figures—and they are approximately correct—is by figuring the total postage and dividing the amount of postage paid per pound for each class of these things. I want the gentleman from Michigan to understand that the figures as to the total rate of parcel post have only recently been ascertained. They gave me a blue print, computed on weighings and countings, in October last, and you multiply that by the number of days in the year and you get the result. Those are authentic. I reduced them to a table. Here it is:

Parcel-post statistics, 1917.

Total parcels mailed	1,091,493,416
Total weight, pounds	2,114,768,481
Total postage	\$71,091,241.12

The above calculations of a year's business are based on the weighing for the two-week period, October 2-16, 1916.

The average cost for clerk hire per piece for this period is one-fourth of a cent. The average postage collected on parcels for the last 3 years is 6½ cents; per pound, 3½ cents. The average of parcels in 1913 was 1 pound and 12 ounces and in 1916 was 1 pound and 15 ounces.

Mr. COOPER of Wisconsin. Will the gentleman yield for one question?

Mr. STEENERSON. Yes.

Mr. COOPER of Wisconsin. What does the Postmaster General's report show the cost per pound of parcel-post mail to be?

Mr. STEENERSON. It shows a little less than 3 cents.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEENERSON. I would like to have a little more time.

Mr. FORDNEY. We are trying to get through and finish to-night, but I will yield 10 minutes more to the gentleman.

Mr. COOPER of Wisconsin. Which costs the most, to carry parcel post or the average second-class mail?

Mr. STEENERSON. There is no difference in cost of transportation. The transportation of one pound costs the same as any other pound.

Mr. COOPER of Wisconsin. Then it is easily demonstrated from the report of the Postmaster General himself that this statement made here repeatedly within the last few days that it costs 8 or 9 cents to handle and carry second-class mail is not true?

Mr. STEENERSON. It is not true; but no doubt they believed it was true in 1907. They made a correct statement—or, at least, what they believed to be correct—in 1907, and have repeated it ever since, regardless of change in cost of doing postal business. It is a wonderful showing the Postmaster General has made.

Mr. COX. No Postmaster General has ever said it cost 9 cents to transport.

Mr. STEENERSON. To transport and handle.

Mr. COX. To transport and deliver is quite a different proposition.

Mr. STEENERSON. The gentleman understands it costs more to handle the second class than parcels, because parcels go 2 pounds to the piece, whereas second class probably goes two or three pieces to the pound. In 1907 the table furnished by the department showed four pieces to the pound and a fraction over.

Now, here is another matter I want to call attention to: The gentleman from Illinois [Mr. RAINY] spoke about the Bible being shipped as books and that it cost 8 cents a pound to ship it to California. Do you know that up to the present administration catalogue houses shipped their catalogues as books? They shipped them as books and paid a flat rate of 8 cents a pound. The Sears, Roebuck catalogue and many others weigh 5 pounds apiece. Therefore, they paid 40 cents.

Mr. JOHNSON of Washington. How do they get that rate?

Mr. STEENERSON. They shipped them as books formerly. Wait a minute now. They used to pay 40 cents for each catalogue to get it to the farmer's house. On December 6, 1914, Mr. Burleson issued an order, which I will print in the RECORD, taking effect March 16, 1914, taking books out of the third-class rate under the general authority there is in the parcel-post law and placing them as parcel post. Now, what difference does that make? Talk about graft! The gentleman from Illinois [Mr. RAINY] said there was not any except in the publishing business, mostly over in Maine.

ORDER OF THE POSTMASTER GENERAL.

OFFICE OF THE POSTMASTER GENERAL,
Washington, December 6, 1913.

(Order No. 7705.)

On and after March 16, 1914, the classification of articles mailable under section 8 of the act of August 24, 1912 authorizing the establishment of the Parcel Post Service, shall be extended so as to include books. The rate of postage on books weighing 8 ounces or less shall be

1 cent for each 2 ounces or fraction thereof, and on those weighing in excess of 8 ounces the regular zone rate shall apply.
All regulations or parts of regulations in conflict therewith are hereby rescinded.

A. S. BURLESON,
Postmaster General.

Sears, Roebuck, & Co., according to the Post Office Department's information, given to me, sent out from 5,000,000 to 6,000,000 catalogues, on which they paid 40 cents apiece, or \$2,400,000 a year. That was only one concern. The postage on catalogues, big and little, that were shipped as third-class matter, amounted to \$10,000,000 at least. What was the result of the order that Mr. Burleson gave? Sears-Roebuck took the catalogues out of the mail and shipped them by freight to the principal cities. Baltimore gets them here in this zone, and they ship them 150 miles, 5 cents for the first pound and 1 cent for the next. We ship freight from Minneapolis to New York at 25 cents a hundred, a quarter of a cent a pound. They ship these catalogues for less than a cent per pound. Therefore, upon every catalogue that Sears-Roebuck and these other big mail-order houses ship, they save 25 cents. There is a pretty good graft. Why do they not do that with the Bible, which the gentleman from Illinois [Mr. RAINEY] mentioned? Because the demand for Bibles on the Pacific coast does not justify them shipping in carload lots. [Laughter.] If they should ship them in carload lots, they could easily ship for about 1 or 2 cents a pound to the Pacific coast, and then you could distribute them by parcel post at this low rate. The demand for Bibles over there is not great enough, however.

