

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

it will require no discussion whatever. It is a unanimous report from the Committee on Public Lands.

Mr. McCUMBER. I do not think it would lead to debate. However, I shall object to any business but the unfinished business at any time coming up to-day until this unfinished business is disposed of, whether that business requires debate or whether it does not.

Mr. SHAFROTH. I will say to the Senator that a similar bill as to mining claims was lately passed here in five minutes.

Mr. McCUMBER. I know; but there is a bill before the Senate that ought to pass the Senate in less than three minutes.

Mr. SWANSON. I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that the committee amendments be considered first.

Mr. McCUMBER. I shall object to the committee amendments being considered first, and I will give my reasons for it. There is only one-half of one page of this whole bill that relates to an increase in the Navy. The other fourteen and a half pages are devoted entirely to the creation of officers, admirals, and so forth. I do not want to wait before offering an amendment to the beginning of the bill until the Senate has spent three weeks in disposing of the admiral question.

Mr. SWANSON. There was very little discussion or division so far as the committee amendments are concerned. I understand that it is the rule, anyway, and that usually committee amendments are disposed of first.

Mr. McCUMBER. If there is a rule it can be done, and of course I can not object to the rule.

The VICE PRESIDENT. It is only a rule by unanimous consent.

Mr. McCUMBER. I do not understand it to be the rule. I have no objection to the bill being read for amendment.

Mr. SWANSON. I ask unanimous consent that the formal reading of the bill be dispensed with and that the bill be read for amendment.

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

Mr. McCUMBER. Before the reading begins let me suggest that while these seats have ears they have no judgment. I therefore 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	Hollis	New	Smoot
Beckham	James	Norris	Sterling
Brandegee	Johnson, Cal.	Owen	Sutherland
Chamberlain	Jones, N. Mex.	Page	Swanson
Colt	Jones Wash.	Penrose	Thomas
Culberson	Kellogg	Pittman	Thompson
Cummins	Kendrick	Pomerene	Townsend
Curtis	Kenyon	Ransdell	Trammell
Dillingham	King	Robinson	Underwood
Fernald	Kirby	Saulsbury	Vardaman
Fletcher	Knox	Shafrath	Wadsworth
Frelinghuysen	La Follette	Sheppard	Warren
Gallinger	Lodge	Sherman	Watson
Gerry	McCumber	Simmons	Weeks
Gore	McKellar	Smith, Ga.	Wolcott
Gronna	Martin	Smith, Md.	
Hardwick	Myers	Smith, Mich.	
Hitchcock	Neison	Smith, S. C.	

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

The VICE PRESIDENT. Sixty-nine Senators have answered to their names. There is a quorum present. The Secretary will proceed with the reading of the bill for amendment.

The Secretary proceeded to read the bill, and read as follows:

*Be it enacted, etc.,* That the authorized enlisted strength of the active list of the Navy is hereby temporarily increased from 87,000 to 150,000, including 4,000 additional apprentice seamen.

Sec. 2. That the authorized enlisted strength of the active list of the Marine Corps is hereby temporarily increased from 17,400 to 30,000, this authorized strength being distributed in the various grades of the enlisted force in the same proportion as those authorized at the date of the approval of this act.

Sec. 3. That enlistments in the Navy and Marine Corps, during such time as the United States may be at war, shall be for four years or for the period of the war or for such shorter period or periods as the President may prescribe.

Mr. McCUMBER. Mr. President, not a Senator, except the Senator having charge of the bill and probably one or two others, is paying the slightest attention to the reading of this portion of the bill. Each one is engaged in conversation with his neighbor. At this time I think it appropriate to offer an amendment. If the Senator in charge of the bill has no objection, I will offer my proposed amendment at this stage, because sections 1, 2, and 3 of the bill contain practically everything there is in the bill, about a half a page, concerning an increase of the Navy and the Marine Corps. All the rest of it relates, as I said before, to the creation of officers, admirals, and so forth, and all the pro-

motions pointing toward a large number of admirals who will be on the retired list when the war is over.

In the meantime, Mr. President, we have a matter, of small concern, I admit, considering the objections that have been made against it so far, and that is the submarine question, which I propose, whether I have any listeners or not, to discuss for a few moments this morning.

I shall offer an amendment which will provide for a board to take up and consider proposed inventions and proposed mechanisms for the protection of merchant vessels. I shall steer entirely clear of any matter concerning the destruction of the submarine. I wish, if it is possible, to bring the attention of the Senate to the question of a possibility of protecting the merchant vessels, not against the submarine but against the torpedo that has left the submarine.

I desire, first, to read an extract from the Post of May 10, four days ago. It is dated London, May 9:

The Reichstag has begun its second reading of the navy budget. Dr. Pfeiffer, naval reporter of the budget committee, declared that the submarine booty for April would not be less than 1,100,000 tons, and added that the Reichstag looked for a speedy and victorious peace. Vice Admiral von Capell, minister of the navy, said:

#### THOUSANDS BUILDING U BOATS.

"Thousands upon thousands of hands are actively engaged in producing new U boats and new material for torpedoes and mines. Not only is the number of U boats continually increasing, but the boats are always improving in quality.

"Of course, losses also occur. Our enemies' defenses are increasing in quantity and quality, but there is no radical remedy against U boats.

"A decisive factor is the continually increasing monthly successes, which we ourselves hardly expected. The reports in the enemy press about the number of U boats lost are false. Our losses are small beyond expectation. In addition, weather conditions are improving."

Then it proceeds further. I will read the final paragraph:

#### 1,325 SHIPS DESTROYED.

We expected an average monthly U-boat booty of about 600,000 tons. Actually the result for three months totals 2,800,000 tons. This is 55 per cent above our expectations. In three months 1,325 ships have been sunk.

The U boats guarantee our holding out.

This is rather old, as from 200,000 to 250,000 tons have gone down since May 9.

Mr. President, on Friday, April 27, when the Senate had under consideration a bill for the creation of an army of a million men to put into the line of battle in Europe, with little or no thought whatever as to how or whether that army, or any portion of it, could be transported to Europe, I presented to the Senate facts and figures showing the devastation of the submarine in all its awful reality, and pointed out its fatal effect on this war unless checked. I tried at that time to secure the attention of the chairman of the Committee on Military Affairs, having that bill under consideration, to an amendment which might result in a solution of this submarine menace, and thereby might make our victory sure without the necessity of sending a single transport of our soldiers to battle in the trenches; and I showed that without such a solution famine would defeat our allies before we could get into the war. I regret that I failed to secure either a respectable hearing or a decent consideration of so momentous a matter. And when finally the amendment was offered under the five-minute-debate rule, with no opportunity on my part to answer any objections, none of which had been made to the merit of the amendment, it was brushed aside by the bald declaration of the acting chairman of the Committee on Naval Affairs that there is now a board in the Navy Department investigating this matter thoroughly and having all the money that is needed, and that the bill then under consideration would be followed by a naval bill, which last bill would be the proper one to which to offer this proposed legislation. Eighteen days have elapsed since the Army bill was voted on, and no naval bill has been forthcoming until to-day. During this period of inaction at least 200 ships and about 600,000 tons of shipping have been sunk by the German submarines. In the face of the fact that these ships can be protected from the submarine torpedo, every day's delay of the Senate constitutes a negligence which, to my mind, is little less than treasonable under present conditions.

Mr. President, there has not been and there is no board in existence having the power to do anything whatever toward the protection of the merchant vessel. But upon the mere suggestion that such a board existed, and without any opportunity to refute it, Senators who had paid no attention to any of the facts presented voted against the proposed amendment. Why? They had been too busy to give the submarine problem any consideration. And why too busy? Because, Mr. President, they had just spent more than two hours on the Senate floor in discussing whether they should put into that Army bill an amendment to protect the Members of the United States Senate from the demon of alcoholism. And after this lengthy deliberation this august body, in the face of one of the greatest dilemmas, in the

face of one of the most acute crises that ever confronted the world, brought forth from the profound recesses of its gigantic intelligence and embodied in the Army bill the following provision:

It shall be unlawful to sell, offer, or give away any intoxicating liquors, including beer, ale, or wine, to any Member of the Congress, or to knowingly furnish to such person intoxicating liquors.

It is the first time, Mr. President, I have ever heard of one pleading mental deficiency and then presuming to enact the law to govern his own incapacity. And this provision was strengthened with dire penalties of fines and imprisonments.

I wish, Mr. President, that this provision, which commanded the attention of Senators and caused them to forget even this desperate crisis and even the bill under consideration, could be printed on the walls of the Senate Chamber, so that when any Senator should arise in his seat, in the future, and with swelling chest announce that this is the greatest deliberative body in the world—an announcement which I have heard, I think, several thousand times—it might bring a sense of humiliation and a contrite heart that would choke the utterance.

So, too, the Senator from Oregon, having charge of the Army bill, felt disposed to suggest that any amendment which dealt with the defense of a merchant vessel ought not to be considered on an Army measure, notwithstanding the fact that the whole issue of this war is dependent upon the protection of the merchant vessel, and notwithstanding the further fact that the vessels of our allies and our own American merchant ships are going down to the bottom of the ocean, with all their cargoes, at the rate of at least 10 per day, with a tonnage of about 400,000 per week. The Senator thought an amendment dealing with that vital problem could wait weeks—could bide its time until some measure relating to the Navy might come before the Senate. But the learned Senator evidently felt that the amendment prohibiting the sale of intoxicating liquors to Members of the Senate was too important and too imminent to admit of any delay, and so he could not object to the consideration of that amendment.

I am not criticizing the Senator, because I am compelled to admit that, considering the mental state of any Senate that would vote such a ridiculous proposition into the Army bill, the Senator from Oregon might well be justified in making no objection to this prohibition clause.

Mr. CHAMBERLAIN. Mr. President, I desire to suggest to the Senator, with his permission, that that was not put into the bill in the committee, but was done on the floor of the Senate.

Mr. McCUMBER. I know that it was done on the floor of the Senate, but it was done without any objection whatever from the Senator from Oregon.

Mr. CHAMBERLAIN. I beg the Senator's attention to the fact that it was my suggestion that the original amendment should go into the bill instead of the one of which the Senator is complaining.

Mr. McCUMBER. The Senator voted against that amendment; but that amendment was offered and the Senator did not raise the question that it should not go upon the bill at that time.

Mr. CHAMBERLAIN. Mr. President, I still think, with all due deference to the lecture which the Senator has been giving the Senate, that that was a measure that properly ought to have been directed to the attention of the Naval Committee and ought to have been attached to a naval bill, or ought to have been introduced as a separate and independent measure. The Senator from North Dakota had that right, which he has never exercised.

Mr. McCUMBER. Oh, there is no question but the Senator from Oregon made that statement and that the Senator so thought; but it seems to me that when the Senator thought that such an important proposition as the one suggested by me could bide its time for three weeks until a naval bill should come into the Senate, the Senator might have raised an objection to such a ridiculous amendment as was proposed to be put into the Army bill.

Mr. CHAMBERLAIN. I will say to the Senator from North Dakota that I am heartily in favor of restricting the use of liquors amongst the soldiers, the young men of this country; and I say that, basing my statement on what the German authorities have said. They have said that the use of liquor in the German Army has been more disastrous than have the bullets which they have had to confront. And that has been the testimony of all the belligerents in the European war.

Mr. McCUMBER. I am not going to stop to argue that question; that was not the proposition of sticking in an amendment here that specially related to Congress and the soldiers, but not to the rest of the country.

But the objection of the Senator from Virginia [Mr. SWANSON] and the Senator from Florida [Mr. FLETCHER] in the light of the enormous daily devastation of these unseen sea monsters, on the ground that the amendment would be more relevant to a naval bill than to an Army bill, is simply astounding. An objection, in a crisis of this kind, to such an amendment on any bill that would speed its passage is as ridiculous as a passenger on a sinking ship refusing to accept a life preserver because its color did not match his hose.

While these Senators were so insistent that a provision relating to the protection of a merchant vessel could only be appropriately attached to a naval bill, I am surprised that each of them failed to realize that a bill prohibiting the sale of intoxicating liquors to Members of the Senate would be more appropriate to an irrigation bill or even a flood-control bill. [Laughter.]

Mr. President, to those who read the daily reports of marine disasters it would seem unnecessary to spend one moment explaining what these disasters mean in this war. For more than a year I have been attempting, in my feeble and modest way, to attract the attention of the Senate to the importance of the submarine in this war and what it will accomplish unless we find means to successfully combat it. To-day we are up against a critical situation. The administration and the Congress of the United States seem to fail to realize the situation that is threatening us. Had they so realized it we would have proceeded in the logical way. We would have considered the most imminent problem first—the feeding of our allies. We would have concentrated all our energies and skill upon encouraging the inventive genius of our own country and of the world to help us solve that problem, not along some one particular line or some particular way, but along every possible line of defense. The moment we declared war we would have taken up the question of food supply. We did not do it. We began the organization of an army which could not be utilized under a year. With the submarine accomplishing a devastation that would bring our allies to starvation in six months, we stuck our heads in the sand and dreamed of armies that would be marching a year hence. We closed our ears to the groans of the dying, our eyes to the struggles of the drowning, while we were painting pictures of the Stars and Stripes floating over the trenches of heroic France next year. It is time, Mr. President, we awake to the real situation.

I want to make one last attempt to impress upon this Senate the more than serious aspect of this submarine question, and then point out what I believe will be the only solution, and I am not going to be deterred by the fallacious claim that this is a subject for naval experts only. It is sufficient answer to that to say that the naval experts have had the matter under consideration for nearly three years and have done absolutely nothing, while they have been declaring over and over again that the main thing to which we should direct our efforts is the building of superdreadnaughts.

One of the morning papers of April 30 gave the following from the address made by Dr. Karl Helfferich, German secretary of the interior, to the Reichstag on April 29. He said:

The first month's result of unrestricted submarine warfare excelled the best previous results by 25 per cent; the second month's by 50 per cent. Exact figures can not be given, but in the first two months the freight tonnage sunk exceeded 1,600,000 tons, of which more than 1,000,000 was British.

From our figures one may estimate the total tonnage still available for British trade at seven to ten million tons. It is clear the British merchant fleet can not long bear sinkings at the present rate. Adequate substitutes by new construction are impossible, as the British increase in ships in 1916, notwithstanding every effort, was not sufficient even to replace the normal diminution in peace times.

Now, mark these words:

The wooden ships which the United States intends to build to save Great Britain will in all probability only come into use when they have nothing more to save.

That is true. He concluded with these words:

We in Germany have been kept short, but we stand secure. The American apostles of humanity, who are trying to drive our neutral neighbors to war against us with threats of death, will not turn the scales of fate.

I would to Heaven, Mr. President, that these statements made by the German secretary of the interior were mere braggadocio. They are not. We ought to have had judgment enough to have known that Germany would never have defied the United States unless she felt that before the United States could get into this war she could starve the British. She is proceeding along that line. She may retreat day by day along her western battle front, stopping only to inflict greater losses upon her enemies on the offensive than she is suffering, acting only on the defensive. Bold and courageous as have been the British drives, conceding to them and to their French allies

any amount of glory for the desperate battle they are putting up day and night, forcing the foe backward, the fact still remains that the fighting line, which is being pressed eastward a few hundred yards per day, is still 130 to 140 miles from the German border. Germany expects simply to hold her defensive lines until the submarine can accomplish its purpose. And we are giving practically no real or valuable consideration to how we may meet this most important problem.

Mr. WADSWORTH. Mr. President—

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

Mr. McCUMBER. Certainly.

Mr. WADSWORTH. Does the Senator intend to say to the Senate, and have it go into the CONGRESSIONAL RECORD, that the average distance from the German line in France to the German border is from 130 to 140 miles?

Mr. McCUMBER. The average distance may have been reduced now to 120 miles. The line runs very close to the German border at its southern extremity, of course; but the German forces have taken nearly one-fifth of France, which is still in German hands, as well as practically all of Belgium. At the southern end of the line the allied armies are nearer to the German border; but, taking the line as a whole, its average distance from the German border, I would judge, after getting away from the point where it is rather close to the German border, is between 130 and 140 miles. I take these figures from the last statement published in the metropolitan press, which gave those figures as to the distance, and that statement was published a short time ago.

Mr. WADSWORTH. Mr. President, of course I do not mean to interrupt the Senator's address, but his statement as to the distance of the allied lines from the German border is so extreme, and his further statement to the effect that one-fifth of France is in the hands of the Germans is so utterly extreme, that I can not help but classify it as part of that panic which is apparently sought to be created all over this country as to the desperate situation of ourselves and our allies. For one, I can not let this occasion go by—and I am trenching, of course, upon the time of the Senator from North Dakota—without stating that this war is not lost, as would seem to be the impression one might gather from the Senator's remarks. His figures, in my humble judgment, are utterly inaccurate not only as to the amount of territory occupied by German forces but as to the nature of the military events upon the western line in France.

Mr. McCUMBER. Mr. President, I am very thankful to be informed by the Senator; but, as a matter of fact, the record will show that the distance ranges from 130 to 140 miles. I want that to soak in. Before I get through with the discussion of this matter I will try to produce a map showing where the lines were at the time the last map was printed. I am not generally making statements to which I have given no consideration whatever. I have taken the statements, as I have told the Senator, from a publication of less than a week or so ago not only in the Washington Post but also in the New York papers, the Washington Post having reprinted the map appearing in the New York papers.

Mr. POINDEXTER. Mr. President—

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

Mr. McCUMBER. In just a moment. Just here I want to say another thing. We have been saying right along that there was no danger whatever. We have been telling the world that the allies would crush Germany in a few months. We are gradually waking up to the absolute truth, that the submarine is destroying in a month more shipping than the world so far and all the shipyards of the world have been able to produce in the whole year 1916. What I am saying is not begotten of panic; it is to direct the thought of the Committee on Naval Affairs and of the American people to the real situation. I am going to disclose conditions that will show that the Senate ought to have been ashamed to have spent nearly three weeks in the consideration of the bill that only passed last night in the face of the tremendous loss to the shipping of the world and loss of the cargoes carried by that shipping. I now yield to the Senator from Washington.

Mr. POINDEXTER. There is no doubt that a most vital situation is created by the submarine menace, but then the Senator ought to be reassured in that matter. The submarine menace has now been confronting the entire world for two years and a half at least and has been one of the great central features of the war, but we are making progress toward dealing with it. I notice in the Washington Post of May 4 large headlines on the front page of that paper stating that as one incident growing out of the visit of the French and the British

high commissioners to the United States, after several conferences with the diplomatic and the naval experts of this Government, these representatives of the allies and their new ally, the United States, were considering—and the Senator ought to bear this in mind, that they are now beginning to consider, so this article says—a campaign to attack the submarines at their bases.

Mr. McCUMBER. I am very glad to know that they are beginning to consider it.

Mr. POINDEXTER. Yes; I think the Senator ought to bear that in mind.

Mr. McCUMBER. I think it is about time they began to consider it.

Mr. POINDEXTER. There is a little, narrow strait between Denmark and Norway and narrow exits around Helgoland through which submarines constructed in Germany necessarily must pass in order to roam along the avenues of commerce of the world and find their prey. They have been doing that for two years and more.

Mr. McCUMBER. Why have they not stopped them?

Mr. POINDEXTER. Well, they will stop them, undoubtedly, because we are beginning to consider now shutting them off at these narrow entrances, and there is not any doubt at all that eventually some move will be made to attack the submarines at that point.

Mr. McCUMBER. Well, Mr. President, if they are beginning to consider the matter, after having seen the shipping wiped off the seas as it has been in the last few months, there is some slight encouragement; but I want to say to the Senator that I have not been so negligent in this matter that I have not read all of that literature, and also read that which came in the daily papers after it. I have read the big headlines saying that we have discovered a means of immediately annihilating the submarine, and that it would be a question of the past; and I have read the headlines in the next day's paper saying that that was a mistake and that they had just begun to think, as the Senator has suggested, along lines of destruction. I am going to deal with that very article before I get through.

Mr. President, the headlines from the New York World of May 2 read:

Americans urged to act at once in checking U boats—French and British officials call for more food ships—Losses greater than can be replaced, says Lord Percy.

The article declares:

British naval experts accompanying the commission headed by Foreign Secretary Balfour have impressed upon officials of this Government the importance of moving as speedily as possible to stay the destruction of the merchant marine of the world carrying munitions and supplies to the armies.

The French naval representatives are fully in accord with the pessimistic views that their British ally takes of the outlook unless some method is speedily devised to curtail the sinking of cargo ships in the German submarine zone.

The Post of May 3 headlines an article on this situation as follows—and I especially call the attention of the Senator from New York [Mr. WADSWORTH] to these headlines, because I think he will find them fully as startling as anything that I have said now in the Senate on this situation.

Mr. WADSWORTH. Mr. President, I hope the Senator does not intend to rival the headlines of the press in making startling statements.

Mr. McCUMBER. No, Mr. President; I would scarcely dare to do that; but the Senator, who has been able to read them every morning, ought not to be startled by the naked truth being told in the Senate.

The Post of May 3 reads as follows:

Allies facing disaster—America menaced as U boats sweep the sea—Impossible to exaggerate the situation, declares Lansing—

Now, Mr. Lansing did make that declaration—

Conditions critical, admit members of British mission—Life of France and Great Britain at stake—Germany has supplies for two years—Only hope declared to lie in speeding up American shipbuilding.

That is as strong as anything that I have said to-day, and possibly a little stronger. I pause here long enough to declare emphatically that this is a forlorn hope; that the real hope and, in my opinion, the only hope lies in protecting each individual ship. A single submarine has sunk nine ships in a single day. It would take half a year to construct one. It is impossible to build as rapidly as the ever-increasing numbers of submarines can destroy. We must thwart the torpedo. That is what I am trying to impress upon the Senate.

This article declares:

The enormous inroads in the world's shipping made by the German submarines within the last few weeks has brought to American Government officials a full realization of the disaster that faces the United States and the allies if the undersea warfare is not checked. Secretary Lansing told the conference that the great destruction of ships was threatening the existence of Great Britain and France and menacing the United States.

Secretary Lansing in a statement during the day declared the seriousness of the submarine situation could not be exaggerated and that it was time the country awoke to the true facts. Reports to the State Department give a total of 80 vessels lost in one week.

Now, there is no questioning that. The fact is that there were 82 of them lost that week, when you get the full number.

"The world's shipping construction in 1916 was less than 2,000,000 tons. If the Germans keep up their present rate of destruction, officials admit without hesitation that their campaign threatens to sweep clean the seas.

"The seriousness of the situation is apparent," said Chairman Denman yesterday. "When we consider the present productivity of the world's shipyards and their highest output likely within the next four months, the entire production will not exceed one-fifth of the monthly loss at the rate given by Secretary Lane."

I wish I had the power to impress this truth upon the Congress and upon the country, the truth declared by our own expert on shipping, that the world's shipyards can not produce in four months one-fifth of the shipping which German submarines are sending to the bottom in one month. If we could so absorb this truth, we might bring the thought of the naval world to bear on the question of shielding the ship against the torpedo.

A very strong editorial in the World of May 4 proposed a standardized ship of 3,000 tons, both steel and wooden, with the hope that we could turn out several thousand of them in a year. But, Mr. President, the present type of 3,000-ton ships, with their 14 knots an hour, is the easiest of all prey for the submarine. If we are to attempt to build faster than the submarines can sink, our only hope is in producing a merchant vessel of double that speed; and even that hope would be slight indeed.

Lord Percy declares that on the result of the race between the combined shipbuilding capacities of the United States and Great Britain and the destruction caused by the German submarine campaign will depend the final issue of the war.

I am quoting rather lavishly, I will admit, but from authorities on both sides of the ocean and those who know of what they are speaking.

If that be true, Mr. President, as suggested by Lord Percy, the final issue of this war is settled, and settled against us, because, as has already been demonstrated, the shipyards of the world are incapable of producing in four months more ships than the German submarines are now sinking in one month. Mr. President, we are spending our time, in my opinion, foolishly in labor on our great warships. We are studying out plans to defend the warship while we are neglecting the only thing that can save this war—the protection of the merchant shipping.

I wish to quote just one more excerpt from the Post of May 3, under the headlines, "Germany to have 700 U boats soon":

GERMANY TO HAVE 700 U BOATS SOON—EXPERT WARNS THAT UNITED STATES MAY YET FACE KAISER'S FLEET.

NEW YORK, May 2.

The central powers may have 200 submarines afloat, and I believe that it is possible that they have many more than that, and if, as is more than likely, they have some 500 on the ways at the present time, this would mean that in six months they would have 700 U boats available and 1,200 by next spring.

That is, by the time we will have an army ready.

That was the deliberate and well-considered statement made to-night by J. Bernard Walker, editor of the Scientific American, chairman of the navy committee of the National Security League, at the annual meeting of the league at the Astor Hotel. Mr. Walker spoke as an expert, who had been making a deep study of his subject. He gave statistics of the number of German shipbuilding yards and their capacity, so far as known to-day, and underestimated rather than overestimated in his deductions. Continuing, he said:

"But you ask, Can they supply crews for such a large number of submarines? I answer that the German naval personnel exceeds 150,000 men. Her idle battleships can supply all the men required.

"Here, as I see it, is the immediate danger point in this great conflict into which we have now entered. It is here that we should apply, and should at once apply, our whole effort. If we refuse to do this and elect to fight a purely defensive war, and the allies should have to make a peace favorable to Germany, we may ultimately find ourselves face to face with the high-seas fleet of Germany—of twice the strength of our own to-day."

When this proposed amendment was up for final action, I had but five minutes to present it. It had been previously discussed in the Senate Chamber, but at a time when that Chamber was minus the usual number of Senators. The acting chairman of the Naval Affairs Committee, who had heard no portion of the discussion of the amendment when it was discussed in full, met this serious problem with these words:

Mr. SWANSON. Mr. President, I hope this amendment will not be adopted. This bill will be followed by the naval bill, and that is the proper measure on which to discuss naval matters and naval legislation.

The Senator is absent again, of course, from the Chamber while we are discussing a matter that is most vital to our success in this war, and a matter which certainly belongs on the particular bill he referred to some three weeks ago. There are not many Senators in the Senate Chamber, Mr. President, to pay

any attention to this; and I presume that those who are out at lunch, or smoking their cigars in the cloakrooms, will meander leisurely back into the Senate, and, not having heard anything about this question except such as they get from some clerk down in the department, will come back into the Senate and vote "nay" upon any proposition for any kind of an amendment.

But, Mr. President, the Senator was mistaken. It was not followed by the naval bill. Eighteen days have elapsed during which probably two-thirds of a million tons of shipping have been sunk.

Again, he said:

I would like to say for the information of the Senator, that there is now a consulting board in the Navy Department, with Edison at the head, investigating this matter thoroughly.

Mistaken again. There is no consulting board that is investigating this question, either thoroughly or in any other way.

Again, he said:

It (this board) has all the money that is needed.

Mistaken again. There has been no board created by law, and this congregation of divers people who, through the grace of the Secretary of the Navy, are allowed the privilege of sitting together and talking about things in general have at their disposal an appropriation of \$25,000, not enough to pay clerk hire, and yet the Senator says they have all the money they need. Yes; if they do nothing, of course, that is true. Mr. President, a torpedo costs \$10,000 and your appropriation would be used up in the firing of two torpedoes.

Again says the Senator from Virginia:

It requires no more to discover protection for a merchant ship than a naval ship. The one requires the same protection from a submarine that the other does. Anything that will protect one ship will protect another ship.

Once again the Senator is woefully mistaken.

But he will come in again when this is offered as an amendment and will simply declare that there is a board created which is discussing this matter thoroughly, and it has all the money it needs for its use; and the absent Senators who will not take the trouble to look the matter up will come in and vote as usual against any amendment that will propose to deal with this submarine question. It does not require a seaman or even an expert to realize that a certain mechanism that might protect a war vessel could not be utilized at all upon the lighter-draft merchant ship. The armor itself upon a war vessel, with compartments, might be at least a partial defense against the torpedo. The very weight of such armor would sink a merchant vessel. Is it possible that the Senator can not readily realize that a dreadnaught with a draft of from 30 to 40 feet, with an enormous displacement, might have its center of gravity scarcely disarranged by a net of chains projecting 20 feet from its hull, while the same arrangement in a rough sea would capsize a lighter merchant vessel drawing 15 to 20 feet.

My information is that Mr. Edison is giving his time and research to the matter of discovering through sound the whereabouts of the submarine. That may help to some extent—very little, indeed. Suppose we find out that there is a submarine a couple of miles away, and that we can even learn not only its distance but its location by the sound. We can not see it; and I do not believe we would accomplish very much by shooting at a sound. The chances are a thousand to one that the submarine has seen us long before we have heard the sound, and its torpedo is on its way.

I read into the RECORD the other day a letter from an inventor, which said—now, I am going to repeat this statement; I do not know that Senators will pay any attention to it, but it is right on this question that your board is not considering the merchant ships at all. This letter reads:

On offering my invention to protect merchant ships against torpedoes I was informed by Capt. Smith, who passes on inventions for Secretary Daniels, that the Navy Department is not interested in the protection of merchant ships, and that I must offer my invention to the merchant-ship owners.

Mr. President, that is absolutely true. Capt. Smith has stated substantially the same thing to me, not that he is not interested in the protection of merchant ships, but because the merchant ships belong to the citizens of the United States and not to the Government that they will not give them consideration, and if he has anything that is to protect the merchant ships, let him take it to the owners. It might be just as well here to explain that there is no civil board, advisory or otherwise, that passes judgment as to whether any invention or proposition for defense or offense connected with our naval program justifies the cost of making experiments with it. Capt. Smith, connected with this so-called board as advisory member, simply refers that which he considers of merit to the naval board. It would be an act of lèse majesté for him to attempt to impose his conviction upon this board. I am not criticizing

any naval board, construction or otherwise. They are human as the rest of us. The failure of naval constructors or naval boards to devise any means of protecting a ship against a torpedo working its way through the waves is a criticism of itself stronger than any words can express.

I come now, Mr. President, to a matter of the most stupendous and aggravating national negligence concerning the submarine question. In support of the Senator from Virginia against such an unheard-of thing in this Senate as ingrafting by amendment on one bill a proposition relating to a different subject, the Senator from Colorado [Mr. SHAFROTH] stated—I am glad the Senator is here now, so that I can quote his words:

Mr. President, I was informed at the Navy Department that shields can be used on battleships to protect such ships from being torpedoed, and they said they could be used on the merchant ships, but that they were too expensive to be used, and the owners of the merchant ships would not put them on. And on that account they are prey to the torpedoes.

Can it be possible, Mr. President, that this is true?

Mr. SHAFROTH. Mr. President—

Mr. McCUMBER. I will yield in just a moment. Can it be possible that Great Britain and the United States have had knowledge right along that merchant vessels can be protected by shields from the submarine torpedo and yet are allowing the merchant tonnage and cargoes, upon which the very life at least of Great Britain, France, and Italy depends, to be fed to the ocean? Can it be possible that they are crying out that starvation is staring them in the face and that unless the submarine destruction can be checked they can not maintain this war and must surrender to this new sea monster because the protective shield is too expensive?

I yield to the Senator from Colorado.

Mr. SHAFROTH. I will state to the Senator from North Dakota that the authority which I have for the statement which I made in my remarks the other day was the same Capt. Smith to whom he refers. He made the statement to me that that was the condition, and he illustrated it by the fact that there had been no battleships torpedoed, or at least none to any extent, and that they have no difficulty in shielding the battleships, but that the owners of the merchant ships found it so expensive to put that same shield upon their vessels that they could not make a remunerative return upon their investment; and for that reason they did not do it.

Mr. McCUMBER. That is absolutely correct. Capt. Smith told me substantially the same thing. May I ask the Senator is he a member of the Committee on Naval Affairs?

Mr. SHAFROTH. No; I am not. I am not a member of either the Committee on Military Affairs or the Naval Committee.

Mr. McCUMBER. Then, that accounts, I suppose, for no provision being made in the Naval Committee to use these simple devices that can protect our merchant ships. The Senator, of course, being from the maritime State of Colorado, any suggestion that he might make or that I may make would have very little consideration by a committee that is dealing with the question and having hearings by naval experts every day; but both he and I can understand what the trouble is, and we can understand where the Government has been negligent.

Mr. SHAFROTH. I will state that I have had difficulty enough in trying to get measures through the committees of which I am a member instead of going to other committees where I can not receive as much consideration as from the committees of which I am a member.

Mr. McCUMBER. I am glad there are others.

Mr. HUSTING. Mr. President—

The PRESIDING OFFICER (Mr. NORRIS in the Chair). Does the Senator from North Dakota yield to the Senator from Wisconsin?

Mr. McCUMBER. Certainly.

Mr. HUSTING. Just at this moment, if the Senator please, I will state that I have had a talk with sundry officers in the Navy Department. I do not know that I am at liberty to quote them, but it was to the effect that there was a device, but to be practical it would require dry-docking the vessels to apply it, and that they can not be applied because our docking facilities are too meager to enable us to provide the vessels with shields in time to be of any use.

Mr. McCUMBER. I thank the Senator. There is still another reason which I shall give in a very short time. If it had been demonstrated that these shields could be used successfully, then the Senator has given the reason why they have not been used, because the Government does not own those ships. They are privately owned; and I will tell the Senator the cost of putting them and the cost of propelling that extra weight across the ocean would be so great that there is more

profit in insuring them against destruction and thereby selling them to the insurance companies.

Mr. SHAFROTH. Mr. President—

Mr. McCUMBER. I will yield in just a moment. It would occur to the Senator from Colorado as it has occurred to the Senator from North Dakota that if there has been even a promise of success along a line of that kind the administration has been guilty of criminal negligence if it has not tried it out and determined whether or not it was a success; and if it was a success then a bill should have been introduced here long ago commanding our shipping and putting the shields upon them. The question is not so much the cost but the vital question is whether we are going to get our food across the ocean. Remember that the contents of the cargo in many instances are worth far more than the ship itself.

Mr. SHAFROTH. Mr. President—

The PRESIDING OFFICER. Will the Senator from North Dakota yield further to the Senator from Colorado?

Mr. McCUMBER. I yield with pleasure.

Mr. SHAFROTH. As to whether or not anybody has been negligent in the way of devising means of evading the effect of the torpedo I do not know, but I will state to the Senator that we are to have a bill before the Senate on to-morrow which appropriates \$750,000,000 for the construction of ships, and it seems to me to be very advisable that some experiments at least be made with some of those vessels. The vessels are for the purpose of shipping foodstuffs to the allies, and as the Government is constructing them itself it has the means of putting upon the vessels the very shields that it is said are a safeguard. It seems to me it would be wise to attempt to put this invention upon these vessels so as to avoid the fatal effect of the submarine.

Mr. McKELLAR. Will the Senator yield to me for a moment?

Mr. McCUMBER. I yield.

Mr. McKELLAR. I was not in the Chamber when the Senator spoke a little while ago. I should like to know about what is the cost of these shields. Taking the average ocean liner, can the Senator state about what the cost of making a shield on such a ship would be?

Mr. McCUMBER. The cost is very great; and that is the best information I could get. Of course, it would depend very much upon the character of the shields. Remember that a shield plate half an inch in thickness, struck by the nose of a torpedo, would probably explode the torpedo. Therefore a shield sufficient to guard the entire ship would not of itself cost so very much, but the greater engine power and extra coal that it would take to propel those ships through the ocean might cost considerable.

Mr. SWANSON. Does the Senator mean shields or nets?

Mr. McCUMBER. I am speaking of shields.

Mr. SWANSON. Does the Senator mean armor plate?

Mr. McCUMBER. I was not speaking of armor plate, because armor plate is from 18 inches to 2 or 3 feet in thickness. I am speaking of a shield that may not be more than half an inch thick.

Mr. SWANSON. If the Senator will permit me, the question has been discussed for a long time in the Navy to determine whether to equip a freighter as a battleship can be equipped. The trouble with a freighter—a merchant ship—is that you can not build it in compartments like a battleship. If you did that, it would not carry much freight. A battleship, consisting of a number of compartments, it would take four or five torpedoes to destroy it. One torpedo would not sink it.

This question has been up. It is not any new question. The merchant marine and also the Navy are trying to determine to what extent it would be well to build merchant ships in compartments like a battleship or a destroyer, and to what extent you can put shields or armor plate on and still enable them to carry freight. The only purpose is to carry freight. It does not do any good for a ship to go to Europe unless it carries corn and wheat and oats. It is not to go there and carry nothing, simply taking the risk without any advantage.

The question has been determined by the most expert board to see to what extent these nets and shields can be applied and still carry freight. If the *Lusitania* had had compartments she would have been saved like a battleship. The compartments would not have been sunk by one torpedo. This question is being considered by the finest experts in the world. There is no use to make a battleship out of a merchant ship and send it abroad if it can not carry anything, if it can not hold any wheat, when the compartments would practically be all that it could float. The question has been considered in the most minute and scientific way by various boards.

I made this interruption simply to disabuse the Senator's mind. These matters have been considered in the most scientific way by the best shipbuilders and the best experts and the best men connected with the construction of ships.

Mr. McCUMBER. It is easy to make a broad declaration of that kind; all it costs is the little mental energy and the breath that is used in making the declaration; but I have been down before these boards and made some inquiries. I can get the information from the same source the Senator can, and my information from those in authority is that they are not giving the subject of the protection of the merchant ship any real consideration whatever.

Mr. SWANSON. But, Mr. President—

Mr. McCUMBER. Just a moment. But all the energies of your experts and all the inventive genius that you invite to concentrate itself on this matter is along the idea of destroying the submarine—finding the submarine by sound or otherwise. As a Senator from Washington [Mr. POINDEXTER] said a short time ago, they have finally arrived at the conclusion that they can get ships enough to close in on the submarines at their base. That was nothing new.

Mr. SWANSON. If the Senator will permit me, the Navy, through the Naval Investigating Board, is investigating both the construction of the torpedo and also the submarine defense, and there is rivalry between the two. The shields were thought at one time to be good, and they were, but, then, with scissors you can cut through, the torpedo carrying it away. There was a contest of the best experts in the Navy to develop the torpedo and at the same time to develop the defense against it, which is a wise way, and the two have gone on together with the best science and the best judgment of the best experts in this country.

I will say to the Senator that Admiral Grant, who is now commander of the submarine fleet, has a special board considering the effectiveness of the submarine and protection against them at the same time. At one time in England nets were very effective, but they soon developed a torpedo that overcame them. Both are going along together. When you develop against the torpedo you must develop the torpedo so as to overcome that defense. The Senator is entirely mistaken when he thinks the Navy of America, of England, and of France, and all for the last two years have not been developed, first, to increase the effectiveness of the torpedo, so that we could use it against enemy ships, and, second, to develop the defense against it. Both have been going on together.

Mr. LODGE. Will the Senator yield?

Mr. McCUMBER. I will answer the Senator in a short time. I will first yield to the Senator from Massachusetts.

Mr. LODGE. I merely desire, in connection with the matter of shields, to state that these devices are not shields. The only things that have been used are nets. Torpedo nets have been used on battleships by Germany and by England. They have proved a failure. One ship carrying those nets was destroyed at the Dardanelles and another was destroyed or badly injured at the Jutland Battle. We have never used these nets. The English Navy has now abandoned them, and it is believed that Germany has done the same thing.

The fatal objection to carrying those nets is that they reduce the speed of the ship from 4 to 5 knots. That would make the merchant ship a helpless victim, of course. The submarines could take their own time of destruction. The net is the only thing in the nature of a shield which has been used by any warship or by any battleship.

Mr. McCUMBER. I am afraid the Senator from Massachusetts, like some of the rest of us, is a little bit behind the times.

Mr. LODGE. I am not behind the times, Mr. President.