Mr. JOHNSON of Washington. How does the gentleman know we do not receive them by freight?

Mr. STEENERSON. Well, I do not think you do. I am speaking practically. This is no joke. The fact is that the order issued by the department admitting catalogues, which are books, into the parcel-post rates has deprived the Government of millions of dollars. Now, the principal man in Sears, Roebuck & Co. lives in Chicago. His name is Julius Rosenwald, and I did not know what he would do when I said two years ago, in discussing the catalogue business, that if he did not pay a big sum to the Democratic campaign fund he was an ingrate. [Laughter.] He does not appear as a contributor, but he has served on one of the finance committees of the Democratic campaign, and he is a member of the National Defense League, or whatever it is. A gentleman who sat at a banquet table with him recently told me that he was so patriotic that in order to set a good example for the liberty loan Mr. Rosenwald said he was willing to take a million dollars of this liberty loan without interest for a year. [Laughter.] I should think he would after he has made over \$1,500,000 a year for the last three years out of the Postal Service. Would not you? Would not you be patriotic, too? [Laughter.]

Now, I say it comes with bad grace from the gentleman from Illinois [Mr. RAINEY] to so berate these poor little newspapers up in Maine which contain those sentimental pieces that he read. Of course, I realize that the gentleman from Illinois naturally takes umbrage at kissing. The gentleman abhorred the story about kissing. [Laughter.] He abhorred the story about the soldier. But he ought to remember that, according to Shakespeare, the life of man is divided into seven ages, and that he himself has passed the kissing age [laughter] that was referred to in that periodical from Maine:

All the world's a stage,
And all the men and women merely players.
They have their exits and their entrances,
And one man in his time plays many parts,
His acts being seven ages. At first the infant,
Then the whining school-boy, with his satchel
And shining morning face, creeping like snail
Unwillingly to school. And then the lover,
Sighing like furnace, with a woeful ballad,
Made to his mistress' eyebrow. Then a soldier,
Full of strange oaths, and bearded like the pard,
Jealous in honour, sudden, and quick in quarrel,
Seeking the bubble reputation
Even in the cannon's mouth.

But now he comes to the class that the gentleman from Illinois and myself belong to:

And then, the justice,
In fair round belly, with good capon lin'd,
With eye severe, and beard of formal cut,
Full of wise saws and modern instances;
And so he plays his part.

[Laughter.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. STEENERSON. I want to make an announcement. Can the gentleman give me a minute?

Mr. FORDNEY. I yield a minute to the gentleman.

Mr. STEENERSON. As a remedy I am opposed to the zone system, but I have studied out a plan which I will offer, whereby you can tax the magazine a little heavily if it has a big circulation, because it is carried farther. A magazine of enormous circulation is carried thousands of miles, but the small paper is carried only a few miles, and I propose to base the rate of postage upon the size of the circulation. I have consulted the department about it. I have also tried to discriminate against the catalogue graft, which everybody knows militates against the country merchant. [Applause.] I offered an amendment to the Post Office appropriation bill putting catalogues back in the third class, and the committee reported it favorably; but it went out on a point of order made by Mr. Lewis, who no doubt acted for the Postmaster General.

Lines 16 to 19, page 52, of the bill reads as follows:

That second-class mail matter to subscribers from an office other than that of publication shall pay the same rate as if mailed from the office at the place of publication.

Do you know what that is for? That is to prevent the Curtis Publishing Co. or the Iron Age Co. or such firms from shipping their periodicals by rail to central points and then distributing them by parcel post in the first two zones, as Sears, Roebuck do with their catalogues. Why give Julius Rosenwald the preference? You claim the Government loses on every pound they ship because they pay the railroad 4 or 5 cents per pound. Why do you insist on losing money? The truth is, the man who wrote that proviso knew better; he knew that if you got 6 cents per pound you paid less than 2 to the railroad.

I agree with him; the 6-cent rate will be profitable; and I will, when that part of the bill is reached, offer an amendment to the effect that catalogues of mail-order houses also shall be mailed from place of publication, or, if mailed elsewhere, shall pay the rate of postage from that place to destination. I do not think you should allow the mail-order house a special privilege to the loss of our revenue. Treat the magazine and the catalogue alike; make them pay full rate.

The mail-order house, through the catalogue and magazine advertisements, comes in direct competition with all our country merchants, and is entitled to no special privilege. Let the publications of both be placed on an equality, so far as the Postal Service is concerned, and give everybody a square deal, while at the same time you secure additional revenue for the Government in its time of need.

The CHAIRMAN. The time of the gentleman from Minnesota has again expired.

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Iowa [Mr. RAMSEYER] 15 minutes.

The CHAIRMAN. The gentleman from Iowa is recognized for 15 minutes.

DEFINITE AND JUST WAR POLICIES—FOREIGN AND DOMESTIC.

Mr. RAMSEYER. Mr. Chairman, the gentleman from Kansas [Mr. CAMPBELL], in a speech made on the floor of this House a few days ago, said:

The situation that confronts the country is not getting far into the hearts and consciences of the people.