Mr. McCUMBER. Well, Mr. President, I will not yield.

Mr. LODGE. Very well.

Mr. McCUMBER. But I want to say to the Senator from Massachusetts that as to the matter of which Capt. Smith spoke, he declared that the plate shield can be used with success. I am not an expert, but when the Senator from Massachusetts says these are not shields, that they are simply nets, the Senator is mistaken, or else Capt. Smith, who concurs with the Senator from Massachusetts that nets have gone out, but who says that plate shields can be used, is mistaken and does not know what he is talking about; and I shall not concede that.

Mr. LODGE. Mr. President, will the Senator from North Dakota yield to me?

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

Mr. McCUMBER. I do.

Mr. LODGE. I do not mean to be behind the times. Within five minutes I have talked with the Chief of the Bureau of Construction—to make sure that I was not wrong about the nets. He tells me that the net is the only thing that could be denominated a shield. I told him about Capt. Smith being quoted here, and he said that Capt. Smith must have been misunderstood.

Mr. McCUMBER. Mr. President, I am certain that I did not misunderstand Capt. Smith. I am certain that the Senator from Colorado did not misunderstand him, for we talked of the whole subject, and Capt. Smith spoke of shields and of plates. We discussed the question of whether or not the plates could be so made by overlapping that they could be brought up close against the side of the hull when the vessel is passing through a zone that was not dangerous, and could also be extended a sufficient number of feet from the side of the vessel to explode a torpedo without the destruction of the ship. I simply make that statement to assure the Senator from Massachusetts that Capt. Smith undoubtedly knew what he was talking about when he was discussing the shield question with me.

Mr. FLETCHER and Mr. BORAH addressed the Chair!

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

Mr. FLETCHER. I want to ask the Senator from North Dakota a question, if he will permit me.

Mr. McCUMBER. I yield to the Senator.

Mr. FLETCHER. I want to inquire of the Senator, with reference to these shields, which I understand to be steel plates half an inch thick, whether they are to extend below the water line; and if so, how far below the water line; whether they are to protect the vessel below the water line or not; and how much of them will be necessarily carried in the water?

Mr. McCUMBER. Mr. President, I am not posing here as an expert or an inventor, but one needs to be neither to know that such a shield would have to go sufficiently far down into the water to protect the hull of a ship from a torpedo which travels from 8 to 16 feet under water.

Mr. FLETCHER. Then, I understand the Senator to advocate a shield?

Mr. McCUMBER. I am not advocating anything.

Mr. FLETCHER. Well, the Senator seems to be quoting with approval one Capt. Smith. I do not know what Capt. Smith that is.

Mr. LODGE. He is the secretary to the Advisory Board.

Mr. FLETCHER. And he refers to a shield made of steel plate. I was trying to get information from the Senator as to that shield; whether it extends all around the ship and would go as deep in the water as the ship goes, or whether it is only to be a movable affair that can be shifted from one portion of the ship to another. Of course, it stands to reason, if you surround the entire ship with steel plates which are to extend in the water and to draw as much water as the ship draws, you have practically two ships passing through the water; and that, at least, does not appeal to my reason as being a practical proposition.

Mr. McCUMBER. All of those things, Mr. President, could be discussed by the board. Such questions could be handled by them; they could experiment upon the devices and upon their use. If we had a board and ships available, they could make such experiments, but that is not now the case.

I hold in my hand here a little draft—perhaps the department has hundreds—of a plate that is hung by a chain at the side of a vessel with instrumentalities for pushing it out from the hull in a danger zone. It may be that a thickness of a half inch or even perhaps of an inch would not be enough, but a torpedo is not such an enormous object; it, of course, would strike with a certain impact, which could be easily computed by ascertaining its weight and its speed. The force of its impact thus being determined, it could be ascertained whether or not a chisel or anything else could be sent through a single half-inch thickness of steel without exploding the torpedo.

I am not proposing anything; I am simply trying to get an opportunity to allow the inventive genius of the country to concentrate upon one point, and that is the protection of the merchant ships against the submarine torpedo. When I say that practically all of our effort has been along the offensive line rather than the defensive line, I am stating a fact. Almost everything that has been thought out so far is how we shall capture the submarine.

Mr. President, if it is true, as suggested by Capt. Smith, or as suggested by the Senator from Colorado, that we can protect these ships, I do not care if it cost five times as much to operate them, I do not care if they do not travel more than 4 knots an

hour, if they can only get across with their freight. That is the important thing.

If that can be done, the only plea of mitigation that can be urged by the administration of each of these countries to an indictment of treason is the plea of partial or total dementia. I can not believe that the administration of this country or any other country has neglected this defense if it has considered that such a shield could be used to defend the vessel. In that respect I agree with the Senator from Virginia. I am doubtful if they have found a shield that will protect vessels from the submarine torpedo; but I am not doubtful that the ingenuity of the world can circumvent the torpedo, if you give it an opportunity to exercise itself under proper conditions. If such a shield can be used, no matter though the cost is five times the cost of the vessel, it would solve this problem and save this war. Why, then, is it that these Senators, including the senior Senator from Florida who hopes that this amendment will be defeated, because it is not sufficiently relevant to an army bill, did not bring before this Senate at the very beginning of this war a bill to commandeer all of the American shipping and by this time have had scores of American merchant ships traversing the seas, bearing food to our allies and perfectly immune from torpedo attack?

But the Senator from Colorado is partially correct. One section of the Navy Department at least does assert that the merchant vessel can be protected. Whether all agree, I am not informed. But the only excuse that has been given is, as indicated in the excerpt from the letter which I have quoted, that the Government has nothing to do with the privately owned merchant ships.

I put this question directly to one of the officials the other day: Is there no means of protecting the merchant ship from the torpedo? He replied: "Yes; unquestionably the ship could be protected by a shield." He was not talking about nets. "Why, then," I asked him, "in the face of this terrible destruction, has the Government failed to act?" Answer: "Because the Government has nothing to do with the privately owned merchant vessels." Again I asked, "Why, then, do not the owners of the vessels themselves protect them?" Answer: "Because the cost of the shield and the extra cost of propelling the vessels across the ocean are such that it is cheaper to insure the vessels."

That is the answer. That does not tend to show that it is not possible to protect vessels by shields. Perhaps it is not possible, but I want to give an opportunity to determine whether or not it is possible, and I do not want to be confined to the naval board alone for very good reasons which I gave when speaking on this subject heretofore.

So, Mr. President, if this statement be true that the shipowner can make more money in taking his chances between getting his ship and cargo across the ocean where it is needed or selling it to the insurance company if he fails, we are by our negligence, our criminal negligence, allowing the seas to be swept of merchant marine and our allies to famish for want of the food which we have. Were there nothing at stake but the vessel we might find some excuse, but I repeat that which I have declared many times in this debate, the world's surplus of food products is limited, and we can not feed a large percentage of it to the waves, even though it were possible to keep up our supply of vessels, in spite of the destruction wrought by the submarine; and I think that is impossible.

I then inquired about the use of these shields. The idea of my informant was that the shield should be drawn by ocean tugs upon each side of the vessel. I myself can see objection to that. My informant did not state any objections that he had to it, but I can see an objection in the possible torpedoing of one of the vessels towing the shield. The point, however, Mr. President, is this: If the vessel can be protected by independent shields, drawn by independent power, the same power, it seems to me, might be put in force by larger and more powerful engines in the vessel itself.

I admit, of course, that it would be necessary to have greater coal capacity, greater and more powerful engines, but I am not ready to admit, and I do not admit, from the best expert information I have been able to obtain, that it can not be done at all because of the allegation that it would take all of the space for the additional machinery that would be necessary. We do not need to make battleships out of merchant vessels and supply them with battleship armor.

Mr. President, I desire to call to the attention of the Senate at this point a little model [exhibiting]. It does not amount to anything, perhaps; it may not be feasible at all; but it is a little model of a ship with a shield on each side that could be thrust out when the ship was passing through the danger zone, with machinery for drawing the shield up to fit into the side of

the vessel at the bow when in motion, thus making the vessel only a little wider. It would naturally appeal to the ordinary landsman—and I do not claim to be an expert—that it would not take an enormously greater engine to propel through the waves a vessel equipped with this shield. It seems to me that it could be done with very little more power than that furnished ordinarily by the vessel itself. I am not assuming to be an expert, but what I am asking is that experts and those who think they can accomplish something along this line may have an opportunity.

Many of the older Senators here can remember that when the *Merrimac* was sweeping the seas and no vessel of the Navy could stand against it, we were afraid that the war was lost, but an inventor produced something to combat the *Merrimac*. It was not produced by a great naval board but by an independent inventor, Ericsson, who brought forth the *Monitor* and saved the day. He did not go to Navy boards; he acted upon his own initiative in bringing forth that mechanism, and saved the country, or, at least, helped to save it.

I am not claiming, or even conceding, that there has been devised a workable defense shield. All I am claiming is that there are ingenuity and intelligence enough in the country to devise one if you would simply provide a field of operation for the exercise of that ingenuity. We can not do it unless there is ample opportunity to test those appliances which seem to have merit and to determine what suggestions or proposed mechanisms have merit in them. I want a board free from jealousies and outside of bureau ruts to pass on this question. I want new blood infused into these boards.

Mr. President, I repeat, the vital question of this war is not how much it will cost to get food to our allies but whether we can get that food to them at all. If this shield or anything else can protect the ship the order ought to go forth this minute that not a ship shall leave our ports until it can have this shield of protection. This will not delay or hinder any other work. If this shield is not a protection—and it can be easily determined whether it is or not—then give the American people the opportunity to find something that will protect.

Mr. TOWNSEND. Mr. President, may I interrupt the Senator for a moment?

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

Mr. McCUMBER. Yes.

Mr. TOWNSEND. Do I understand the Senator to state that any of these suggestions or devices by whomsoever offered are turned down without consideration by the Naval Board?

Mr. McCUMBER. I will say to the Senator that I presume at least ninety-nine out of every one hundred of all the devices conceived by individuals would be useless. Many of the devices brought out are sent not to a board created by law at all, but to a board consisting of a certain number of persons, 20 or 30, selected by Secretary Daniels.

Mr. SMITH of Michigan. The National Defense Board.

Mr. McCUMBER. It is not the National Defense Board, but I think it is called the "consulting board," or something of that kind. Mr. Smith, the expert, is the adviser of that consulting board. They determine, I presume, what devices are not feasible, and others which seem to have promise they refer to the Naval Board. That is all. Then the Naval Board may pass on them or not. They may think that a matter deserves at least some trial, and the Naval Board may think that it does not. The Naval Board declared here a couple of years ago that the submarine was a negligible matter and need not be considered; that the only thing was the great dreadnaught. Now, the Naval Board has been mistaken before and it may be mistaken again.

Mr. SMITH of Michigan. Mr. President, if my colleague will permit me, not only our own Naval Board so declared with reference to the submarine, but the naval boards of Great Britain and France and Germany so declared. It was my pleasure to vote for the purchase of the first submarine ever bought by this Government, and we did it squarely over the head of the Naval Board of experts, who did not believe it had any practical utility at all as a war weapon.

Mr. McCUMBER. We forced it down their throats.

Mr. SMITH of Michigan. And yet the greatest sea power in all the world lies dormant and inactive to-day because she can not get at her enemy, forsooth, on account of this little weapon so much despised a few years ago.

If my colleague will permit me, I am going to make this observation, with the Senator's permission: We have decried in this Chamber, over and over, the submarine. We have denounced it upon both sides. We have denounced it as an inhuman weapon, used to the detriment of mankind; but I prophesy that the time may come when that little invention, which sprang

like magic from the brain of an American, may protect our country from invasion from without. One hundred and fifty million dollars' worth of submarines would make it absolutely impossible for a foreign foe to land transports of soldiers upon our coasts, and I am not finding any fault with it. I saw it put to its practical test the first time it appeared in the river and in Chesapeake Bay, and I went down in one of the first ones ever perfected; but we laymen, whose judgment was, as the Senator says, negligible, were brushed aside, and the experts determined that that was not a matter to be reckoned with at all.

Mr. McCUMBER. I want to say to the Senator that I am not criticizing the board at all. The Senator and myself, if we were in their positions, would probably get into the same ruts.

Mr. SMITH of Michigan. I do not know about that.

Mr. TOWNSEND. I am in very hearty accord with the position the Senator occupies and has occupied so long, namely, that our greatest endeavor should be put forward to meet successfully the attacks of the submarine; and until that question has been solved, it seems to me that much of our other work is absolutely useless.

I rose, however, to say that I have received, as I suppose other Senators have received, suggestions of inventions for the purpose of destroying the effects of the submarine. I have submitted those, confidently believing that the department was considering them, and have had assurances from the Secretary of the Navy that they had been submitted and were receiving proper consideration. I am somewhat disturbed, however, by what the Senator states, for fear that these apparently insignificant matters, which may hold so much of importance to the country, may not receive their proper consideration at the hands of the Navy Department; and if, to secure it, it is necessary or desirable to create a new board, I think the Senate would be criminal if it neglected the duty of providing such a board or tribunal where these matters could be tried out.

Mr. McCUMBER. Let me say to the Senator that I am not asking for a new board. While the language of the amendment denominates it a board created, I am placing on that board men who are already members of the Board of Construction. But, as I stated, I want to get some one else into the board than those men who naturally think only along certain lines. I am not blaming them, but it will do no harm to put other men on a board of that kind. I have given several illustrations of where all of our advancement came from outside sources, and I can give similar illustrations along a hundred different lines of human activity.

In addition to that, I am simply holding this down to one proposition. I want that proposition investigated, and it has not been properly investigated or sufficiently investigated. I am putting the submarine out of the question now, leaving it behind after it has sent its torpedo. I am dealing only with the torpedo, and means of handling that, and that particular branch of the subject has not had adequate consideration.

Mr. President, here is an enemy with which the whole seas can be infested. It is an unseen enemy, under the guidance and control of trained officers and crew. It is almost impossible to know of its approach. We can therefore hope for very meager results from the attempt to capture or avoid its death-dealing missile. But the thing that sinks our ships is not the submarine itself; it is the torpedo that has left the submarine. The torpedo sent on its mission is not guided and controlled by any human mind after it has left the submarine. Its velocity is not irresistible. It travels with its own mechanism at a rate of about 30 miles per hour. It has not the velocity or the impact of a shell fired through the air. The same ingenuity which fashioned and provided its propeller can protect against it. There is enough inventive genius and skill in the United States, earnest and anxious to manifest itself in solving this problem if it can only find the channel through which its devices can be collected, analyzed, and tried out.

Now, I want a board of intelligent men, capable of the broadest possible scope of investigation. No one man of one mind, be he Edison or any other man, is great enough to compass the whole field of that ingenuity which should be brought to bear on this subject. I do not want a board tied down or rutted or obsessed with one single idea or set of ideas along any one particular line of precedents. Of course I want on that board an expert shipbuilder who would know how to apply any mechanism and make it workable and to modify the construction of his vessel to meet the demand. I would want an expert navigator of merchant vessels who would know just the effect of any particular apparatus in the actual navigation of the seas under all conditions in calm or in tempest. I would want expert mechanics schooled in the mechanism used in the great steel and other industries of the country. Then I would want every inventor or mechanic or citizen in the United

States who believes that he can present to the board any idea or mechanism, any scheme of protection to the hull of a merchant vessel, to have the opportunity to present his scheme of defense. I would want a board that would weed out that which appears on its face as impracticable and to select those which have a promise of success. Then I would want this board to be clothed with authority to furnish every reasonable facility for trying out those propositions which they deem worthy of consideration, and, finally, to spur into earnest activity the mechanical capabilities. I should offer the most liberal reward to those whose labors might result in a successful defensive mechanism.

Mr. President, I want to read a few excerpts from the *Scientific American*. These are from Mr. W. H. Fauber:

Now, if inventions and inventors are such a power in war why is it that our Governments do not follow common-sense business policies and adopt a system which will promptly recompense and award inventors for useful inventions, so that such inventors may proceed with their useful work to the fullest extent of their ability?

And, again:

Invention and inventors are handicapped because Government officials and business men generally, not being inventors, do not fully understand the subject. The present is the psychological moment for urging long-needed improvements in our patent system and the awakening of our people to a full appreciation of the part invention plays in war and our industries.

It is with this in view that I have proposed a system of awards, a government board of invention and research and a board of award and equity and certain improvements in our patent system.

Lord Northcliffe says in the *New York Tribune*, April 16: "There is no time for starting a lot of new experiments with wing and engine design."

The writer has great respect for Lord Northcliffe's opinions. If he means that there is no time for governments to do these things, he is right; otherwise, wrong.

Lord Northcliffe is not an inventor. He does not know, and no man knows, what the inventors of the world can do if given a chance. Neither does any board of Government experts know, and by presuming to advise and dictate in things they do not know about they may cost their country hundreds of thousands of lives and victory in war.

Again:

Lord Northcliffe says in the *New York Times*, March 4: "There is a fruitful field for the inventor who can develop types of aeroplanes that can land on ships, start from rough water, and be practical for sea observation."

A practical question I would like to ask is: How fruitful to the inventor may this field be? Does the British or the United States Government offer a million dollars to the inventor for such invention?

Inventors are probably as patriotic as the average person, but it takes a lot of money to develop inventions, and men with money are not financing inventors unless they can see prospective returns. Inventors who have been financed on the patriotic basis by patriotic citizens are scarce.

If Great Britain and the United States should each offer a million-dollar award for the Government rights for such an aeroplane invention this would be a stimulus to inventors and enable some of them to find the money for carrying out their projects.

The quickest and cheapest way for the United States and the British Governments to get a new type of motor, 100 per cent better than motors now in use, is to offer a million-dollar award for the Government rights. It would cost nothing to offer it and it would be worth millions to get it.

A million award may save a million lives and decide the war.

What is stated with respect to aeroplanes is equally true with respect to this other and greater subject of defending our ships.

Mr. President, Germany was the only country which seemed at the very beginning of this war to recognize the possibilities of the submarine, and she has played a most cunning game. When she promised this Government in 1915 that she would cease her ruthless submarine warfare she never intended to keep that promise. She ceased only because she had not a sufficient number of submarines to accomplish the result in a period of time so short that some new device could not be invented to meet the undersea power. She proceeded immediately to increase that number until she felt she had a sufficient number to sink a million tons of shipping per month and to build rapidly enough to increase the number in active operation every week. And when she was ready to do that she defied the United States. Had we in 1915 performed our duty, had we and Great Britain proceeded along the line of protecting the merchant vessel rather than hunting the sea over to find the submarine and destroy it, we would to-day have been able, in my humble opinion, to defy the submarine. For more than a year I have been trying to get the Senate and the country to realize that this great world war will not be settled by dreadnaughts but by submarines. I am not so certain that it is not too late to save the day. I can only reiterate that this war will be won or lost according as we are able or unable to invent some mechanism to overcome this undersea torpedo; meet the torpedo and Germany can build all the submarines she sees fit. We can produce food enough and munitions enough to supply ourselves and our allies, but we can not produce food enough to fill the ocean.

It is actually exasperating to read the headlines of our papers proclaiming this food crisis and then advocating as the

only remedy a race between shipbuilding and ship sinking. And all this in the face of the facts that the sinkings to-day are twenty times greater than could be supplied by the whole world's shipyards. It is astounding that these great world-wide war strategists can not also grasp the fact that even if we were able to keep ship construction up to ship destruction the tonnage of food products sunk would soon deplete the world's surplus. Our allies can not eat ships. We must save for them the cargoes the ocean is now swallowing. And we can save that only by protecting the ships against the torpedoes.

Mr. President, all the morning papers of May 6 printed the solacing news that the submarine menace had been solved. Feeling as I do on this subject, I read with intense eagerness the text of the communications, only to find that some of the experiments were promising. Reading further, I found that the tests or trials were directed only toward greater possibilities against the submarine itself and had nothing to do with the defense of the merchant ship against the torpedo. And, finally, the whole thing settled down to the proposition that with a sufficient number of ships of all kinds we could surround the submarine base and bottle them up. That is nothing new to the laity. People not connected with the Navy have been asking ever since this war began why that has not been done. It is somewhat strange that we have just now come to the conclusion that it is feasible.

Now, Mr. President, there is no reason why this amendment should not be adopted. If members of the Committee on Naval Affairs have become so imbued with the spirit—too prevalent, I think, among men of special training or calling—that it is presumptuous to create an independent board to meet that which they have failed to meet, they can at least allow this amendment to go through and the conference can add these members to boards already in existence.

Three things are essential: A wider range of selection; second, a full opportunity to test out proposed appliances; that opportunity has not been provided for by appropriation or otherwise along the line of the protection of the ship itself except the battleship.

And, third and more important, that the thought should be directed toward the protection of the ship itself, rather than that which we have been working on for years, new means to capture the submarine. I have no objection to every possible effort being utilized to devise new instrumentalities of destruction against the submarine itself. I can only say that so far that has proven to be a failure and that the other proposition has not been sufficiently investigated and no provision made for trying out those which a board unbiased would show have any possibility of success.

I am asking this, impressed as I am that we need a greater incentive on the part of our mechanics and our inventors, and opportunities to allow them to exercise their efforts toward securing something that will shield our ships and thereby thwart the torpedo.

Mr. GALLINGER. Mr. President, if the Senator will permit me, I desire to ask him a single question. Great Britain is the chief sufferer from the submarine. Can the Senator tell us whether or not Great Britain has taken any practical steps along the line suggested by the Senator or any similar line to protect her ships?

Mr. McCUMBER. Of course, I assume that they have been investigating, and I assume that they have failed so far. I assume that their naval boards have been investigating, and, as suggested by the Senator from Massachusetts [Mr. Lodge], I know they have tried several things, among which were the nets, which the Senator says have been discarded. But the fact that Great Britain has not accomplished anything, the fact that this country has not attempted to accomplish very much along that line up to the present time, is no reason now when this is the vital question why we should not make every possible effort to meet it just as Ericsson met the *Merrimac*.

Mr. GALLINGER. My interrogatory did not include that suggestion. It is no reason why we should not try if others have not tried or if others have tried and failed. I quite agree with the Senator on that proposition. I assume that there are thousands of men, the brightest minds of the United States, working on this proposition. I do not know how many, but I think it is safe to say thousands. If the Senator has a better method of having their inventions considered and tested than the method which now prevails in the Navy Department I think he is fully justified in making the argument he has made, and while I was denied the privilege of listening to the Senator during a considerable part of his interesting address, for the reason that I was engaged in committee work, I shall for myself take the opportunity at the earliest possible moment of

reading the Senator's speech with a view of being persuaded as to the soundness of his views, if I conclude that they are sound.

This is a very serious matter and we certainly ought to avail ourselves of every possible opportunity to meet the emergency and to save our ships. This very day we have agreed to an appropriation of \$750,000,000 for ships, and it would be nothing short of criminal for us to spend that vast amount of money in building ships and have them subjected to this great danger if there is any possible way of protecting them. I agree with the Senator on that point.

Mr. McCUMBER. It is just along that line that we ought to have a board which could pass on everything that they consider worth trying. I do not want to limit it solely to a naval board. I have given my reasons, which I shall not repeat. That is the first proposition.

The second proposition is that I want a board which will have a law back of it authorizing it to expend the money of the Government in making tests of those things which they think are of promise in defending the ship itself. I admit that they are spending enough money and have been doing everything they can along the line of submarine chasers and along the line of warship protection, but I want it along another line, that is the defense of the merchant ships.

Mr. SWANSON. Mr. President, I have listened with interest to the address of the Senator from North Dakota. I can not concur in the pessimism which characterizes his address. I do not think that we are in the condition he would have us believe we are in regard to waging this war. We recognize the difficulties in front of us; we realize that it may be a long and tiresome journey; but I am confident the allies and the United States will conduct the war successfully and to a final triumph. I believe the forces of liberty will win against militarism and autocracy.

The Senator has been impressed with the importance of the submarine menace. There is not a man in England, there is not one in France or in the United States who has not been impressed with that for the last two years or more. Everything has been done that money, science, or genius could do to remedy that evil.

There was no occasion for the Senator in speaking of the menace of the submarine to absolutely discredit the use of dreadnaughts. To-day England would not be fighting submarines if she did not have dreadnaughts to give her control of the surface of the sea. She would have been starved into submission in three months more nearly two years ago. It is the nation that controls the surface of the sea that controls in the long run commerce and trade and traffic, with all its possibilities and with all its prosperity. The submarine is simply a menace to the extent that it prevents nations from controlling the surface of the sea. Consequently England preeminent to-day, though it might be threatened by submarines on the ocean, is independent and in control with her battleships.

Regarding the amendment, the Senator labors under the impression that there are no agencies at work solving the problems that seem to disturb his mind. This matter is not controlled at present entirely by the naval board. In 1915, possibly about two years ago, the Secretary of the Navy created a consulting board of the Navy consisting of 23 men outside of the Navy to study submarines, the manner to fight submarines, and to defend ships of all kinds and character against them. The chairman of that board is Edison, the greatest inventor of his age. The board is composed of 23 of the best experts in America in engineering, in invention, in electricity. They are men who have not the naval view entirely, but men who for the last two years have been giving their time, their genius, and all they know upon inventions and submarines and electricity and engineering and steam in all its phases to solve this menace.

Now, to create a new board to set aside, to nullify, to put condemnation on a board that has been working for two years on this line seems to me to be in the direction not of achievement, not in the direction of wisdom, not in the direction of accomplishing something. They have the money; they have the men; and they have the means. The board consists of 23 of the best inventors, engineers, and mechanics, and the best men who possibly can be selected. The only result of the Senator's amendment would be that 4 out of the 23 would be selected and be given a salary of \$5,000 each. These men have been serving day and night, and I wish to say that they are investigating the question in the most scientific way. What they have accomplished up to this time has been encouraging until the new submarine danger, more forcible, that Germany has invented. The smaller submarines were very well handled until the new submarine was increased in power and potency and force in the

last six months. These men have been working now to displace them. To select 4 men to commence now and authorize them to undertake the work in which these 23 men, who are not Navy men, have been engaged, it would seem to me, is not wise or proper administration, and it would not accomplish the result nearly as well. If the Senator will look over this list of 23 men, and if he had to select 4 to constitute the board he names, I think he would select 4 of those 23.

More than that, combined with this is the Navy Department of America, of England, of France, and Italy spending all the money with the best genius of the Navy Department, to do what? To try to increase the potency of the submarine and at the same time to do everything they can to defend ships against them.

There is no doubt the Senator's suggestion is right as to making a fortress of a ship and surrounding it with armor. You could surround it with defenses so that a torpedo could not penetrate it, but it would cease to be a ship; it could not navigate; it would be a fortress.

On the question of trying to furnish shields and nets, I will say that nets are used now by Italy in transport ships in taking soldiers to Greece. They are used very effectively on ships of small size, but in rough seas they have not been very encouraging. One of the best defenses they have had against the submarine is the rapidity of the ship and its ability to maintain its course. To the extent that you put on a net or an armor to that extent you destroy that means of dealing with them. One reason why the merchant marine is not as defensible against the submarine as a battleship or a destroyer is due to the method of construction. A battleship is constructed with armor. The more armor you put on the merchant ship the less freight she can carry. You could put armor on the ship until she could not carry any wheat or cotton or corn or oats, and consequently would be useless as a merchant vessel.

In addition to that, you do not build merchant ships with as many compartments as they have in battleships. Take a battleship or a destroyer over 400 feet long and it would take two or three torpedoes to destroy it. If you destroy one compartment and the water enters it the ship can still float. The minute you increase the compartments in the ship you reduce its freight ability; it will carry less freight; it is less useful as a merchant ship.

That problem is being discussed and is being solved and is being experimented with by the consulting board, by the Navy Department, by the Shipping Board, and by persons, civil and naval, in England, France, and Italy. The problem will finally be solved. They have experiments and inventions which are very encouraging, indeed. It is only a question of time when, I believe, the submarine menace will be settled to the satisfaction of England, the United States, and all the allies.

Now, to create a new board, to commence where these men began two years ago on an entire new problem and set aside the experiments and investigations that have been made, seems to me to be ill-timed, and it would not accomplish the result sought to be accomplished by the Senator from North Dakota.

In addition to that, Mr. President, Admiral Grant, who is charged with the submarine flotilla, has a board of naval experts working with the consulting board composed entirely of civilians. They have been for months and months experimenting, practically, theoretically, scientifically, with the defense that is to be made by merchant ships and by battleships against torpedoes and submarines. They have considered the extent to which a torpedo can be deflected by electricity or other forces when it is started on its pathway of destruction. These matters have been experimented with by those people for the last two years, scientifically, theoretically, practically, and it seems to me to be ill-advised to create a new board which would take 30 days, possibly, before it could commence to do what these gentlemen commenced doing a year or two years ago.

With the forces that are at work, every department of the Government, the Navy and the consulting board, and all the people of the country united in an effort to meet this menace, it seems to me it will be met. The inventions are encouraging on all lines. I believe to have the investigation continued as it is now and not start a new board to commence work which has been investigated by the best talent and genius in this country for the last two years is the best course to pursue.

There is not a man who has an invention to protect a battleship or to protect a merchant ship and to fight submarines or to increase the potency of submarines who does not have an opportunity to go before these two boards, the board in the Navy Department, composed entirely of naval experts, and the Consulting Board, composed of 23 civilians who are experts with inventions on this question, and they have been studying it ever since 1915. If you can have any other avenue of investigation exceeding that I should like to see it devised.

Mr. SMITH of Arizona. If the Senator will pardon me—The PRESIDING OFFICER (Mr. GALLINGER in the chair). Does the Senator from Virginia yield to the Senator from Arizona?

Mr. SWANSON. I yield.

Mr. SMITH of Arizona. To show the enormous number of suggestions that we are receiving, I was informed this morning by a gentleman who had business before the department and has a device by which he believes the submarines could be made absolutely ineffective that the department has now 5,000 suggestions coming to it from every source, and all of them that have the least merit are under investigation.

Mr. SWANSON. I suppose I have had as many suggestions made to me as any Senator or Representative. I have never seen any disinclination on the part of the consulting board and the Navy to give them full investigation and test.

It seems to me, with the encouragement we have and the encouragement that comes from the most reliable source, the wise thing to do is to continue the boards we have at present, composed of the most scientific men in America, both naval and civilian. I hope the amendment will not carry.

Mr. McCUMBER. I know that has been the Senator's hope, Mr. President. The Senator says we created a board in 1915 that has been considering this submarine question, and then he proceeds to state what that board, consisting of 23 members, with Mr. Edison at the head of it, is doing; and he further states that that board has all the money it needs. He says it has all the money and all the means that are needed. Where did the board get that money? Your appropriation gave that board \$25,000 to cover its clerk hire.

Mr. SWANSON. That is to pay their expenses. They have in addition to that ordnance for ship construction in the Navy.

Mr. McCUMBER. This board has nothing to do with that, Mr. President. The board the Senator is speaking of has \$25,000, and it has not a cent more. The other appropriation the Senator is speaking of for building ships applies to the general board, the board of construction. That has all the money it needs; we will admit that; but this consulting board was not created by anything we did. Secretary Daniels asked certain persons if they would act as an advisory board or commission, and he picked out 23 of them. It was not created by any law at all, but we gave it vitality by providing that it should have \$25,000 at its disposal. Has that board as a board expended one penny in experimentation?

Mr. SWANSON. Will the Senator permit me?

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

Mr. McCUMBER. I yield.

Mr. SWANSON. Take the suggestion of the Senator about trying shields or nets to protect merchant ships. This board of the Navy Department can try shields or nets or armor plate. They can be put there under the control of this board. They can give them torpedoes to try and see whether they will penetrate them or not. Is there any use of having any more appropriations to build submarines to fire torpedoes or to buy armor plate when the Navy Department can furnish all these experiments under the control of a board of scientists?

Mr. McCUMBER. If that argument had come from some farmer out in my State I would not have been surprised, but coming from the acting chairman of the Committee on Naval Affairs, I am surprised.

This consulting board does not do anything. Your General Naval Board does not turn over to it anything. There is just one man with his little coterie who is being utilized at all, and that is Mr. Edison. What is done? These propositions are submitted to this consulting board. What do they do with them? They have their advisory counsel, Mr. Smith, and they look them over, and if they consider any one of them worth investigation they send them to your Naval Board, and the Naval Board passes on them. This consulting board does not pass on anything except to determine what there is of promise and what has no promise, and send the former to the general board.

I called the attention of the Senator to a letter from an inventor who believed that he had something in which there was at least some merit. I do not know whether there is any merit in it or not. He presented it to this board, and it was referred to the other board, and when he went to it they told him they had nothing to do with the merchant vessels, that they were privately owned, and if he had an invention that would protect those ships he ought to take it to the owners.

Does the Senator think that that gentleman was telling an untruth? It is the same information that comes from all of them. They are referred to this one final board by the board for whom we appropriated \$25,000. Of course they have no money; that \$25,000 they can not use for experimentation; they

could not issue checks against the Treasury. I will assure the Senator he can not find a single voucher for a dollar that has been turned over to those people to experiment with.

Mr. Edison has been working along the line of ascertaining the whereabouts of a submarine by sound. Undoubtedly he is a great expert. He may find some way of detecting the location of a submarine 1, 2, or 5, or even 10 miles away. There is another thing that has been considered, and that is some way of deflecting, through magnetism or electricity, a torpedo. Stop a moment to think of the probable weight of one of those torpedoes and the force with which it travels and its speed. I think it would take something of a magnet to deflect it and turn it out of its course when heading for a ship. None of them have accomplished anything along that line, and there is no claim that they will accomplish anything. When you get right down to the wonderful thing that is going to be accomplished, as stated by the Senator, you get right down to the same old proposition we have had for several years about surrounding the submarine base. If you have ships enough, you can run up along the coast of Norway into Norwegian waters inside the 3-mile limit and around which the submarines sneak under the waters, and by fencing them in you may be able to meet them in that way. Well, that has not been demonstrated yet, if it ever will be. In the meantime give the American inventors, the American people, an opportunity of bringing forth something along the line of the defense of the ship at the same time that you are working along these other lines.

The reading of the bill was resumed at section 4, page 2, line 7.

The next amendment of the Committee on Naval Affairs was, in section 4, page 2, line 10, after the word "discretion," to insert "with the advice and consent of the Senate," and in line 12, after the word "lieutenant," to insert the word "commander," so as to read:

Sec. 4. Additional commissioned officers in the Navy and Marine Corps, based upon the temporary increases herein authorized in the number of enlisted men, shall be temporarily appointed by the President, in his discretion, with the advice and consent of the Senate, not above the grades and ranks of lieutenant commander in the line and staff of the Navy and major in the Marine Corps, the distribution in said grades and ranks to be made in accordance with the provisions of the act of August 29, 1916.

The amendment was agreed to.

Mr. SWANSON. On page 2, line 22, after the word "lieutenant," I move to insert the word "commander," as was done in line 12. It is a typographical omission.

The PRESIDING OFFICER. The amendment proposed by the Senator from Virginia will be stated.

The SECRETARY. In section 4, page 2, line 22, after the word "lieutenant," it is proposed to insert "commander," so as to read:

And that there shall be no permanent or temporary appointments in or permanent or temporary promotions to any grade or rank above that of lieutenant commander in the Navy—

And so forth.

The amendment was agreed to.

The next amendment of the Committee on Naval Affairs was, in section 4, page 3, line 2, after the word "war," to strike out the words "and existing" and to insert the article "the"; in the same line, after the word "deficiency," to insert "existing prior to the passage of this act"; and in line 6, after the word "may," to insert "also," so as to read:

Provided further, That, during the period of the present war, the deficiency existing prior to the passage of this act in the total number of commissioned officers of the Navy and Marine Corps authorized by the act of August 29, 1916, may also be supplied by temporary appointments in the lowest grades and by temporary promotions to all other grades until a sufficient number of officers shall be available for regular appointment or promotion in accordance with existing law.

The amendment was agreed to.

The next amendment was, on page 5, after line 8, to strike out:

Sec. 6. That during the period of the present war the computations to be made by the Secretary of the Navy as prescribed by the act of August 29, 1916, shall be made semiannually as of July 1 and January 1 of each year and at such other times as he may deem necessary; and the Board of Rear Admirals, for selection for promotion prescribed in said act, may be convened at such times as the exigencies of the service may require.

And insert:

Sec. 6. That during the period of the present war the computations to be made by the Secretary of the Navy as prescribed by the act of August 29, 1916, shall be made semiannually as of July 1, and January 1 of each year and at such other times as he may deem necessary; and the Board of Rear Admirals for selection for promotion prescribed in said act may be convened at such times as the exigencies of the service may require, and shall recommend for promotion such number of officers as the Secretary of the Navy may prescribe; and if nine rear admirals can not be convened without injury to the service six rear admirals may constitute the board and four of the members must concur in the recommendations instead of six, as prescribed in said act.

The amendment was agreed to.

Mr. SWANSON. As a substitute for section 11, as printed in the bill, I move the amendment which I send to the desk. The substitute provision merely allows 17 additional clerks in the paymaster's department. No provision was made for them in section 11 as now contained in the bill, and the increase in the authorized strength of the Marine Corps to 30,000 requires these additional clerks in connection with the work of the supply department. I have a very urgent letter from the Secretary of the Navy on that point.

The PRESIDING OFFICER. The Senator from Virginia offers an amendment, which the Secretary will state.

The SECRETARY. On page 8, after line 12, it is proposed to strike out:

Sec. 11. That the appointment of 30 marine gunners and 30 quartermaster's clerks, additional to the number now prescribed by law, is hereby authorized, such appointments to be made in the manner now provided by law.

And insert:

Sec. 11. That the appointment of 30 marine gunners, 30 quartermaster's clerks, and 9 clerks to assistant paymasters, additional to the number now prescribed by law, and the temporary appointment of 8 clerks to assistant paymasters for the war is hereby authorized, such appointments to be made in the manner now provided by law.

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

The reading of the bill was resumed.

The next amendment of the Committee on Naval Affairs was, in section 12, page 8, at the beginning of line 19, to insert "with the advice and consent of the Senate," so as to make the section read:

Sec. 12. That the temporary appointments and promotions herein authorized shall be made by the President, with the advice and consent of the Senate.

The amendment was agreed to.

The next amendment was, at the beginning of section 15, page 9, line 16, to strike out:

Sec. 15. That on and after May 1, 1917, the pay of all enlisted men of the Navy, during the continuance of the war, be, and it is hereby, increased \$15 a month over and above the rates of pay proper as fixed by law for times of peace.

And insert:

That commencing June 1, 1917, and continuing until the termination of the war, all enlisted men of the Navy of the United States in active service whose base pay does not exceed \$21 per month shall receive an increase of \$10 per month; those whose base pay is over \$21 and does not exceed \$24 per month, an increase of \$8 per month; those whose base pay is over \$24 and less than \$45 per month, an increase of \$6 per month; and those whose base pay is \$45 or more per month, an increase of \$5 per month: *Provided*, That the increases of pay herein authorized shall not enter into the computation of continuous-service pay.

So as to make the section read:

Sec. 15. That commencing June 1, 1917, and continuing until the termination of the war, all enlisted men of the Navy of the United States in active service whose base pay does not exceed \$21 per month shall receive an increase of \$10 per month; those whose base pay is over \$21 and does not exceed \$24 per month, an increase of \$8 per month; those whose base pay is over \$24 and less than \$45 per month, an increase of \$6 per month; and those whose base pay is \$45 or more per month, an increase of \$5 per month: *Provided*, That the increases of pay herein authorized shall not enter into the computation of continuous-service pay: *Provided*, That during the continuance of the war, warrant officers, petty officers, and enlisted men of the United States Coast Guard shall receive the same rates of pay as are or may hereafter be prescribed for corresponding grades or ratings and length of service in the Navy.

Mr. WEEKS. Mr. President, I should like the attention of the chairman of the Committee on Military Affairs in connection with this amendment. I do not know whether the chairman of the Committee on Military Affairs has noticed the change provided for in this bill. It does not conform with the provision which I understand is contained in the conference report just made by the chairman of the Military Affairs Committee. It seems to me that there ought to be some agreement which would give the men serving in the Army and the Navy exactly the same rates of pay during the continuance of the war.

Mr. SWANSON. Mr. President, if the Senator will permit me, I took the conference report on the Army bill, furnished me by the chairman of the Committee on Military Affairs of the Senate, and submitted it to Admiral Palmer, of the Bureau of Navigation. He assured me that the increase provided in the amendment now under consideration is precisely the increase provided for in the conference report on the Army bill. I think we all agree that the increases ought to be the same in both branches of the service. The only difference is that the base pay in the Army is slightly less than in the Navy, there being a difference of a few dollars. The amendment gives the same increase of pay to the enlisted men of the Navy as is provided for soldiers in the Army, but because of a slight variance in the pay of the enlisted strength of the Army and the Navy there is a little discrepancy. Admiral Palmer, however, assures me that this amendment provides precisely the same increase for the

enlisted men in the Navy that is proposed for the enlisted men of the Army.

Mr. WEEKS. Has Admiral Palmer seen the conference report which has just been made to the Senate?

Mr. SWANSON. I gave him the copy of the conference report that was handed to me by the chairman of the Military Affairs Committee. Admiral Palmer and Admiral Watts then retired from the room where the committee was in conference, took that agreement, and suggested this provision as being identical with the proposed increase for the enlisted men of the Army, the intention being to give precisely the same increase to the enlisted men of the Navy as is given to the enlisted men of the Army.

Mr. CHAMBERLAIN. Mr. President, the larger base pay of the enlisted men in the Navy will give to them under the amendment larger pay than is received by the enlisted men in the Army.

Mr. SWANSON. The base pay in the Navy has been \$17.60, while that of the Army has been \$15, the difference being that the Army provides more clothing for its men than does the Navy. In the Navy a man only receives his first suit. So, taking into consideration this circumstance, the base pay has been considered practically the same. The difference has existed for years, but, taking that into account, we have made the same increase on base pay.

Mr. CHAMBERLAIN. I did not go into it with any of the department officials, but I gave the acting chairman of the Committee on Naval Affairs a copy of the agreement reached by the conferees on the Army bill. Since then the plan of increase proposed in the conference report on the Army bill has not been changed, and I assumed that the matter would be investigated by the Senator from Virginia.

Mr. SWANSON. I repeat that while the Naval Committee was in session I went to the Senator from Oregon, chairman of the Committee on Military Affairs, and asked him to give me a statement as to what had been agreed on as to the increase of the pay of enlisted men in the Army, which he did. I then sent for Admiral Palmer, of the Bureau of Navigation, and Admiral Watts, the Judge Advocate of the Navy, and told them to take the provision in the Army bill and draft an amendment that would provide exactly the same increase for the Navy. The amendment which now appears in the bill is what was submitted by them.

I wish to say that if the Army bill as finally passed should provide a different rate of pay than that contained in the conference report, while the bill now pending is in conference I will, in so far as I am able, see that the same increase is given to the enlisted men of the Navy that is given to the enlisted men of the Army.

Mr. WEEKS. I hope the Senator will have an eye to that and be sure that the same rates of pay are provided for men in similar grades in the two branches of the service.

Mr. SWANSON. That is my purpose, as well as the purpose of the Naval Committee.

Mr. CALDER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from New York?

Mr. SWANSON. I do.

Mr. CALDER. Then, I understand that under the terms of this amendment the minimum pay for enlisted men in the Navy is \$27.60?

Mr. SWANSON. The base pay will be \$27.60.

Mr. CALDER. That is the minimum?

Mr. SWANSON. Yes; that is the base pay.

Mr. CALDER. I thank the Senator.

Mr. NELSON. Mr. President, will the Senator yield to me for a question?

Mr. SWANSON. I yield to the Senator.

Mr. NELSON. I desire to call the attention of the Senator from Virginia to section 4, page 2, which contains the following language:

SEC. 4. Additional commissioned officers in the Navy and Marine Corps, based upon the temporary increases herein authorized in the number of enlisted men, shall be temporarily appointed by the President, in his discretion, with the advice and consent of the Senate, not above the grades and ranks of lieutenant commander in the line and staff of the Navy and major in the Marine Corps.

It has been reported to me that certain officers in the Navy claim that would stall and check all promotions in the higher grades. I should like to know how that is.

Mr. SWANSON. I think that is taken care of, as the Senator will see if he will read further on. What he has read relates to temporary appointments. If the Senator will read further on, he will find from line 16, on page 2, to line 10, on page 3, language which I think will entirely obviate any misconception.

The number of officers in the Navy is based on 4 per cent of the authorized enlisted strength of the Navy. Then, the apportionment of officers among the different grades is based upon the actual number of officers on the active list. On a strength of 87,000 enlisted men there is a deficiency of 995, nearly a thousand, ensigns and junior lieutenants, and the Navy does not have as many admirals, captains, commanders, and lieutenant commanders as it otherwise would have, for the number of such officers is only a certain percentage of 4 per cent of the authorized strength.

Mr. NELSON. What about the Marine Corps?

Mr. SWANSON. In the Marine Corps the apportionment is based on 4 per cent in the same way.

This bill permits the officers temporarily appointed to be counted in computing the number of officers in the different grades and will allow the number of admirals to be increased to 1 per cent of the total number of officers and the number of captains to 7 per cent. This will permit temporarily, until the Navy has all permanent officers, a complete reorganization of the Navy during this war, with admirals, captains, commanders, and lieutenant commanders based on an authorized strength of 87,000 men.

Mr. NELSON. Now, the bill proposes to increase the Marine Corps up to 30,000, I believe?

Mr. SWANSON. Thirty thousand.

Mr. NELSON. What effect will this provision—that no one higher than the rank of major can be appointed—have upon the appointment of officers in the higher grades?

Mr. SWANSON. There can not be any appointments in higher grades than major on account of this.

Mr. NELSON. I mean, on officers already in the service?

Mr. SWANSON. They will continue in their present positions, but no appointments can be made temporarily higher than major. That was done because the Marine Corps will not move like an army of 30,000, with divisional commanders, some of them major generals. It will move in battalions, in regiments, and smaller divisions. If it were going to be an army and move as 30,000 men, you might as well transfer it to the Army and make it such. Consequently, we have allowed them to appoint officers temporarily as high as majors, on account of the number of battalions that will be used for the marine service.

Mr. NELSON. Then there will be no such thing as lieutenant colonels and colonels?

Mr. SWANSON. They will keep their present numbers. This is a temporary arrangement.

Mr. NELSON. But there will be no such thing for this new corps?

Mr. SWANSON. Not beyond 17,400; there will not be any permanent appointments to the rank of colonel, lieutenant colonel, or brigadier general.

Mr. NELSON. They have nothing, then, in this increase of the Marine Corps of any higher grade than major?

Mr. SWANSON. That is true.

Mr. NELSON. Nothing higher?

Mr. SWANSON. Nothing higher.

Mr. NELSON. In doubling the Marine Corps force?

Mr. SWANSON. In doubling the Marine Corps force, because we thought it was temporary, and then, in addition to that, the Marine Corps is not contemplated to move as an entirety.

Mr. NELSON. The old service is to continue to have its generals, its colonels, and its lieutenant colonels, while this new addition is to have nothing of the kind. Is that it?

Mr. SWANSON. Nothing higher than a major; that is true.

Mr. NELSON. They are to have nothing higher than majors?

Mr. LODGE. They are temporary appointments.

Mr. SWANSON. They are temporary appointments up as high as majors. It is done for the simple reason that the Marine Corps division of 30,000 men of an army must be organized in time as a division. Now, it is not contemplated that the Marine Corps will be in a division of 30,000 men, or operate as a division. It never would operate in that way. We have created a brigadier general, but these additions in enlistment, it is supposed, will work usually in battalions and small detachments, for which we now furnish majors.

Mr. NELSON. Are you not to have any colonels or lieutenant colonels?

Mr. SWANSON. We have enough, we think, to answer for all large movements at present for all large commands. For 17,400 men they have brigadier generals, colonels, and lieutenant colonels. Now, this increase to 30,000 men, it is expected, will move in small detachments not higher than battalions. It is not expected to make an army of it. Consequently, we felt satisfied that promotions to major would be sufficient to answer this purpose.

Mr. NELSON. In other words, you do not conceive that this new force will have any higher organization than a major's command?

Mr. SWANSON. It may have.

Mr. NELSON. You are not to have any regiments or battalions?

Mr. SWANSON. It is expected that they will move mostly in detachments, where majors will be sufficient.

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

The amendment was agreed to.

Mr. SWANSON. Mr. President, where the word "war" occurs, in line 9, page 10, I should like to insert the word "present," so that it will read "the present war."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 10, line 9, before the word "war," it is proposed to insert the word "present," so that it will read "during the continuance of the present war."

The amendment was agreed to.

The PRESIDING OFFICER. The Chair will call the attention of the Senator from Virginia to the fact that on page 7, line 14, page 9, line 22, and page 2, line 5, the same word should be inserted.

Mr. SWANSON. I should like to have the same word inserted there.

The PRESIDING OFFICER. The amendments will be stated.

The SECRETARY. On page 7, line 14, before the word "war," it is proposed to insert the words "the present."

The amendment was agreed to.

The SECRETARY. On page 9, line 22, it is proposed to insert the word "present" before the word "war."

The amendment was agreed to.

The SECRETARY. On page 2, line 5, before the word "war," it is proposed to insert the word "present."

The amendment was agreed to.

The SECRETARY. On page 10, after line 13, it is proposed to insert a new section, as follows:

SEC. 16. That the President is hereby authorized, whenever in his judgment a sufficient national emergency exists, to transfer to the service and jurisdiction of the War Department, or of the Navy Department, such vessels, equipment, stations, and personnel of the Coast and Geodetic Survey as he may deem to the best interest of the country, and after such transfer all expenses connected therewith shall be defrayed out of the appropriations for the department to which transfer is made: *Provided*, That such vessels, equipment, stations, and personnel shall be returned to the Coast and Geodetic Survey when such national emergency ceases, in the opinion of the President, and nothing in this act shall be construed as transferring the Coast and Geodetic Survey or any of its functions from the Department of Commerce except in time of national emergency and to the extent herein provided: *Provided further*, That any of the personnel of the Coast and Geodetic Survey who may be transferred as herein provided shall, while under the jurisdiction of the War Department or Navy Department, have proper military status and shall be subject to the laws, regulations, and orders for the government of the Army or Navy, as the case may be, in so far as the same may be applicable to persons whose retention permanently in the military service of the United States is not contemplated by law: *And provided further*, That the President is authorized to appoint, by and with the advice and consent of the Senate, the field officers of the Coast and Geodetic Survey, who are now officially designated assistants and aids, as follows: Officers now designated assistants and receiving a salary of \$2,000 or more per annum shall be appointed hydrographic and geodetic engineers; officers now designated assistants and receiving a salary of \$1,200 or greater but less than \$2,000 per annum shall be appointed junior hydrographic and geodetic engineers; officers now designated aids shall be appointed aids: *Provided*, That no person shall be appointed aid or shall be promoted from aid to junior hydrographic and geodetic engineer or from junior hydrographic and geodetic engineer to hydrographic and geodetic engineer until after passing a satisfactory mental and physical examination conducted in accordance with regulations prescribed by the Secretary of Commerce, except that the President is authorized to nominate for confirmation the assistants and aids in the service on the date of the passage of this act.

Nothing in this act shall reduce the total amount of pay and allowances they were receiving at the time of transfer. While actually employed in active service under direct orders of the War Department or of the Navy Department members of the Coast and Geodetic Survey shall receive the benefit of all provisions of laws relating to disability incurred in line of duty or loss of life.

When serving with the Army or Navy the relative rank shall be as follows:

Hydrographic and geodetic engineers receiving \$4,000 or more shall rank with and after colonels in the Army and captains in the Navy.

Hydrographic and geodetic engineers receiving \$3,000 or more but less than \$4,000 shall rank with and after lieutenant colonels in the Army and commanders in the Navy.

Hydrographic and geodetic engineers receiving \$2,500 or more but less than \$3,000 shall rank with and after majors in the Army and lieutenant commanders in the Navy.

Hydrographic and geodetic engineers receiving \$2,000 or more but less than \$2,500 shall rank with and after captains in the Army and lieutenants in the Navy.

Junior hydrographic and geodetic engineers shall rank with and after first lieutenants in the Army and lieutenants (junior grade) in the Navy.

Aids shall rank with and after second lieutenants in the Army and ensigns in the Navy.

And nothing in this act shall be construed to affect or alter their rates of pay and allowances when not assigned to military duty as hereinbefore mentioned.

The Secretary of War, the Secretary of the Navy, and the Secretary of Commerce shall jointly prescribe regulations governing the duties to be performed by the Coast and Geodetic Survey in time of war, and for the cooperation of that service with the War and Navy Departments in time of peace in preparation for its duties in war, which regulations shall not be effective unless approved by each of the said Secretaries, and included therein may be rules and regulations for making reports and communications between the officers or bureaus of the War and Navy Departments and the Coast and Geodetic Survey.

The amendment was agreed to.

The SECRETARY. Also the following, as a new section

SEC. 17. That nothing contained in the act of August 29, 1916, shall operate to disturb the relative position of officers in the Medical Corps with reference to precedence or promotion, but all such officers otherwise qualified shall be advanced in rank with or ahead of officers in said corps who were their juniors on the date of said act.

Mr. WEEKS. Mr. President, I wish to inquire of the Senator in charge of the bill what that means?

Mr. SWANSON. Mr. President, if the Senator will permit me, in August, 1915, officers took precedence according to the date of their commission. Prior to that time officers took precedence according to their length of service. In the act of last year we provided that officers in the Medical and Staff Corps should be promoted with their running mates in the line. Having changed from 1915 and prior to that as to when their precedence should be—one time according to length of service and the other from date of commission—it resulted that some officers who were junior in the Medical Corps were being advanced, on account of their running mates, prior to senior officers in the Medical Corps. This provision simply provides that no junior in the Medical Corps, on account of his running mate or the change of law from length of service to date of commission shall be advanced over a senior. If the Senator will read the language he will see that it gets rid of that difficulty clearly.

Mr. WEEKS. Does that apply to other Staff Corps as well?

Mr. SWANSON. I do not think there is any provision in other Staff Corps—they are so small—that would operate to do that, but nothing was brought to our attention by way of complaint except the fact that junior medical officers were getting ahead of senior medical officers, and it was put in for that purpose.

Mr. KELLOGG. Mr. President, I should like to make an inquiry of the Senator having charge of the bill. The increase in the Marine Corps is from 17,400 to 30,000?

Mr. SWANSON. Yes; from 17,400 to 30,000.

Mr. KELLOGG. And, as I understood the explanation made by the Senator in response to the senior Senator from Minnesota [Mr. NELSON], there are to be no officers appointed for this additional force above the rank of major?

Mr. LODGE. No temporary appointments?

Mr. SWANSON. No temporary appointments higher than the rank of major. It does not interfere with the permanent appointments under existing law.

Mr. KELLOGG. I know; but there will be no increase of officers?

Mr. SWANSON. Except so far as existing law will permit promotions; but not on account of this increase of force, because it is contemplated that it will be a temporary force that will cease as soon as the war is over.

Mr. KELLOGG. Then, under the present law, promotions can be made for the creation of more brigadier generals, for instance?

Mr. SWANSON. One more, possibly, could be created; yes.

Mr. KELLOGG. Can there be any more colonels or lieutenant colonels?

Mr. SWANSON. Under existing law there might be three more colonels.

Mr. KELLOGG. Then for the 30,000 men you will have only four more officers higher than the rank of major than for the 17,000?

Mr. SWANSON. There will be more lieutenant colonels promoted, as provided by the act of last year.

Mr. LODGE. Mr. President, if the Senator will allow me, for those higher grades, both in the Navy and in the Marine Corps, there are abundant officers in the line now to meet the demands of the increases to 150,000 and 30,000, respectively. The only increase needed is in the lower grades.

Mr. KELLOGG. Then there are more of the higher officers to-day than are needed for the 17,000 men?

Mr. SWANSON. No; if the Senator will permit me, it is not contemplated to assemble the Marine Corps in any larger force than ten or twelve thousand men. It is not to be in a division, like an Army division. Thirty thousand men in an Army division must have a major general. Some of them requested

that a major general should be created. The committee did not think there was any use of having a major general when it was not contemplated to assemble them in a number of 30,000. They help man the ships, make up expeditions, and move in small detachments; so we thought that to allow the appointment of majors, with the increase that would naturally come from colonels, lieutenant colonels, and brigadier generals, would be ample to man the force with officers.

Mr. KELLOGG. Was that the recommendation to the committee by the Navy Department?

Mr. SWANSON. The naval bill, as prepared by Mr. PADGETT and myself, was sent to the Secretary of the Navy, and he wrote a letter recommending the bill prepared on this line, except that we limited it to captains. We did not have any higher promotions than captains, and the House put it up as high as major. That was recommended by the Secretary of the Navy—having the temporary appointments not to exceed captains.

Mr. KELLOGG. Then the Secretary of the Navy did recommend substantially this provision?

Mr. SWANSON. He recommended the provisions contained in this bill.

The PRESIDING OFFICER. The question is on the amendment just stated by the Secretary.

The amendment was agreed to.

The SECRETARY. It is also proposed to insert the following on page 14, following line 4, as a new section:

SEC. 18. That in addition to the provisions of existing law, the President be, and he is hereby, further authorized to designate six officers of the Navy for the command of fleets or subdivisions thereof and, after being so designated, from the date of assuming such command until relinquishment thereof, not more than three of such officers shall each have the rank and pay of an admiral, and the others shall each have the rank and pay of a vice admiral; and the grades of admiral and vice admiral are hereby authorized and continued for the purpose of this act: *Provided*, That the pay of an admiral shall be \$10,000 and the pay of a vice admiral \$9,000 per annum: *Provided further*, That in time of peace officers for the command of fleets and subdivisions thereof, as herein authorized, shall be designated from among the rear admirals on the active list of the Navy: *Provided further*, That nothing herein contained shall create any vacancy in any grade in the Navy or increase the total number of officers authorized by law: *Provided further*, That when an officer with the rank of admiral or vice admiral is detached from the command of a fleet or subdivision thereof, as herein authorized, he shall return to his regular rank in the list of officers of the Navy and shall thereafter receive only the pay and allowances of such rank: *And provided further*, That nothing in this act shall be held or construed as amending or repealing the provisions of sections 1434, 1463, and 1464 of the Revised Statutes of the United States.

That the provision in the act approved March 3, 1915, for the designation of commanders in chief of certain fleets with the rank of admiral and for the designation of officers second in command of such fleets with the rank of vice admiral be, and the same is hereby, repealed.

Mr. SWANSON. Mr. President, the first part of that amendment is not exactly what we wish. I should like to strike out the words "in addition to the provisions of existing law," because the existing law provides for three admirals and three vice admirals, and this would provide for six. The purpose of this amendment is not to increase the number of admirals or vice admirals, but it is simply to change the existing law, which says we shall have one admiral of the Atlantic Fleet, one of the Pacific Fleet, and one of the Asiatic Fleet, limiting it to the same number of admirals and vice admirals, but eliminating the geographical distinction in reference to them. If it were to read, "in addition to the provisions of existing law," it would simply be construed to mean that it creates these in addition to those. So I should like to strike out the words "in addition to the provisions of existing law."

The PRESIDING OFFICER. The question is on the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. WEEKS. Mr. President, I want to offer an amendment to that section, which I suppose is in order as long as it is a committee amendment.

Mr. SWANSON. Yes; it is in order.

The PRESIDING OFFICER. The Senator from Massachusetts offers an amendment to the amendment of the committee, which will be stated.

The SECRETARY. After the word "act," in line 14, page 14, it is proposed to insert the following proviso:

*Provided*, That the selection under the provisions of this section shall be made from the grades of rear admiral or captain on the active list of the Navy.

Mr. SWANSON. Mr. President, I may take that into conference. It simply extends the selection of these officers to the position of captain. It is limited now to rear admirals.

Mr. WEEKS. Mr. President, I am not willing that the Senator shall say that he will "take that into conference" in that tone.

Mr. SWANSON. I did not mean any particular tone. I simply meant that I had no objection to it. I do not know; I

might not antagonize it, but I felt that I am not prepared to say now whether it would be wise or not. It would introduce a great deal of friction to take admirals from captains and not simply from the grade of rear admiral. Under this bill we will have about 30 to select from, and I have not given the matter sufficient consideration to say whether the admirals ought to be selected from the grade of captain or not. Under the present law the selection is limited to rear admirals. I will ask the Senator if that is not the substance of his amendment?

Mr. WEEKS. Mr. President, the substance of my amendment is that it limits the President's selection to the grades of rear admiral and captain. As the amendment proposed by the committee reads, there is no limitation. He could appoint a rear admiral from the grade of commander if he wished, or lieutenant, or ensign.

Mr. SWANSON. That was left out here. It was intended to say "rear admiral."

Mr. WEEKS. That you do in time of peace, but not in time of war. I am not sure that you ought to in time of war, but I think in making the selection the President may well be limited to the grades of rear admiral and captain.

Mr. SWANSON. In time of war, I understand one of the sections of this bill that we did not repeal gives the President authority to name almost any man as commander of a fleet, and he must be respected and obeyed as such, except that the designation would not give him the pay.

Mr. WEEKS. Mr. President, I do not think there has ever been in the history of the Navy a case where a man has been given command of a fleet who did not have the rank of a captain; and I think, without any disparagement to anyone, we can limit the grades from which the selections are made to those of rear admiral and captain, which will cover at least 75 officers. If we can not get competent men to command the fleets from that large number, the Navy is certainly in bad condition.

Mr. SWANSON. I have no objection to the amendment being adopted. I will consider it.

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

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The reading of the bill was concluded.

Mr. SWANSON. Mr. President, I offer as a committee amendment, to be known as section 19, the matter which I send to the desk.

The PRESIDING OFFICER. The Senator from Virginia offers an amendment, which will be stated.

The SECRETARY. It is proposed to add, at the end of the bill, a new section, as follows:

SEC. 19. That section 44 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, as amended by an act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1918, and for other purposes," approved March 4, 1917, be, and is hereby, amended by adding the following to said section:

*Provided*, That offenses hereunder committed within the Canal Zone or within any defensive sea areas which the President is authorized to establish by said section, shall be cognizable in the District Court of the Canal Zone, and jurisdiction is hereby conferred upon said court to hear and determine all such cases arising under said section and to impose the penalties therein provided for the violation of any of the provisions of said section.

The amendment was agreed to.

Mr. SWANSON. I offer another amendment, which I send to the desk.

The PRESIDING OFFICER. The Senator from Virginia offers an amendment, which will be stated.

The SECRETARY. It is proposed to insert the following as an additional section:

SEC. 20. That hereafter all laws relating to the examination of officers of the Navy for promotion shall be construed to apply to the regular advancement of staff officers to higher ranks on the active list the same as though such advancements in rank were promotions to higher grades: *Provided*, That examinations for such staff officers shall not be required except for such regular advancements in rank.

The amendment was agreed to.

Mr. SWANSON. Now, I have one more.

The PRESIDING OFFICER. The Senator from Virginia offers a further amendment, which will be stated.

The SECRETARY. It is proposed to add, at the end of the bill, a new section, as follows:

SEC. 21. That during the continuance of the present war an extra allowance of 1 ounce of coffee or cocoa, 2 ounces of sugar, 4 ounces of hard bread or its equivalent, and 4 ounces of preserved meat or its equivalent shall be allowed to enlisted men of the deck force when standing night watches between 8 o'clock p. m. and 8 o'clock a. m.

The amendment was agreed to.

Mr. KENYON. Mr. President, I offer an amendment in the shape of a new section at the end of the bill, which I ask the Senator from Virginia if he will accept.

The PRESIDING OFFICER. The Senator from Iowa offers an amendment, which will be stated.

The SECRETARY. It is proposed to add, at the end of the bill, a new section, which will be section 22, as follows:

That the provisions of section 114 of an act to codify, revise, and amend the penal laws of the United States, approved March 4, 1909 (35 Stat., 1109), shall not apply during the present war with Germany to enrollments by Members of Congress in the Navy, including the Marine Corps and Naval Reserve Force.

Mr. KENYON. Mr. President, perhaps I had better explain this; and I ask to have inserted as a part of my remarks section 114, to which I refer.

The PRESIDING OFFICER. Without objection, that order will be made.

The section referred to is as follows:

SEC. 114. Whoever, being elected or appointed a Member of or Delegate to Congress, or a Resident Commissioner, shall, after his election or appointment and either before or after he has qualified, and during his continuance in office, directly or indirectly, himself, or by any other person in trust for him, or for his use or benefit, or on his account, undertake, execute, hold, or enjoy, in whole or in part, any contract or agreement made or entered into in behalf of the United States by any officer or person authorized to make contracts on its behalf shall be fined not more than \$3,000. All contracts or agreements made in violation of this section shall be void; and whenever any sum of money is advanced by the United States in consideration of any such contract or agreement it shall forthwith be repaid; and in case of failure or refusal to repay the same when demanded by the proper officer of the department under whose authority such contract or agreement shall have been made or entered into suit shall at once be brought against the person so failing or refusing and his sureties for the recovery of the money so advanced.

Mr. KENYON. Mr. President, I will simply say that that amendment would permit Members of Congress to enlist as seamen in the Navy. Section 114 of the act of March 4, 1909, which prevents any contract being made between a Member of Congress and the Government in any way has been construed by the Judge Advocate General of the Navy to prevent any enlistment of a Member of Congress, because enlistment is a contract. This would not affect the situation as to officers, because under the Constitution no Member of Congress could be an officer without the vacation of his seat. That is the purpose of the amendment. I will not comment on the decision of the Judge Advocate General.

Mr. SWANSON. Mr. President, I accept that amendment, and think it ought to be adopted. Members of Congress who desire to serve in the Navy should be permitted to do so, and I take pleasure in accepting the amendment, so far as I am authorized to do so.

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

The amendment was agreed to.

Mr. KELLOGG. I should like to ask the acting chairman of the committee, in reference to the last amendment he offered, if it is necessary for Congress to legislate in detail upon the amount of food furnished to enlisted men in the Navy?

Mr. SWANSON. I will say to the Senator that there is fixed specifically what shall be the food of an enlisted man in the Army and Navy. There is given a discretion that one kind of food can be substituted for another, but to prevent great extravagance, and with the high price of food in all parts of the world, there is a specific allowance of food for enlisted men. This enables the night watchmen to get it.

Mr. KELLOGG. Then every detail down to the number of buttons upon the uniform I suppose is regulated by Congress.

Mr. SWANSON. We try to regulate it so that there will not be any extravagance.

Mr. LODGE. It is done by regulations of the Navy Department and those regulations are made a law by Congress.

Mr. KELLOGG. Congress is putting itself in the position of exercising executive power as well as legislative in all these matters apparently.

Mr. SWANSON. Very generous food is given the American Navy and the Army. The Government is very generous in that respect. There have been complaints sometimes that they were not given enough and others have complained that they were given too much. I think they have fixed a very generous food arrangement.

Mr. FLETCHER. I observe the Senator from Iowa limits the age to 35. We do not know how many Members of Congress that would include.

Mr. SWANSON. It is a temporary appointment.

Mr. WEEKS. Mr. President, I do not wish to offer an amendment, but I wish to direct the attention of the Senator from Virginia to lines 5 and 6, on page 2, and ask if that is intended to give the option to the man who enlists as to the time of his service, whether he shall serve for four years or a shorter period, or during the period of the war?

Mr. SWANSON. It was intended that he should have the option of four years or for the period of the war or for a shorter period as the President may prescribe.

Mr. WEEKS. Is it not possible that the men who are being taken into the service now are being taken into the service on account of the war, and if they enlist for a longer period than the war may last would we not have on our hands a much greater number of men than we would naturally need in the Naval Service after the war is over?

Mr. SWANSON. There might be, though the Senator will remember that one-fourth of the enlisted men go out every year, and we are anxious to have a reenlistment of the men whose terms expire.

Mr. WEEKS. I understood that the President had authorized the recruiting officers to enlist for the war, and that would be naturally the period for a man to serve. I do not care to offer an amendment, only I suggest the possibility that we might have 25,000 men serving for a year when we would not need their services.

Mr. SWANSON. It is considered now that the enlistments are for the period of the war, and consequently for four years or a shorter period, as the emergency may arise; but the committee thought it better to give an opportunity to enlist in this way, giving the choice. It is satisfied there will not be a very great surplus in time of peace.

Mr. FLETCHER. It seems to me that the point raised by the Senator from Massachusetts [Mr. WEEKS] is rather an important one. I should think if the language was for one year or for the period of the war the enlistments would be made for the period of the war, and then if the war terminated inside of one year they would have served their term of enlistment; but if the war terminated inside the period of four years these men would have to serve for four years under that provision. As I understand the construction of the language, the department can hold a man to have enlisted for the period of the war no matter whether his enlistment was for 6 months or 12 months or for the period of the war or whether it was for a longer time. Under this language he would have to serve four years.

Mr. LODGE. I wish to suggest to the Senator from Virginia that there seems to be something in the point the Senator from Florida is making. As the wording is now the President may prescribe a shorter period of enlistment than four years. I think it is intended to allow the President to prescribe the period. I think we ought to word it "for four years or for the period of the war or for such other shorter period or periods as the President may prescribe."

Mr. WEEKS. How could any harm come from the provision if the limitation were made for the duration of the war? That is the period for which we are enlisting these men.

Mr. LODGE. We have enlisted men for the usual term of four years up to 87,000. We are acting under the law as it exists, and those men have enlisted for four years. Now, above that as we are passing the bill it will go up to 150,000, and they are enlisting for the period of the war, and that is prescribed by the department. I think it ought to have the power to prescribe it. It seems to me this does not leave it to the President to prescribe the term. I agree with my colleague.

Mr. FLETCHER. I think, beyond any doubt, if the language remains as it is the men enlisted will have to serve for four years no matter whether the war ends in 6 months or 12 months.

Mr. LODGE. I do not think so.

Mr. SWANSON. If the Senator will permit me, the House has it a little different:

That enlistments in the Navy and Marine Corps, during such time as the United States may be at war, shall be for four years or for the period of the war or for such shorter period or periods as the President may prescribe.

Through a mistake the House changed it. It ought to read: Shall be for four years, or for such shorter period or periods as the President may prescribe, or for the period of the war.

I offer an amendment to make it conform to the memorandum I have here.

The PRESIDING OFFICER. Will the Senator kindly repeat the amendment.

The SECRETARY. Transpose the words "or for the period of the present war," and put in a comma after the word "prescribe," so that it will read:

SEC. 3. That enlistments in the Navy and Marine Corps, during such time as the United States may be at war, shall be for four years, or for such shorter period or periods as the President may prescribe, or for the period of the present war.

The amendment was agreed to.

Mr. JONES of Washington. On page 4, line 10, I move to strike out "50" and to insert "55."

The PRESIDING OFFICER. The amendment will be stated. The SECRETARY. On page 4, line 10, before the word "years," it is proposed to strike out "50" and insert "55," so as to read:

*Provided*, That in making appointments authorized herein the maximum age limit shall be 55 years for commissioned warrant officers—

And so forth.

Mr. SWANSON. I hope the Senator will not insist on that. The Navy Department recommended 40 and then went to 45, and we put it at 50. It seems to me if a man is a lieutenant commander, a junior lieutenant, or a major coming from the outside we ought not to have the limit above 50.

Mr. JONES of Washington. Does not this age also cover that of enlisted men?

Mr. SWANSON. No.

Mr. JONES of Washington. What is the age limit for enlisted men? I read it hurriedly.

Mr. SWANSON. I think 35 years for active service in the Navy. This only covers officers.

Mr. JONES of Washington. The bill now only covers officers?

Mr. SWANSON. It only covers temporary officers.

Mr. JONES of Washington. So the amendment we have put on simply provides for Members of Congress when they become officers?

Mr. SWANSON. No; it provides for them as individuals, as enlisted men, not officers.

Mr. JONES of Washington. I heard the Senator say that the age limit was 50 years for enlisted men when some one suggested that it ought to go to 35.

Mr. SWANSON. No; for temporary officers. We are allowed to appoint temporary officers to the enlisted strength, from 93,000 to 150,000. They can not appoint them beyond the age limit of 50 years.

Mr. JONES of Washington. What age will the amendment which was adopted cover?

Mr. SWANSON. I think the requirement for the Navy is 35 years.

Mr. JONES of Washington. In other words, it will only apply to Members of Congress under 35 years of age?

Mr. SWANSON. I think so.

Mr. JONES of Washington. That is the age limit I want to increase.

Mr. SWANSON. The Senator can offer an amendment to the amendment offered by the Senator from Iowa and fix any age limit he pleases.

Mr. JONES of Washington. I should like to offer that amendment to the amendment.

Mr. SWANSON. I hope the Senator will withdraw the one he first proposed.

Mr. JONES of Washington. Very well; because it did not cover what I thought it did from the remark the Senator made a while ago. I move a reconsideration of the vote by which the amendment of the Senator from Iowa [Mr. KENYON] was agreed to.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Iowa will be reconsidered. The Senator from Washington offers an amendment, which will be stated.

Mr. JONES of Washington. I move to add the following proviso:

*Provided*, That the maximum age limit under the foregoing provision shall be 60 years.

Mr. NORRIS. Will not the Senator provide that there shall be no age limit for Members of Congress? It is not a conscription; it is all voluntary.

Mr. JONES of Washington. I offer the amendment as I proposed it.

Mr. NORRIS. It is partiality to shut out men at 60 who might like to get in.

Mr. SWANSON. It is entirely voluntary. The Navy has no conscription.

The PRESIDING OFFICER. The amendment proposed by the Senator from Washington will be stated.

The SECRETARY. Add at the end of the amendment offered by the Senator from Iowa [Mr. KENYON] the following proviso:

*Provided*, That the maximum age limit under the foregoing provision shall be 60 years instead of that now provided by law.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

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

The PRESIDING OFFICER. The Senator from North Dakota 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:

Bankhead	Hale	McKellar	Smith, Mich.
Broussard	Hardwick	McLean	Smith, S. C.
Calder	Hollis	Martin	Smoot
Chamberlain	Johnson, Cal.	Myers	Sterling
Culberson	Jones, Wash.	New	Sutherland
Curtis	Kellogg	Norris	Swanson
Fernald	Kendrick	Page	Thomas
Fletcher	Kenyon	Pittman	Townsend
France	Kirby	Poindexter	Trammell
Frelinghuysen	Knox	Shafroth	Underwood
Gallinger	Lewis	Sheppard	Vardaman
Gerry	Lodge	Smith, Ariz.	Warren
Gore	McCumber	Smith, Md.	Wolcott

Mr. SUTHERLAND. I desire to announce the absence of my colleague, the senior Senator from West Virginia [Mr. GOFF], on account of illness.

Mr. THOMAS. The Senator from New Mexico [Mr. JONES] and the Senator from North Carolina [Mr. SIMMONS] are unavoidably absent on official business.

Mr. LEWIS. I beg to announce that the Senator from Kentucky [Mr. BECKHAM], the Senator from Wisconsin [Mr. HUSTING], the Senator from Arkansas [Mr. ROBINSON], and the Senator from Kansas [Mr. THOMPSON] are detained on official business of the Senate.

Mr. WOLCOTT. My colleague [Mr. SAULSBURY] desired me to announce that he is absent on official business.

The PRESIDING OFFICER. Fifty-two Senators have answered to their names. There is a quorum of the Senate present.

Mr. KELLOGG. Mr. President—

Mr. McCUMBER. I yield to the Senator from Minnesota.

Mr. KELLOGG. I should like to ask the Senator from North Dakota his construction of the next to the last paragraph of his amendment, which reads as follows—

The PRESIDING OFFICER. The amendment of the Senator from North Dakota has not yet been presented.

Mr. KELLOGG. I beg pardon.

Mr. McCUMBER. Nevertheless the Senator can ask the question.

The PRESIDING OFFICER. The amendment had better be reported.

Mr. McCUMBER. Mr. President, before offering the amendment, I wish to call attention to the fact that we have now a Bureau of Construction and Repair in the Navy Department, the chief of which is Chief Constructor David W. Taylor, and the assistant is Naval Constructor Robert Stocker, United States Navy. In formulating this amendment I have taken care to include every member of this board, so that while it gives the board a designation it nevertheless is but an addition to the membership in a certain bureau during the war. I offer the following amendment as section 3½, between lines 6 and 7, on page 2.

The PRESIDING OFFICER. The Secretary will report the amendment.

The SECRETARY. On page 2, after line 6, insert a new section in the bill, to be known as section 3½, as follows:

SEC. 3½. There is hereby created in the Department of the Navy a board which shall be known and designated as the "board of merchant shipping defenses." Said board shall consist of the Chief Constructor of the Bureau of Construction and Repair of the Navy Department, the naval constructor of such bureau, the Commissioner of Patents, and the following other persons, to be appointed by the President, by and with the advice and consent of the Senate, to wit: One of the highest recognized skill and experience in the construction of merchant ships; one with the highest recognized skill and experience in the navigation of such vessels; and two with the highest recognized skill, experience, and knowledge of mechanical devices used in the great steel manufacturing plants of the country. The chief of construction shall be the chairman of said board.

Each member of said board shall receive a salary of \$5,000 per year and reasonable expenses while employed in the duties of said board; *Provided*, That officials receiving salaries from the Government shall not have their salaries diminished by reason of services on said board.

The duty of said board and the purpose of its creation is to provide for and perfect in the shortest possible time such mechanical device or devices as can be successfully used and employed upon a merchant ship while navigating the seas to check or deflect the course of a submarine torpedo and to prevent the same from coming in contact with the hull of the merchant vessel, or to explode the same before such contact, or the perfection of any other mechanical device to protect merchant vessels from destruction by submarine other than by use of defense guns.

The said board, immediately upon its organization, shall advertise for suggestions from mechanics, inventors and others, and shall examine into and pass upon the practicability or feasibility of any proposed mechanism. For the purpose of directing the inventive genius of the people of this country toward the protection of merchant shipping against the menace and enormous devastation of submarine torpedoes the sum of \$1,000,000 is hereby appropriated as a reward to any person or persons who shall succeed in inventing or producing any mechanism that will accomplish the purpose aforesaid, said sum to be divided among those who have furnished material assistance in the perfecting of any such mechanism in accordance with the degree of services rendered by him or them and to be apportioned by said board.

The said board shall furnish all reasonable assistance and opportunities for testing such proposed means and appliances for accomplishing this end.

Mr. McCUMBER. Mr. President, I ask for the yeas and nays. The yeas and nays were ordered.

Mr. KELLOGG. Mr. President, let me ask the Senator from North Dakota a question relating to the next to the last paragraph. It reads:

For the purpose of directing the inventive genius of the people of this country toward the protection of merchant shipping against the menace and enormous devastation of submarine torpedoes the sum of \$1,000,000 is hereby appropriated as a reward to any person or persons who shall succeed in inventing or producing any mechanism that will accomplish the purpose aforesaid, said sum to be divided among those who have furnished material assistance in the perfecting of any such mechanism in accordance with the degree of services rendered by him or them and to be apportioned by said board.