Statements like this have been repeatedly made on this floor during the last 30 days as well as from the floor of a coordinate branch of Congress. Where is the trouble? It is either with those in authority or with the people, and I am inclined to think it is not with the people.

DEFINITE WAR POLICIES.

We call this a war of democracy against autocracy. That is what it should be and that is what I want it to be. In shaping our war policies, both foreign and domestic, let us not lose sight of this issue. In adopting war policies two things must be kept in mind: The physical forces, men and money; and the psychological effect of such policies on the national concord. The policies so adopted should be such as tend to unify and enthuse all classes of our citizenship. Ever since we have been in session we have been conducting ourselves as though all it required to conduct a war successfully was to vote men and money. We have provided for an increase in our military forces of nearly 2,000,000 men. We have voted a credit of \$7,000,000,000—twice as much as it cost the Federal Government to put down the Rebellion of 1861-1865, and now we are considering a revenue bill to raise nearly \$2,000,000,000 by every conceivable form of taxation.

We have the men and the money in this country, but it is constantly being repeated, in and out of Congress, that the people do not know what we are fighting about; that the people are not aroused; that the people do not realize the sacrifices in blood and treasure that they will have to make. I do not assert that these statements are true. I simply state that these

and similar statements are repeatedly made in and out of Congress. Let me tell you one thing, that you can not get anywhere in war without popular approval and support.

If you do not believe that statement, you can convince yourself by recalling the number of changes made necessary in policies, cabinets, and generals in European countries during this war to hold the confidence of the public mind. Gentlemen, we must have announced and definite objects and aims in this war that appeal to and meet the approval of the people who are back of the men and money we have voted. It will be in vain to vote billions in money and conscript millions of men unless we have back of this war the spirit and opinion of our people.

The President has aptly stated as one of our aims that the world must be made safe for democracy. That is a fine sentiment, but democracy means one thing to one person or class and quite another thing to another person or class. Neither the President nor Congress has undertaken to state our aims in this war in specific terms or what we would consider the accomplishment of the purposes for which we entered the war. I do not propose at this time to discuss our foreign policies. But I do want to tell you that the people are asking questions. I have before me a score or more of pertinent and relevant questions along this line taken from my correspondence. I will give you two of them: "What tangible and concrete things do you propose to accomplish by this war? Shall the Christian nations bleed themselves white and exhaust their resources while the yellow races are gathering strength and accumulating wealth, to dominate the world when another evil day shall come?" The people, who will furnish the men for the firing line and who will pay the ever-increasing taxes, have a right to know why and for what purpose their blood and treasure is sacrificed.

We must make it plain to the people that we are not fighting for any aggrandizement; that we propose to be fair to all nations; and that we are not in this war to further the ambitions of any nation against another. We must make it very plain to our people that this war is not waged to increase the profits of munition makers nor to secure the foreign bonds held by our bankers nor to fasten a permanent militarism on this country. We must take the people into our confidence and constantly reassure them by our legislative acts—not words merely—of our righteous purposes in this war. If we do not, we can not and will not succeed. The great sovereign intelligent American public will insist on knowing the plans and policies of their Government and on their right to discuss and criticize them. If our plans and policies do appeal to the righteous and unselfish instincts of the people, then we can not fail.

DOMESTIC POLICIES.

I desire to direct my chief attention to questions of domestic or internal concern. While considering measures to bring this war to a successful and just termination, we must not overlook those problems that touch every man, woman, and child in the land and the just and equitable solution of which will vitally affect our national concord and unity. If the laws that we shall pass here will permit some to amass vast wealth out of this war and cast the burdens and sacrifices upon the shoulders of the masses of our population, it will require no prophet to tell you that that will tend to discord and dissension.

Since the European war began a few in this country have amassed vast fortunes. This prosperity has not been shared by all. Take, for instance, the farmer. I received a letter from a constituent of mine this morning. He gives a few figures and I give them to you. He says in normal times a standard gang-stirring plow sold for from \$50 to \$58, to-day you can not buy it for less than \$85; a standard grain binder in normal times sold for from \$120 to \$130, now you can not buy it for less than \$200; corn now sells for \$1.50 per bushel, but there is no corn in that community for sale; it was all sold for from 60 to 80 cents per bushel. The farmer has not received the high prices on foodstuffs, while the high prices on other necessities have hit him as hard as anyone else.

The munitions makers have made tremendous profits out of this war. Now, we are in the war and we ought to have something to say about that. Under existing law the Government can control the prices it will pay for material of war, and the Government undoubtedly will do that. We have authorized a bond issue of \$3,000,000,000 to furnish credit to governments at war against Germany. Most of this money will be spent in this country. We should see to it that this money is spent judiciously and not all paid in profits to war traffickers. The more profits these governments will have to pay, the less they can buy in war material and consequently will be a less-efficient aid to us. The less this money buys the more we will have to loan them and the more a certain class in this country will profit out of this war. For instance, the Duponts sell powder

to this country for 53 cents a pound while they charge \$1 a pound to the allied governments. This excess profit, unless curtailed, will be paid with money borrowed from the American people.

HIGH COST OF LIVING.