Do I understand that the board has no discretion, but if a mechanism is discovered which accomplishes the purpose the \$1,000,000 must be paid?

Mr. McCUMBER. If any person or number of persons, though they be 100, should succeed, either working together in their efforts or on suggestions from many different sources, should result in securing any mechanism that would protect our ships, then it would be divided according to the efforts or the service that had been rendered.

Mr. KELLOGG. That is not the question. The question is if one man, we will say, produces a discovery, or accomplishes the purposes aforesaid, he must be paid the million dollars, or can he be paid a hundred thousand or two hundred thousand dollars?

Mr. McCUMBER. No; he must be paid the million dollars.

Mr. KELLOGG. Do you in the amendment clearly give the board the power to decide whether the invention has accomplished the purpose?

Mr. McCUMBER. Certainly.

Mr. KELLOGG. Whereabouts?

Mr. McCUMBER. The million dollars can only be awarded in case the invention has accomplished the purpose.

Mr. KELLOGG. I know; but who decides whether it has accomplished the purpose?

Mr. McCUMBER. The board.

Mr. KELLOGG. Where does it say the board shall have the decision?

Mr. McCUMBER. It says, "The board immediately upon its organization," and then proceeds—

to be divided among those who have furnished material assistance in the perfecting of any such mechanism in accordance with the degree of services rendered by him or them and to be apportioned by said board.

If they did not perfect a mechanism that accomplishes the result, there would be nothing to be paid.

Mr. KELLOGG. That is quite true; but I want to find out whether the amendment clearly leaves it to the board to say whether any mechanism has been perfected that will accomplish the object or whether none has been perfected.

Mr. McCUMBER. That is my construction.

Mr. KELLOGG. That is what I wished to know.

Mr. SUTHERLAND. In line 21 the amendment states that the board "shall examine into and pass upon the practicability or feasibility of any proposed mechanism." Does not that answer the question of the Senator from Minnesota?

Mr. KELLOGG. That is rather doubtful.

Mr. McCUMBER. I think not, because by that it was intended simply that they should pass upon the question of the feasibility of a proposed mechanism. There would be so many devices proposed that they could tell in a moment by an examination that some would not be practicable. They would select those which were practicable or feasible and then give an opportunity to try out those which they deemed to be of sufficient merit to warrant their trial.

Mr. KNOX. Mr. President—

Mr. McCUMBER. I yield to the Senator.

Mr. KNOX. I should like to ask the Senator a question. Is it contemplated by the clause to which the Senator from Minnesota has just referred that the board shall actually adopt the device before the award can be distributed?

Mr. McCUMBER. I suppose they will have to demonstrate it beyond any question, and then I assume naturally the Government would adopt it if they demonstrate that it is feasible.

Mr. KNOX. I think it is perfectly clear that they have the power to pass upon the practicability and feasibility of the proposed mechanism. Suppose they do, as a matter of fact, say that it is feasible and practicable but for some reason or other it is not adopted; say, the war should come to a conclusion before it could be put in operation, before the board could pass upon it, what is the Senator's idea, then, about the distribution of the award?

Mr. McCUMBER. The proposed board is to determine the merits of any device, and when they have determined that a device is practicable and will accomplish the result desired, then

the person who has invented it should be entitled to his remuneration, whether the war continues or not.

Mr. KNOX. That is what I want to get at.

Mr. McCUMBER. Even if there should be no further war, the discovery would be worth billions to us.

Mr. KNOX. Then, I desire to ask another question of the Senator. There is a proviso in connection with the salary provision that officials receiving salaries from the Government shall not have their salaries diminished by reason of service on the board. Is it contemplated that their salaries may be increased?

Mr. McCUMBER. No, Mr. President, it is not; but it contemplates if any member on this board is receiving less than that salary now that his salary will be increased because of the performance of this added work.

Mr. KNOX. I think it is rather doubtful whether the amendment will bear that construction.

Mr. McCUMBER. If there were a possibility that it would not bear that construction, at least they will be getting the salary which they are now receiving; and I thought that that was sufficient.

Mr. KIRBY. Mr. President—

Mr. McCUMBER. I yield to the Senator from Arkansas.

Mr. KIRBY. The amendment contemplates, as I understand, that the experiments shall be conducted at the Government expense?

Mr. McCUMBER. It does.

Mr. KIRBY. And that the board shall then be paid in addition to that expense. Is that what the amendment contemplates?

Mr. McCUMBER. That is correct.

Mr. KELLOGG. Mr. President—

Mr. McCUMBER. I yield to the Senator from Minnesota.

Mr. KELLOGG. On page 3, line 4, if the Senator would add the words which I am going to suggest, I think the amendment would clearly give the board the power to pass upon the question whether the object has been accomplished. I suggest, on page 3, line 4, after the word "accomplish," to insert "in the judgment of said board."

Mr. McCUMBER. There is no question but that that would make it more certain, and I accept that modification of my amendment, although I think that it is certain the way the amendment now reads.

The PRESIDING OFFICER. Without objection, the amendment to the amendment will be agreed to. The question is on the amendment as amended.

Mr. McCUMBER. Mr. President, I wish merely to say a word. More than a year ago I prophesied in an address upon the floor of the Senate the disasters which have overtaken the merchant marine of the world. I tried at that time to secure the attention of Congress and the attention of the administration to its duty, if possible, to meet the situation by directing its efforts toward protecting our ships against the submarine. Little or no attention was paid to the appeal at that time. Since that time, however, we have realized the full devastation wrought by the submarine. My prophecy at that time has been more than fulfilled. Had we then given the subject the proper consideration, I am quite certain that by this time we should have been able to meet the torpedo question. I think the fact that thousands of ships have gone down to the bottom of the sea, that thousands of lives have been lost, and that cargoes of enormous value have been sunk has been due to the negligence of the great world powers in not exerting their efforts along this particular line; and I want to prophesy again that unless we do something—unless we shall be able to accomplish something along this line—the devastation and destruction during the next six months will be so horrible that we shall only mention them with bated breath. I want to put myself on record by a ye-and-nay vote as voting at least for an attempt to accomplish the result of meeting the great emergency created by the torpedo.

Mr. STERLING. Mr. President, I desire to suggest to the Senator from North Dakota an amendment which will make the matter of payment of the reward a little more clear. I would suggest that after the word "be," in line 4, on page 3, there be inserted the words "paid on approval of such mechanism by said board and to be," so that it will read:

Any mechanism that will accomplish the purpose aforesaid, said sum to be paid on approval of such mechanism by said board and to be divided—

And so forth.

Mr. McCUMBER. I will accept that suggestion, although I do not think it is necessary.

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

upon the amendment as amended, upon which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. SMITH of Maryland (when his name was called). In the absence of the Senator from Vermont [Mr. DILLINGHAM], I transfer my pair with that Senator to the Senator from New Jersey [Mr. HUGHES] and vote "nay."

Mr. SMITH of Michigan (when his name was called). I am paired with the junior Senator from Missouri [Mr. REED].

Mr. STERLING (when his name was called). I am paired with the Senator from South Carolina [Mr. SMITH]. In his absence I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a pair for the afternoon with the senior Senator from Arkansas [Mr. ROBINSON]. Unless I can get a transfer I shall withhold my vote. If permitted to vote, I should vote "yea."

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

The PRESIDING OFFICER. That Senator has not voted.

Mr. VARDAMAN. I have a general pair with that Senator, and therefore withhold my vote.

The roll call was concluded.

Mr. WOLCOTT. I desire to announce the absence of my colleague [Mr. SAULSBURY] on official business.

Mr. CURTIS. I have a general pair with the Senator from Georgia [Mr. HARDWICK], and therefore withhold my vote.

Mr. SUTHERLAND. I have a general pair with the junior Senator from Kentucky [Mr. BECKHAM]. In his absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. REED. I transfer my pair with the Senator from Michigan [Mr. SMITH] to the Senator from Montana [Mr. WALSH] and vote "nay."

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

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

The Senator from Connecticut [Mr. BRANDEGEE] with the Senator from Louisiana [Mr. RANSELL];

The Senator from Rhode Island [Mr. COLT] with the Senator from Delaware [Mr. SAULSBURY];

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

The Senator from Massachusetts [Mr. WEEKS] with the Senator from Kentucky [Mr. JAMES]; and

The Senator from Wyoming [Mr. WARREN] with the Senator from North Carolina [Mr. OVERMAN].

Mr. VARDAMAN. I transfer my pair with the junior Senator from Idaho [Mr. BRADY] to the Senator from Kansas [Mr. THOMPSON] and vote "nay."

Mr. LEWIS. I again wish to announce the necessary absence on official business of the senior Senator from Arkansas [Mr. ROBINSON], the junior Senator from Wisconsin [Mr. HUSTING], the junior Senator from Kentucky [Mr. BECKHAM], and the senior Senator from Kansas [Mr. THOMPSON].

Mr. TOWNSEND. I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON] to the senior Senator from Iowa [Mr. CUMMINS] and vote "yea."

The result was announced—yeas 24, nays 36, as follows:

YEAS—24.

Borah	Harding	Kirby	Norris
Calder	Johnson, Cal.	Knox	Penrose
Culberson	Jones, Wash.	La Follette	Poindexter
France	Kellogg	McCumber	Thomas
Frelighuysen	Kendrick	McLean	Townsend
Gore	Kenyon	New	Watson

NAYS—36.

Bankhead	Jones, N. Mex.	Pomerene	Smoot
Broussard	Lewis	Reed	Stone
Chamberlain	Lodge	Shafroth	Swanson
Fletcher	McKellar	Sheppard	Trammell
Gallinger	Martin	Sherman	Underwood
Gerry	Myers	Simmons	Vardaman
Hale	Nelson	Smith, Ariz.	Wadsworth
Hitchcock	Page	Smith, Ga.	Williams
Hollis	Pittman	Smith, Md.	Wolcott

NOT VOTING—36.

Ashurst	Fernald	Lane	Smith, Mich.
Beckham	Goff	Newlands	Smith, S. C.
Brady	Gronna	Overman	Sterling
Brandegge	Hardwick	Owen	Sutherland
Colt	Hughes	Phelan	Thompson
Cummins	Husting	Ransdell	Tillman
Curtis	James	Robinson	Walsh
Dillingham	Johnson, S. Dak.	Saulsbury	Warren
Fall	King	Shields	Weeks

So Mr. McCUMBER's amendment as amended was rejected.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. SWANSON. I move that the Senate request a conference with the House of Representatives on the bill and amendments and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and Mr. SWANSON, Mr. SMITH of Maryland, and Mr. LODGE were appointed conferees on the part of the Senate.

ENLISTMENT OF ALIENS IN THE NAVAL RESERVE FORCE.

Mr. SWANSON. I move that the Senate proceed to the consideration of the bill (H. R. 2337) to amend an act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes," relative to enrollments in the Naval Reserve Force.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 2337) to amend an act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes," relative to enrollments in the Naval Reserve Force.

The Secretary read the bill, as follows:

*Be it enacted, etc.*, That the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, be, and the same is hereby, amended by adding after the proviso under the heading "Naval Reserve Force," which reads as follows: "Provided, That citizens of the insular possessions of the United States may enroll in the Naval Auxiliary Reserve," a further proviso, as follows: "Provided further, That such persons who are not citizens of the United States, but who have or shall have declared their intention to become citizens of the United States, and who are citizens of countries which are at peace with the United States, may enroll in the Naval Reserve Force subject to the condition that they may be discharged from such enrollment at any time within the discretion of the Secretary of the Navy, and such persons who may, under existing law, become citizens of the United States, and who render honorable service in the Naval Reserve Force in time of war for a period of not less than one year may become citizens of the United States without proof of residence on shore and without further requirement than proof of good moral character and certificate from the Secretary of the Navy that such honorable service was actually rendered.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

CONSERVATION OF FOOD.

Mr. GORE. Mr. President, I move that the Senate now proceed to the consideration of Order of Business 43, being Senate bill 2263.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 2263) to provide further for the national security and defense, to conserve foods, feeds, and fuels, and to prevent monopolies, conspiracies, and other evil practices respecting the same, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. GORE. I now ask unanimous consent that the first reading of the bill be dispensed with.

The PRESIDING OFFICER. Without objection, that order will be made.

Mr. LODGE. Mr. President, this is a very important bill. I should like to ask the Senator from Oklahoma if he intends to go on with the bill to-night?

Mr. GORE. I desire to state that my purpose is to yield for a few minutes to the Senator from Colorado [Mr. SHAFROTH].

Mr. SHAFROTH. Mr. President—

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

Mr. GORE. I do.

Mr. SHAFROTH. I ask unanimous consent for the consideration of Senate bill 1811, which is entitled "A bill providing for the counting of service in the Army and 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."

The PRESIDING OFFICER. The Chair thinks the bill now under consideration should be first temporarily laid aside.

Mr. GORE. I ask unanimous consent to temporarily lay aside that bill.

The PRESIDING OFFICER. Without objection, that order will be made.

BELIEF OF HOMESTEADERS.

Mr. SHAFROTH. I now renew my motion.

The PRESIDING OFFICER. The Senator from Colorado asks unanimous consent for the present consideration of 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. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That in every case in which a settler on the public land of the United States under the homestead laws enlists or is actually engaged in the military or naval service of the United States as private soldier, officer, seaman, marine, National Guardsman, or member of any other organization for offense or defense authorized by Congress during the existing war with Germany, or during any other war in which the United States may be engaged, his services therein shall, in the administration of the homestead laws, be construed to be equivalent to all intents and purposes to residence and cultivation for the same length of time upon the tract entered or settled upon; and hereafter no contest shall be initiated on the ground of abandonment, nor allegation of abandonment sustained against any such settler, unless it shall be alleged in the preliminary affidavit or affidavits of contest and proved at the hearing in cases hereafter initiated that the settler's alleged absence from the land was not due to his employment in such service; that if such settler shall be discharged on account of wounds received or disability incurred in the line of duty, then the term of his enlistment shall be deducted from the required length of residence without reference to the time of actual service.

SEC. 2. That in every case in which a settler on the public lands of the United States, under the homestead laws, dies while actually engaged in the military or naval service of the United States as private soldier, officer, seaman, marine, National Guardsman, or member of any other organization for offense or defense authorized by Congress during the existing war with Germany, or during any other war in which the United States may be engaged, his widow, if unmarried, or in case of her death or marriage, then his minor orphan children, or his or their legal representatives, may proceed forthwith to make final proof upon the land so entered and held by the deceased soldier and settler, and shall be entitled to receive Government patent for such land; and that the death of such soldier while so engaged in the service of the United States shall, in the administration of the homestead laws, be construed to be equivalent to a performance of all requirements as to residence and cultivation upon such homestead.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### CONSERVATION OF FOOD.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2263) to provide further for the national security and defense, to conserve foods, feeds, and fuels, and to prevent monopolies, conspiracies, and other evil practices respecting the same, and for other purposes.

Mr. GORE. Mr. President, in this bill there are one or two clerical errors which I desire first to have corrected.

On page 3, line 1, the word "agreement" should be "arrangement." I ask unanimous consent that that change be made.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 3, line 1, it is proposed to strike out the word "agreement" and to insert in lieu thereof the word "arrangement."

The amendment was agreed to.

Mr. GORE. At the end of line 1, page 3, the word "any" should be "an."

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. At the end of the line, it is proposed to strike out the word "any" and to insert in lieu thereof the word "an."

The amendment was agreed to.

Mr. GORE. There are two or three committee amendments that I wish to have considered at this time.

The PRESIDING OFFICER. The bill will be read for the consideration of committee amendments. The bill has not been read as yet.

Mr. STERLING. Mr. President, do I understand from the Chair that only the amendments will now be read?

The PRESIDING OFFICER. No; the bill will be read first for committee amendments.

The Secretary proceeded to read the bill.

The first amendment of the Committee on Agriculture and Forestry was, in section 3, page 2, line 23, after the word "person," to strike out the words "to commit or permit preventable waste or deterioration of any necessities," and the comma, so as to read:

SEC. 3. That it is hereby made unlawful for any person to board, or to hold, or enter into any contract or arrangement for any necessities in excess of an amount reasonably needed to supply his individual or business requirements for a reasonable time.

The amendment was agreed to.

The reading of the bill was resumed and continued to line 18, page 5.

Mr. LODGE. Mr. President, we have reached an amendment there. I think this bill is too important to be considered at this hour with a thin Senate, and I think we ought to have a quorum, at all events. I make the point of no quorum.

Mr. GORE. I wish to say to the Senator that I hope he will allow the bill to be read.

Mr. LODGE. I think this is too important a bill to be put through and the committee amendments disposed of at this hour.

Mr. KENYON. Mr. President, I will ask the Senator from Massachusetts if there are not more Senators here now than there have been at any time to-day?

The PRESIDING OFFICER. The point of no quorum has been made. The roll will be called.

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

Bankhead	Jones, Wash.	New	Sterling
Bronssard	Kellogg	Norris	Sutherland
Calder	Kendrick	Page	Thompson
Chamberlain	Kenyon	Pittman	Trammell
Fernald	Knox	Polindexter	Wadsworth
France	Lodge	Shafroth	Warren
Gallinger	McKellar	Sheppard	Weeks
Gore	McLean	Smith, Ga.	Williams
Gronna	Martin	Smith, Mich.	
Harding	Myers	Smith, S. C.	
Johnson, Cal.	Nelson	Smoot	

The PRESIDING OFFICER. Forty-one Senators have answered to their names—not a quorum. The Secretary will call the names of the absentees.

The Secretary called the names of absent Senators, and Mr. FLETCHER, Mr. KIRBY, Mr. POMERENE, and Mr. SIMMONS answered to their names when called.

Mr. STONE, Mr. JONES of New Mexico, Mr. PENROSE, Mr. THOMAS, Mr. LA FOLLETTE, Mr. LEWIS, Mr. SWANSON, Mr. CURTIS, and Mr. FALL entered the Chamber and answered to their names.

Mr. LEWIS. I desire to announce the absence of Senators BECKHAM, ROBINSON, and HUSTING, who are detained from the Senate on official business.

The PRESIDING OFFICER. Fifty-four Senators have answered to their names. There is a quorum present. The question is upon the amendment submitted by the committee, which will be stated.

The SECRETARY. On page 5, line 18, after the word "standard," it is proposed to insert a colon and the following words: "Provided, That such requirements and regulations shall not apply to highly perishable fruits and vegetables," so as to read:

Whenever any standard for a receptacle becomes effective under this section no person thereafter shall pack for sale, offer for sale, consign for sale, or sell, in a receptacle, any commodity to which such standard for a receptacle is applicable, unless the receptacle conform to the standard, subject to reasonable variations therefrom permitted in the regulations of the Secretary of Agriculture, or unless the receptacle be so different in form, shape, and capacity as upon ordinary observation clearly to be distinguishable from the standard: *Provided*, That such requirements and regulations shall not apply to highly perishable fruits and vegetables.

The amendment was agreed to.

Mr. GORE. Mr. President, I assume that the pending bill will evoke more or less discussion, but I have no disposition to request its further consideration this afternoon if Senators are not prepared to go forward with it. I wish to say, however, that yielding only to more urgent legislation, if such there be, I shall insist upon the consideration of this measure until it is finally disposed of by the Senate.

I ask unanimous consent to lay aside temporarily the unfinished business.

The PRESIDING OFFICER. Without objection, that order will be made.

#### PERSONAL EXPLANATION.

Mr. THOMAS. Mr. President, about two weeks ago the daily press of my home city of Denver gave prominent space to a letter of Mr. Ralph W. Smith, chairman of the local branch of one of the national war leagues, which severely criticized my attitude concerning the pending Army bill. When apprised of this, I prepared a reply to Mr. Smith's aspersions, copies of which I mailed to the managers or proprietors of these papers, requesting their publication, that my constituents, in justice to myself, be apprised of my side of the question.

With the single exception of the Evening Express, a Scripps paper, these journals have ignored my request completely. They have neither published my letter, made any reference to it, nor apprised me of its receipt, a course the injustice of which is too obviously manifest to require comment.

Because of this treatment, I am driven to the necessity of reaching my constituency upon this subject through the columns of the CONGRESSIONAL RECORD. I shall therefore beg the indulgence of Senators and trespass upon their time long enough to read my letter to the public.

RALPH W. SMITH, Esq.,  
Chairman, etc., Denver, Colo.

MAY 5, 1917.

DEAR SIR: I am in receipt of what the Morning News calls your "scathing reply" to my letter to you of April 23, in which you inform the public and myself, among other things, that you were instructed

by your committee to say that the tenor of my letter was not unexpected. Had you announced that you had been instructed to sign a letter carefully prepared for that purpose you might have escaped some of the responsibility for its recitals.

In giving the public the benefit of our correspondence, why did you omit the telegram which began it? Was it because you were "instructed" to omit it or did you possess the wit to perceive that its omission was essential to the stale charge of sophistry to which little minds always resort when trying their hands at public discussion?

On April 20 your committee wired me to "give unhesitating and ungrudging support to every measure demanded by the President; also to vote on every occasion in favor of the President's policy relative to the prosecution of the war." Not one measure, but every measure; not one occasion, but every occasion. This language is perfectly plain and comprehends a series of measures beginning with the war declaration of April 5 and ending the Lord only knows where. Collectively they constitute the President's policy.

At the time of its receipt the Senate was considering one of these measures, popularly called the espionage bill. The conscription bill, another of them, had not then been taken from the calendar. Naturally, in my answer, I directed your attention to the pending measure which your telegram covered as fully as the others, telling you why I could not support it as it stood and also informing you that I should give my reasons publicly for every vote I might have "to cast against pending measures"; so that my constituency would know what they were, whether they approved or not, and that I would exercise my powers of independent judgment in determining what to do. I assumed that you knew the tenor of your own telegram and would, therefore, understand the relevancy of my reply; but upon reading your letter, I perceive that I very greatly overrated your intelligence. Perhaps I should have known better.

I am accused of resorting to unworthy tactics to excuse my failure to support the President in a matter of military policy because I refer "to a bill on a wholly different subject"; that it is not "the measure which it (the committee) urged me to support"; and that "the committee can not be diverted from the issue by such sophistry." The effort at diversion with which you charge me finds its sole support upon a perversion of your own. To convict me of the serious offense of sophistry you falsify your own telegram by confining it to a single measure. Be it so, sophism is immeasurably preferable to the low cunning which fabricates a record to support a charge. Your committee is composed for the most part of sensible and experienced business men, who, I am sure, would stoop to no such conduct. Why they should select you for their chairman is comprehensible only upon the theory that you organized it by a petition in which you named yourself for the place. I have heard of men who, in a spirit of thoughtless accommodation, signed a petition asking for their own execution; perhaps some of them still survive and live in Denver.

Having "diverted" yourself from your telegram by altering its language and confining its scope to "a matter of military policy," you misconstrue my letter to suit your purpose and then become "inexpressibly amazed by my charge that the President is ignorant of vitally important features of the measure which you urged me to support, and I insinuate that the President is but little better informed than the committee." In this you take that liberty with my letter which you have exercised with your own telegram. I protest against it. You may mutilate your own record to your heart's content. Mine must remain inviolate.

I have not said that the President was ignorant of the vital features of any measure. With them, he is, of course, familiar. Even you probably know that the "vital features" of the recent draft bill is conscription. I said, and I repeat, that the President was probably as unfamiliar with its details as you were. It is impossible that it should be otherwise. Upon this subject Senator SMITH of Georgia, an ex-member of the Cabinet, speaking on the espionage bill, said yesterday:

"But it has been suggested that the President has approved this proposed legislation. Why, he has not, Mr. President. I have heard his letter read; and pardon me for saying that I have some knowledge of how officers of departments bring bills to the President and how he sends them to committees of Congress. It is utterly impossible for a President to study in detail and master every bill that the head of one of his departments may desire to present to Congress. Take the length of time it has required for the Judiciary Committee to study this bill. Why, the President probably read it in half an hour if he read it at all. Pardon me for saying that when I was Secretary of the Interior I submitted bills to the President of the United States and obtained letters from him, transmitting them with his commendation to the chairman of a committee of Congress, that he knew practically nothing about, and I would write the letter for him. So for Congress to accept the view that the President has mastered in detail a bill of this kind because he sends it to Congress for the consideration of a committee is utterly to misconceive the truth. It is impossible for any human being occupying the office of President, if he combined all the wisdom that has been possessed since the days of Solomon, to master in detail the various pieces of legislation presented to him."

This, I presume, you will construe as a grave reflection upon the President. How tenderly his new-found friends regard him!

A "measure" soon to be considered and "demanded by the President" proposes to raise \$1,800,000,000 of additional revenue. Many taxpayers, including some members of the National Defense League, are voicing protests against it louder than the guns of the allies in France. They are anxious to draft our young men for the trenches, but they want their dollars to stay at home. This bill lays a heavy hand on life and accident insurance companies, which, I think, at this crisis should be exempt. Do you agree with me? Or shall I "ungrudgingly and unhesitatingly" accept the bill as it comes from the Treasury Department?

The espionage bill, as drawn, would completely muzzle the press and imprison you, if you thought aloud and your thoughts offended some understrapper of the War Department. Shall I swallow it whole, because the President demands it, through his Attorney General, or compel the excision of its despotic features, which I know the President will applaud?

You remind me of my former support of the President in matters "vitally affecting" the State to its disadvantage, etc. With this expression, you are evidently enamored, else you would not constantly repeat it, like Polly asking for a cracker. I voted to remove the duty on sugar, to which you refer, and long for an opportunity to again do so. My people approved my action then, as they are doing now, for they know that I stood then as now by my convictions and not yours.

I have no doubt your committee's "regret that I have placed myself on the same level with the two discredited Members of the House of Representatives" is measureless. But before they go into mourning, let me assure them, through you, that I must descend to an intellectual level infinitely below that to which they have consigned me before I reach the plane occupied by men who presume to order me to blindly support public measures of whose details they admit their ignorance. And I shall enjoy the confidence of the President, which I now possess, when the frantic zeal of his new converts shall have been extinguished in the chorus of their angry disapproval. Then, as now, I shall probably be instructed by "a committee of which you are chairman" to substitute their judgments for mine. Then, as now, I shall do so, provided they are consistent with my own, and not otherwise.

Yours, very truly,

C. S. THOMAS.

#### PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented telegrams in the nature of memorials from the Penn Grain & Feed Co., of Philadelphia, Pa.; the Milwaukee Grain & Feed Co., of Milwaukee, Wis.; the Walker-Gordon Laboratory Co., of Plainsboro, N. J.; and the Farmers' Feed Co. of New York, of New York City, N. Y., remonstrating against the prohibition of the use of grain in the manufacture of malt beverages, as the dried brewers' grain constitutes a valuable and economical food for dairy cattle, which were referred to the Committee on Agriculture and Forestry.

Mr. CURTIS. Mr. President, I have received petitions signed by 30,000 people of Kansas, asking for legislation prohibiting the use of food products in the manufacture of intoxicating liquors during the period of the war, which I present for proper reference.

The VICE PRESIDENT. The petitions will be referred to the Committee on the Judiciary.

Mr. GRONNA presented a petition of the Commercial Club of Devils Lake, N. Dak., praying for the passage of the so-called universal compulsory military training bill, which was referred to the Committee on Military Affairs.

He also presented a petition of sundry citizens of Hannaford, N. Dak., and a petition of the committee on Federal affairs of the High School of Steele, N. Dak., praying for the supervision and control of all food products and for prohibition during the period of the war, which were referred to the Committee on the Judiciary.

Mr. KNOX presented petitions of sundry citizens of the State of Pennsylvania, praying for national prohibition during the period of the war, which were referred to the Committee on the Judiciary.

Mr. SHEPPARD presented a petition of sundry citizens of Runge, Tex., praying for national prohibition during the period of the war, which was referred to the Committee on the Judiciary.

Mr. SMOOT. I have received certain joint resolutions of the Legislature of the State of Utah, petitioning Congress upon certain subject matters. I desire to present them and ask to have them printed in the RECORD without reading.

The VICE PRESIDENT. Without objection, that order will be made.

The joint resolutions are as follows:

Senate joint resolution 9. Urging that steps be taken by Congress and the several States to call a national meeting to consider the establishment of a definite line of division between Federal and State taxes.

Whereas in the exercise of its taxing power the Federal Government is embracing the sources of revenue heretofore not availed of by that Government; and

Whereas there exists a line which separates the taxable units that equitably and logically may be left solely to State taxation from the units logically belonging to the broader Federal jurisdiction; and

Whereas the establishment of some reasonable line of division giving to the States sole taxing authority below such line and to the Federal Government sole taxing authority above such line would cure much of the trouble existing because of conflict of jurisdiction between States, would relieve the tension between Federal and State Governments, would result in great economy in the levying and collection of taxes, and would relieve the growing dissatisfaction on the part of the taxpayer resulting from irritating and expensive duplication of accounts and reports and double taxation: Now therefore be it

*Resolved by the Senate and House of Representatives of the State of Utah, jointly.* That we respectfully urge upon the Congress of the United States and the legislatures of the several States the need of holding a congress of the States to consider the subject of Federal and State sources of revenue, with the object of adopting and urging upon the Congress of the United States a definite policy in the segregation of State and Federal revenue; and we urge the legislatures of the other States to provide for attendance of representatives at such congress; and be it further

*Resolved.* That the President of the United States be invited to appoint a representative and that both Houses of the Congress of the United States be invited to appoint representatives to attend such conference; and be it further

*Resolved.* That the governor of the State of Utah is hereby requested to urge the governors of other States to recommend favorable action and to arrange for the time and place of such national meeting; and that the governor of Utah be authorized to appoint delegates to represent the State of Utah at such conference; and be it further

*Resolved.* That a copy of these resolutions be forthwith transmitted by the secretary of the senate to the President of the Senate of the United States and to the Speaker of the House of Representatives of

the United States, a copy hereof to each Member of Congress from the State of Utah, and a copy to the president of the senate and to the speaker of the house of representatives of each State legislature in session at this time.

Approved March 8, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing resolution is a full, true, and complete copy of the original thereof as appears of record in my office.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

Senate joint memorial 2. Memorializing Congress to enact liberal and adequate legislation for development of water-power sites in the public-land States.

To the Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the governor and Legislature of the State of Utah, respectfully represent that—

Whereas agricultural, commercial, and manufacturing development is greatly retarded in the public-land States by reason of the fact that the numerous water-power sites on the public domain of the United States within the public-land States, and particularly within the State of Utah, are now incapable of development for want of adequate legislation; and

Whereas heretofore the Representatives of this State have petitioned Congress for a national policy with relation to the public domain that would render the natural resources of the State available for public use and benefit. It is for the best interest of this State and its citizens that these resources be developed and so vested as to render them subject to taxation and thus distribute over a wider area the burden of taxation for local government that is now being borne by less than 25 per cent of the total area of the State. It is particularly important that the vast quantities of water which are now being wasted may be utilized.

If legislation shall be enacted by the Congress of the United States which will encourage the investment of private capital in the development of these power sites, it will stimulate the mining and other industries dependent upon utilization of power for their operation; will render possible the irrigation by pumping of vast areas of arid lands which can not be reached by gravity systems; will encourage manufacturing by reason of the cheap power for such purposes thereby rendered available; will permit of the electrification of railroads, thereby preserving for the use of present and future generations the coal deposits of this and other States for other uses for which electric power is not available, and will otherwise greatly benefit this State and its residents.

The State possesses, through its police powers, ample means to prevent and correct the abuses of monopoly, and to enforce adequate service at fair and reasonable rates, and to secure for its citizens the ultimate benefits resulting from water-power development;

Therefore the governor and the Legislature of the State of Utah respectfully and earnestly petition the Congress of the United States to enact, at the present session, appropriate legislation prescribing a definite, broad, and liberal policy, and a simple and direct method, by which water-power sites on the public domain in Federal ownership and control may be economically developed with careful restrictions to safeguard against the appropriation of power sites and power rights for speculative purposes, and not in good faith for immediate development and use.

The secretary of state of the State of Utah is hereby directed to transmit a copy of this joint memorial to the President, to each House of Congress, and to each Senator and Representative in Congress from this State.

Approved February 9, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 9th day of February, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

Senate joint memorial 3. A memorial asking the Congress of the United States to authorize the franking of all printed matter of an educational nature issued by the State board of health.

To the Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the Senate and House of Representatives of the State of Utah in legislature assembled, being the twelfth regular session, most respectfully petition as follows: That—

Whereas the importance of prompt and accurate record of births, deaths, and communicable diseases is now recognized by all civilized countries as of direct benefit to the Nation; and

Whereas the reporting of these births, deaths, and communicable diseases is now required by Federal and State laws, and it being for the general welfare of the public, your memorialists believe that this expense, in so far as postage is involved, should be borne by the public; and

Whereas the education of the people by means of printed matter pertaining to the preservation of health is conducive to the general public welfare; Therefore

We petition the Congress of the United States to authorize the franking of all reports of births, deaths, and communicable diseases to the proper officer, and all printed matter of an educational character issued by the State board of health to the people of the State in which such matter is issued.

Passed February 6, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of

the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 20th day of February, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

Senate joint memorial 4. A memorial relating to Indian lands formerly within the Uintah Reservation.

To the Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the governor and Legislature of Utah, respectfully represent that—

Whereas upon the opening of the Uintah Reservation, situate in the State of Utah, more than 250,000 acres of land were reserved and set apart to be used as grazing lands by the Indians located within said Uintah Reservation; and

Whereas by the terms of the act opening said reservation to settlement, said Indians had been generously provided with lands for home, agricultural, and other purposes, and by reason of such provisions, required but a small part, if any, of said 250,000 acres reserved as aforesaid, for grazing or for any purpose; and

Whereas there are about 1,000 Indians residing within the limits of what was formerly the Uintah Reservation, and their numbers are constantly diminishing, and they make but little use of said 250,000 acres, and said use is a diminishing one, and in time will cease entirely; and

Whereas at least 30,000 acres of said 250,000 acres so set apart as, and claimed to be grazing lands only, are agricultural lands of a high order and can be made to produce agricultural crops such as are common to the district in which they are situate, and there is an abundance of water for their irrigation; and

Whereas there is a demand for lands for home purposes by many citizens of the United States who are desirous of obtaining homes and farms under the homestead laws of the United States; and

Whereas said lands so reserved are contiguous to and adjoin lands upon which thousands of settlers are located, and it is practically impossible for them to utilize their lands without conflicts arising with the Indians claiming said 250,000 acres; and

Whereas it will be for the best interest of the Indians as well as the Government of the United States, and its inhabitants, that the existing situation be changed, and that the agricultural lands aforesaid be thrown open to entry under the land laws of the United States, by those desiring to obtain homes and agricultural lands for home purposes; and that such portion of the residue of said tract not actually required by the Indians for grazing purposes be restored to the public domain or placed within the limits of forest reserves adjoining said tract: Therefore be it

Resolved, That we, the governor and Legislature of the State of Utah, respectfully memorialize the Congress of the United States to enact the necessary legislation which will result in opening for entry to citizens of the United States the 30,000 acres of agricultural lands hereinbefore mentioned, and in restoring to the public domain, or placing within one or more forest reserves, the residue of said 250,000 acres of land which are not necessary for the use of said Indians for grazing purposes.

Approved March 8, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah, on the 8th day of March, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

Senate joint memorial 5. Petition for reimbursement to the State of Utah from the Federal Government of \$50,000 appropriated and paid by the State of Utah, under act of March, 1913, to Indian war veterans.

To the Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the governor and Legislature of the State of Utah, respectfully represent—

Whereas, under an act of the legislature approved March, 1913, the State of Utah appropriated and paid to the Indian war veterans of this State \$50,000; and

Whereas said Indian war veterans were defenders of this Government in a period of great hardship and necessity, mostly during the time elapsing between 1847 and 1857, and thereby an inestimable and permanent good was rendered to our common Government by brave and patriotic defenders at the risk of their lives and, in many instances, with the loss of precious blood; and

Whereas the whole redounded to the benefit of our common country, in that it assisted and enabled exposed portions of our frontiers to be settled and organized: Now, therefore,

Your memorialists respectfully pray that our National Congress will, by suitable enactment, reimburse the State of Utah for the said amount of \$50,000 which it has paid for the purposes aforesaid redounding to the common good and benefit of our National Government.

Approved March 7, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 7th day of March, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

House joint memorial 1. A memorial to the Congress of the United States that Congress submit to the States a proposed amendment to the Constitution of the United States prohibiting the sale, manufacture, transportation, importation, and exportation of intoxicating liquors.

To the Senate and House of Representatives of the United States in Congress assembled:

Whereas there is now pending in the Congress of the United States a resolution proposing an amendment to the Constitution of the United States whereby the sale, manufacture, or transportation of intoxicating liquors within, the importation thereof into, and the exportation thereof from, the United States and all territories subject to the jurisdiction thereof for beverage purposes are prohibited; and Whereas your memorialists favor and desire an amendment to the Constitution of the United States as proposed by said resolution, believing that the happiness, prosperity, and well-being of the people of the United States will be greatly promoted thereby; and Whereas your memorialists are informed that said resolution has been reported upon favorably by the Judiciary Committees of both Houses of Congress:

Resolved by the Legislature of the State of Utah, That we respectfully memorialize the Congress of the United States that Congress adopt said resolution and that said proposed amendment to the Constitution of the United States be submitted to the legislatures of the States at the earliest possible date for their consideration.

Resolved further, That the secretary of state be, and he is hereby, directed to prepare and transmit forthwith certified copies of this memorial to the President of the United States, to the Presiding Officers of both branches of Congress, and to each of the Senators and Representatives from Utah.

Passed January 25, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 3d day of February, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

House joint memorial 3. A memorial to the Congress of the United States that Congress survey and construct an interstate highway or road connecting the Mesa Verde National Park, the Natural Bridges Monument, the Grand Canyon National Monument, and the Mukuntuweap National Monument, and that Congress appropriate the necessary money for such road at an early date.

To the Senate and House of Representatives of United States in Congress assembled:

Whereas the President of the United States, in the exercise of his authority under the act of Congress approved June 8, 1906, entitled "An act for the preservation of American antiquities," has created the Natural Bridges National Monument, the Rainbow Bridge National Monument, the Mukuntuweap National Monument, and the Grand Canyon National Monument, to include the great natural bridges of Utah, the wonderful Rainbow Arch, the Cliff Dwellers' Ruins, the Grand Canyon of the Colorado, and other wonders; and Whereas Congress has created the Mesa Verde National Park containing certain other remarkable ruins of the cliff dwellers; and

Whereas the country between these great marvels of nature and ruins of antiquity contains many other scenic wonders which have not yet been reserved, and the country is almost entirely undeveloped Government land without railroad or other proper roads which would afford opportunities for the convenient travel of a large mass of people of the United States who would wish to visit them if they could be reached by automobiles; and

Whereas it would be a great benefit to the people of the United States to visit and study these wonders which would be accessible from a road connecting the Mesa Verde National Park, and the Natural Bridges with the Grand Canyon National Monument and the Mukuntuweap National Monument, and there are now trails for the entire distance between them which can be readily converted into an automobile highway; and

Whereas the present Congress has appropriated the sum of \$15,000 for the building of a road through the Mukuntuweap National Monument which will attract thousands of people to that monument the coming summer and each succeeding year; and

Whereas a large proportion of these people who visit the accessible monument would proceed to the others and the famous natural bridges of Utah if opportunities were afforded for doing so: Now, therefore, be it

Resolved by the Senate and House of Representatives of the State of Utah in legislature assembled, That the Congress of the United States be respectfully and earnestly petitioned to survey and construct a road which will connect the Mesa Verde National Park, the Natural Bridges, the Grand Canyon National Monument, and the Mukuntuweap National Monument, and that the necessary sum be appropriated by the Congress of the United States for this purpose at an early date.