War always means sacrifices and burdens to the many. Heretofore war has meant profit for a few. War should mean profit to none and sacrifices and burdens shared by all and victory to the Nation as a whole. [Applause.] The New York Times Annalist of April 23, 1917, shows that the wholesale price of 25 food commodities in common use has almost doubled in the last two years. Dun's index figures show similar price increases between April 1, 1914, and April 1, 1917:

	Per cent.
Dairy and garden products increased.....	84
Meat.....	46
Clothing.....	49
Metals.....	69
Foodstuffs.....	105

Similar increases are reported in other necessities as fuel and building material.

It is true that wages have increased some during this period. But the increase of wages has not nearly kept pace with the increased cost of necessities of life. The fact is forced home that the average American has not shared in the prosperity of this war period. With the inflation of prices of the things necessary to live, even with increased wages, the average citizen's purchasing power has been diminished. These facts must not be lost sight of in framing this new revenue measure and other bills pending before Congress.

The people must eat, must have clothes and shelter. The producer must not be asked to produce at a loss and the laborer must have a living wage. The speculator and gambler in the necessities of life must have provided for him a quick and easy road to the penitentiary. [Laughter and applause.]

CONSCRIPT DOLLARS AS WELL AS MEN.

What we should and must bear in mind in passing all this war legislation is equity and fair play to all alike—rich and poor, high and low. That is especially true in framing a war revenue law. Who shall fight and who shall pay? Congress has answered the former by conscription of men. The latter is up for consideration.

We have already voted a credit of \$7,000,000,000. Along this line I desire to quote another statement by the President, which I also heartily indorse, that the credit granted to the Government should be sustained, "so far as they can equitably be sustained by the present generation, by well-conceived taxation." According to Henry Clews, financial authority and Wall Street broker, posterity will chiefly benefit from this war and should pay its part. Maybe posterity will benefit from this war, and maybe posterity will have wars of its own to pay for. I am not at all impressed with the idea of making our children and grandchildren pay for this war. The bond issue we voted is justified on the ground that we needed the credit immediately and could not wait on money to be raised by taxation. The property we will use and need in this war must come from our citizens. We can not get it from any other country. We can take that property now and pay for it by taxation, or we can place the greater part of the financial burden, by bonds, on those who are not here to speak for themselves. The former course is the manly and patriotic course; the latter appeals to me as unmanly and cowardly. [Applause.]

If we need soldiers we go where the men are and conscript them. If we need money we should pursue the same course—go where the dollars are and conscript them. [Applause.] Property is unequally distributed among the people, it is true. Prof. King, of the University of Wisconsin, reports that 2 per cent of the population owns 65 per cent of the total wealth of the country. Most of the men conscripted as soldiers will be from the poorer classes—not because the Government has it in for the poor, but because there is where the great mass of men are found. Most of the dollars of the country are among the wealthy class; therefore if the Government needs money it should conscript dollars from that class—not because the Government has it in for that class, but because that is where the dollars are. With me this is simply a question of fairness and compelling everyone to contribute that which is within his power to contribute. A few soldiers will be drawn from the rich, and a few dollars will be drawn from the poor. Conscription should apply to dollars as well as men. [Applause.] The men who will fight this war must come from those now living, so the funds to finance this war should be taken from wealth now in existence. Property should be forced to sacrifice as well as men.

PAY-AS-YOU-GO PLAN.

Paying for war as you go by taxation is based on the soundest economic principles. Bond issues lead to inflation of prices and throw the burdens on those least able to bear them. War borrowing leads to extravagance. War taxation leads to saving and economy. Financing the war by taxation has been indorsed by over 300 professors of economics, members of the American Economic Association of the United States, in a memorial issued during the last month and addressed to every Member of Congress. We heard much about following the advice of experts when the conscription bill was under consideration. Now I am presenting a proposition which has the indorsement of all the great experts of finance in the country. Why should not we follow the advice of experts in financing the war as well as in raising an army? [Applause.] Surely it can not be that in one case it affects money and in the other only men.

The chief sources for additional taxes at this time should be from the following:

1. A tax that will take substantially all of the special war profits.
2. Increase in the rates of income tax, with a sharper progression in rates as incomes become larger, to 100 per cent of all the income after a certain fixed amount.
3. High consumption taxes on all luxuries.

The chief objections I have to this bill is that it does not tax enough the big individual incomes and the special war profits. By increasing and collecting taxes along the lines I have suggested, we could relieve the normal business of the country from many annoying taxes, which in the final analysis will have to be paid by those least able to bear them.

When this bill was reported to the House with a unanimous report from the Committee on Ways and Means, I supposed it would go through without radical changes. I see from the report that the committee expected to raise a considerable portion of the taxes from intoxicating liquors. Saturday the Cummins amendment passed the Senate, which prohibits the use of cereals and grains in the production of intoxicating liquor during the period of the war. If the House concurs in that amendment, that source of revenue is gone. The committee must look elsewhere to raise about \$300,000,000. Why not raise it from the large incomes and the special war profits? Changes will have to be made in this bill if we are going to raise the necessary taxes.

Mr. SIEGEL. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. SIEGEL. There is no necessity of discussing that, the other body has stricken it out.