Resolved further, That our Senators and Representatives in Congress are earnestly requested to use their best efforts toward the securing of the enactment of such a law.

Resolved further, That the Secretary of State be, and he is hereby directed to prepare and transmit forthwith certified copies of this memorial to the President of the United States, to the presiding officers of both branches of Congress, and to each of the Senators and Representatives in Congress from Utah.

Passed February 28, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 5th day of March, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

House joint memorial 6. A memorial to the Congress of the United States, petitioning the Government to pass the Federal suffrage amendment.

To the Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the governor and Legislature of the State of Utah, respectfully represent that—

Whereas the Federal amendment to grant the right of suffrage to women equally with men has been before the Congress of the United States for the past 40 years; and

Whereas the women of the nonsuffrage States feel that the time is come when the Congress should give favorable consideration to this measure of justice to one-half the citizens of these United States: Now, therefore,

The governor and the Legislature of the State of Utah respectfully petition that the said suffrage amendment receive favorable consideration before the sixty-fourth session of Congress adjourns.

Approved, March 2, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 2d day of March, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

House joint memorial 8. A memorial to the Congress of the United States of America, petitioning the United States Government to assist in the maintenance of public schools of the State of Utah attended by children of lessees of land in the former Uintah Indian Reservation.

To the Senate and House of Representatives of the United States:

Your memorialists, the governor and the Legislature of the State of Utah, respectfully represent that—

Whereas the school districts of Duchesne and Uintah Counties, in the State of Utah, having a school population of 3,000, 300 of whom are children of lessees of Indian lands in the former Uintah Indian Reservation, have insufficient funds to provide proper educational facilities for the children in such districts owing to the fact that such territory is very sparsely settled; that there are no railroads or other public utilities to produce revenue; and the further fact that such school districts derive no revenue from leaseholders in the former Uintah Indian Reservation; and

Whereas an extensive advertising campaign is now being made for lessees for 100,000 acres more of said Indian lands, which will increase the school population very materially, without increasing the revenue; and

Whereas the settlers of such school districts feel that the education of the children of such leaseholders is a distinct and unfair burden placed upon them; and

Whereas the cost of maintaining the schools in such districts during the required school year amounts to approximately \$30 per capita, exclusive of buildings: Now, therefore, be it

Resolved, That the governor and the Legislature of the State of Utah do most respectfully urge and request that Congress appropriate an amount sufficient to cover the cost of educating the children of lessees of land in the said former Uintah Indian Reservation; and

Resolved further, That the secretary of state be, and he is hereby, instructed to forward copies of this memorial to the President, the Senate and House of Representatives, and to Utah's congressional delegation, with the request that they use every legitimate effort to promote the objects of said memorial.

Approved, March 8, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 8th day of March, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

House joint memorial 9. A memorial petitioning Congress to rescind the order withdrawing from entry certain lands situate in Uintah County for reservoir purposes.

To the President and to the Senate and House of Representatives of the Congress of the United States:

Whereas the executive department of the Federal Government by recent proclamation withdrew from entry approximately 250,000 acres of land situated within Uintah County, Utah, for the claimed purpose of building a reservoir in order to impound the waters of Green River for use in California; and

Whereas the feasibility of such a project has not been demonstrated; and

Whereas the building of a reservoir within the area withdrawn as aforesaid would destroy several thousand acres of land now occupied, much of which is improved, and would also destroy the town of Randlett and the trading post known as Ouray, and would also deprive many citizens of lands which have been entered by them under the various laws of the United States, and would also result in covering many thousand acres of land now owned by the Government, but which are fertile and susceptible of cultivation and which would furnish homes and farms to a large number of people, and would likewise prevent the construction of contemplated railroads (surveys which have been made), and which are indispensable to the development of the eastern and northeastern part of Utah and portions of Wyoming and Colorado; and

Whereas within said area withdrawn as aforesaid there are large and valuable deposits of gilsonite, elaterite, asphaltum, and other hydrocarbons and also rich and undeveloped oil fields; and

Whereas the value of said land so withdrawn as aforesaid for agricultural and grazing purposes and because of the limitless and inexhaustible deposits of hydrocarbons, including the various kinds of oil common to the oil fields of California and Wyoming, can not be definitely determined, but unquestionably would amount to many millions of dollars; and

Whereas, as stated, the construction of a reservoir upon said withdrawn lands would result in the destruction of homes and valuable property as well as the destruction of lands capable of sustaining thousands of people and yielding millions of dollars in valuable mining and hydrocarbon products, without any adequate or commensurate benefit to the State of California; and

Whereas the execution of the project aforesaid would be greatly injurious, not only to the people of Utah, but to the people of other States, as well as to the Government of the United States; and Whereas, if it is desirable that reservoirs should be constructed for the purpose of impounding the waters of the Colorado River or any of its tributaries, other sites can be procured where the building of one or more reservoirs would not prove so injurious and work such damage and injury to residents and citizens of Utah and other States and to the Government: Now, therefore, be it

*Resolved*, That the Legislature of the State of Utah does hereby respectfully protest against the withdrawal of said lands for the purpose aforesaid or for any purpose; and be it

*Resolved*, That the executive department of the Government be requested to rescind and set aside said order withdrawing said lands for reservoir purposes, to the end that said lands may be restored to the status in which they were found prior to the promulgation of said Executive order of withdrawal. And your petitioners will ever pray.

Approved, March 12, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 12th day of March, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

House joint memorial 11. A memorial petitioning Congress to make an appropriation for the transcontinental railway semicentennial celebration.

To the Senate and House of Representatives of the United States in Congress assembled:

Your memorialists, the Legislature of the State of Utah, hereby present for your consideration the following memorial:

Whereas the first transcontinental railway was completed in 1869, when a golden spike was driven at the completion of the work near Ogden, Utah; and

Whereas the accomplishment of this gigantic undertaking was the most potent factor in the development of an empire of wealth, population, and possibilities; and

Whereas the results of the establishment of this transcontinental railway were of lasting and measureless benefit to this Republic in providing homes for a growing population, opportunities for loyal citizens who stand ready to serve their country in any capacity at any time or call; and

Whereas it has been decided by the Legislature of Utah, in its twelfth session, to provide \$500,000 for the purpose of holding a golden spike exposition at Ogden, Utah, in the year 1919, commemorating the semicentennial anniversary of the completion of the first transcontinental railway: Therefore

The twelfth session of the Legislature of the State of Utah respectfully requests that the honorable Senate and House of Representatives of the Congress of the United States of America enact such legislation and make such an appropriation for this purpose as may properly indicate the interest and appreciation of the American people for this wonderful achievement.

Also, that a copy of this memorial be furnished Senator SMOOT, Senator KING, and Congressman MAYS and WELLING, for presentation to the Senate and House of Representatives.

Approved, March 8, 1917.

STATE OF UTAH,  
OFFICE OF THE SECRETARY OF STATE.

I, Harden Bennion, secretary of state of the State of Utah, do hereby certify that the foregoing memorial is a full, true, and complete copy of the original thereof, which was filed in the office of the secretary of state of the State of Utah on the 8th day of March, 1917.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Utah this 30th day of April, A. D. 1917.

[SEAL.]

HARDEN BENNION,  
Secretary of State.

ARMY AND NAVY DEFICIENCIES.

Mr. MARTIN. I am directed by the Committee on Appropriations, to which was referred the bill (H. R. 3971) making appropriations to supply urgent deficiencies in appropriations for the Military and Naval Establishments on account of war expenses for the fiscal year ending June 30, 1917, and for other purposes, to report it favorably with amendments, and I submit a report (No. 41) thereon.

The VICE PRESIDENT. The bill will be placed on the calendar.

BILL AND JOINT RESOLUTIONS INTRODUCED.

A bill and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WEEKS:

A bill (S. 2277) to enable the Secretary of War and the Secretary of the Navy to enter into negotiations for the purchase of the Cape Cod Canal, and for other purposes; to the Committee on Commerce.

By Mr. RANSELL:

A joint resolution (S. J. Res. 33) to establish a reserve of the Public Health Service; to the Committee on Public Health and National Quarantine.

By Mr. CHAMBERLAIN:

A joint resolution (S. J. Res. 64) proposing an amendment to the Constitution of the United States giving to Congress the power to extend the right of suffrage to residents of the District of Columbia; to the Committee on the District of Columbia.

WAR REVENUE.

Mr. SAULSBURY submitted three amendments intended to be proposed by him to the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

Mr. WATSON submitted an amendment intended to be proposed by him to the bill (H. R. 4280) to provide revenue to defray war expenses, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

INCREASE OF MILITARY ESTABLISHMENT—CONFERENCE REPORT.

Mr. CHAMBERLAIN. I desire to present a conference report on the bill (H. R. 3545) to authorize the President to increase temporarily the Military Establishment of the United States.

Of course the report can not be acted upon by the Senate until after the House has taken action, but in order that it may be printed in the RECORD in advance for the information of the Senate I desire to present it.

The PRESIDING OFFICER. Without objection, the conference report will be received and printed in the RECORD.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3545) to authorize the President to increase temporarily the Military Establishment of the United States, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"That in view of the existing emergency, which demands the raising of troops in addition to those now available, the President be, and he is hereby, authorized—

"First. Immediately to raise, organize, officer, and equip all or such number of increments of the Regular Army provided by the national defense act approved June 3, 1916, or such parts thereof as he may deem necessary; to raise all organizations of the Regular Army, including those added by such increments, to the maximum enlisted strength authorized by law. Vacancies in the Regular Army created or caused by the addition of increments as herein authorized which can not be filled by promotion may be filled by temporary appointment for the period of the emergency or until replaced by permanent appointments or by provisional appointments made under the provisions of section 23 of the national defense act, approved June 3, 1916, and hereafter provisional appointments under said section may be terminated whenever it is determined, in the manner prescribed by the President, that the officer has not the suitability and fitness requisite for permanent appointment.

"Second. To draft into the military service of the United States, organize, and officer, in accordance with the provisions of section 111 of said national defense act, so far as the provisions of said section may be applicable and not inconsistent with the terms of this act, any or all members of the National Guard and of the National Guard Reserves, and said members so drafted into the military service of the United States shall serve therein for the period of the existing emergency unless sooner discharged: *Provided*, That when so drafted the organizations or units of the National Guard shall, so far as practicable, retain the State designations of their respective organizations.

"Third. To raise by draft as herein provided, organize and equip an additional force of 500,000 enlisted men, or such part or parts thereof as he may at any time deem necessary, and to provide the necessary officers, line and staff, for said force and for organizations of the other forces hereby authorized, or by combining organizations of said other forces, by ordering members of the Officers' Reserve Corps to temporary duty in accordance with the provisions of section 38 of the national defense act approved June 3, 1916; by appointment from the Regular Army, the Officers' Reserve Corps, from those duly qualified and registered pursuant to section 23 of the act of Congress approved January 21, 1903 (32 Stat. L., p. 775), from the members of the National Guard drafted into the service of the United States, from those who have been graduated from educational institutions at which military instruction is compulsory, or from those who have had honorable service in the Regular Army, the National Guard, or in the Volunteer forces, or from the country at large; by assigning retired officers of the Regular Army to active duty with such force with their rank on the retired list and the full pay and allowances of their grade; or by the appointment of retired officers and enlisted

men, active or retired, of the Regular Army as commissioned officers in such forces: *Provided*, That the organization of said force shall be the same as that of the corresponding organizations of the Regular Army: *Provided further*, That the President is authorized to increase or decrease the number of organizations prescribed for the typical brigades, divisions, or army corps of the Regular Army, and to prescribe such new and different organizations and personnel for army corps, divisions, brigades, regiments, battalions, squadrons, companies, troops, and batteries as the efficiency of the service may require: *Provided further*, That the number of organizations in a regiment shall not be increased nor shall the number of regiments be decreased: *Provided further*, That the President in his discretion may organize, officer, and equip for each Infantry and Cavalry brigade three machine-gun companies, and for each Infantry and Cavalry division four machine-gun companies, all in addition to the machine-gun companies comprised in organizations included in such brigades and divisions: *Provided further*, That the President in his discretion may organize for each division one armored motor car machine-gun company. The machine-gun companies organized under this section shall consist of such commissioned and enlisted personnel and be equipped in such manner as the President may prescribe: *And provided further*, That officers with rank not above that of colonel shall be appointed by the President alone, and officers above that grade by the President by and with the advice and consent of the Senate: *Provided further*, That the President may in his discretion, recommission in the Coast Guard persons who have heretofore held commissions in the Revenue-Cutter Service or the Coast Guard and have left the service honorably, after ascertaining that they are qualified for service physically, morally, and as to age and military fitness.

"Fourth. The President is further authorized, in his discretion and at such time as he may determine, to raise and begin the training of an additional force of 500,000 men organized, officered, and equipped, as provided for the force first mentioned in the preceding paragraph of this section.

"Fifth. To raise by draft, organize, equip, and officer, as provided in the third paragraph of this section, in addition to and for each of the above forces, such recruit training units as he may deem necessary for the maintenance of such forces at the maximum strength.

"Sixth. To raise, organize, officer, and maintain during the emergency such number of ammunition batteries and battalions, depot batteries and battalions, and such artillery parks, with such numbers and grades of personnel as he may deem necessary. Such organizations shall be officered in the manner provided in the third paragraph of this section, and enlisted men may be assigned to said organizations from any of the forces herein provided for or raised by selective draft as by this act provided.

"Seventh. The President is further authorized to raise and maintain by voluntary enlistment, to organize, and equip, not to exceed four Infantry divisions, the officers of which shall be selected in the manner provided by paragraph 3 of section 1 of this act: *Provided*, That the organization of said force shall be the same as that of the corresponding organization of the Regular Army: *And provided further*, That there shall be no enlistments in said force of men under 25 years of age at time of enlisting: *And provided further*, That no such volunteer force shall be accepted in any unit smaller than a division.

"Sec. 2. That the enlisted men required to raise and maintain the organizations of the Regular Army and to complete and maintain the organizations embodying the members of the National Guard drafted into the service of the United States, at the maximum legal strength as by this act provided, shall be raised by voluntary enlistment, or if and whenever the President decides that they can not effectually be so raised or maintained, then by selective draft; and all other forces hereby authorized, except as provided in the seventh paragraph of section 1, shall be raised and maintained by selective draft exclusively; but this provision shall not prevent the transfer to any force of training cadres from other forces. Such draft as herein provided shall be based upon liability to military service of all male citizens, or male persons not alien enemies who have declared their intention to become citizens, between the ages of 21 and 30 years, both inclusive, and shall take place and be maintained under such regulations as the President may prescribe not inconsistent with the terms of this act. Quotas for the several States, Territories, and the District of Columbia, or subdivisions thereof, shall be determined in proportion to the population thereof, and credit shall be given to any State, Territory, District, or subdivision thereof, for the number of men who were in the military service of the United States as members of the National Guard on April 1, 1917, or who have

since said date entered the military service of the United States from any such State, Territory, District, or subdivision, either as members of the Regular Army or the National Guard. All persons drafted into the service of the United States and all officers accepting commissions in the forces herein provided for shall, from the date of said draft or acceptance, be subject to the laws and regulations governing the Regular Army, except as to promotions, so far as such laws and regulations are applicable to persons whose permanent retention in the military service on the active or retired list is not contemplated by existing law, and those drafted shall be required to serve for the period of the existing emergency unless sooner discharged: *Provided*, That the President is authorized to raise and maintain by voluntary enlistment or draft, as herein provided, special and technical troops as he may deem necessary, and to embody them into organizations and to officer them as provided in the third paragraph of section 1 and section 9 of this act. Organizations of the forces herein provided for, except the Regular Army and the divisions authorized in the seventh paragraph of section 1, shall, as far as the interests of the service permit, be composed of men who come, and of officers who are appointed from, the same State or locality.

"Sec. 3. No bounty shall be paid to induce any person to enlist in the military service of the United States; and no person liable to military service shall hereafter be permitted or allowed to furnish a substitute for such service; nor shall any substitute be received, enlisted, or enrolled in the military service of the United States; and no such person shall be permitted to escape such service or to be discharged therefrom prior to the expiration of his term of service by the payment of money or any other valuable thing whatsoever as consideration for his release from military service or liability thereto.

"Sec. 4. That the Vice President of the United States, the officers, legislative, executive, and judicial, of the United States and of the several States, Territories, and the District of Columbia, regular or duly ordained ministers of religion, students who at the time of the approval of this act are preparing for the ministry in recognized theological or divinity schools, and all persons in the military and naval service of the United States shall be exempt from the selective draft herein prescribed; and nothing in this act contained shall be construed to require or compel any person to serve in any of the forces herein provided for who is found to be a member of any well-recognized religious sect or organization at present organized and existing and whose existing creed or principles forbid its members to participate in war in any form and whose religious convictions are against war or participation therein in accordance with the creed or principles of said religious organizations, but no person so exempted shall be exempted from service in any capacity that the President shall declare to be noncombatant; and the President is hereby authorized to exclude or discharge from said selective draft and from the draft under the second paragraph of section 1 hereof, or to draft for partial military service only from those liable to draft as in this act provided, persons of the following classes: County and municipal officials; customhouse clerks; persons employed by the United States in the transmission of the mails; artificers and workmen employed in the armories, arsenals, and navy yards of the United States, and such other persons employed in the service of the United States as the President may designate; pilots, mariners actually employed in the sea service of any citizen or merchant within the United States; persons engaged in industries, including agriculture, found to be necessary to the maintenance of the Military Establishment or the effective operation of the military forces or the maintenance of national interest during the emergency; those in a status with respect to persons dependent upon them for support which renders their exclusion or discharge advisable; and those found to be physically or morally deficient. No exemption or exclusion shall continue when a cause therefor no longer exists: *Provided*, That notwithstanding the exemptions enumerated herein, each State, Territory, and the District of Columbia shall be required to supply its quota in the proportion that its population bears to the total population of the United States.

"The President is hereby authorized, in his discretion, to create and establish throughout the several States and subdivisions thereof and in the Territories and the District of Columbia local boards, and where, in his discretion, practicable and desirable, there shall be created and established one such local board in each county or similar subdivision in each State, and one for approximately each 30,000 of population in each city of 30,000 population or over, according to the last census taken or estimates furnished by the Bureau of Census of the Department of Commerce. Such boards shall be appointed by the President and shall consist of three or more members, none of whom shall

be connected with the Military Establishment, to be chosen from among the local authorities of such subdivisions or from other citizens residing in the subdivision or area in which the respective boards will have jurisdiction under the rules and regulations prescribed by the President. Such boards shall have power within their respective jurisdictions to hear and determine, subject to review as hereinafter provided, all questions of exemption under this act, and all questions of or claims for including or discharging individuals or classes of individuals from the selective draft, which shall be made under rules and regulations prescribed by the President, except any and every question or claim for including or excluding or discharging persons or classes of persons from the selective draft under the provisions of this act authorizing the President to exclude or discharge from the selective draft 'persons engaged in industries, including agriculture, found to be necessary to the maintenance of the Military Establishment, or the effective operation of the military forces, or the maintenance of national interest during the emergency.'

"The President is hereby authorized to establish additional boards, one in each Federal judicial district of the United States, consisting of such number of citizens, not connected with the Military Establishment, as the President may determine, who shall be appointed by the President. The President is hereby authorized, in his discretion, to establish more than one such board in any Federal judicial district of the United States, or to establish one such board having jurisdiction of an area extending into more than one Federal judicial district.

"Such district boards shall review on appeal and affirm, modify, or reverse any decision of any local board having jurisdiction in the area in which any such district board has jurisdiction under the rules and regulations prescribed by the President. Such district boards shall have exclusive original jurisdiction within their respective areas to hear and determine all questions or claims for including or excluding or discharging persons or classes of persons from the selective draft, under the provisions of this act, not included within the original jurisdiction of such local boards.

"The decisions of such district boards shall be final, except that, in accordance with such rules and regulations as the President may prescribe, he may affirm, modify, or reverse any such decision.

"Any vacancy in any such local board or district board shall be filled by the President, and any member of any such local board or district board may be removed and another appointed in his place by the President, whenever he considers that the interest of the Nation demands it.

"The President shall make rules and regulations governing the organization and procedure of such local boards and district boards, and providing for and governing appeals from such local boards to such district boards, and reviews of the decisions of any local board by the district board having jurisdiction, and determining and prescribing the several areas in which the respective local boards and district boards shall have jurisdiction, and all other rules and regulations necessary to carry out the terms and provisions of this section, and shall provide for the issuance of certificates of exemption, or partial or limited exemptions, and for a system to exclude and discharge individuals from selective draft.

"Sec. 5. That all male persons between the ages of 21 and 30, both inclusive, shall be subject to registration in accordance with regulations to be prescribed by the President; and upon proclamation by the President or other public notice given by him or by his direction stating the time and place of such registration it shall be the duty of all persons of the designated ages, except officers and enlisted men of the Regular Army, the Navy, and the National Guard and Naval Militia while in the service of the United States, to present themselves for and submit to registration under the provisions of this act; and every such person shall be deemed to have notice of the requirements of this act upon the publication of said proclamation or other notice as aforesaid given by the President or by his direction; and any person who shall willfully fail or refuse to present himself for registration or to submit thereto as herein provided, shall be guilty of a misdemeanor and shall, upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than one year, and shall thereupon be duly registered: *Provided*, That in the call of the docket precedence shall be given, in courts trying the same, to the trial of criminal proceedings under this act: *Provided further*, That persons shall be subject to registration as herein provided who shall have attained their twenty-first birthday and who shall not have attained their thirty-first birthday on or before the day set for the registration, and all persons so registered shall be and remain subject to draft into the forces

hereby authorized, unless exempted or excused therefrom as in this act provided: *Provided further*, That in the case of temporary absence from actual place of legal residence of any person liable to registration as provided herein such registration may be made by mail under regulations to be prescribed by the President.

"Sec. 6. That the President is hereby authorized to utilize the service of any or all departments and any or all officers or agents of the United States and of the several States, Territories, and the District of Columbia, and subdivisions thereof, in the execution of this act, and all officers and agents of the United States and of the several States, Territories, and subdivisions thereof, and of the District of Columbia, and all persons designated or appointed under regulations prescribed by the President whether such appointments are made by the President himself or by the governor or other officer of any State or Territory to perform any duty in the execution of this act, are hereby required to perform such duty as the President shall order or direct, and all such officers and agents and persons so designated or appointed shall hereby have full authority for all acts done by them in the execution of this act by the direction of the President. Correspondence in the execution of this act may be carried in penalty envelopes bearing the frank of the War Department. Any person charged as herein provided with the duty of carrying into effect any of the provisions of this act or the regulations made or directions given thereunder who shall fail or neglect to perform such duty; and any person charged with such duty or having and exercising any authority under said act, regulations, or directions, who shall knowingly make or be a party to the making of any false or incorrect registration, physical examination, exemption, enlistment, enrollment, or muster; and any person who shall make or be a party to the making of any false statement or certificate as to the fitness or liability of himself or any other person for service under the provisions of this act, or regulations made by the President thereunder, or otherwise evades or aids another to evade the requirements of this act or of said regulations, or who, in any manner, shall fail or neglect fully to perform any duty required of him in the execution of this act, shall, if not subject to military law, be guilty of a misdemeanor, and upon conviction in the district court of the United States having jurisdiction thereof, be punished by imprisonment for not more than one year, or, if subject to military law, shall be tried by court-martial and suffer such punishment as a court-martial may direct.

"Sec. 7. That the qualifications and conditions for voluntary enlistment as herein provided shall be the same as those prescribed by existing law for enlistments in the Regular Army, except that recruits must be between the ages of 18 and 40 years, both inclusive, at the time of their enlistment; and such enlistments shall be for the period of the emergency unless sooner discharged. All enlistments, including those in the Regular Army Reserve, which are in force on the date of the approval of this act and which would terminate during the emergency shall continue in force during the emergency unless sooner discharged; but nothing herein contained shall be construed to shorten the period of any existing enlistment: *Provided*, That all persons enlisted or drafted under any of the provisions of this act shall as far as practicable be grouped into units by States and the political subdivisions of the same: *Provided further*, That all persons who have enlisted since April 1, 1917, either in the Regular Army or in the National Guard, and all persons who have enlisted in the National Guard since June 3, 1916, upon their application, shall be discharged upon the termination of the existing emergency.

"The President may provide for the discharge of any or all enlisted men whose status with respect to dependents renders such discharge advisable; and he may also authorize the employment on any active duty of retired enlisted men of the Regular Army, either with their rank on the retired list or in higher enlisted grades, and such retired enlisted men shall receive the full pay and allowances of the grades in which they are actively employed.

"Sec. 8. That the President, by and with the advice and consent of the Senate, is authorized to appoint for the period of the existing emergency such general officers of appropriate grades as may be necessary for duty with brigades, divisions, and higher units in which the forces provided for herein may be organized by the President, and general officers of appropriate grade for the several Coast Artillery districts. In so far as such appointments may be made from any of the forces herein provided for, the appointees may be selected irrespective of the grades held by them in such forces. Vacancies in all grades in the Regular Army resulting from the appointment of officers thereof to higher grades in the forces other than the Regular Army herein provided for shall be filled by temporary

promotions and appointments in the manner prescribed for filling temporary vacancies by section 114 of the national defense act approved June 3, 1916; and officers appointed under the provisions of this act to higher grades in the forces other than the Regular Army herein provided for shall not vacate their permanent commissions nor be prejudiced in their relative or lineal standing in the Regular Army.

"SEC. 9. That the appointments authorized and made as provided by the second, third, fourth, fifth, sixth, and seventh paragraphs of section 1 and by section 8 of this act, and the temporary appointments in the Regular Army authorized by the first paragraph of section 1 of this act, shall be for the period of the emergency, unless sooner terminated by discharge or otherwise. The President is hereby authorized to discharge any officer from the office held by him under such appointment for any cause which, in the judgment of the President, would promote the public service; and the general commanding any division and higher tactical organization or territorial department is authorized to appoint from time to time military boards of not less than three nor more than five officers of the forces herein provided for to examine into and report upon the capacity, qualification, conduct, and efficiency of any commissioned officer within his command other than officers of the Regular Army holding permanent or provisional commissions therein. Each member of such board shall be superior in rank to the officer whose qualifications are to be inquired into, and if the report of such board be adverse to the continuance of any such officer and be approved by the President, such officer shall be discharged from the service at the discretion of the President with one month's pay and allowances.

"SEC. 10. That all officers and enlisted men of the forces herein provided for other than the Regular Army shall be in all respects on the same footing as to pay, allowances, and pensions as officers and enlisted men of corresponding grades and length of service in the Regular Army; and commencing June 1, 1917, and continuing until the termination of the emergency, all enlisted men of the Army of the United States in active service whose base pay does not exceed \$21 per month shall receive an increase of \$10 per month; those whose base pay is \$24, an increase of \$8 per month; those whose base pay is \$30, \$36, or \$40, an increase of \$6 per month; and those whose base pay is \$45 or more, an increase of \$5 per month: *Provided*, That the increases of pay herein authorized shall not enter into the computation of continuous-service pay.

"SEC. 11. That all existing restrictions upon the detail, detachment, and employment of officers and enlisted men of the Regular Army are hereby suspended for the period of the present emergency.

"SEC. 12. That the President of the United States, as Commander in Chief of the Army, is authorized to make such regulations governing the prohibition of alcoholic liquors in or near military camps and to the officers and enlisted men of the Army as he may from time to time deem necessary or advisable: *Provided*, That no person, corporation, partnership, or association shall sell, supply, or have in his or its possession any intoxicating or spirituous liquors at any military station, cantonment, camp, fort, post, officers' or enlisted men's club, which is being used at the time for military purposes under this act, but the Secretary of War may make regulations permitting the sale and use of intoxicating liquors for medicinal purposes. It shall be unlawful to sell any intoxicating liquor, including beer, ale, or wine, to any officer or member of the military forces while in uniform, except as herein provided. Any person, corporation, partnership, or association violating the provisions of this section or the regulations made thereunder shall, unless otherwise punishable under the Articles of War, be deemed guilty of a misdemeanor and be punished by a fine of not more than \$1,000 or imprisonment for not more than 12 months, or both.

"SEC. 13. That the Secretary of War is hereby authorized, empowered, and directed during the present war to do everything by him deemed necessary to suppress and prevent the keeping or setting up of houses of ill fame, brothels, or bawdy houses within such distance as he may deem needful of any military camp, station, fort, post, cantonment, training, or mobilization place, and any person, corporation, partnership, or association receiving or permitting to be received for immoral purposes any person into any place, structure, or building used for the purpose of lewdness, assignation, or prostitution within such distance of said places as may be designated, or shall permit any such person to remain for immoral purposes in any such place, structure, or building as aforesaid, or who shall violate any order, rule, or regulation issued to carry out the object and purpose of this section shall, unless otherwise punishable under the Articles of War, be deemed guilty of a misdemeanor

and be punished by a fine of not more than \$1,000, or imprisonment for not more than 12 months, or both.

"SEC. 14. That all laws and parts of laws in conflict with the provisions of this act are hereby suspended during the period of this emergency."

And the Senate agree to the same.

GEO. E. CHAMBERLAIN,  
G. M. HITCHCOCK,  
F. E. WARREN,  
*Managers on the part of the Senate.*  
S. H. DENT, JR.,  
W. J. FIELDS,  
PERCY E. QUIN,  
D. R. ANTHONY, JR.,  
*Managers on the part of the House.*

#### DUTIES OF POST-OFFICE INSPECTORS.

Mr. REED. Mr. President, I send to the desk a letter from the Postmaster General, which I ask to have read to the Senate. The PRESIDING OFFICER. Without objection, the letter submitted by the Senator from Missouri will be read.

The Secretary read the letter, as follows:

POST OFFICE DEPARTMENT, UNITED STATES OF AMERICA,  
OFFICE OF THE POSTMASTER GENERAL,  
Washington, D. C., May 11, 1917.

Hon. JOHN H. BANKHEAD,  
*United States Senate.*

MY DEAR SENATOR BANKHEAD: I was shocked and surprised when my attention was this morning directed to a statement made on the floor of the Senate yesterday by Senator REED, of Missouri. The statement follows:

"I think it is the custom. I think whenever Mr. Post Office Inspector concludes that he wants to open anybody's mail, he just opens it; and if he has made a mistake and got hold of something that has no evidence of any character in it which he wants he seals the letter up. I think he frequently seals it up, sends it on to its destination, watches, then, to see what transpires, gets the reply letter, and opens it. I think such inspectors flagrantly violate the law with reference to all of these letters at all times."

Evidently Senator REED has been grossly deceived with reference to this matter by some evil-disposed person. Of course, I do not undertake to say what may have been done during the former postal administrations by post-office inspectors in the matter of opening letters, but during this administration there has been only one case where a post-office inspector breached the inviolability of mail matter. In the case referred to the post-office inspector, through overzeal in an effort to apprehend a violator of the law, opened a few letters. When this violation of the law on his part was brought to my attention an order was promptly issued dismissing him from the service, and the fact that the inviolability of the mails had been breached was laid before the grand jury; this action was taken notwithstanding the fact that the post-office inspector who had been guilty of the violation of the law referred to was an ex-soldier and had been connected with the department over 30 years and was an inspector in charge whose record theretofore had been good.

There is now law authorizing post-office inspectors, postmasters, or the Postmaster General to open letters which have been mailed save those reaching the dead-letter office; on the contrary, there is an express statute against it. During this administration this law has been strictly enforced, and I feel sure I am safe in saying that, save the instance above cited, no act by a postal employee in violation of this law can be cited.

I am sure that Senator REED had no purpose to do an injustice and wrong to the post-office inspectors, and that he will be only too glad to make the correction when it is brought to his attention. I am writing you, as chairman of the Committee on Post Offices and Post Roads, to request that you bring the matter to Senator REED's attention, in order that he may know what the truth is about this in so far as the practices and customs of the post-office inspectors under this administration are concerned.

Very sincerely,

A. S. BULLISON.

Mr. REED. Mr. President, I have asked that this letter be read, to the end that the statement of the Postmaster General be given as much publicity as my remarks were given. I am delighted to be assured that the custom and practice to which I referred has been entirely discontinued under the present administration. I hope that the Postmaster General is not mistaken.

The statement that I made was made upon information gained in previous years. As the Record will show, I was not permitted to entirely conclude my statement. I believe my remarks were made during the progress of an address by the Senator from Montana [Mr. WALSH]. In any event, my recollection is quite distinct that before the subject matter had been disposed of I asked the privilege of making a further statement, but, because the Senator from Montana was pressed for time, he asked me not to insist upon making the statement at that moment. I desire to make the statement now which I intended to make at that time.

Through my connection in an official way with the prosecution of criminals and with those who were concerned in the prosecution of criminals, it came to my knowledge that in a number of cases post-office inspectors were acting in concert with the police officers, of Kansas City, at least, and that they were helping those officers to trace down men charged with crime by following their letters through the mails. I never saw a letter opened, of course, but I have been told by the police officers how

they had in a number of cases been able to follow a man to his hiding place by having a post-office inspector watch for letters that were being delivered to some near relative or to some sweetheart or to some friend. The practice was never to my knowledge employed for the purpose of merely prying into the private business of people, but was employed with the object of tracing criminals. It has been stated to me by those officers that in some cases letters were skillfully opened, their contents examined, then the letters were skillfully closed and forwarded to their destination. Then the individual to whom the letter was addressed was watched as he mailed the reply letter, and in that way the location of the fugitive was discovered.

I have not the slightest doubt that this custom was general in the United States; there is not the slightest doubt on earth in my mind about it. It was, of course, illegal, but it belonged to that kind of illegal acts which we are all inclined more or less to wink at because the purpose, the object, the end is a laudable one, namely, to punish crime.

Mr. President, I am glad to have the assurance of the Postmaster General that since he has been in office nothing of this kind has occurred. I am very glad, indeed, to present his statement to the Senate, to the end that there may be given to it full and absolute publicity.

#### WAR TAXATION IN GREAT BRITAIN.

Mr. HOLLIS. Mr. President, I desire to have placed in the RECORD without reading an article on war taxation in Great Britain published in the New Republic for May 12.

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

The article referred to is as follows:

During the 12 months ending March 31 the revenue of the British Government from taxation was nearly \$2,600,000,000, almost \$1,800,000,000 more than for the last year preceding the war. This additional taxation has not affected the business of the country unfavorably. It has not proved a damper on business enterprise and it has not weakened motives for thrift; not only so, but the taxes have proved positively advantageous. While the standard of life of no class in the community has been seriously lowered, individual consumption of comforts and luxuries has been materially reduced, thus setting free labor and capital for war purposes. Another and even more important advantage has also been secured through the imposition of additional taxation. The evident justice of taxing heavily those whose incomes have risen since the beginning of the war has stimulated the people generally to whole-hearted exertion in every field of economic activity.

In all respects save one the British example affords conclusive ground for the immediate imposition in the United States of taxes as heavy as those now levied in Great Britain. The present scale of these taxes was not adopted at the beginning of the war. Additional taxation was imposed in November, 1914, again in September, 1915, and finally in April, 1916. It is not surprising therefore to find the opinion gaining some currency that we also should adopt a similar course. But here English experience does not yield a valid precedent. It is now generally agreed in Great Britain that the present scale of taxes could with advantage have been imposed at an earlier date, and the reasons for the adoption of the policy of gradual increase of taxation are entirely without force for this country. The cost of modern warfare as well as the duration of the present war were underestimated. The outbreak of war, moreover, occasioned serious dislocation in the trade of the country and a temporary breakdown of the foreign exchanges throughout the world. A moratorium became necessary. Mobilization of a peaceful community for war involved the transfer of a large proportion of the capital and labor of the country from accustomed employments to new uses. None of these conditions is found in the United States at the present time. The entrance of this country into the war does not require anything in the nature of a revolutionary change in our economic activities. Trade with the countries with which we are now at war has long since been at a standstill—the war itself will simply intensify certain influences which have been potent factors in the situation during the last two years. In these circumstances there is not the slightest ground for holding that we can not assume at once and without difficulty the burden of taxation which our British allies have gradually imposed upon themselves and which is to be increased in the budget of the current year.

The backbone of the British structure of taxation is the income tax. The provisions of the law are highly complicated and only the most salient features can be indicated in a short article. Only those with incomes under £130 a year are exempt. Those with incomes between £130 and £400 are allowed an abatement of £120, those with incomes between £400 and £600 an abatement of £100, and between £600 and £700 an abatement of £70. All persons with incomes under £700 are also allowed an abatement of £25 for each child. Those whose income exceeds £700 are taxed on the entire amount.

The lowest rate of the tax is now 2s. 3d. in the pound, or 11½ per cent on earned incomes under £500. On unearned incomes of £500, that is, incomes derived from investments, the rate is 3s. in the pound. A man with an earned income of £500, thanks to the abatement of £120 and allowing for an abatement of £75 for three children, would then pay a tax of 2s. 3d. on £325, which is equivalent to 183 or 7½ per cent on his entire income of £2,500. From this rate of 2s. 3d. on incomes under £500 the rates advance by a succession of steps until 5s. in the pound or a 25 per cent tax is levied upon the entire amount of unearned incomes of £2,000, and on all earned incomes of £2,500, 5s. in the pound is the standard rate. It is interesting to note that incomes of \$4,000 which are entirely exempt in this country are subject to a 12½ per cent tax if earned and to a tax of 17½ per cent if derived from investments.

All income in excess of £2,500 is further subject to supertaxes which also advance in a succession of steps from 10d. on the first £500 of excess to 3s. 6d. on all income over £10,000. A man, then, with an income of \$250,000 would pay a tax of 25 per cent on \$12,500, higher rates on successive parts of his income up to \$50,000, and 42½ per

cent on all income in excess of that amount. Income-tax rates were materially increased in April, 1914, but the present income-tax rates in Great Britain impose a burden which ranges from two and one-half to three and one-half times that which rested upon taxpayers before the war. For the year ending March 31, 1914, income-tax revenue was only £47,250,000; for the year ending March 31, 1916, the huge sum of £205,033,000 was secured from this source. When account is taken of the British income tax it becomes positively ludicrous for anyone to style as confiscatory the proposal now under consideration to impose a 40 or even 50 per cent tax on the excess of income over \$1,000,000.

In virtually all the belligerent countries, excessive profits taxes have been imposed since the beginning of the war. The principle of these taxes is quite unlike the tax on profits above a definite return on capital to which the same name has been given in this country. The English excess profits tax is designed to secure for the State a part of those profits which, generally speaking, are definitely due to the war. In November, 1915, a tax of 50 per cent (raised to 60 per cent in April, 1916) was imposed on all profits in excess of the average profits of each business during two of the last three years preceding the war, the taxpayer being permitted to select the two years which are to serve as a base. This tax has proved unexpectedly remunerative, yielding a revenue of nearly £140,000,000 during the last 12 months. It has not crippled industry. The business community generally has recognized that it is a proper war-revenue measure. For the current year rate of the tax has been advanced from 60 to 80 per cent.

In addition to the income and excess profits taxes, there has been a considerable increase in indirect taxation. Following the wise British tradition, heavy taxes have been imposed on a few articles rather than a multitude of duties and excises on many commodities and services. The duty on tea has been increased from 10 cents to 25 cents a pound; on coffee and cocoa a duty of 10 cents a pound is levied; and on sugar a duty of 3½ cents a pound. These, together with a very considerable increase in the duties on gasoline, tobacco, and alcoholic beverages, are the principal sources from which additional revenue has been derived by means of indirect taxation. Taking customs and excise duties together there has been an increase in revenue from £75,000,000 in 1914 to £127,000,000 for the year ending March 31, 1917. These indirect taxes are indeed high, but it is rightly felt that every class in the community should bear a part of the burden of the war. Moreover, the demand for labor has been greatly intensified. Wages have advanced to such an extent since the outbreak of the war that it is even said that the poorer half of the population, notwithstanding the taxes, is now enjoying greater comfort than ever before. This is a result of war conditions which may well be emphasized in this country, where it has been urged in some quarters that taxes on such articles as sugar and coffee might seriously lower the standard of life of large numbers of the people.

Rates of taxation in this country similar to those now imposed in Great Britain would doubtless yield a much larger sum, since our population is more than twice as numerous. Presumably also the scale of money incomes is somewhat higher. These taxes might therefore be expected to yield a sum sufficient to meet a very considerable part of the war expenditures of the Government during the next 12 months. It would not, of course, be possible to adopt the English taxes without important modifications. It would hardly be feasible to reduce the exemption to \$650. Comparatively high exemption in the United States is probably necessary because of the large number of small farmers, most of whom keep no accounts. The reduction of the exemption to \$2,000 would seem to be clearly desirable, and probably to \$1,500. Owing to this much higher exemption, in order to secure anything like equivalent results, it would be necessary to impose indirect taxes upon a somewhat large number of commodities than are subject to such taxes in Great Britain.

The details of a complete scheme of taxation bristle with difficulties. These can, however, be overcome if it is kept clearly in mind that it is both equitable and desirable to meet the costs of war to the very greatest extent possible during the contest. English experience furnishes us with ample evidence that a country at war can endure heavy taxation. It should also silence the objection that heavy income taxes are confiscatory, an objection which betokens a lack of patriotism and which has been strikingly conspicuous by its absence among the heavily taxed people of Great Britain.

Any considerable increase in the rates of income taxation in this country should be accompanied by many changes in the administrative features of the present law. That law is now unsatisfactory both from the point of view of the Government and of the taxpayer. In particular, it contains many undesirable deductions which, while satisfactory to those who enjoy them, are inequitable to the mass of taxpayers. Deductions from income are, for example, now allowed for interest on loans secured by securities, the income from which is exempt from taxation. It is most unfortunate that the forthcoming issue of Government bonds is to be a tax-exempt security. It gives to purchasers of large wealth with income subject to heavy income taxes an undeserved advantage over those with small incomes, an advantage which is not fully offset for the Government in a better price for its bonds. A 3½ per cent tax-exempt Government bond will yield very nearly as much as a 6 per cent taxable bond to those with incomes in excess of a million dollars if such incomes are subjected to a 40 per cent tax. To those with small incomes the exemption is of little or no value. It is a most undemocratic arrangement, which will surely tend toward an undesirable concentration of ownership of the bonds. This unsatisfactory prospect is made even worse by the present right to deduct from taxable income, interest on loans secured by the tax-exempt bonds. Again, the net rental value of a house occupied by its owner is not included as income for taxation purposes and interest on the mortgage of such a house may be deducted from taxable income. House owners have therefore a double advantage over those who pay rent, all of whose income is subject to taxation. Defects in the income-tax law become more and more serious as the rates are increased. It will in some degree reconcile taxpayers to increased burdens if they feel that the provisions of the law are fair and equitable.

OLIVER M. W. SPRAGUE.

RECESS.

Mr. MARTIN. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 4 o'clock and 50 minutes p. m., Tuesday, May 15, 1917) the Senate took a recess until to-morrow, Wednesday, May 16, 1917, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

TUESDAY, May 15, 1917.

The House met at 10.30 a. m.

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

Lord of all, whose balance trieth the nations, Thou hast established us as a people and laid upon us a mighty trust. Make all who speak or act for this Nation true organs of Thine equity; that through their wisdom and faithfulness Thou mayst be our Lawgiver and Judge; that righteousness may be the girdle of our power; that thus we may hallow Thy Name, in the spirit of the Master. Amen.

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

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed with amendment 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, had insisted upon its amendment, had asked a conference with the House of Representatives on the said bill and the amendment thereto, and had appointed Mr. OVERMAN, Mr. FLETCHER, and Mr. NELSON as the conferees on the part of the Senate.

## WAR REVENUE.

Mr. GARNER. Mr. Speaker, I move that the House resolve itself into the 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 the Committee of the Whole House on the state of the Union for the further consideration of the war-revenue bill, with Mr. FOSTER in the chair.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Chairman, I am taking this occasion to have read into the RECORD an amendment which I desire to have considered by the Members of the House. It is to section 1000, found on page 47 of the bill, and the particular part to which the amendment will be offered has reference to the following language:

And if not now dutiable by law a duty of 10 per cent ad valorem.

In other words, I seek to amend the section that imposes a duty of 10 per cent ad valorem on free-listed articles as they now exist. I have prepared an amendment which I shall present at the proper time releasing certain articles from the operation of this clause. In other words, if my amendment should prevail the 10 per cent ad valorem that might be imposed by this act, if enacted in its present condition, would be taken off the articles named in the amendment. I will ask the Clerk to read the amendment in my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 47, line 22, after the word "valorem," insert:  
"Provided, however, That the following-named articles shall not be dutiable:

- "(a) Antitoxins, vaccine virus, and all other serums derived from animals and used for therapeutic purposes.
- "(b) Barks, cinchona or other, from which quinine may be extracted.
- "(c) Books, engravings, photographs, etchings, bound or unbound, maps, and charts imported by authority or for the use of the United States or for the use of the Library of Congress.
- "(d) Books and music, in raised print, used exclusively by the blind, and all textbooks used in schools and other educational institutions.
- "(e) Guano, manures, and all substances used only for manure.
- "(f) Iodine, crude or resublimed.
- "(g) Lifeboats and life-saving apparatus specially imported by societies and institutions incorporated or established to encourage the saving of human life.
- "(h) Miners' rescue appliances, designed for emergency use in mines where artificial breathing is necessary in the presence of poisonous gases, to aid in the saving of human life, and miners' safety lamps and parts, accessories, and appliances for cleaning, repairing, and operating all the foregoing.
- "(i) Nux vomica.
- "(j) Phosphates, crude.
- "(k) Plants, trees, shrubs, roots, seed cane, and seeds, imported by the Department of Agriculture or the United States Botanic Garden.
- "(l) Quinia, sulphate of, and all alkaloids or salts of cinchona bark.
- "(m) Radium and salts of, radioactive substitutes, selenium and salts of.
- "(n) Strychnia or strychnine.
- "(o) Nitrate of soda."

Mr. GRAHAM of Illinois. I yield back the balance of my time.

Mr. FORDNEY. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. FAIRFIELD].

Mr. FAIRFIELD. Mr. Chairman, as best I may I have been undertaking to study the bill to find out, if possible, if there is any basic principle of taxation according to which the bill has

been framed. Many gentlemen have suggested to me that if there were any irregularities and irreconcilable objections, it would be well to pass it on to the Senate and let the Senate correct whatever irregularities there may be. It does not seem to me proper for the House, in which revenue bills must originate, to move with such haste that the Senate will have to scrutinize our work carefully and correct all of the inequalities in the bill. For many days people from my own district who are profoundly interested in the provisions of the bill have written to me, as others have written to you gentlemen, with regard to the effect that it will have upon their business. My own conviction was, as I listened to the gentlemen who had the bill in charge and talked privately with one gentleman particularly who has been very active in its preparation, that but little time would be given for its consideration. I am glad to know that the three or four days which he said would be sufficient for its consideration have been lengthened. It may be, after all, that the old adage that haste makes waste is truer here than elsewhere. I am not convinced that a bill which levies \$1,800,000,000 in direct taxes should be quickly passed, with all due deference to the wisdom and ability of the Committee on Ways and Means.

This bill seems to have been written in secret largely, and now we are permitted to listen to the evidence in the case. May I not say that just because a man is unwilling to swallow the bill wholesale he is not therefore to be put down as objecting to the raising of war revenue? Much time has been taken by gentlemen here who insist upon the fact that they are patriotic and that we are in war, as if any man facing the tremendous responsibilities of having voted for the war and for the raising of seven billions of dollars, and then facing the problem to-day of voting \$1,800,000,000 in direct taxes, could forget for one moment that we are at war. So that it seems to me it is uncalled for for men to make such protestations of their patriotism in connection with this bill and expect that those statements will secure immunity of criticism on the bill itself. The gentlemen who have led here have disclaimed that they had any basic or fundamental principle upon which the bill is drawn. Indeed, if I remember correctly, some of the leaders have said that they would shut their eyes and vote for it because we are at war. It is quite true that we are at war, but it may be, as gentlemen have suggested, that this is but the beginning of vast sums that are still to be raised, and if that be true, we ought to scan carefully the bill and put it in such form as that when we face the people of the country we shall not be ashamed of the vote that we have cast.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FAIRFIELD. Certainly.

Mr. GARNER. Does the gentleman believe that we ought to collect the amount of money provided for in this bill, \$1,800,000,000?

Mr. FAIRFIELD. I do.

Mr. GARNER. The gentleman so far has not criticized the bill except the method of making it up, but when he comes to the criticism of the items I suggest that he impart to the House the manner in which he would make up the bill and the items he would substitute for the ones which he criticizes.

Mr. MANN. That is not necessary.

Mr. FAIRFIELD. No; not necessary; but I might suggest to the gentleman that if we are going to put a direct tax of 5 per cent upon the wholesale price of any commodity, why would it not be fair not to pick out any particular industry but to take the selling price of commodities of all industries, and the volume of business is so great in this country that the effect would be distributed throughout every industry, rather than having it rest basically upon two or three?

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. FAIRFIELD. Yes.

Mr. GREEN of Iowa. Does the gentleman think that there are only two or three industries that pay 5 per cent?

Mr. FAIRFIELD. Oh, no; but not by any means all of the industries, nor all of the business of the country, will pay 5 per cent.

Mr. GREEN of Iowa. Is the gentleman aware that there are some industries that will pay a very much larger per cent?

Mr. FAIRFIELD. Certainly.

Mr. GREEN of Iowa. Which these gentlemen who are talking about this 5 per cent entirely overlook.

Mr. FAIRFIELD. No; I do not.

Mr. GREEN of Iowa. The gentleman from Illinois injects that it makes it so much the worse, which shows the gentleman from Illinois has not read the bill—

Mr. MANN. I have read the bill probably more than the Committee on Ways and Means have done.

Mr. GREEN of Iowa. I have heard the sneering remarks of the gentleman from Illinois before; because he has not studied it—

Mr. MANN. The gentleman commenced it.

Mr. GREEN of Iowa. The gentleman from Illinois commenced it and has been doing it right along.

Mr. FAIRFIELD. I will listen for a question. Let me say in regard to these high percentages I do not know, gentlemen, but that ultimately we may believe that an opportunity to do business with 100,000,000 of people in this country is a natural resource, and while in another day men who led on to conquer would have the control of territory to draw therefrom, is it not true that the captains of industry have 100,000,000 of people as a natural resource and that thereby the added percentages that go to excess profits is but a fair return for the opportunity that those men have more than their greater ability, granting such a thing, I believe in it, as mastership in industry. Yet it is true that mastership in industry would have nothing upon which to work were there not millions of people upon whom they can exercise their intellectual ability. And so I do not think these taxes are exorbitant. The problem always in taxation is not altogether of how much it will take but of how much you will leave so that the small industries may not be paralyzed. I think the members of the committee have very frankly recognized that there are some inequalities in the bill. I think they have very frankly recognized that the proposition of billposter advertising is excessive in the taxes that are imposed. We had an example of the manner in which the bill has been drawn in connection with the carbonic-acid gas schedule yesterday.

I know, gentlemen, that a thing like that might slip in, for men had their minds intent upon the larger features of the bill, and yet if that might slip in, may it not be that a further discussion of the bill and a clearer analysis and hearing from men who are directly interested—men whose business is involved—may it not be that it would be wise to pause long enough to see that when the bill is finally passed it shall be reasonably fair? I want to say now that I have not been impressed with the idea that we do not need this amount of money. I think we do, and before long we will need much more, and I believe that the people of this country will rally if they feel that Congress has exercised due care in preserving a fair distribution of these taxes upon the industries. I note that it has been customary here when the automobile industry is spoken of to treat it laughingly, and perhaps most of us have been inclined to look upon the automobile industry as a gold mine and that those industries could be plucked without injury. There is in my district not far from my own home an automobile industry, and the gentlemen who are interested in that have submitted to me some figures in connection with their industry that I want to get before this House. I have known something of how that industry developed. Starting many years ago as wagon makers and buggy builders, slowly, carefully, through long years, this industry was built up, and the men who conduct it were so honest that their names became a synonym for worthy output, and when these men come to me and frankly say to me that their industry is in danger I am not disposed to laugh or sneer. A sneer is not an argument after all, and a loud laugh is not a demonstration, and so it may be that it is wise to look closer at some of these smaller industries to see whether or not we are doing them an injustice. [Applause.]

I should like to submit the following facts relative to the costs and profits of the automobile manufacturing company of which I speak as submitted to me by their officers:

FACTS RELATIVE TO BUSINESS.

The 1917 series of cars as planned includes:

Of model 6-39, 6-cylinder automobiles	2,600
Of model 6-44, 6-cylinder automobiles	400
Total number planned for and for which merchandise is purchased	3,000

Of this, 1,652 still remain unsold, 600 being in the hands of dealers—this number is estimated from reports of salesmen and dealers—and 1,052 cars are still at the factory unsold.

The cost on these 1917 series of cars as figured December 14, 1916, based on costs of materials as purchased then and on labor and overhead costs as records showed for the season just then closed:

Model 6-39.	
Material	\$689.89
Producing labor	38.35
Overhead, consisting of nonproductive factory labor, office, sales, and advertising costs, freight, drayage, taxes, and insurance	73.68
Total cost	801.92

At the present time the increased cost of the productive labor is full 40 per cent, which makes an increase of \$15.34, or a cost of \$817.26.

This model of car is now being sold at list price of \$1,145, less 25 per cent, leaving a net sale of \$858.75, which figures a net profit, according to the first estimate, of \$56.83 per car, but now with advanced cost figures a net profit of \$41.49 per car.

The proposed tax of 5 per cent on list price on this car would figure a tax of \$57.25, thus calling for more than all of the net profit.

On the Model 6-44 car, figured on the same basis of costs as above stated on December 14, 1916, the costs are as follows:

Model 6-44.	
Material	\$956.44
Productive factory labor	38.35
Overhead expense, consisting of nonproductive factory labor, office sales and advertising, drayage, freight, taxes, and insurance	73.68
Total	1,068.47

At the present time 40 per cent must be added to cost of productive labor, same as above, to the amount of \$15.34, making a net cost of \$1,083.81. This model of car is now being sold at a list price of \$1,535, less 25 per cent, leaving a net sale price of \$1,151.25, which would have netted a profit of \$82.78 on the original cost estimate, but now leaves profit of \$67.44 at present cost of labor.

The proposed tax of 5 per cent on the list price of this car would be \$76.75, or more than our entire profit.

The costs of material for these same cars, figuring on present prices of material, which must govern purchases for the 1918 series of cars, will be an advance of fully \$100 per car, with the prospect that prices of material will still be greatly increased beyond the present ones.

If the proposed tax goes into effect, with the advanced costs of material, the company would be compelled to advance the list prices on the next series of cars—from which the bulk of revenue must be realized—at least \$200 per car, thus making the list price on the 6-39 car \$1,345, which would be so much that it would be impossible to make sales.

Also note that this 6-39 car, now listed at \$1,145, was first listed at \$1,050 in the summer of 1916, and the company was compelled by the advanced costs prior to the figure of December 14, 1916, to raise the list price to \$1,145.

It will be gleaned from the above that this law will take more than the net profits from this industry. What is true of this particular plant is true of nearly every small plant in this country manufacturing automobiles and automobile trucks. Of the 450 automobile companies of the country only 12 may be considered as among the larger factories. This bill will drive their competitors out of business and yield to these large industries the whole field without competition. More than that it will deprive thousands upon thousands of workmen and their families of a means of subsistence. It will harm the industry of every community where such an industry is located. What is true of the automobile industry will be true also of many another industry. The truth is that a blanket 5 per cent on particular industries picked out here and there because it is thought that they can be made to pay is vicious in itself. If a law can at all be defended by which the blanket tax of a certain per cent upon the total selling output of any industry, why not extend it to all industries. Under such conditions the tax would be fairly distributed. So vast is the total output of the industries of this country that the tax upon the wholesale selling price of all those industries would be small indeed, and it would not bear heavily upon anyone. As I said in the beginning, if there had been any basic principle upon which this bill is drawn, we would not find ourselves in this condition when considering it. I certainly hope that the bill will be modified sufficiently so that men who have some self-respect with regard to the manner in which taxes should be apportioned will be able to support it. It has come to me that the committee has already prepared a bill in which they are incorporating many amendments, so that some of the inequalities of this bill shall at least be taken out of it. Many men think at this time that it is unwise to alarm and disturb business conditions by attempting to raise such a vast amount the first year. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Mr. Chairman, I yield 15 minutes to the gentleman from Maine [Mr. HERSEY].

Mr. HERSEY. Mr. Chairman and gentlemen of the committee, the administration wants revenue from direct taxation to the amount of \$1,500,000,000, and has served notice upon the Senate and House of Representatives, which latter originates revenue. That is as far as the administration has the right to

go. The House of Representatives is now engaged in the business of originating that revenue, and the Committee on Ways and Means of the House have reported a bill which, as I understand, from sitting here a number of days and listening to the committee, does not satisfy any member of that committee. They come in here with a bill which they say, after they have sugar-coated it with oratory and wit, that we want to shut our eyes when we swallow it. The committee seem to be disgusted with the bill, and on several matters all Members of this House must be disgusted. It is for the House, after discussing this bill in a calm, dispassionate way, without prejudice or passion or party, to say whether in this bill, made up as it is of so many different elements, before we swallow it, we are taking poison; whether there are in this bill elements that are to destroy certain American industries; for after we pass the bill, gentlemen, we can not shift our responsibility as Representatives onto the President or on the administration or on any department of the Government. We must take the responsibility with the people. We have been hearing from home and from nearly every industry. We ought to make up our minds at this time whether many of those industries will live and survive under this bill or will be destroyed and perish under it. We ought to get a bill, gentlemen, with the resources of this great country, the richest Nation on the face of the earth, sufficient to raise this amount of revenue by direct taxation without crippling or destroying any single American industry—legal, legitimate, or lawful industry. And, incidentally, we ought to get a bill with revenue enough without legalizing and protecting the liquor traffic of the Nation. Perhaps it is out of order to discuss this at this time, but I hope before we get through with the business of this Congress we may have an opportunity to conduct the affairs of this Government without the aid of the liquor traffic. [Applause.]

I want to call your attention one moment to some features of the bill to which I object and which I think ought to be eliminated. For instance, that part of the income tax that is retroactive, going back into the past, into 1916, after the Government had collected its tax, and the returns have been made and business has adjusted itself to 1916 and corporations and individuals have settled their business for that year with a knowledge of how much they shall pay, and this throws upon them at this late hour the fact that they must have a second tax, and it will demoralize the business of the country. And I say if you want to put upon the individuals and the corporations that pay an income tax for the future a heavier tax, I shall not object to it, if they can stand it, and I think they can. But to go back into the past I object to, for two reasons; one is that it is unconstitutional, in my opinion, and the second is that it is not fair and honest.

I object to second-class postage being increased, because it will demoralize the business of the country. The great business of publishing newspapers—not the big newspapers, but the newspapers in the country towns, the newspapers that are struggling for existence under the high price of print paper at the present time—will be demoralized and destroyed. I come from a district of three counties, in which there are two daily papers, and they are struggling for existence. They go from the one large city in my district into county towns. They pay postage. If you pass this bill as it stands, doubling the second-class postage, they must go out of business, and every newspaper in my district must go out of business.

Mr. STEPHENS of Nebraska. Will the gentleman yield?

Mr. HERSEY. Yes.

Mr. STEPHENS of Nebraska. Is it not possible for those newspapers to collect larger subscriptions? Why should they go out of business?

Mr. HERSEY. I think if they should attempt to collect larger subscriptions from their subscribers—and it would not look well to try to increase your subscription by putting on the amount of postage; they must put it larger than that—they would lose their subscription list.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. HERSEY. Yes.

Mr. GRAHAM of Illinois. Let me also add that at this time, owing to the high burdens imposed by the cost of materials and paper, those papers are having all they can do to get along now, without additional impositions.

Mr. HERSEY. I know that is true. They are not making any money, and besides the newspapers of this country, whether they are country papers or city papers, if they have any income, if they are making any income, the individual or corporation pays an income tax. Put it on the income. If they make excess profits, you can tax them under this bill. Put it on the excess profits, but do not destroy the industries of this country.

Mr. STEPHENS of Nebraska. Will the gentleman yield for another question?

Mr. HERSEY. Yes.

Mr. STEPHENS of Nebraska. Can you offer any reason why the Government should do this business for the newspapers for nothing?

Mr. HERSEY. I do not think they are doing it for nothing.

Mr. STEPHENS of Nebraska. They certainly are charging only \$11,000,000 a year for doing \$99,000,000 worth of business.

Mr. HERSEY. Well, if we believe some figures presented yesterday by a member of the Committee on the Post Office and Post Roads, the Government is not losing anything on the matter of postage. Whether they are or whether they are not, that is no reason why you should work an injustice to any industry in this country. The Government may lose postage. They should lose it rather than to lose the industries of this country which contribute toward the wealth and prosperity of the Nation.

Now, there are other sources of income for this great Nation at the present time besides that of trying to cripple some industry like the country newspaper. This committee came into the House with a 10 per cent raise upon the customs duties. There is no reason why you can not raise it more, if you want to, without injuring the industries of this country. It would be a protection to the industries of this country. It is an admission, of course, that you can not run this Nation at the present time under free trade. There is to be a great war debt upon this country at the close of the war. We paid one war debt from the customhouse. We pensioned the soldiers, the widows, and the orphans from the customhouse. We redeemed the greenback and made it as good as gold from the customhouse. We built up this Nation through its industries to be the greatest manufacturing Nation on the globe by a high protective tariff. You will have to have it again. You might as well commence the policy now. The administration admits that they made a mistake by free trade. So they put back the duty on sugar. They enacted a law which they called an antidumping law, I think, to keep foreign labor and production from interfering with the American industry. Now, they come with a 10 per cent raise on the duties, creeping back with an excuse, on account of the war, into what they know is a necessity—a protective tariff in this Nation. After the war the Nation must come to the tariff of McKinley and of Dingley. [Applause on the Republican side.] You might as well commence now to raise your revenue, to come back to the tariff of McKinley and of Dingley, and save the industries of this country from extermination. [Applause.]

Mr. REED. Will the gentleman yield for a moment?

Mr. HERSEY. Yes.

Mr. REED. I am very much interested in what the gentleman says, especially about crippling the industries. Has the gentleman considered this, that in the first two years of our so-called war prosperity, according to Dun and Bradstreet, the mortality of the industries of this country was increased 50 per cent the first two years of the war, in both the liabilities and in the number of concerns, in business failures? I say that we can cripple industries and make more failures, just as you have said.

Mr. HERSEY. We agree all right on that.

Mr. REED. We agree on it.

Mr. KITCHIN. Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. Sisson].

Mr. SISSON. Mr. Chairman and gentlemen of the committee, the bill which we are now considering is one which would not be tolerated for one moment if the country was at peace. This sacrifice which the American people are called upon to make is a sacrifice which they are called upon to make because we are at war.

The chairman of the Ways and Means Committee [Mr. KITCHIN], in presenting this bill to the House at the opening of this debate, only justifies it upon that ground. His position is that of the patriot. He is always sincere in every utterance and in every vote which he casts. It is most fortunate for the masses of the people at this time that a man of his type and mold should be chairman of this great committee. If he lived in New York, Indiana, or Ohio, he would be the next nominee of the Democratic Party for President. [Applause.]

Mr. Chairman, I will not discuss in detail the items of this bill. I will in the short time allotted me state my views on the situation.

If I were called upon to outline a method of winning this war, I would first say that it is essentially necessary that you get public sentiment aroused and popularize the war. The idea that heretofore prevailed among the Army officers of Europe as well as of America of "the public be damned" has been

dissipated in every country in Europe. And unless we do popularize the war we will, if we win it at all, win it by pursuing the line of greatest resistance and not the line of least resistance.

Mr. DILLON. Will the gentleman yield?

Mr. SISSON. I prefer not to be interrupted—at least, for the present.

In order to popularize the war you must first convince the American people that we are engaged in a righteous war. You must convince the honest American heart that this war not only will benefit them in their liberty, in their freedom, but that it will also benefit the liberty and freedom of people throughout the world. You must also convince the American people that, in the conduct of the war and in the organization of all of the machinery necessary to win the war, we are not destroying our liberty and our freedom here at home. [Applause.] We must convince the people that we are not endeavoring to destroy government by one man, or government by men, in Europe and establish there a government by law and leave any doubt in the minds of American people that you may be replacing here a government by men for a government by law. [Applause.] If there is one thing that is fundamental in the mind of every great statesman, it is this, that every free government must not only be administered so that every man has equal opportunities, but must also be a government that is administered under and by law; and these rules of law must be applicable to all people alike, and must be made for their benefit and for their happiness in the conduct of their affairs. I believe in a government by law, and not by a man.

It took a great deal of treasure and a great deal of blood to establish this principle here.

Now, there are certain evidences that we may show to the American people whether or not we are in dead earnest about this being a war of sacrifice on the part of all the American people. It will not do to give the people lip service here in this Hall. You have got to give them that service that will show that you are in dead earnest about this being a war of sacrifice. You can not let this be a war where men shall gather around the Capitol and the War Department and the Navy Department and get contracts, out of which they shall make enormous profits and mighty fortunes, and expect the people to be enthusiastic about the war when they are the only ones who are called upon to make sacrifice. You will, Mr. Chairman, make extremely slow progress in popularizing this war. What is needed above all things is to arouse some enthusiasm and determination on the part of the people to win in this world war. It is not enough to have the General Staff and Army officers enthused.

When you take the young man from 21 to 31 years of age and put him in the ranks, when you take him by conscription, you are taking the best years of his life; you are taking frequently from the home that idol which they would give all that there is in the world to keep at home; and when you ask the mother and the father of small means, who are barely eking out enough to make tongue and buckle meet, gentlemen of the House, you can not make them believe that this war is a righteous one if you have taken their boy and taxed them besides this and let them understand that at that selfsame hour men have contracts with the Army and Navy out of which they are making princely fortunes. [Applause.]

Therefore, in order that you may popularize this war among the people it is necessary that the people who have these vast incomes shall make great sacrifices. There was a little paper that came upon your desk, I presume, because it came upon mine, signed by about 15 men of great influence, among them notably a multimillionaire of the State of California, and in that document, to my utter amazement, these men of great wealth said that it was not a fair measure of taxation; that you should make the rate of taxation small on the small income, because if you take from a man of a thousand dollars income even 4 per cent, or a man of \$2,000 income 4 per cent, making a small amount in itself, yet it would be perhaps an enormous amount relatively and require some self-denial on his part, whereas in this same document it is said that if from a man of a million dollars income you were to take \$900,000 and leave \$100,000 remaining for the support of his family, you would simply be depriving him of an opportunity for investing for future profits \$900,000, but when you take \$900,000 from him you have done his family no injury, because even then they would make no such sacrifice as the man of a small income would make even in paying a much smaller rate.

Mr. Chairman, I will now quote from the pamphlet which I have just mentioned. It is headed, "Who Shall Pay for the War," and is signed by 19 business men, and the paper was issued from 60 Broadway, New York. I quote somewhat at

length, because of the source of this remarkable document which breathes a spirit of patriotism which should encourage us all.

On the subject of wages it says:

WAGES.

The increase in wages and incomes has been insignificant in comparison to the enormous rise in prices. Undoubtedly wages have advanced sharply since the war began. In some industries they have risen in a spectacular manner, yet the average wage increase since 1912 has been small, even in union labor, when compared with the rise in the prices in necessities of life. The index figures published in the April Review of the United States Bureau of Labor statistics show that in the large field of union labor there has been a rise of only 9 points from 1912 to 1916, inclusive. Index figures for 1917 are not yet available, but even if we were to assume that wages have risen as much in the first four months of 1917 as they rose in the whole period from 1912 to 1916, which would be a quite extravagant estimate, we should only have a rise of 18 per cent from 1912 to 1917, while according to Dun certain particularly important food products and necessities have risen from 46 per cent to 105 per cent in the last three years, and according to the Times Annalist the cost of the food budget of the average American family has gone up 74 per cent in the last two years.

We can not but accept the unwelcome fact that the average American has not in reality shared in the prosperity of the country during the war period. On the contrary, he has lost ground in the economic struggle, in spite of the Nation's advancing aggregate wealth. Wages and incomes have no doubt increased, but there has been at the same time such an inflation in the price of things people must buy in order to live that the average citizen's purchasing power has been steadily diminished. He has been handed more in his pay envelope; he has received a larger salary check and made better earnings from his farm or his business, but in turning the money he has made into food, fuel, rent, household furnishings, etc., he has found that it does not go so far as in times when wages and earnings were much smaller.

WHERE THE TAXABLE WEALTH IS.

Where, then, has the Nation's prosperity gone since the world war began—into whose pockets? And, above all, where may we find the accumulations of wealth which may now be taxed to pay for the war with the least hardship or injustice to the public?

The following figures, selected almost at random from the great list of industrial corporations that have profited by war times, may suggest the answers to the above questions. They may also indicate the economic conditions which lie below the fact reported by Prof. King, of the University of Wisconsin, that 2 per cent of the people of the United States own 65 per cent of the country's total wealth.

Net profits of American industrial corporations.

[Figures shown are the net profits earned for the stockholders, after deducting cost of materials, labor, depreciation, overhead, interest, and all other charges. All figures are official, having been taken from the companies' annual reports.]

Corporations.	1915	1913
American Can. Co.	\$7,962,982	\$4,376,173
American Smelting & Refining Co.	23,252,248	9,756,540
American Hide & Leather Co.	1,643,266	475,518
American Beet Sugar Co.	2,445,189	881,055
American Locomotive Co.	10,769,429	6,185,306
American Steel Foundries Co.	3,418,057	1,033,592
American Woolen Co.	5,863,819	1,179,791
American Writing Paper Co.	2,524,378	1,229,190
Armour & Co.	20,100,000	6,028,197
Atlas Powder Co.	2,939,790	322,838
Baldwin Locomotive Co.	5,982,517	4,017,860
Bethlehem Steel Corporation	43,593,968	5,122,703
Barrett Co. (American Coal Products Co.)	4,247,858	1,835,811
Brown Shoe Co.	1,467,757	710,464
Central Leather Co.	15,489,201	4,386,345
Colorado Fuel & Iron	2,201,171	1,727,192
Crucible Steel Co.	13,223,655	4,905,886
Cuban-American Sugar Co.	8,235,113	356,887
E. I. du Pont de Nemours Powder Co.	82,107,693	4,582,075
General Chemical Co.	12,286,826	2,809,442
Hercules Powder Co.	16,658,873	1,017,212
International Agricultural Corporation	1,279,832	161,493
International Nickel Co.	11,748,279	5,009,120
Lackawanna Steel Co.	12,218,234	2,755,883
Morris & Co. (packers)	3,832,213	1,916,997
National Enameling & Stamping Co.	2,417,803	761,274
New York Air Brake Co.	8,214,962	654,512
Phelps-Dodge Corporation	21,974,203	7,907,710
Pittsburgh Steel Co.	4,564,068	1,193,669
Railway Steel Spring Co.	3,710,805	1,121,660
Republic Iron & Steel Co.	14,789,163	3,101,300
Sloss-Sheffield Iron & Steel Co.	1,912,624	678,466
Swift & Co.	20,465,000	9,250,000
Texas (Oil) Co.	13,898,861	6,063,123
United States Steel Corporation	271,531,730	81,216,985
United States Cast Iron Pipe Co.	1,308,641	564,427
United Fruit Co.	11,943,151	5,315,631
United States Industrial Alcohol Co.	4,884,587	652,358
United States Smelting, Refining & Mining Co.	8,898,464	3,585,588
Westinghouse Air-Brake Co.	9,396,103	5,255,259
Westinghouse Electric & Manufacturing Co.	9,666,789	3,164,032
Wilson & Co. (packers)	4,913,873	1,364,245

<sup>1</sup> Deficit.

Taking 24 of the principal companies listed above and comparing their earnings in 1914 and 1916, we find in these two years an increase of 500 per cent, and these increases may be expected to continue. For instance, the steel corporations' last quarter's earnings, just published, would indicate, that; for if the percentage is maintained for the whole year, the net sum applicable to dividends for 1917 should be about \$450,000,000.

Comparing the increased earnings and the increased stock values of two of these corporations, we get a still more concrete idea of the increased wealth which offers the country a ready source of war taxation:

United States Steel Corporation.	
Net earnings 1914	\$23,496,768
Net earnings 1916	271,531,730
Increase	248,034,962
Bethlehem Steel Corporation.	
Net earnings 1914	\$5,590,020
Net earnings 1916	43,593,963
Increase	38,003,943
Average market value of outstanding stock in 1914	17,536,690
Average market value of outstanding stock in 1916	106,112,130
Increase	88,575,440

#### RAILROADS.

Shareholders of railroads have also improved their position as investors since the war began.

In 1913 the net operating revenue ran approximately from \$275 a mile in January to \$300 a mile in December. In 1916 the net operating revenue ran approximately from \$337 a mile in January to \$550 in October.

The net revenue for railroads earning over a million dollars annually for the six months ending January 1, 1917, was practically \$700,000,000, which is the largest profit in the history of American railroading.

#### TAX THE LARGE INCOMES.

Summarizing again, we have the immediate necessity of raising immense funds for the Government by bonds and certificates of indebtedness. To pay for these bonds and certificates of indebtedness we have on the one hand the great body of the people and on the other the people of large means. The former, the average citizens, are of moderate means; their average income is less than \$1,000 a year, a sum which is continually decreasing in its purchasing power, and is already hardly sufficient to meet the barest necessities of life. These people will do the bulk of the fighting in war time, simply because they compose the bulk of the population. But they can not, and in commonest justice should not, bear anything but a comparatively insignificant part of the war's financial burden. Moreover, they should not be handicapped at such a time by such a burden. The efficiency, the physical condition of this great class that must defend and feed the country should be carefully preserved. They should not be subjected to the anxiety and the hardships that further inroads on their slender incomes or earnings would undoubtedly cause.

Seeking a source of war revenue, we turn from the average citizen to the people of means, who have accumulated wealth under their country's flag and institutions. They can not bear the main burden of defending the Nation in the field or on the sea, because there are not enough of them. But they can and should bear the money burden, and no doubt will be glad to do so if properly impressed with their responsibility. They are financially strong, and they can finance the war from their surplus wealth practically without personal hardship. To them, to their patriotism and willingness to offer to the country whatever it requires, we must look in this hour of general and mutual obligation which the great family of American citizenship has assumed.

A large war tax even to the point of taking all above an income of \$100,000 a year would not in any way cripple or discourage these more fortunate citizens. Certainly there should be a tax on small incomes, although the increasing cost of living will probably be tax enough on the average family; and for this reason any income tax on them should be small indeed and graduated so that the burden of actual inconvenience and self-denial shall be equalized as far as possible. The measure of all war taxation should be its effect on the life, health, and happiness of each class of citizenship rather than the size of the contribution made to the Government. All should give in accordance with how much they can give short of distress.

#### EFFECT OF LARGE TAX ON LARGE INCOMES.

Reducing large incomes for the period of the war and until the war debt is paid (and soon paid) will have a salutary effect on the country. It will tend everywhere to economy and thrift, which, by reducing the demand for luxuries, will lower the cost of necessities to the general public, whereas the alternative of creating huge bond issues and leaving them unretired for years inevitably tends to inflation, to extravagance, and to raising the cost of living, already an oppressive burden.

#### RICH INDOORSE PLAN.

Along this line Mr. E. W. Scripps, the millionaire newspaper owner of California, said in a memorandum which he sent to the Ways and Means Committee:

"From the source which none of us have yet even dreamed—that of the infliction of a great war—we may draw the greatest reform and the greatest blessings to our people.

"Some of us have very large incomes, and we are prompted, and even by the opinions of society compelled, to indulge in great extravagances. We employ servants who produce nothing for the common good and only minister to our vices. We purchase costly and showy clothing, houses, food, furniture, automobiles, jewelry, etc., the production of which has taken the labor of many hundreds of thousands of men and women, who, if they were not so employed, would be producing other commodities in such quantity as to cheapen them and make them more accessible to the poor.

"An enormously high rate of income tax would have the effect of diverting all this labor that is given to practically useless things into other channels where production would be useful to the whole people.

"In the case of the Government of the United States the income is so enormous that out of it could be paid double the amount that the war is costing England annually, and except for the disturbances and readjustment the people of the country would suffer not at all, while they would be greatly benefited by the discipline and the necessity of thinking hard, and perhaps working harder."

Such a policy of paying the war bonds and certificates by taxes on large incomes (assuming that the rich will not evade such taxes, but cooperate patriotically in the effort to have them collected) will materially rehabilitate the very wealthy in the estimation of the public, and it will also make the citizens of smaller means who go to the front feel that they are being loyally supported by the Nation's more fortunate classes.

Speaking of such men, Mr. Scripps said:

"These men, to a large extent at least, suffer extremely from what they feel is the unjust judgment of the great mass of people. \* \* \* Now, all of a sudden there is presented to them an opportunity—the Nation's great need for great sums of money—to show their patriotism, to show that they are really unselfish.

"When a man by the practice of business has acquired the habit of investing money profitably it is very difficult for him and really very painful for him to pour out his money in so-called philanthropy; because their own experience and observation have proved to them that the means of philanthropy are generally very wasteful; that it takes from 50 to 75 cents out of every \$1 so invested to pay the middle men and the overhead charges; so that only from 25 to 50 cents of the \$1 spent ever becomes a real investment. To such men it is a godsend to have the Government come along and take away as an income tax and an inheritance tax their burdensome surpluses."

That this view is shared by business men throughout the country is evidenced by the telegram quoted below, which is one of many similar expressions received from similar sources:

"American Committee on War Finance, 60 Broadway, N. Y.: A board of directors of St. Paul Association of Public and Business Affairs, the big civic and commercial organization of St. Paul, last night adopted with one dissenting vote the following resolution:

"Whereas many hundreds or thousands of American citizens are to be called upon for the supreme patriotic sacrifice, pledging their lives for their country; and

"Whereas the least that those remaining at home can do in any measure even approaching the sacrifice of those on the firing line is to pledge their entire financial resources: Therefore be it

*Resolved*, That in behalf of this association of nearly five thousand St. Paul business and professional men we urge upon the Government conscription of dollars as well as of men, to be brought about through the imposition of large graduated income taxes, reaching the total absorption for all incomes over \$100,000 a year.

"H. B. R. BURGESS,  
"Editor St. Paul Daily News."

Mr. Chairman, when the wealthy men of this country are willing to sacrifice for the good of the country, when they are willing to sacrifice these mighty incomes, you will have no trouble in getting the boys without incomes to fight as volunteers for the flag. [Applause.] When you go with your conscript officer you will find the young man when he is drawn ready to go, because you will find the mind of the mother and father and the sentiment in that particular block in the city or in that community in the country is thoroughly imbued with the righteous motive and the righteous view of every Member of Congress and every member of the administration, and you will have no trouble in getting your soldiery. But you will have trouble in getting your soldiers unless you can convince them that this war means more freedom, more happiness, more peace, more quiet for the future; and I do not blame them.