Mr. RAMSEYER. A plan has been proposed by the American committee on war finance. I am not acquainted with the men on this committee, but I am informed they are patriotic, intelligent, and practical men. I am not authorized to speak for them, but as there is no copyright on their plan, I present it to you. It is to conscript all net incomes over \$100,000. I realize that \$100,000 is an arbitrary amount and should possibly be changed. The principle is all right and the Government should conscript all of the income over a certain fixed amount, which fixed limit should not exceed \$500,000, in my judgment; however, personally I prefer the \$100,000 limit. A man who is unwilling to give all of his income to the Government over \$100,000 in times of awful war like this should be placed on the firing line and kept there until he would have no use for his next year's income.

Mr. LOBECK. Will the gentleman yield?

Mr. RAMSEYER. I will.

Mr. LOBECK. The gentleman spoke about the tax on munition profits. I was told yesterday that a munition manufacturer in Bradford, Canada, with a capital of \$66,000 paid \$30,000 taxes to the Canadian Government.

Mr. RAMSEYER. I thank the gentleman for the information. The tax on special war profits is way beyond anything we have here.

The rates proposed by this committee are as follows:

Example to show how the proposed legislation would conscript all income in excess of \$100,000:

1. Tax on income of \$150,000—	
Normal tax:	
2 per cent on the entire net income, \$150,000-----	\$3, 000
Additional tax	
10 per cent on \$10,000 between \$10,000 and \$20,000-----	1, 000
15 per cent on \$20,000 between \$20,000 and \$40,000-----	3, 000
20 per cent on \$20,000 between \$40,000 and \$60,000-----	4, 000
30 per cent on \$20,000 between \$60,000 and \$80,000-----	6, 000
40 per cent on \$20,000 between \$80,000 and \$100,000-----	8, 000
50 per cent on \$50,000 between \$100,000 and \$150,000-----	25, 000
Total tax-----	50, 000
This would leave a residual income of-----	100, 000

2. Tax on income over \$150,000—
One hundred and fifty thousand dollars would be taxed as above, \$50,000, and of the excess over \$150,000, 2 per cent would be taken by the normal tax and 98 per cent by the additional tax, i. e., 100 per cent in all. This would leave a residual income of \$100,000.

It is estimated that the rates advocated will yield for the next fiscal year about \$1,500,000,000.

Although the plan of this committee is not the identical proposition recommended by the members of the American Economic Association, their purpose is the same—that is, to pay for the war by taxation. The chief objection urged against conscripting all or the larger part of the big incomes is that it would take money needed for investment in new enterprises. These objectors lose sight of the fact that the money and material used by us in this war must come from our own country, and that to sell bonds to raise, for example, \$3,000,000,000 takes just as much money that might otherwise have gone into new enterprises as it does to raise \$3,000,000,000 by the scheme of taxation proposed, or any other scheme. And as bonds tend to inflation of prices it will take more money to conduct the war by bonds than by taxation and consequently divert more money that might otherwise have gone into new enterprises.

The advocates of bonds to finance the war urge that we should go about this in a businesslike way—sell bonds for the war as a municipal corporation issues bonds to pay for public improvement. The difference is easy. Public improvements are lasting and of benefit to succeeding generations, while every dollar placed in war is destroyed. It is true succeeding generations may be benefited on account of certain wars in being permitted to live in better environment, but there are no permanent improvements from which they derive financial benefits, as they do in case of bond issues to construct public buildings, permanent roads, drainage systems, and so forth.

Another objection I have heard is, if you take all of a man's income over a certain fixed amount, you will take away from him all incentive to produce and accumulate. There is but one answer to this objection. This is war and every man must do his full part. A man, in war time like this, who will not put forth as much energy to produce for fear that his country will conscript his income above a certain fixed amount ought to be treated just as a deserter from the Army—tried by court-martial and shot the next morning before sunrise. To tax the small incomes as this bill proposes, and not to take over 50 per cent from the man whose income amounts up in the millions, I tell you in these days of the high cost of living, and war prices soaring higher every day, is unfair and inequitable to the men who must depend on small incomes, wages, and salaries for a living for themselves and families.

Men who are opposed to paying for the war by taxation and against conscripting large incomes do not weigh seriously enough the demands of justice. In the language of the memorial referred to by me—

It is the duty of every citizen to share in war's burdens to his utmost. For some the duty is to fight; for others, to furnish money. For all the duty is without limit of amount. The citizen who contributes even his entire income beyond what is necessary to subsistence itself does less than the citizen who contributes himself to the Nation.

[Applause.]

The proposition may sound new, unusual, and revolutionary to men accustomed to draw revenue bills. But we are living in unusual times. Every act of Congress is being watched by the people. The question they will ask us is, Is your course and policy fair, equitable, and just to all the people? The common man will readily grasp the proposition that "if the conscription of men is just and right the conscription of incomes and property is more so; conscription of both is just and right when the Nation's life and honor is at stake." [Applause.]

In all, I seek for my Nation policies—both domestic and foreign—that will appeal to the hearts and consciences of the people as just and right. If we keep that firmly in mind we can not and will not go astray or find our policies disapproved and repudiated by the people.

The people will do their part in this war. Men will come to the Army faster than they can be trained and equipped by the War Department. Money will pour into the National Treasury faster than the administration can spend it. What I am contending for in these times is laws so just and equitable that no class of our citizens will have occasion to feel that they are not getting a fair and square deal and for a foreign policy worthy of our traditions and of our boasted leadership among the democracies of the world. [Applause.]

Mr. GALLIVAN. Mr. Chairman, I ask unanimous consent to print in the RECORD a petition of the Soda Water Bottling Manufacturers of Massachusetts in connection with this bill.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to print a petition in the RECORD. Is there objection?

There was no objection.

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. FOSTER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 4280, the war-revenue bill, and had come to no resolution thereon.

HOOR OF MEETING TO-MORROW—10.30 A. M.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 10.30 o'clock to-morrow morning.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet at 10.30 o'clock to-morrow morning. Is there objection?

Mr. MANN. Reserving the right to object, is it expected that general debate will run all day to-morrow?

Mr. KITCHIN. I was hoping to finish about 4 o'clock. I was talking with the gentleman from Michigan [Mr. FORDNEY], and I told him that if we could have an hour and fifteen minutes you gentlemen on the other side might take the balance of the time, and we thought we could close debate at about that time.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 52 minutes p. m.) the House, under its previous order, adjourned until to-morrow, Tuesday, May 15, 1917, at 10.30 o'clock a. m.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. JONES of Texas: A bill (H. R. 4425) to amend an act approved September 26, 1914, known as the Federal Trade Commission act; to the Committee on Interstate and Foreign Commerce.

By Mr. DOWELL: A bill (H. R. 4426) to increase pension of certain Union soldiers and sailors of the Civil War of 1861 to 1865; to the Committee on Invalid Pensions.

By Mr. HASTINGS: A bill (H. R. 4427) granting the consent of Congress to Webbers Falls Railroad Co., a corporation, its successors and assigns, to construct a bridge across the Arkansas River between the towns of Webbers Falls and Gore in the State of Oklahoma; to the Committee on Interstate and Foreign Commerce.

By Mr. CURRY of California: A bill (H. R. 4428) to suspend the provisions of the act of June 30, 1882, requiring that officers of the Regular Army of the United States be retired from active service on reaching the age of 64 years; to the Committee on Military Affairs.

By Mr. VAN DYKE: A bill (H. R. 4429) to fix the compensation of penitentiary guards and watchmen employed in or under any and all departments of the Government; to the Committee on Labor.

By Mr. ADAMSON: A bill (H. R. 4430) to establish a sanitary reserve corps of the Public Health Service of the United States, and to coordinate therewith and utilize the State, county, and municipal health organizations; to the Committee on Interstate and Foreign Commerce.

By Mr. TAYLOR of Colorado: A bill (H. R. 4431) to provide for the common defense and general welfare by increasing the production of food upon public and private lands within United States reclamation projects, and for other purposes; to the Committee on Irrigation of Arid Lands.

By Mr. LENROOT: A bill (H. R. 4432) to amend section 13 of the act entitled "An act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea," approved March 4, 1915; to the Committee on the Merchant Marine and Fisheries.

By Mr. STEENERSON: A bill (H. R. 4433) to regulate postage rates on second-class mail matter; to the Committee on the Post Office and Post Roads.

By Mr. SLAYDEN: Joint resolution (H. J. Res. 86) to grant authority for the erection of temporary buildings at the headquarters of the American Red Cross, Washington, D. C.; to the Committee on the Library.

By Mr. PARK: Joint resolution (H. J. Res. 87) authorizing the President to purchase, store, and subsequently distribute food products, or to fix prices in any national emergency, and for other purposes; to the Committee on Appropriations.

By Mr. MASON: Joint resolution (H. J. Res. 88) to declare the liberation of Ireland one of the purposes of the present war; to the Committee on Foreign Affairs.

By Mr. ESCH: Memorial of the General Assembly of the State of Wisconsin, recommending certain war measures for the consideration of Congress; to the Committee on Ways and Means.

By Mr. COOPER of Wisconsin: Memorial of the Legislature of the State of Wisconsin, favoring certain governmental policies by reason of war; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. COMSTOCK: A bill (H. R. 4434) granting an increase of pension to John J. Nofstinger; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 4435) granting an increase of pension to Columbus Jeffries; to the Committee on Invalid Pensions.

By Mr. HASTINGS: A bill (H. R. 4436) granting a pension to Philip F. M. Lutz; to the Committee on Invalid Pensions.

By Mr. IGOE: A bill (H. R. 4437) granting an increase in pension to Mary Jane Talbot; to the Committee on Invalid Pensions.

By Mr. LENROOT: A bill (H. R. 4438) for the relief of Wellington Haight; to the Committee on Military Affairs.

By Mr. MARTIN of Louisiana: A bill (H. R. 4439) granting an increase of pension to Mrs. Marianne Bernard; to the Committee on Pensions.

Also, a bill (H. R. 4440) for the relief of the heirs of Mrs. Susan A. Nicholas; to the Committee on War Claims.

By Mr. MORGAN: A bill (H. R. 4441) granting a pension to Percy A. Jones; to the Committee on Pensions.

Also, a bill (H. R. 4442) granting an increase of pension to Franklin Haddock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 4443) granting an increase of pension to Henry C. Ruby; to the Committee on Invalid Pensions.