When you call upon a man to die, he ought to be called upon to die for a great and an everlasting and an imperishable principle. I have made an effort within the last few weeks to make some investigation of the subject, and I believe I can successfully state, or can state without being successfully contradicted, that no hired army, no army educated and trained as such, has ever advanced the cause of human liberty on this earth. [Applause.] I believe I can also state that it has been the hired soldier that has trampled upon the liberties of mankind. It has been essential to the monarchical governments of the past that you have a great standing army to stand between the monarch and the people and to keep him on the throne. But when governments spring from the consent of the governed, when people shall be consulted at the ballot box and there is enough intelligence to enable the people to fairly register their will at the ballot box and to submit to the will of the majority, you do not need a soldiery. So during this war it ought not only to be our purpose in words, words, words, but in action, too, to say to the world that we do not intend to impoverish the masses, but that the wealth of this country shall contribute of its vast stores that which is necessary to preserve this institution, the Government of the United States, which means so much to them, more in property than it does to the poor and to the man that labors and toils.

Now, I am going to read to you a quotation from the Kansas City Star, and it strikes me that it has in it a principle which, if adopted by this Congress, will tend greatly to popularize our action in the future. I read:

We hold it to be incontrovertible that the Government which demands that men and women give their labor power, their bodies, and their lives to its service should demand also the service, in the interest of these human beings, of all wealth and the product of human toil—property. In the Civil War William R. Nelson used to say, "We took men's lives and paid them \$13 a month in depreciated currency, while we were going hat in hand to the rich to borrow money to be repaid in gold." Such a policy is so grotesquely unfair that it would never be tolerated were not the people accustomed to it. By financing the war through borrowing money we put a double burden on the patriot man who does the fighting. We not only take away from him his business and risk his life but we saddle the payment of taxes on him when the war is over to pay the interest on the war debt, if he is so fortunate as to survive. Certainly, if every citizen is under the obligation to serve his country in time of war, the obligation must rest on income as well as on life. If we conscript a soldier, we ought to conscript income.

Then, why should the man who because of age or physical defect can not serve in the Army enjoy his income? A truly democratic policy demands that we conscript incomes as well as men, and we can not afford to make any sham at this conscription of incomes. It must be a real conscription. It must be a real sacrifice to satisfy the boy that is going to-day, and the mother and father that are going to give up the boy. [Applause.]

Oh, you may sit, if you please, in this place of safety and security; you may sit here and cold-bloodedly consider this question of financing this war, and you may be afraid to pursue that line which will call down upon your head the criticism of the public press; but there ought to be in every heart here a sense of duty higher than that of holding our seats in Congress, and the man who would cast a vote in this trying hour to hold his seat in this body which is contradicted by his conscience is unworthy of a seat here. Therefore in the consideration of these questions it should be a consideration that would make for this bill the least burden upon the masses and place the burden of carrying on this war on the shoulders of the people who have the enormous fortunes. My only complaint about this bill is that we are not willing to do as they do in New Zealand, where the income tax, even in peace times, on over \$50,000 is 100 per cent.

In Australia they conscript in times of peace 50 per cent of all the incomes over \$500,000 and 100 per cent of all incomes over \$5,000,000.

Another thing, to my mind, is equally essential to winning this war. Do not keep the people of the United States in the dark as to what is going on. [Applause.] I am unalterably opposed to censoring the press. [Applause.] No man was ever created on this earth good enough and wise enough to censor your thoughts or the expression of your thoughts. [Applause.]

I am willing that the Army and the Navy shall prevent any information getting outside of the United States that might in any way aid the enemy. I am willing that we shall not permit treasonable utterances in the public press; but further than this I will not go with my vote under any circumstances, because I want the people within the United States thoroughly informed of what is going on in the United States and what this administration is doing in reference to the Army and Navy of the United States. [Applause.]

Now, let us see what the censor in Great Britain did. They established first a very rigid censor there. The censor remained for the time being and kept the English people in the dark; but ere long there were two real hardy newspaper editors, who took the chances of imprisonment and attacked the Government in reference to munition contracts. They laid bare the fraud; they laid bare the capacity of the private institutions who had the special privilege in reference to the contracts. The balance of the press took it up, and the result was that there was a revolution in the Cabinet of England, and the newspaper men that called attention of the people to the fraud saved the British Empire, if not the civilization of the world. [Applause.]

I have not myself been fairly treated, in my judgment, by the public press. I have been the victim of as much slander as any man, taking into consideration my obscurity in politics and the obscure position I hold. But I would rather these men in the gallery and that every newspaper in the United States had the absolute right to publish even falsehoods, as false as it is possible for type to make it, than to stop their right to publish that which is the truth and the whole truth.

I am not afraid, gentlemen, of the newspaper when it lies about me. I am afraid of it when it begins to tell the truth about me. [Laughter.] A lie never hurts a public man if he is right in his heart and right in his conscience. You can not hurt a man by falsely representing him, provided, as Jefferson says, "reason is left free to combat it."

After the English realized the mistake they had made, then the Admiralty, the old war dogs of the sea, who were so secretive that they did not want anybody to publish anything—these same war dogs, after they realized what the public press meant to them, organized a campaign of publicity for the British Navy, and it is conducted and carried on to-day.

The same thing practically occurred in France. Let me tell you, if you try to keep the American people in the dark, if you lead them to believe that there is some official somewhere censoring what shall go out from the press gallery to the newspapers in the United States, and that they are not getting the whole truth, you are going to create a great suspicion in the minds of the people which will be infinitely more harmful than all the truths and falsehoods the newspapers can tell. I do not believe the American people, who have been taught from the foundation of the Government to the present time that free speech and a free press shall always be inviolate, would be

willing because of a foreign war that the public press should not publish the truth about all officials. If an official does wrong, he ought to be criticized, and if the criticism is harsh it will do no harm.

While an Army officer or a naval officer, like a Congressman, does not like harsh criticism, do you know that harsh criticism does both good, and when they deserve it it will do the Army officer and the naval officer good in the conduct of this war? Good criticism does us all good. If it were not for some criticism back home the votes in this House might be entirely different from time to time.

Ah, gentlemen of the committee, a man that wants to do right is never afraid of the light of day. The cablegrams can be censored going out of the United States, England, and France and the United States can control the information that shall get into Germany, but let us not muzzle the public press. I feel that if I were a friend of Germany and I wanted to arouse suspicion here I would put a muzzle on the public press. As one gentleman said, the devil may have invented a better means of accomplishing wrongdoing than to muzzle the press, but he has not yet done it. The devil has not been able to find anything that will do human freedom and human justice more harm than to muzzle the press.

What do you find that Thomas Jefferson did? In the first amendment to the Constitution he coupled up freedom of the press and speech with the freedom of conscience and religion, and when you shall lay hands on that instrument and shall take the freedom of the press out of it, the next step may be to take out the freedom of religion.

It is not in the piping times of peace that the Constitution is serviceable. It is not when everything is running smooth that we need any constitutional limitation. It is only in times of stress and storm, only in time of war, it is only when the political earthquake comes that we need the constitutional limitation—upheavals overturning public opinion, leaving men with their minds in an unbalanced state. Then it is that we ought to look to that Constitution, the palladium of our liberties, and not set aside the spirit of the first amendment to the Constitution—free speech and free religion. [Applause.]

There have always been two great ideals in government. The older one is that the power to govern and control the people shall be separate and apart from them, or, if you please, over and above them. That is the old idea of government. It was perhaps necessary when people were savages and when they were densely ignorant. It was perhaps necessary when they did not have free speech and a free press. It was perhaps necessary when they did not have schools and a free religion, to preserve the government which has been imposed upon them and to preserve the law that they had nothing to do with making.

There is another idea, the American idea, the modern idea, and that is that all just powers of government spring from the consent of the governed. There are two ideas of government now in the world. One is a modified form of ours, to wit, the German system of government and the German thought. Our system is still as far removed from the German system and German thought as it is possible for governments to be removed, both being civilized communities. When the Government of the United States, through its authorized agents, shall endeavor to determine what a man shall do with his life, then we are adopting to that extent the German or Bismarckian system of government. You adhere to the American system when you say that every man shall determine for himself what he shall do with his life. Shall I cultivate the soil? That shall be determined by me and by the necessities and environments that surround me. Shall I practice law? That shall be determined by the man himself. Shall I practice medicine? Whatever may be your distinct vocation, that you shall determine for yourself, and you shall use your talents in those lines as are best dictated by your own judgment and the environment in which you find yourself. Shall I be a soldier? Yes, if I desire to be a soldier and the Government furnishes me means of training, and we ought to do that. Then let the man be a soldier if he desires to be. But let me tell you what is an ideal far beyond that. The next step which civilization shall take can not be taken by any one nation alone. It must be taken by some sort of international agreement, and that international agreement must be backed up by international thought and international conscience. The people must be taught to think alike, and before we can ever be able to get rid of the armaments that we have been compelled to make, it is necessary that in this immediate thought there shall be full international agreement; and I hope that time has come, and I hope that the good that may be gotten out of this war will be that the people of all of the nations and all of the climes under free speech and a free press, all of the open-hearted, great-minded, great-souled men, shall rise up

and proclaim to the world that while in the past we have been compelled to suffer the evils of mighty armies with their tread that shakes the earth, with the rattling sabers that have made streams and oceans of blood, because we were forced by our neighbors to do it. The object, the aim, and the purpose of this war on the part of every Republican and every Democrat, of every man in America, of every woman and every child, shall be such that we must and shall have an international agreement that will free the world forever from a repetition of what is occurring now; and let the occupant of the White House make his administration so fair, so just, and equitable that not only by utterance but by conduct of the administration he may convince the American people that that thought already is in their minds and hearts, and that that is what he is endeavoring to write upon the hearts and minds of the people of the world. And when that is done, there will be good, unlimited good, come out of this struggle. For in the future the billions now spent in slaying our fellow men can be used in building up the people of all the earth in peaceful pursuits and making for the happiness of mankind. [Applause.]

Mr. SLOAN. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. ROBBINS].

Mr. ROBBINS. Mr. Chairman and gentlemen of the committee, we have witnessed, I think, the most incongruous legislative proceeding in this bill that has ever been brought before this House. For four hours we listened to the argument of the learned and distinguished chairman of the Committee on Ways and Means, the gentleman from North Carolina [Mr. KITCHIN], attempting to explain the provisions of this bill. He characterized it as illogical, as oppressive, and as bad legislation, and the only thing that he could say to justify it was that we "needed the money," and that is his argument, and that is the argument that we would meet if we met a man in a back alley with a blind mask on his face and a revolver in his hand. He would tell us that he "needed the money." After he had concluded his argument upon the bill we listened to the distinguished Republican leader of the Committee on Ways and Means of this House, the gentleman from Michigan [Mr. FORDNEY], for nearly four hours in his attempt to justify the bill, and he characterized it as the worst piece of legislation he had ever brought out of that committee, but he gagged and strained and finally said that he intended to vote for it and would support it. Then one by one the whole 21 members of that committee, almost, have come forward, and, with one exception, they have agreed to support the bill upon the ground that we were "at war" and that "we needed the money." I submit that that is no reason why we should pass legislation of this kind. I am opposed to this bill for two reasons, although there are many others that could be assigned. In the first place, the bill imposes a tax that is excessive and unnecessary upon our people at a time when they can ill afford to pay it. The other reason is that we ought not to raise all of the revenue necessary to pay so great a portion of war expenses as one-half by the imposition of taxes on the present generation. This bill, if passed—and I warn you gentlemen, because I come from a great industrial section of western Pennsylvania—will create consternation and havoc and terror among the industrial populations of the North and the South, the East and the West.

There is another matter that developed in the discussion of this bill that is most singular. When we declared war on Germany we did it pursuant to what we believed to be our duty, and we took our inspiration from the President of the United States speaking in this room to us when he warned us that Germany had made war upon our commerce, had murdered our citizens, had proscribed a zone within which our ships could not go, and he said in language that is now well nigh historic:

There is one choice we can not make, we are incapable of making. We will not choose the path of submission and suffer the most sacred rights of our Nation and our people to be ignored or violated. The wrongs against which we now array ourselves are no common wrongs; they cut the very roots of human life.

Pursuant to that message, with it ringing in our ears, we passed a resolution in which we said that the repeated acts of war committed against our Government by Germany had thrust upon the people of the United States a condition that demanded the declaration of war. We hear now nothing about Germany wrecking our ships and murdering our citizens and assailing the sovereignty of our flag, but we are told that we are waging this war in the interest of humanity; that we propose to carry democracy to Europe; that we propose to drive the Hohenzollern family from the throne of Germany, while our soldiers shall fight side by side with the soldiers of King George and that his throne shall not be disturbed. We are told that we propose to reestablish the monarchy in Belgium, and at the same time we are giving money to overthrow

autocracy and convert European peoples to an ideal. That we will drive from the throne of the dual monarchy of Austria-Hungary the house of Hapsburg, while loaning money to Italy, whose monarchy we will not disturb because it is aiding us. Gentlemen, I believe it has been stated here this morning, and repeatedly in this debate, that what we want to do is to popularize this war with the American people. I agree to that proposition, but I believe this war will never be indorsed, never will become popular, never will gain the heart and soul of the American people and their support if we leave them believe that we are going over to Europe to overturn established governments which were established by the people of Europe themselves. [Applause.] What we want to do, and what we want to bring more clearly to the attention of the American people, gentlemen, is the purpose that the President laid down for us as the basis upon which this war is to be waged. We are waging this war because the Imperial German Government has attacked our sovereignty on the high seas, has questioned our right of free commercial intercourse with nations with which we are at peace, and has assailed the immutable principles of international law and of right and justice; and we propose, as the President said, not to yield those principles that are right and unassailable. I do not know why this change should come about, unless some ingenious orator or writer or perhaps an inspired press has taken the cue from what Mr. Lincoln did during the War of the Rebellion. Slavery started that war, and when Mr. Lincoln came here on the 4th of March, 1861, to be inaugurated there was already organized and in session at Montgomery, Ala., the Congress of the Confederacy; seven Southern States were in open rebellion against the Government of the United States. But Mr. Lincoln was patient; he made no move until Sumter was assailed, until the flag was shot down, until territory of the United States had been seized, and then he issued his call for volunteers, not to free the slaves but for volunteers to preserve the Union. And from that time on we heard little in the North about freeing the slaves, but much about defending the Union, and the northern soldiers fought to save the Union from that time from dissolution.

When the Government of the United States established an embargo that was drawn around the South to strangle it to death and prevent the importation of supplies and the exportation of cotton to Europe, and when the spindles of Sheffield and Leeds and Manchester were standing idle and the employees were starving at the doors of the closed mills, and there was great danger that the British Government would acknowledge that the South was an independent nation and thereby grant to it the credit due from such act, then Mr. Lincoln sent Mr. Beecher to England to present the case of the Northern States. He instructed him to change the issue and to present to those disconsolate and dissatisfied working people of England this proposition: That if the North was overthrown, slavery would be enforced upon one branch of the English-speaking people, and the common people of England never would sanction that. They had recently abolished slavery from the British Empire. To their eternal credit be it said—for it is well known that the ruling classes of England had determined to recognize the independence of the South—that the common people of England, starving and enduring hardships, stood for the principle that human slavery should not be extended in the United States, and therefore the North was enabled to triumph, and the Union was saved. Now, my friends, it would be of little use indeed for me at this late time in this debate to undertake to criticize the schedules of this bill. Any man who now argues upon this bill finds himself in the position of the two colored boys down in the district of the distinguished chairman of this committee. One colored boy said to the other, "Jackson, if you had your wish of three things in this world, what would you take?" "Well," he said, "I would take watermelon, I would take chicken, and I would take possum. Now," he said, "Rastus, if you had your wish for three things, what would you take?" "Well, Jackson," said Rastus, "you left nothing for me to say." [Laughter.] And so that is about the position we find ourselves in when we come to argue these schedules after three full days' debate. I shall not take up these schedules in detail, as my time will not permit it, but I assail this bill because it is an attempt to extract by extortionate and oppressive taxation from the present generation, who are called upon to fight this war and to suffer and give their lives and blood, if we are to win it, an exorbitant sum of money. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. Mr. ROBBINS. May I have a few more minutes just to complete my statement?

Mr. FORDNEY. I yield two minutes more to the gentleman.

Mr. ROBBINS. It would be useless for me to stand here and assail this bill if I did not propose a remedy. I do propose a remedy. This bill raises more money, according to the distinguished gentleman from Illinois [Mr. MADDEN], by \$600,000,000 than is necessary. Of course, the distinguished gentleman from Connecticut [Mr. HILL] immediately said that was not true, and both of these gentlemen are sincere; both of them can not be correct, and therefore this bill must be a guess at best. We ought to only undertake to pay one-fourth of the cost of this war by taxation during the war and three-fourths by issuing bonds. Let posterity, for whose benefit this war is being waged, help to pay the cost. England is raising 25 per cent from taxation and the balance from the sale of bonds, France 18 per cent by tax, and Germany 12 per cent, and the balance by the sale of bonds. Let us profit by their experience and follow the same course. This bill is unnecessarily extortionate.

I will tell you how, gentlemen, we can raise this money and not fill the bankrupt courts with litigation, not destroy our own industries, not wreck the corporations and destroy the press of the country, not go back and extract an income tax from last year's income, not bring about all these conditions at this time, when there are greater hardships and suffering among our people of small incomes and greater suffering for the want of actual necessities of life among our working people than there has been within 50 years. When within a generation has flour been \$17 a barrel, lard 35 cents a pound, meat 60 cents and up per pound, sugar 11 cents per pound, and all the necessities of life at the very high price that now prevails? And the purchasing power of money less than half what it was on the 1st day of July, 1914, when the European war opened. There are two objects from which we can raise this entire sum and not disturb any of the business conditions of this country. Let us levy it on the swollen incomes of individuals and corporations arising out of the war profits [applause] and let us make up the deficit by passing a reasonable and proper Republican protective tariff measure. These will provide all the revenue we need. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. KITCHIN. Mr. Chairman, I yield 30 minutes to the gentleman from Rhode Island [Mr. O'SHAUNESSY].

Mr. O'SHAUNESSY. Mr. Chairman and gentlemen of the committee, as a member of the Ways and Means Committee, which framed this \$1,800,000,000 war-revenue measure, it was my intention to discuss some of the features of the bill at length. I find, however, that the public is justifiably impatient. The public is looking for action and is disinclined for words. I agree with the public, and therefore I am going to speak 1 minute instead of 30 minutes, and patriotically give back 29 minutes of my time. [Applause.]

I believe that the decks should be cleared for action, that we should get to work, and I am strongly of the hope that in the immediate future the committee charged with the consideration of the food bills will bring into this House for quick passage a bill giving to the President of the United States full power and authority to conserve the food supply of this Nation for the benefit of the public and the prosecution of this war. I believe that there should be a gallows erected for every food speculator.

I thank the committee, and yield back the balance of my time. [Applause.]

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Iowa [Mr. DOWELL] 15 minutes.

Mr. DOWELL. Mr. Chairman, I shall occupy your attention but a short time.

The Ways and Means Committee a short time ago took up the question of preparing this bill to raise the revenue necessary to meet the expenditures of the Government in the present crisis.

It has been said on this floor that this bill is intended to raise by taxation larger sums of money than any bill ever presented to any legislative body in the world.

I want to discuss as briefly as I may the plan adopted by your committee for raising this revenue.

The distinguished chairman of the Ways and Means Committee [Mr. KITCHIN], in presenting this bill for the consideration of the House, said he proposed to shut his eyes and vote for the bill. The distinguished gentleman from Michigan [Mr. FORDNEY] voiced substantially the same sentiment.

As we all know, the cost of the necessities of life at the present time has reached a point to which the family with a small income can hardly reach, and in the very near future in this country of bounteous plenty the question of sufficient bread may become one of the problems to be solved.

In framing a revenue bill to raise the great sums necessary in the present emergency every possible effort should be made not to increase the cost of the necessities of life nor to disturb

the business of the country. Already plans are being considered to prevent the cost of these necessities going beyond the reach of the people, and it occurs to me in this bill, in so far as we are able, we should relieve families of moderate means from any further burdens than are already placed upon them. It therefore follows that so much as is possible of this revenue should be raised from the large incomes and excess profits of those who have profited by this great war.

This bill in some respects followed this plan, and in other respects it places the burdens upon those many of whom can ill afford to pay.

The bill provides a 3 per cent tax on amount paid for freight and 10 per cent on the amount paid for express. It provides a tax of 10 per cent on passenger traffic. It provides a tax of 5 per cent on gas, electric power, light, heat, and so forth, for domestic use. It provides a tax for telephone and telegraph communications. It provides a tax for advertising and advertising space. It provides a tax for insurance. From these sources it is proposed to raise the following sums:

Freight taxation	.....	\$77,500,000
Express	.....	15,000,000
Passenger	.....	75,000,000
Electric light, gas, domestic power, telephone service, etc.	.....	30,000,000
Telegraph and telephone messages	.....	7,000,000
Advertising	.....	7,500,000
Insurance	.....	5,000,000

The bill further provides for a stamp tax on nearly all papers, notes, transfers, and so forth, which is intended to raise many millions.

The bill proposes to increase first-class postage to 3 cents per ounce and post cards to 2 cents each. It is estimated this increase will raise \$70,000,000 per annum.

The bill provides for an increase of second-class postage sufficient to raise an additional \$19,000,000, estimated.

I am calling your attention specifically to this proposed tax, because in nearly all of the items mentioned nearly every dollar will be paid directly by the consumer.

I know, and we all know, that the American people are patriotic and will willingly pay whatever is necessary to be paid within their power in order that this war may be brought to a speedy close. But the people of this country expect this Congress to equitably distribute this burden among the people of the country. And that is the purpose of our examination of this bill to-day, namely, to place these burdens where they can best be carried, and where they ought to be carried.

I received a letter from a friend of mine which I desire to place in the RECORD and which demonstrates the patriotism of the people in being ready to pay whatever fair share of the taxes may be placed upon them. It is as follows:

JONES PIANO CO.,  
Des Moines, Iowa, May 11, 1917.

HON. CASSIUS DOWELL,  
Washington, D. C.

MY DEAR CASH: I am receiving letters from various manufacturers and musical organizations requesting that I wire you to protest against the war tax on musical merchandise. It may be refreshing to you in this trying time to know that I am in favor of this tax on musical merchandise even though it gets in on my business.

I am further in favor of an increased corporation tax and progressive increase of tax on incomes. All of these would get me. However, since there is no likelihood of their drafting me on account of my age, I am nevertheless more than a platform and street-corner patriot. I believe that we invited this war, we have profited by the war, and therefore we ought to pay the "fiddler." We now have the money. The next generation might not be so fortunate. I am in favor of conscripting money. In fact I do not believe our men should be conscripted until we have conscripted money in abundance.

Further, if we put the tax on heavy enough to pay as we go there will be no temptation on the part of the rich and powerful to prolong the war unnecessarily. After the Civil War my grandfather and my uncles not only did the fighting but they returned to ruined business, disrupted homes, and then were compelled to bear their burden of taxation in order to pay the expense of the war in which they had fought.

I believe we who are to be left at home in this case should pay all of these expenses and the men who do the fighting should be exempt from war tax. I realize that these are times when you hardly know which way to turn, but I am inclined to believe that you might receive direction and comfort from the God whom we all serve, the God of our fathers, and the God of your mother, and to whom we shall all pray for leadership and for you.

Your friend,

PAUL JONES.

[Applause.]

This letter I received on yesterday, and I have read it because I want you to know that the people at home are willing to go down in their pockets and pay whatever is necessary to pay within their ability to carry this war to a successful conclusion.

While I know the patriotism of our people and I know that they are willing to make whatever sacrifices are necessary in order to conclude this war, I want to briefly suggest to you the method which I believe should be employed to raise this revenue without placing such heavy burdens upon our people.

My position is that these burdens should be distributed in an equitable and fair way. They should not be placed in such a way as will disturb the business interests of our country nor rest too heavily upon the shoulders of those unable to pay.

The tax should be more heavily laid upon war profits and upon high incomes and excess profits. In other words, the great companies who are making these enormous profits out of this war should be compelled to contribute heavily toward the expenses of the war. And in this respect this bill should be amended.

As proof of what I have just stated I want to call your attention briefly to the enormous profits being received by these great companies. I read from the Wall Street Journal, October 11, 1916, page 1, as follows:

BETHLEHEM STEEL CORPORATION ESTIMATED EARNINGS.

Net earnings have averaged more than \$5,000,000 per month since the first of the year. As a result, estimates of \$60,000,000 for the full year of 1916 are regarded as conservative.

In 1914 the net profits of the Bethlehem Steel Co. is quoted at \$5,590,020.

I read further from the Wall Street Journal dated December 22, 1916, page 7:

MIDVALE STEEL CO.

In November the net earnings are understood to have reached the \$4,000,000 mark. This figure is after deducting depreciation and month's proportion of fixed charges.

The net profits of the Du Pont Powder Co. for 1916 is reported at \$82,107,693, as against \$4,831,793 in 1914.

If I am incorrect in any of the quotations, I desire to be corrected.

I am calling your attention to these facts, gentlemen, that you may know the enormous profits that are now being received by these munition plants attributable wholly to this war and because of large contracts on account of this war.

Why should these great companies not pay a large part of this excess profit for the maintenance of the Government during this crisis? This profit was obtained by them through the war and because of the war, and every dollar of it is attributable to the war and is a war profit.

I believe that when we take into consideration the enormous increase in these profits since 1914 we should require these companies to pay more than is provided in this bill instead of placing these burdens upon the necessities of life.

Mr. GREEN of Iowa. Will the gentleman yield?

The CHAIRMAN. The gentleman's time has expired.

Mr. DOWELL. May I have five minutes more?

Mr. FORDNEY. I yield five minutes more to the gentleman.

Mr. GREEN of Iowa. Will the gentleman yield to me?

Mr. DOWELL. I yield.

Mr. GREEN of Iowa. As I take it, the gentleman believes we should levy a larger tax upon these high profits; that they should pay a higher per cent than a low profit?

Mr. DOWELL. I certainly do.

Mr. GREEN of Iowa. In that connection, then, I understand the gentleman differs very much from the gentleman from Illinois [Mr. MADDEN] who spoke yesterday, and who would levy a tax on any profits, no matter what they were, high or low.

Mr. DOWELL. I would levy these taxes upon the excess profits and the large incomes in order to carry on this war, rather than to go to those who can not afford to pay.

Mr. SWITZER. Will the gentleman yield?

Mr. DOWELL. I can not; I have only a few moments of time.

In this bill the excess-profits-tax rate is 8 per cent at the present time upon the net income after deducting \$5,000 and an amount equivalent to 8 per cent of the actual capital invested. This bill proposes to levy an additional tax equivalent to 8 per cent of the net income of corporations and partnerships, determined in the same manner.

In view of the enormous profits received by these companies, this tax is insufficient, unfair, and inadequate, and I propose that it be greatly increased in this bill and burdens elsewhere correspondingly reduced.

Now, I want to call your attention to the profits of the Standard Oil Co. of Indiana, and I quote briefly again from the Wall Street Journal, September 9, 1916, page 5:

THE STANDARD OIL CO. OF INDIANA.

Melton believed near. On especially good buying stock of company advanced to \$725 per share September 8, a record high price, and a gain of \$100 per share this week. The inference from the strength of the stock is that the time is not far off when the company will distribute to stockholders a larger share of its earnings and perhaps a part of its large surplus. Surplus on December 31 last was close to \$27,000,000, and it is certain it is much above that figure now.

On September 11, 1916, the Wall Street Journal gives the following:

Secretary Stohr says: "Talk of stock distribution is wholly anticipatory at present. If we knew how much longer extraordinary conditions due to the war are going to last it would be a simpler matter to make our plans." The company's balance surplus is unofficially estimated well above 115 per cent on the stock. Estimates of the melon now ripening run as high as 100 per cent stock dividends.

I am advised that there are 30 or more of these Standard companies throughout the United States, fixing their own prices without let or hindrance.

According to the statement I have just read, this stock is now worth \$725 per share. And, as I understand it, under this bill the excess-profit tax has been increased 8 per cent only.

I want to place this tax where I believe it belongs, and I earnestly hope that in the consideration of this bill it will be so changed that these large fortunes with these great incomes and excess profits brought to these concerns by reason of this terrible war will be made to pay their share of the expenses of this war.

In a few months the young men of our country will be taken from their homes and from the salaries they are receiving—maybe \$1,000, \$2,000, or \$3,000 per year. They will be enlisted in the Army of our country and may be sent to the trenches in France. They will be deprived and their families will be deprived of the salaries these young men have been receiving. In addition to surrendering all of their income and accepting the pay of \$25 per month they may be called upon to give up their lives for their country.

Why should we not take from the men who are making the enormous profits out of this war a large part of the sums they are receiving when these young men who are in the service are sacrificing their salaries and their lives for this great Republic? [Applause.] All of the patriotism should not be required of those who are not able to enjoy the large profits of these great munitions factories. I believe that if the distinguished gentleman from North Carolina [Mr. KITCHIN] will assist to amend this bill and place greater burdens of taxation upon these great fortunes and enormous profits he can then vote for the bill without shutting his eyes, and he can afterwards look every man squarely in the face, saying, "I made every man perform his duty." [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. FORDNEY. Mr. Chairman, I yield 15 minutes to the gentleman from Wyoming [Mr. MONDELL].

The CHAIRMAN. The gentleman from Wyoming is recognized for 15 minutes.

Mr. MONDELL. Mr. Chairman, I think it was Gen. Sherman who said, "War is hell." Whether the general had in mind, at the time he made that famous declaration, war taxes I do not know, but that declaration applies equally to taxes as it does to the other misfortunes of war as is evidenced by the unanimity with which constituents of some gentlemen oppose first one, then another, and, finally, all of the provisions of this bill.

Mr. Chairman, the gentleman from North Carolina [Mr. KITCHIN] has said that he would shut his eyes and vote for the bill. I shall go him one better. I shall vote for certain amendments in the hope that they will be adopted; but whether they are adopted or not adopted, I shall deem it my duty to vote for the bill, and I shall vote for it with my eyes wide open, realizing what an awful burden it places upon the American people, but believing that the burden of this war should be borne to a considerable extent by this generation and that we must pass such a measure as shall eventually be agreed upon.

On the other hand, if I had been a member of the Committee on Ways and Means and had been allowed to have my way I would not have laid all of the taxes or placed some of them as high as the committee has. I am convinced that there are some features of the bill that are not equitable, and I hope that those features will be carefully discussed and remedied, for even burdens should be equitable burdens, and we can all vote for this bill with a nearer approach to cheerfulness, at least with more resignation, if certain inequitable provisions have been eliminated and certain provisions have been modified.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. GARNER. Does the gentleman believe that we should collect the amount of money that is proposed to be collected in this bill?

Mr. MONDELL. If I had the entire responsibility of doing it, I think I would not place upon the American people at this time so heavy a burden as the bill proposes to place on them. I shall vote for the bill, not because it exactly meets my views, but because it seems to be the product of the best judgment of

the committee and will, I hope, when it passes the House, be the product of the best judgment of the House.

But we are placing this burden pretty heavily upon the present generation, and on the people who must not only bear the direct burdens of taxation but the indirect burdens which high prices place on all, particularly those of moderate means.

But, Mr. Chairman, I have not the time now to discuss all the various features of the measure which I hope to see modified. I hope to do that later. I want to discuss in the brief time I have one feature of the bill which, while it has been considerably discussed, has not been discussed at all, so far as I have listened to the debate, from the standpoint from which I desire to approach it. I refer to the provision of the bill which proposes to establish a zone system for second-class mail matter.

I think it may be possible that we are not charging the publishers of newspapers and magazines as much as we should of the cost to the people of the transportation of papers and magazines, and I should be perfectly willing to vote for a provision which proposed some reasonable increase on a flat rate on the newspaper and magazine postage of the country. But I am opposed to the method under which the committee seeks to establish in this country zones of information [applause]—zones of literature, zones for the promulgation of views and ideas. It was the historian Froude who made the statement that a homogeneous and vigorous people may conduct their own affairs under a liberal constitution as long as their personal characters remain undegenerate. The converse of that is—and that was the thought in the mind of the historian—that a non-homogeneous people can not successfully conduct government under a free constitution, and that is true, as evidenced by all the lessons of history. If we have any one problem in this country that we must constantly have in mind and constantly contend against it is that of the tendency of people to become provincial, narrow, sectional in view and thought. And so I approach this question not from the standpoint of the newspapers and their interests, important as they are; not from the standpoint of revenue, important as that is; but from the standpoint of the interests of the American people, from the standpoint of its effect upon the continuation and perpetuation of free institutions.

The gentleman from Connecticut [Mr. HILL] said the other day in the debate, "If you establish this zone system, the magazines will start plants out in your country and they will go to issuing magazines there." Well, if that were to be the effect of it, that would not cure the situation. I am no more in favor of a Wyoming and Nebraska provincialism than I am of a Maine or a Boston or a Louisiana provincialism.

It is true that some of these papers which enjoy the second-rate privilege do not furnish the people with a very high class of literature. There is a lot of soft and sickly sentimentalism in some of it, as evidenced by the extracts read by the gentleman from Illinois [Mr. RAINEY]; there is a goodly lot of touch and go and sensational melodrama, but the weepy sentimentalism and the Sixteen-String-Jack melodrama not only appeals now but always will appeal to certain people, and if we are to have it I want it to be national weepy melodrama; I want it to be national blood and thunder literature rather than the weepy melodrama of Kokomo disseminated in a little circle around Kokomo, and Sheboygan blood-and-thunder sensationalism disseminated in and around Sheboygan and near-by country precincts and localities.

This is not primarily a question of revenue. The sum to be obtained by treating news and literature and the dissemination of information and intelligence as though it were beans and butter sent through the parcel post is relatively pitifully small, but the principle involved is a matter of vastly more importance than that of revenue, of vastly more importance than the interest of the people who publish the newspapers and magazines.

I have a neighbor who since I can remember has taken the New Orleans Picayune. I have a neighbor who takes the San Francisco papers. I have always tried to have New York and Chicago papers in my home. We receive from these papers the point of view of these sections of the country distant from us, and we need that point of view. We must have that point of view if we continue to be a homogeneous people, having the same thoughts, the same aspirations, the same hopes, and the same viewpoint of government and of the blessings of liberty. [Applause.]

It is not a question of a few dollars of revenue, it is not a question of whether or no it is fair or unfair to the newspapers and magazines, it is a question whether it is fair to the American people. [Applause.] I know that the newspapers and magazines are not always fair, they are not always reasonable, they do not always tell the exact truth. There is not one of us who

at one time or another has not felt very resentful toward certain newspapers, toward certain magazines, but if they are to make mistakes, if they are to exaggerate, if they are sometimes to be unfair, let it be a national exaggeration and a national unfairness and not provincial and limited and local.

I should not feel any differently in regard to this matter if most magazines in this country, instead of being published at Augusta, Me., or New York or Boston or elsewhere, were published in my State or in my section of the Union. I would, in that case, feel, as I do now, that any system of postal rates calculated to circumscribe them to the locality in which they are published was regrettable and unfortunate. Consider for a moment the situation you would create. Possibly some of us may take the publications that are published in Augusta, Me., to which the gentleman from Illinois referred. I do not happen to subscribe to them myself, but we do take magazines like the Outlook, the Independent, the North American Review, the Atlantic Review, the Century, the Youth's Companion, the Ladies' Home Journal, and they are not going to be transplanted to our western country, as suggested by the gentleman from Connecticut. If they were, it would not help the case any, from my viewpoint, if they could not circulate freely throughout the country. The Nation is large, and the population is great, and its people are intelligent, and they buy magazines and newspapers in great numbers; and right or wrong, it is these great magazines and these great newspapers that are the molders and leaders of the public thought. Wherever they are published it ought to be as easy and as cheap for the citizen to buy them in one part of the Nation as in another. [Applause.] I appeal in this matter not from the standpoint of those who publish these papers and magazines, not from the viewpoint of those who make money out of them, though that viewpoint should be considered, but from the viewpoint of the hopes and aspirations of the American people, from the viewpoint of our hope that we may maintain here what has never been maintained heretofore anywhere else on earth for any considerable time, a great population scattered over a vast territory homogeneous in its views, in its habit of thought, and in its aspirations. [Applause.]

Mr. LONGWORTH. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. LONGWORTH. The gentleman is making a very interesting speech, and I want to ask whether he is advocating that there shall be no increase whatever in the second-class mail rates or that there shall be no zone system?

Mr. MONDELL. I am particularly opposed to the zone system. I am not sure but that we might properly increase, even double the rate as a flat rate over the country. But I would want to study that before I advocated it; but if it is equitable, if it is just to make any increase, make it a flat rate. I am not appealing to you because I live in Wyoming or because under your bill we would have to pay there 50, 60 cents, or \$1 more per year for certain newspapers and magazines—I might be able to afford to do it and might be willing to do it, but the majority of the people could not afford it, and that would create a condition under which we would each and all of us soon be living in a miserable little zone of local information, local thought, and local ideas.

Mr. GARNER. Will the gentleman yield?

Mr. MONDELL. Certainly.

Mr. GARNER. The basis of the gentleman's objection is not so much against the increase in the revenue of second-class mail matter as against the zone system.

Mr. MONDELL. My argument is primarily against the zone system.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. FORDNEY. I yield to the gentleman two minutes more. I want to ask the gentleman a question. I want to say to the gentleman that first-class mail pays now 2 cents an ounce, or a fractional part thereof, and therefore pays a minimum of 32 cents a pound. It undoubtedly runs up as high as 50 cents a pound for first-class mail matter. Second-class mail matter pays 1 cent a pound. There is an annual loss on mail matter so that the Government must go down into its pocket and pay the loss to the Post Office Department. In the gentleman's opinion, where does that loss come from, the first-class mail matter or the second-class mail matter, and if the 1 cent a pound on second-class mail matter is responsible for the loss, what in the gentleman's opinion is the duty of Congress in removing the injustice?

Mr. MONDELL. I thank the gentleman for that question, and inasmuch as it is quite long, would the gentleman be good enough to yield me five minutes instead of two in which to answer it? [Laughter.]

Mr. FORDNEY. I yield to the gentleman five minutes.

Mr. MONDELL. Now, Mr. Chairman, the question whether or not the second-class mail matter is paying a proper proportion of the cost to the people for carrying it through the mails is a very important question and one that belongs primarily not to the gentleman's committee, but to the Committee on Post Offices and Post Roads. That is a very able committee. I am willing to follow it on anything which after due and careful deliberation they agree upon, other than the zone system.

I am willing to follow the gentleman's committee if they are fully informed on such a flat increase in postal rates as they think under war conditions is fair and equitable and reasonable. I want, however, to call the gentleman's attention to the fact that the policy of carrying second-class mail matter at less than it costs is one long established among English-speaking people—not only ourselves but all the English-speaking people the world over—and we probably never shall reach a condition where properly classified second-class mail matter will be compelled to bear the whole burden of its distribution. It is possible that we have not legislated wisely in differentiating between the various classes of publications now entitled to the second-class mail privilege. My own opinion is that there are certain classes of trade journals now enjoying that privilege which should not enjoy the privilege because they in nowise are journals for the general dissemination of ideas and opinions or news, but that they are in effect commercial advertisers. There may be others which for various reasons are not entitled to the second-class rate. Those are matters of detail to be worked out. What I am particularly objecting to is this idea of treating news and ideas and literature as though they were beans and bacon sent through the parcel post, having no more effect upon the moral and spiritual life of the Nation than those very excellent and necessary products.

Mr. FORDNEY. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. FORDNEY. If the gentleman gets beans and bacon and enlightenment through advertising out in Wyoming, does the gentleman want me to pay for it? You get it and I do not. Do you want me to pay for it? Is that the idea?