By Mr. MUDD: A bill (H. R. 4444) to authorize the commission of Fred Bielaski as second lieutenant in the United States Army; to the Committee on Military Affairs.

By Mr. PAIGE: A bill (H. R. 4445) granting a pension to Albert J. Phillips; to the Committee on Pensions.

By Mr. PRATT: A bill (H. R. 4446) granting an increase of pension to Nicoll F. Jones; to the Committee on Invalid Pensions.

By Mr. ROWE: A bill (H. R. 4447) granting an increase of pension to Martha D. Strout; 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. CAREW: Memorial of Chamber of Commerce of the State of New York, relative to raw material supplies after the war; to the Committee on Interstate and Foreign Commerce.

By Mr. CARY: Telegrams from Milwaukee Retail Grocery Association, P. C. Monday, president, and Wisconsin Tea and Coffee Merchants' Association, both of Milwaukee, Wis., protesting against tea and coffee section of revenue bill; to the Committee on Ways and Means.

Also, telegram from T. A. Lee, secretary Moving Picture Exhibitors' Association of Wisconsin, protesting against a tax of 10 per cent on gross receipts of theaters; to the Committee on Ways and Means.

Also, telegram from Walter Davidson, of Milwaukee, Wis., protesting against tax on motorcycles; to the Committee on Ways and Means.

Also, protest from A. F. Quinn, William A. Kann, F. W. Schubert, John G. Stenger, C. J. Haussman, Paul J. Mueller, James C. Arthur, Robert A. Kroenning, and R. F. Niemann, all of Milwaukee, Wis., protesting against tax on pianos; to the Committee on Ways and Means.

By Mr. DALE of New York: Petition of Russell Playing Card Co., of New York, against increased tax on playing cards; to the Committee on Ways and Means.

Also, petition of Cornwall Farm Dairy, against curtailing the brewing of beer; to the Committee on Agriculture.

Also, petition of M. Rusling Wood, of New York, protesting against section 504 of the proposed revenue bill; to the Committee on Ways and Means.

Also, petition of C. E. Hozkamp, of Brooklyn, N. Y., against proposed 5 per cent tax on motor carriages and trucks; to the Committee on Ways and Means.

Also, petition of the Florsheim Shoe Co., protesting against duty on hides and skins; to the Committee on Ways and Means.

Also, petitions of American Trade Publishing Co., Bookbinders' Local Union No. 3, of New York, and the Packer, of Kansas City, Mo., protesting against increase in rates on second-class mail matter; to the Committee on the Post Office and Post Roads.

By Mr. DOOLING: Memorial of Brooklyn Engineers' Club, favoring universal military service; to the Committee on Military Affairs.

By Mr. DYER: Memorial of City Council, Trade and Labor Assembly, and Commercial Club, of Hannibal, Mo., favoring legislation to reduce the high cost of living; to the Committee on Agriculture.

By Mr. ESCH: Memorial of Northern Wholesale Hardwood Lumber Association, favoring prohibition as war measure; to the Committee on the Judiciary.

By Mr. FULLER of Illinois: Petition of Haddorff Piano Co., of Rockford, Ill., protesting against proposed tax on pianos and piano players; to the Committee on Ways and Means.

Also, petition of Polish Daily and Weekly Zgoda, protesting against increase of postage on second-class matter; to the Committee on the Post Office and Post Roads.

By Mr. GALLIVAN: Memorial of Boston & Maine Railroad, relative to increase of freight rates; to the Committee on Interstate and Foreign Commerce.

By Mr. GARD: Memorial of the Commission of the City of Dayton, Ohio, favoring passage of the daylight saving bill; to the Committee on Interstate and Foreign Commerce.

By Mr. HASTINGS: Memorial of Oklahoma City Trades and Labor Council, relative to regulation of food supplies and transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. IGOE: Memorial of Wood, Wire, and Metal Lathers' International Union, No. 73, relative to war taxes on incomes and legislation preventing excessive profits on the sale of necessities of life; to the Committee on Ways and Means.

By Mr. KELLY of Pennsylvania: Petition of citizens of the thirtieth congressional district of Pennsylvania, favoring higher income tax and excess profits tax; to the Committee on Ways and Means.

By Mr. LUNDEEN: Petition of Minneapolis (Minn.) Automobile Trade Association, Anderson Hays Motor Car Co., Anderson Electric Car Co., Barclay Auto Co., A. F. Chase & Sons Co., Chevrolet Co. of Minnesota, H. J. Downs Co., Fawkes Auto Co., Jonnie Johnson Motor Corporation, Joy Bros. Motor Car Co., La Crosse Auto Co., Locomobile Co., H. E. Mack Co., Minnesota Motor Car Co., F. E. Murphy Auto Co., Northwestern Cadillac Co., Northwestern Cole Motor Co., Oakland Motor Co., D. A. Odell Motor Co., Pence Auto Co., Rauch & Lange Electric Car Co., Reilly Herz Auto Co., R. C. Smith Auto Co., John P. Snyder Co., Studebaker Corporation, Tri-State Auto Co., Twin City Motor Car Co., Whitcomb Auto Co., H. E. Wilcox Motor Co., Willys-Overland Co., W. R. Wilmot Co., and Franklin Motor Car Co., protesting against proposed 5 per cent tax on automobiles, which, with proposed extra-postage tax, excess profits tax, gasoline tax, plus present income tax, it is alleged would cripple automobile business and seriously affect every line of business in the country, and recommending investigation of said proposed automobile tax; to the Committee on Ways and Means.

Also, telegram from the Automobile Club of Minneapolis, Minn., protesting against proposed 5 per cent tax on automobiles and recommending a congressional investigation of effects of said tax; to the Committee on Ways and Means.

Also, telegram of Gray Motor Co., O. H. Gray, president, protesting against proposed 5 per cent automobile tax and recommending certain methods of taxing the industry; to the Committee on Ways and Means.

Also, telegrams of Menominee Motor Truck Co., E. O. Merchant, proprietor; Ohio Electric Car Agency; Onkland Motor Co.; Northwestern Haynes Auto Co.; Lawrence Severson; J. M. Brassett; B. O. Kylo; M. A. Jordan; J. L. Thornton; Brice Automobile Co.; Chalmers Motor Car Co., of Minnesota; Metz Co., Stanley Tomlinson, sales agent, all of Minneapolis, Minn., protesting against proposed 5 per cent tax on automobiles; to the Committee on Ways and Means.

By Mr. MORIN: Petition of the Rotary Club of Pittsburgh, Pa., favoring, as a war measure, absolute national prohibition for and during the period of the war; to the Committee on the Judiciary.

By Mr. PRATT: Petition of the Baptist Church of Trumansburg, N. Y., by Rev. Hugh W. Stewart, pastor, favoring national prohibition as a war measure; to the Committee on the Judiciary.

Also, petition of Mr. M. E. Small, Mr. H. E. Mitchell, Mr. F. E. Collins, Mr. Charles Owen, and sundry other employees of the Thatcher Manufacturing Co., of Elmira, N. Y., favoring national prohibition as a war measure; to the Committee on the Judiciary.

By Mr. RANDALL: Memorial of the Federal Council of the Churches of Christ in America, including Methodist Episcopal, Baptist, Lutheran, Presbyterian, Congregational, Episcopal, Christian, and other denominations, with total membership of 18,000,000, for immediate prohibition as a war measure; to the Committee on the Judiciary.

By Mr. ROGERS: Petitions of retail druggists of Lowell, Mass., against 5 per cent tax upon all medicines; to the Committee on Ways and Means.

By Mr. ROWE: Petition of the McCall Co., of New York, relative to proposed increase in second-class postage rate; to the Committee on the Post Office and Post Roads.

Also, petitions of the Motor and Accessory Manufacturers' Association and Packard Motor Car Co., of New York, against 5 per cent tax on automobiles; to the Committee on Ways and Means.

Also, petition of Addison Leavens, of New York, favoring placing air service under control of a department separate from the Army and Navy; to the Committee on Military Affairs.

Also, petition of Brooklyn Mutual Building & Loan Association, against taxing building and loan associations; to the Committee on Ways and Means.

Also, petition of Oakley & Co., of New York, against imposition of a stamp tax; to the Committee on Ways and Means.

Also, petition of Millard V. Rives, opposing the sending of an army to Europe; to the Committee on Military Affairs.

By Mr. SNELL: Petition of members of faculty and students of Clarkson College of Technology, Potsdam, N. Y., appealing to the President and the Congress of the United States for legislation prohibiting the consumption of food products in the manufacture of intoxicating liquors; to the Committee on the Judiciary.

By Mr. SNOOK: Petition of citizens of Haviland, Ohio, favoring the raising of the war revenue by an income and inheritance tax and tax on excess profits; to the Committee on Ways and Means.

Also, memorial of Presbyterian Sunday School of Holgate, Ohio, favoring prohibition as a war measure; to the Committee on the Judiciary.

By Mr. SNYDER: Memorial of First Baptist Church, Newport, N. Y., for constitutional amendment suppressing polygamy; to the Committee on the Judiciary.

Also, petition of citizens of Clinton, N. Y., favoring prohibition in the Army during period of the war; to the Committee on Military Affairs.

By Mr. TEMPLETON: Memorial of Lithuanian national organizations, relative to protection for the Lithuanian nation; to the Committee on Foreign Affairs.

SENATE.

TUESDAY, May 15, 1917.

(Legislative day of Friday, May 11, 1917.)

The Senate reassembled at 12 o'clock m., on the expiration of the recess.

INCREASE OF NAVAL ESTABLISHMENT.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 3330) to temporarily increase the commissioned and warrant and enlisted strength of the Navy and Marine Corps, and for other purposes, which had been reported from the Committee on Naval Affairs with amendments.

Mr. SHAFROTH. Mr. President, I have a bill in charge which will require no discussion whatever. It is the bill (S. 1811) providing for the counting of service in the Army or Navy of the United States as equivalent to residence and cultivation upon homestead entries, and in the event of the soldier's death in such service providing for the issuance of patent for such land to his widow or minor children. Practically the same measure has been passed as to the soldiers of the Spanish War and also as to the Philippine insurrection. It seems to me that