Mr. MONDELL. Not beans and bacon.

Mr. FORDNEY. That is what the gentleman said.

Mr. MONDELL. But enlightenment, because we are so broad-minded in Wyoming—

Mr. FORDNEY. Oh, dear!

Mr. MONDELL. That we are willing to get ideas even from Michigan. Some gentlemen do not seem to want to get any ideas from beyond their own provincial boundaries. I get a lot of good ideas, and I get some stuff that I do not agree with—but that sets me to thinking—out of the New Orleans Picayune, which my neighbor takes and which he is good enough to hand to me frequently. It is not a question of asking you to pay for our information, for our enlightenment, but it is the question of all of the people paying for the dissemination of information and enlightenment the country over. That is the proposition.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. FORDNEY. I yield two minutes more to the gentleman from Wyoming, for I want to have this letter read as a question to him, that he may answer it, and if he can not answer it in two minutes I will yield him four. I send the letter to the Clerk's desk and ask to have it read.

The Clerk read as follows:

PHILADELPHIA, May 14, 1917.

Hon. JOSEPH W. FORDNEY,  
House of Representatives, Washington, D. C.:

Please accept our congratulations on the tax bill reported by the Ways and Means Committee. This bill should go through as it stands. Opponents to it are demanding special privileges and are acting from purely selfish motives, and with no consideration for the general public. We hope that you will succeed in killing all demands for special privilege regardless of source.

HENRY ALTEMUS CO.

Mr. FORDNEY. Can the gentleman answer that in two minutes? If not, I will yield him four minutes.

Mr. MONDELL. Who is Henry Altemus?

Mr. FORDNEY. The letter says that they are a publishing company.

Mr. MONDELL. I can answer that in two minutes. If Henry Altemus, publisher, is in favor of this provision, then by the same token I should be inclined to the opinion it does not affect him at all or if at all then favorably. It probably unfortunately and disastrously affects some of his competitors, and he may be for it because he thinks it is in his personal interest. But I am not discussing the matter from the standpoint of the publisher. I should be as much opposed to it if every publisher were willing to accept it.

Mr. FORDNEY. Does the gentleman know that the statement he is making about the Altemus Co. is correct?

Mr. MONDELL. I do not know anything much about them.

Mr. FORDNEY. Of course he does not, and he ought not to say that.

Mr. MONDELL. But you handed me this pig in a poke.

Mr. FORDNEY. No; I did not. I opened the poke for you. [Laughter.]

Mr. MONDELL. And I had to answer it from general inference of those things which control human action with which we are all more or less familiar. We are not asking for special privilege. It is no special privilege to insist on having this country remain a homogeneous land, to insist on the free and uninterrupted flow of ideas throughout the country.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. With the same habits of thought, with the same ideals, the same aspirations, the same hopes; and the only way to accomplish that is to so provide the dissemination of ideas that the humblest citizen anywhere, even in the remote sections of the Nation, can secure information as readily and cheaply as any other citizen anywhere in the land. [Applause.]

The CHAIRMAN. Does the gentleman yield to the gentleman from Ohio?

Mr. MONDELL. I yield.

Mr. FESS. Will the gentleman from Wyoming allow me to read a paragraph from a letter from the presiding judge of the Springfield common pleas court?

Mr. MONDELL. If I have the time.

Mr. FESS. He says in this letter:

This afternoon I appointed a receiver of a heretofore prosperous publishing house, who based their petition for receivership largely upon the threatened increase of the postal rates, which will practically exhaust any profits they have heretofore made.

That is a letter from Judge Geiger, of the common pleas court of Springfield, Ohio, a man who has no interest whatever in publishing houses.

Mr. MONDELL. Let me make this further suggestion to the gentleman from Michigan.

Mr. FORDNEY. Is the gentleman answering the gentleman from Ohio or me?

Mr. MONDELL. It is a general observation I hope that both will consider.

Mr. FORDNEY. Before the gentleman answers that I desire him to answer me, and I will yield him sufficient time. Here is a concern going into bankruptcy, according to the extract which the gentleman from Ohio has just read, before the law even has passed this House. How wonderful is the effect that this increase in postage is going to have on the concerns now bankrupt!

Mr. MONDELL. Will the gentleman give me two minutes in which to answer that?

Mr. FORDNEY. Yes.

Mr. CANNON. May I suggest, so that he can answer both of us, that if it is bankrupt now before the law goes into effect, is it not likely that it has been bankrupt for some time?

Mr. FORDNEY. Certainly.

Mr. MONDELL. Will the gentleman give me two minutes to answer that?

Mr. FORDNEY. Yes; and I want the gentleman to answer it and to tell me all about this concern that is now bankrupt.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. COOPER of Wisconsin. The gentleman from Michigan asked a question a moment ago which he thought was in reply, by its suggestiveness, to the gentleman's idea and protest against the zone system. The gentleman from Michigan asked the gentleman from Wyoming this question in substance: The gentleman from Wyoming wants to get the benefit in Wyoming, but wants Michigan to pay for it. How is it with the tax on lumber which goes to Michigan, the gentleman himself being a big lumber man?

Mr. FORDNEY. I would inform the gentleman from Wisconsin that there is no duty on lumber. I will inform him another thing, that there is no lumber which goes from the east to Wyoming, and the gentleman ought to know that. If the gentleman knew what he was talking about he would know that.

Mr. COOPER of Wisconsin. Does not this bill put on a 10 per cent tax—

Mr. FORDNEY. This bill will permit it, but it has not gone into effect and it has not hurt anybody yet—has not put that company into bankruptcy.

Mr. COOPER of Wisconsin. The gentleman can not get away with that statement. Does not this bill put a 10 per cent tariff upon lumber?

Mr. FORDNEY. Yes; if it goes into effect.

Mr. COOPER of Wisconsin. I understand it, but the statement the gentleman made would convey an entirely different proposition.

Mr. FORDNEY. No.

Mr. COOPER of Wisconsin. It is intended to put a 10 per cent tariff upon lumber, and it is now on the free list.

Mr. FORDNEY. I will yield additional time to the gentleman from Wyoming, but I want to answer the gentleman from Wisconsin. I have stated to the gentleman from Wisconsin that under existing law there is no duty on rough lumber, and the gentleman ought to know it. He voted either for or against the law. Another thing, there is not any lumber that goes from east of the Mississippi to the State of Wyoming, and never did. The lumber going to Wyoming comes from British Columbia and the Northwest in the United States. If this bill goes into effect a higher rate of duty will be put upon lumber than existed under the Dingley tariff law. That is a suggestion I made to my Democratic friends when they put on the 10 per cent duty on all imports.

Mr. MONDELL. Now, may I have five minutes additional?

Mr. FORDNEY. No; but I will give the gentleman two minutes more. I yield two minutes to the gentleman from Wyoming.

Mr. MONDELL. Wyoming stands for a protective tariff, though it has but one industry affected by a tariff; but it stands for it on the theory of the highest good to the country generally. I had hoped that what I had said would not be brought down to a provincial basis as to how it shall affect Wyoming, or Oregon, or Maine, or California. We object to it just as much because it would tend to make the price of the Sunset Magazine, printed in San Francisco, prohibitive to us as because it makes the price of magazines, like the Outlook, printed in New York, prohibitive to us, and I would protest against it, I believe I would, as vigorously if I lived in Michigan or in New York or in Philadelphia or in Louisiana as I do coming from Wyoming, because it contains a menace, a menace to the future of this Nation and its people. I believe if the day ever comes when we shall treat the dissemination of news, of literature, and information as we treat the shipment of eggs, butter, and milk, we shall have started on the creation of a condition of affairs in this country tending to a provincialism that with the passing of the years will be exceedingly harmful.

Now, as to the case of the firm referred to in the communications presented by the gentleman from Ohio [Mr. Fess]. It would not be at all strange if a publishing firm finding it difficult to meet the constantly increasing costs of material and labor should have been forced into bankruptcy by the threat of this added burden. It might well be the last straw that broke the back of this burdened enterprise. We should give consideration to the interests of the publishers, but I still adhere to my own especial text that even more important is the interest of the people in the wide and unrestricted circulation of newspapers and magazines. It so happens that in this case the interests of the people and of the publishers are along the same lines.

Mr. FORDNEY. Will the gentleman yield?

Mr. MONDELL. I yield.

Mr. FORDNEY. Does the gentleman know of anything transported by freight or by mail at a loss except second-class mail matter? If so, name it.

Mr. MONDELL. It is awful hard—

Mr. FORDNEY. Well, yes; it certainly is.

Mr. MONDELL (continuing). To answer the questions of a gentleman who lacks the imagination to differentiate between hams and lumber and newspapers and magazines. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. STERLING]. [Applause.]

Mr. STERLING of Illinois. Mr. Chairman, it seems to me that some gentlemen are seeking to avoid their responsibility by finding fault with the Committee on Ways and Means. Some gentlemen who have discussed this bill to-day have either misrepresented or misunderstood the attitude of the members of the committee. No one should think that if he had framed this bill it would have been perfect in the opinion of all other Members. No one but himself would have thought so. I am quite sure that every member of the committee who has spoken on the bill has said to the House frankly that in some particulars, and in some cases in many particulars, the bill did not suit them. I am no exception to that rule. If I had written the bill, it would have been different. If any other member of the Committee on Ways and Means had written the bill, it would have been different from what it is and different from what every other member of the committee would have made it. That

would be true if the Ways and Means Committee of the House were made up of 23 other members instead of the 23 members who happen now to serve on that committee. I know that is true, because you gentlemen who have stood here and criticized the bill and who have found fault with the Ways and Means Committee for reporting this bill to the House there are no two of you who are agreed in your criticisms of the bill. We might just as well understand now that when this bill goes out of the House it will probably not satisfy a single Member of the House of Representatives in all particulars. And when it comes back here from the Senate it will not satisfy a single Member of this House. But the responsibility was placed upon the members of the Committee on Ways and Means to report a bill to the House which would raise \$1,800,000,000. They were for three weeks engaged in that arduous task. They discussed the proposition on every side from every viewpoint, and when we had completed the bill I believed, and I think that every member of that committee believed, that it was the best possible bill that the committee could agree on.

When it goes out of this House it may be changed. There may be some amendments, but it does not follow, because any one of you succeed in getting an amendment, that it will improve the bill in any great degree. It will satisfy you better perhaps, but it will dissatisfy others more. You are only shifting the burden from those whom you represent to those whom somebody else represents. Gentlemen have selected certain parts of the bill, certain schedules and sections, and found fault with them. They would take them out of the bill, but we are bound to produce \$1,800,000,000, so if you would take it out of one place you must put it somewhere else. You will simply shift the burden from one class of people or from one class of business to another class of people or another class of business.

Some Members will try to justify their opposition to this bill on the ground that it produces more revenue than the Government needs. My colleague from Illinois [Mr. MADDEN] on yesterday discussed that question at great length. He said we did not need as much revenue as this bill produced by more than \$600,000,000. Now, I say to you, gentlemen, that you can not justify opposition to this bill on that ground. We will need every dollar of revenue that this bill will raise and much more. Already, when the Committee on Appropriations brought into this House its appropriation bill appropriating \$2,700,000,000 at this session, even then they did not appropriate for the estimates made by the departments by the amount of \$760,000,000. The department asked at that time that the House appropriate for war purposes \$760,000,000 more than was appropriated by that bill. At that time, which I think was nearly a month ago, the Secretary of the Treasury sent to the House estimates amounting to \$3,460,340,000.

A month ago the Secretary of War and the Secretary of the Navy called upon the Secretary of the Treasury for that amount of money to be expended during the remainder of this fiscal year and the fiscal year ending June, 1918. Nobody, no experts in the department, no set of men anywhere can foresee a year ahead the needs of the Government in this crisis. Beginning with the very opening day of this Congress the departments began to send their estimates to the House of Representatives for their needs during that time, and from that time up until the 23d day of April they continued to add day after day to their estimates as things developed in their departments, where they saw money would be needed. And when that bill came in the estimates from the departments then was \$3,460,000,000. Then we provided revenue to the amount of \$2,000,000,000 by the way of an issue of bonds, and the departments suggested that we raise almost as much money by a direct tax. The idea of the administration was that we should produce by tax as much money as we produced by bonds, on the idea that we should pay one half the cost of the war and the future should pay the other half. If the war is of short duration it will make but little difference how we allot the cost. Either the present or the future can pay it or any part of it without being overburdened. If the war continues and develops as it may, it will not be for us to apportion the costs. We will be compelled by conditions to collect by tax all we can and charge every dollar to the future that our credit will permit. The allied countries have now reached that point. So let us not differ about immaterial things. We hope under this bill to raise almost \$2,000,000,000 every year. But the bond issue is but for a single year—that is, the revenue we produce from bonds this year we can not produce from the same bonds another year. And so even though it is fifty-fifty now, next year, if this war develops, as we fear it may, as it probably will, we will need a very much greater amount of revenue than the Government is asking for at this time. And then there will be new bond issues of perhaps \$2,000,000,000

more, and other revenue bills until it will not be a question of how much revenue by each method, but how much can we raise by all methods.

Gentlemen have said that England was only raising 25 per cent of her revenue by taxation, France 15 per cent, and Germany 13 per cent. It is not a matter of policy with those nations that they raise so small an amount by taxation each year. It is because they have reached the very limit of their power to tax at all. It is because they can not produce more than 15 or 20 per cent of their revenue by taxation, and they are compelled to raise revenue by the larger issue of bonds, and that will be true in our case if the war goes on and the country becomes deeply involved in it, as we fear it will.

But let us see what the estimates are up to the present time. When the Committee on Appropriations reported the estimates were \$3,460,000,000. That does not include \$245,000,000 interest on these bonds and Treasury certificates which we authorized to be issued under the bond-issue bill. The interest of \$245,000,000 is not included in these estimates. Other estimates amounting to \$108,130,000 have been sent to the House since the appropriation bill was reported, making a total of \$3,568,471,000 which the departments are asking for and which we must raise if we do our duty in supplying revenue to carry on the war. Add to these estimates \$245,000,000 which will be needed to pay the interest on the bonds and we have a total of \$3,813,471,000 which we know now must be raised. We have provided for \$2,000,000,000 of this by a bond issue and \$1,800,000,000 by this bill, a total of \$3,800,000,000, which is \$13,471,000 less than the amount which we know to a certainty is needed. We know more than that. We have started on a course of ship-building. It is proposed to expend \$500,000,000 in that way before June 30, 1918. This is covered in no estimate which has come to us, but we know it will be spent as well as though it had been asked for, and that added to the \$13,471,000 makes a total of deficits in the revenue of \$513,471,000.

So instead of the statement made by my colleague on yesterday, that we were raising \$600,000,000 more than the needs of the Government required, we are raising \$513,471,000 less than the needs of the Government for the next fiscal year. And that is not all, gentlemen. Every day new things arise in the department in this emergency which the men there can not foresee. They are seeing the need for more money as days go by and as the weeks go by. They can not foretell all the emergencies that will arise in creating and maintaining this great army of 2,000,000 men and this great Navy of 150,000 men, and these estimates will go on increasing until when we meet next winter we will find facing us a much greater deficit in the revenues of the Government than \$513,471,000.

I sincerely wish that those gentlemen who are opposing this bill on the ground that it produces too much revenue were right. My prejudices are with them. I listened with the utmost attention to learn, if I could, where we were taxing the people unnecessarily. I would have been glad to have reduced the amount of this bill if they had shown me that the money was not needed. Indeed, I would be glad if we did not have to raise one single dollar by new legislation, but I hoped in vain. They did not show that our revenue measures were unnecessarily high, and no Member of this House need flatter himself that he can justify opposition to the bill on the ground that it is unnecessary. The amount is too small. We had as well realize it now, and get ready to do our full duty in devising ways and means to carry on this war. I have given you only the plain facts, the unerring mathematical conclusions, that are as unpleasant to me as they are to you. Unless peace is attained before the next session of Congress we will have to increase the revenues by \$531,471,000 at that time. This I know. The facts are already before us; but I confidently believe that this necessity will be increased to more than a billion by the first Monday in next December.

Now, gentlemen, I want to say a word about one or two features of the bill that have been criticized by some of the Members that were not on the committee. Three or four gentlemen have stood on this floor and condemned in unmeasured terms the excess profits tax. An equal number have stood in the same place and in unmeasured terms commended it as the best feature in this revenue bill. When you gentlemen who were not on the committee are so frank in your views and so pronounced in your opinions and differ so radically, do you wonder that there were some differences and some difficulties in the Committee on Ways and Means in agreeing on a bill of any kind?

Now, an excess-profits tax is not my kind of a tax. I would not resort to it in normal times, but under the circumstances, in my opinion, the committee was absolutely justified in doubling the excess profits tax. Why, let us see just how harsh

it is to the men and the corporations that are making immense profits in this country. In the first place, they are allowed to take out of their profits \$5,000, and that is a very important item to a corporation that has invested only \$100,000. That is a very important item to a corporation that has invested even \$200,000, because it means their first exemption is an exemption of 2½ per cent on the capital invested. And, then, in addition to that, they take out 8 per cent, giving to the corporations of \$200,000 an exemption, in the first instance, of 10½ per cent.

Now, I think in these times men ought to be satisfied with those profits. It seems to me that that is enough under the circumstances, and that men ought to be willing when the country is in the throes of war, and when the Treasury Department is needing vast sums of money to carry it to a successful issue, to cause men to be satisfied with 10½ cents on every dollar that they have got invested. But that is not all he gets out of it. He gets in addition to this 8 per cent, and in addition to this \$5,000 exemption, 84 per cent of all the rest of the profits that he makes. And so these corporations that are making big profits, these concerns that have grown wealthy in times of peace, in times of prosperity, ought not to complain of the excess profits tax.

A great deal has been said about the increased tax on second-class mail matter. My colleague from Illinois [Mr. MADDEN] on yesterday criticized the committee for not imposing a tax on advertising matter instead of increasing the mail rate. He was so unkind as to say that we had failed to impose an advertising tax because it was a burden to newspapers and magazines which tell our constituents whether our conduct here had been good or bad. He said in effect that we were afraid to put a tax on newspaper and magazine advertising. And yet in the same breath he charges the committee with having imposed a tax, an increased burden, on this same kind of publications, which is very much more offensive than would be an advertising tax. Well, whether it would be or not I do not know, but I doubt very much whether my friend from Illinois would vote for an advertising tax that would create revenue worth speaking of. But the committee did have the courage to add \$19,000,000 to the revenues of the Government for carrying second-class mail matter. My colleague from Illinois [Mr. MADDEN] has been on a committee for the last 12 years, a strong influential man on that committee, where he might have imposed that tax on second-class mail matter if he had seen fit to do so. But I will not insinuate that the reason he did not do it was because he was afraid of the instrumentalities that told the people whether our conduct was either good or bad.

Now, let me say to you, gentlemen, I believe in all you have said about a subsidy to literature, a subsidy to the diffusion of knowledge, a subsidy to spread information throughout the country. I think no one opposes that. But what we say is this, that the men who manufacture advertising ought to pay the cost of transportation and the cost to the Government of handling their products, just the same as every other industry pays its own cost.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. STERLING of Illinois. May I have a few minutes more?

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. SLOAN. Would five minutes be sufficient?

Mr. STERLING of Illinois. I think so. If it is not I shall ask for more.

Mr. SLOAN. Mr. Chairman, I yield 5 minutes to the gentleman.

The CHAIRMAN. Will the gentleman yield to the gentleman from Kentucky?

Mr. STERLING of Illinois. Yes.

Mr. THOMAS. I desire to ask the gentleman how much more it costs the Government to carry this second-class mail matter than the Government receives in payment for it?

Mr. STERLING of Illinois. I think the Committee on the Post Office and Post Roads a year ago, or maybe two years ago, made an investigation of that subject and found that the Government was paying about \$88,000,000 in addition to the amount that it got for carrying second-class mail matter.

Mr. THOMAS. This bill, then, requires them to pay \$19,000,000 of that \$88,000,000?

Mr. STERLING of Illinois. Yes. That is all the increase that is made in this bill.

Mr. THOMAS. Well, do you know of any good reason why the newspapers and magazines of the country should be exempted from paying postage, and why should they not pay this \$88,000,000 in postage?

Mr. STERLING of Illinois. If the gentleman will permit me, I want to tell the House what I think about this proposition on second-class mail matter. This is one of the provisions of the bill which I thought might well have been different, but the majority of the committee thought that this method was the best, and when the majority said that we ought to adopt this, I voted to report the bill to the House, although it did not agree in all particulars with my idea as to the postage on second-class mail matter. I would not object to information and literature and knowledge being diffused throughout the country at a loss to the Government.

I am perfectly willing to allow all the reading matter contained in the newspapers and magazines to go here and there and everywhere on a flat rate of 1 cent a pound, even though the Government should lose some money on that. But I believe it is one of the very serious sins of omission of the Congress of the United States that it has not required the manufacturers of advertising matter to pay the cost of handling and carrying their products everywhere and wherever they sought to send them. Why subsidize this particular business? Advertising is a distinct business and a profitable one, and we have no right to tax other business to the extent of \$88,000,000 per year to carry and distribute the products of the advertiser. We ought to so fix the rate, even by the zone system or some other system, so that every man who sends out advertising to the people pays for it himself and not the Government. He recoups himself by adding the cost to the price of the product, as he should do, and the ultimate consumer pays it, just as the proprietor of every other factory and every other producer pays the freight on his products and adds it to the cost.

Mr. SLOAN. Mr. Chairman, will the gentleman yield for a question?

Mr. STERLING of Illinois. Yes.

Mr. SLOAN. Would it not be a fair proposition to send the reading matter of newspapers and periodicals at a flat 1-cent rate and then charge the parcel-post rate for that portion of the publication devoted to advertising?

Mr. STERLING of Illinois. That is my idea exactly. I have no doubt that a plan of that kind could be arranged by the Committee on the Post Office and Post Roads; and if it would do that, and if the Congress of the United States would adopt something of that kind, we would remove forever from the discussions in this House that ever-recurring question of postage rates and put it behind us for all future years. A postal rate based on that plan could not be justly criticized by anybody. I submit that the provision in this bill is only one step toward making the producers of advertising matter pay a part of the expenses of the Government in carrying their products throughout the country.

Mr. MOORE of Pennsylvania. Mr. Chairman, will my colleague yield?

Mr. STERLING of Illinois. I yield.

Mr. MOORE of Pennsylvania. On the advertising question I take it from what the gentleman says that he would prefer that we should go to the point where we have to tax advertising, having the advertising so taxed that it would be paid by the advertiser and not by the newspapers.

Mr. STERLING of Illinois. I have no doubt any tax we would put upon newspapers and magazines for advertisements would be shifted to the man who has paid for the advertising.

Mr. MOORE of Pennsylvania. Advertising is commerce, of course. It is a business. It is not an individual matter, but a business.

Mr. STERLING of Illinois. Purely a business.

Mr. MOORE of Pennsylvania. And the newspaper takes the advertising from the merchant or the great department store desiring to do business with the public, so that if a newspaper was so forewarned, it could so adjust its rates as that the tax could be paid by the business man who was in the advertising business from the profit point of view?

Mr. STERLING of Illinois. Certainly. The newspaper and the magazine would not pay it at all. The man who paid for the advertisement would pay it, and after he paid it he would collect it from you and me by the increased price of his wares. There is no use talking about it, gentlemen, all these burdens of taxation are paid by the people. There is no escaping that.

Now, gentlemen, we ought not to be stampeded by these letters and telegrams we are getting from all parts of the country. We should not ignore them, but on the contrary give them thoughtful consideration. If they show any reason for amending this bill, we ought to amend it. But these many appeals to put the tax on some one else ought not to influence us. They all realize the tax must come. They do not dispute that. It is but the manifestation of human nature that many people want the other fellow to pay the tax.

I have one letter, however, in to-day's mail which I want to read. It comes to me like a "balm of Gilead." I got it among a great number of protests and faultfindings. I do not know the man that wrote it and never heard of him before, but God bless him, his letter is worthy of being perpetuated by being printed in the RECORD. It is signed by "Henry Altemus Co.," a publishing house in Philadelphia. I am of the opinion, too, that it is a house of some importance. This is what he says:

PHILADELPHIA, Pa., May 14, 1917.

HON. JOHN A. STERLING,  
House of Representatives, Washington, D. C.:

Please accept our congratulations on the tax bill reported by the Ways and Means Committee. This bill should go through as it stands. Opponents to it are demanding special privileges and are acting from purely selfish motives and with no consideration for the general public. We hope that you will succeed in killing all demands for special privilege regardless of source.

HENRY ALTEMUS CO.

But gentlemen must not misunderstand me. I would not have the newspapers nor the magazines cease to carry advertisements. That is, and I presume will continue to be, their great source of profit, but it is a very easy matter to segregate the reading portion of any publication from the advertising portion. The reading portion is what carries the news to the people and diffuses new ideas, and if it is the right kind of literature it is educational in its influence. It is on that theory that the Government many years ago fixed a rate of 1 cent per pound for this kind of mail matter. Since then the business of advertising has grown immensely. It has multiplied prodigiously. It has become one of the most important kinds of business enterprise and commands business talent to carry it on, and in the main it has been profitable. Advertisements are purely a product created by this business enterprise, and the Government has no right to handle it at a loss any more than it has the right to pay the freight on a shipment of any other product and charge it up to the people. The gentleman from Wyoming [Mr. MONDELL] made an eloquent speech for the newspapers and the magazines. I sympathize with everything he said, and I agree with him that the Government can well afford to carry the literary and educational features of publications at a loss, but I draw the line at advertisements. The gentleman's constituents in Wyoming ought to pay the freight on advertisements from Boston and New York which they consume the same as the people in Boston and New York pay the freight on mutton and wool which they get from Wyoming. If Congress could reach the just and righteous consummation of treating all kinds of business on the same unbiased basis, we would forever end this controversy about mail rates on advertising matter.

There is only one item of taxation in this bill that will not be shifted from the man who pays it to the consumer, and that is the inheritance tax. When the man is dead his estate has got to pay the tax into the Treasury of the United States, and he being dead he can not shift it onto the ultimate consumer.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. STERLING of Illinois. I yield.

Mr. FESS. Has the gentleman any figures as to how many newspapers would be profitable if there were no advertising features in them at all?

Mr. STERLING of Illinois. I doubt if there would be any newspapers that would pay their way if they eliminated advertising. Considering the manner in which the public has been educated with reference to subscription prices, I doubt if there would be any newspapers that would pay their way under the present subscription prices that newspapers generally charge.

Mr. HELVERING. Mr. Chairman, will the gentleman yield?

Mr. STERLING of Illinois. Yes.

Mr. HELVERING. They base their subscriptions on a lower rate in order to enlarge their circulation and thereby obtain the advertisements on which they make their profit?

Mr. STERLING of Illinois. Yes, sir.

Mr. FESS. I would take it that the gentleman would not join the class of those who say that the newspaper should be eliminated if it can not be run at a profit.

Mr. STERLING of Illinois. The newspaper will not be eliminated. I would say this, that an industry that will not pay its way is an industry that the people do not want. That is very plain. If the people want it they will support it. They want and will have newspapers in abundance. But why is it that the Government should undertake by a subsidy first to create and then to maintain industries, such as the advertising industry, and tax other industries to pay the subsidy? Let us distinguish between literature and advertisements. If there are any publications in this country that could not, after we subsidize their literary features, pay their way they ought to stop publication, and the country would be no worse off for it. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. SLOAN. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. OSBORNE].

The CHAIRMAN. The gentleman from California is recognized for 20 minutes.

Mr. OSBORNE. Mr. Chairman, when Congress voted for war I was one of the Representatives who so voted, because I believed that war with Germany was inevitable, either now or after the war between the entente powers and the central powers should be finished. We had offended Germany in so many ways since the great war broke out that her Government and people had a deep feeling of resentment. At the conclusion of the great war, when our country, as the only great Nation that had reaped a financial profit from the bloody struggle, and when, for that reason, we would have incurred the dislike, scorn, and contempt of all other nations, Germany would, in my opinion, have called the United States to account for its assumed offenses and with a mighty army and navy it would have exacted from us a tribute of billions, sufficient to recoup her vast expenditures. This consideration, which I believe was the overpowering one that influenced the President and the administration, is the one which most strongly appealed to me when I voted for the war declaration. I believed it far better to accept Germany's challenge at once and have war now, when we would have friends among other nations, and strong allies, rather than to wait one, two, or three years, and then, still unprepared, as we surely would have been, make battle alone and unaided with a resistless, relentless, and merciless foe. I sincerely believe that our national existence as a free and independent people was involved in the decision, and, deeply as I regret that we should have to go to war at all, I firmly believe that we have entered the struggle at exactly the right time and in a holy cause—that of national integrity and existence.

If President Wilson and his advisers reasoned the subject out in this fashion, as I am fully persuaded they did, it was a statesmanlike conclusion, followed by courageous action, to advise Congress to declare war.

I am, therefore, ascribing high and wise motives to the administration, which I unqualifiedly indorse, and I have given and will give it my hearty support in all essential legislation, without thought of partisan or personal considerations.

Having thus defined my position of loyalty to the administration and to the vigorous conduct of the war, I most emphatically wish to dissent from the idea that has more than once been expressed on this floor, directly and indirectly, that such loyalty and purpose require a blind and unquestioning acquiescence upon the part of the Members of Congress in the details of measures presented for consideration, even those that are recommended as emergency war legislation. Especially is this true as to measures vitally affecting the liberties of the people and the freedom of speech and of the press, like the so-called espionage bill or one affecting the business and daily occupations of the people so intimately that it may mean their very existence, like the bill under consideration—the war-revenue bill.

The Members of this House come directly from the people. It is their duty, under the Constitution, to consider well all legislation in time of war, as well as in time of peace, as the direct representatives of the people, and the opinions, and even the necessities, of any other department of the Government do not relieve the Congress from this grave duty and responsibility.

In considering this revenue bill as it is presented to the House by the Committee on Ways and Means, I am impressed with two considerations:

First, that the bill calls for the raising of too great a sum of money at one time.

Second, that in raising this vast sum the load is not in all cases evenly and equitably distributed.

This bill provides for two distinct methods of levying the money to meet the requirement of eighteen hundred millions. The first of these is the levy on incomes and excess profits. This levy is the easiest to raise and will produce the least disturbance in business conditions. In fact, it is somewhat remarkable that comparatively few complaints have been made as to the tremendous and, in this country, unprecedented levies proposed by these features. In my personal experience I have not received a single protest from any person on account of the proposed levies on incomes and excess profits. It will affect business only in the way of curtailing those people who receive large profits from investing that particular money in new enterprises or in enlarging those already existing.

The second and most difficult feature of the bill is that which taxes business and enterprise of nearly every kind. That all lines of business should participate in this war tax is beyond controversy. But the extent of that participation should be governed by high considerations of justice and careful attention to the probable effects of the levy and the manner in which it is made. I maintain that in many instances the application of the

tax is made in a way that will tend to the serious discouragement, if not the destruction, of certain lines of business. I can not agree with the distinguished chairman of the Committee on Ways and Means that a tax should be levied upon any line of business without some better reason than that "the Government needs the money." That reasoning would preclude any consideration of the moral rights of citizens to preserve and enjoy the enterprises to which they may have devoted their entire lives. The old fable of "killing the goose that laid the golden egg" is one which might well and profitably be considered by the Members of this House in acting upon this bill.

In contemplating the problem of raising this \$1,800,000,000 and that of the vast tax-paying public which will be called upon to meet this vast levy, in addition to the fifteen hundred millions that will be collected this year in the ordinary way for the usual expenses of Government, my mind has reverted to a homely comparison in the remarkable similarity, in respect to burden bearing, of the taxpaying public of the United States, with the mule pack trains which some of you have seen in the mountains of the West and in Mexico. I have had intimate association with mule pack trains; have ridden muleback hundreds, even thousands of miles in the mountains of California, Nevada, Arizona, and Mexico, and have often marveled at the lack of appreciation of that wonderful and useful animal. Not to-day, Mr. Chairman, but some day when you and the House have more time and less important business, I should like to deliver a proper tribute and eulogy to that wonderful product of Missouri and Kentucky—the patient, powerful, faithful, undaunted, and dependable mule—the pioneer of civilization. [Applause.] At the present time, however, I shall confine myself to a eulogy of his counterpart in burden bearing—the taxpaying public. As I have stated, there are many characteristics in common between the two, as you will observe, when I point out some of the characteristics of the pack mule.

At a mine in northern California with which I was connected for several years we were compelled to pack all freight from the end of the wagon road about 16 miles through the canyons and up the mountains to the mine. All machinery had to be made in sections in order that it might be thus conveyed. We had a splendid pack mule train of about 25 animals, of varying capacity, and capable of carrying from 2 to 3 tons of freight on a trip, properly distributed. It was, however, a matter of the greatest importance that the packing of the animals should be done properly. It was necessary that the load should be so arranged that it would not gall the mules and make sores on their backs, and thus diminish their power of transportation, as well as try their none too equable tempers. Well packed, a good mule will carry 250 or 300 pounds, and some unusually powerful animals will even carry 400 pounds. The pack train in motion is not unlike a small government. At its head is what is known as the bell mare, usually a white animal with a bell about her neck and bestrode by a lad who is known as the bell boy. The mules will follow this leader, distinguished by its color and by the tinkle of the bell, hour after hour. While the bell mare never by any chance shows any sentimental regard for her protégés, the mules invariably extend her the greatest deference and consideration, and even affection. The bell mare may be likened to the president of a country, who is to be faithfully followed, and the individual animals of the troop train to the Members of Congress. Then there is the "head packer" of the train—a man of action, who thoroughly understands the character and disposition of every member of his band—usually a man of stentorian voice, gifted in exhortation, and artistic in profanity, who, with the painful and efficient whip known as the "quirt," and with his coat pockets filled with rocks, which from time to time he throws dexterously at the laggards and those who stray from the trail, with abundant adjurations as to the uselessness of the delinquent animals. He may for the purpose of illustration in the character of his duties be likened to the distinguished chairman of the Committee on Ways and Means. In this way the heavy-laden pack train proceeds on its way through the canyon and over the zig-zag trails of the mountains, finally safely landing its precious load at its destination, the mine, which could be gotten there in no other way.

It is one of the established facts of geology, well recognized by the hardy prospector of the Sierras, the Rockies, and of picturesque Mexico, that God hides His treasures of gold and silver in the remote and inaccessible mountains, where mules and hardy saddle horses are the only possible means of transport. It must be added that He often places some very poor mines in these difficult situations.

It is a characteristic of the pack mule that he will not pack a pound more than he believes that physically he is able to do. He will make no protest at a pack below or up to the limit, but a pound more literally he will not "stand for." I have seen

them lie down on the trail in patient but determined protest. When a pack mule takes that supreme step, neither scoldings, nor persuasive or violent profanity, nor kicks, nor stones applied by the skillful head packer will induce him to rise. He will wait until his pack is taken off and lightened. With the lighter load he will cheerfully resume the trail as though nothing had happened. It is thus with the taxpayer.

In the particular mule train to which I refer each of the animals enjoyed a distinctive name. One was "Bessie"; another, "General Grant"; still another, "Maggie"; but the most powerful and useful mule of all was known as "The Preacher." These names were given because of some individual quality in the animal or whim of the foreman. "The Preacher" was probably so called because of a stentorian voice which it was his pleasure to exercise with great frequency. He was capable of packing an ordinary load of 400 pounds and was usually chosen for the most difficult packs. There is a great difference between the ordinary pack and what is known as a top pack; that is, a pack like an ore car, or a piece of machinery, that can not be divided and placed on each side of the animal but must be carried on a special arrangement of saddle and necessarily high in the air. The maintaining of equilibrium is important in a pack of that sort. "The Preacher" was chosen to transport a heavy ore car to the mine, and necessarily this stood very high above his back, giving the load an appearance of nearly twice the ordinary height of a mule and with a very considerable weight. In carrying this pack and going up the trail along the side of a mountain chain, at the bottom of which ran a swift mountain stream, "The Preacher," as is the manner of mules, stepped aside from the trail for a little change; it being on the side of the mountain, however, the tendency was for the high-packed car to become top-heavy and tip to one side, and thus disturb the center of gravity. Do what he could, "The Preacher" was unable to reach the level trail again and after a desperate struggle toppled over and was borne down by the heavy top load and rolled swiftly to the bottom of the rocky canyon, 500 feet below, sometimes the poor mule on top and sometimes the car, until finally he lay bleeding, with limbs broken, by the side of the stream. The head packer was compelled to give him the mercy shot to save him from useless suffering, and the car remained at the side of the stream for a considerable time.

The moral of this is that the human prototype of "The Preacher"—the taxpayer of the country—not only should be skillfully loaded and the load well balanced and secured with the celebrated "diamond hitch"—the final triumph of the packing art—which will not permit of shifting of the load, but that he shall not be overloaded. Otherwise he may lie down on the trail or come to a fate no less distressing and tragic than that of the faithful "Preacher" whose story I have told.

Mr. SLOAN. Will the gentleman yield?

Mr. OSBORNE. I will.

Mr. SLOAN. When the mule fails will we have to turn it over to the elephant? [Laughter.]

Mr. OSBORNE. With a great deal of pleasure. [Applause.]

A rather large proportion of the membership of Congress is composed of professional men, and a correspondingly small proportion of business men. More than half of my life I have been engaged in business pursuits of moderate dimensions, similar to those in which, perhaps, nine-tenths of the business men of the United States are engaged. Business of this kind is the lifeblood of the Nation; it is usually conducted with limited capital and on a narrow margin of profit; its success depends largely on the vigilance, activity, and intelligence of those who conduct it; it requires about as much brains to run a small business as it does to run a large one. One condition of its success, and of the success of all business, is that of stability of conditions upon which calculations are based. Suddenly increased costs are always distressing and often fatal to success. Those of you who have been in business will recall the anxieties which have doubtless been experienced by you more than once when some unexpected condition arose, with obligations coming due at a stated time. You may have had troubled days and sleepless nights.

You will also recall with what satisfaction you experienced some easement in the situation, in the way of extension of time on the obligation or by a loan or of some other character which enabled you to pass the crisis and spread the obligation over a greater period, thus enabling you to avoid financial ruin.

These observations have special reference to those provisions in the war-revenue bill which call for the immediate payment of 5 per cent on stocks in the hand of retailers. This provision would be especially onerous to all retail dealers and disastrous to those carrying goods of an expensive character. In this category a marked instance would be that of retail

jewelers carrying stocks of from \$50,000 to \$500,000 in value. Many such are conducting business on a capital far less than that of the stocks in hand and are in debt for very considerable portions of their stock. The tax of 5 per cent upon the stock in hand would probably amount to 25 per cent of their actual capital. The immediate levy of so large an amount upon business at a time when other lines of business were making demands upon the banks for loans would be very likely to lead to disastrous results. I am sure that the Committee on Ways and Means does not intend to bring ruin upon a business or any class of business. The levying of 5 per cent upon sales by wholesalers can take care of itself, as the additional 5 per cent can be added to the price and collected when the sale is made. If the same principle of paying was applied to the retail dealers by way of monthly reports of sales, as is required of the wholesalers and manufacturers, the onerous character of the tax would be very greatly modified. The objection that such course with regard to retailers would result in more difficulty in collecting the tax is not one that is very appealing. The inconvenience of tax collectors is a small matter compared with the life and safety of an honest business built up by honest practices and years of faithful industry.

The statement that the "Government needs the money" is not a moral or statesmanlike reason for abrupt and unnecessarily harsh methods of collecting taxes.

The same reasoning will apply to retroactive taxes where business has been conducted on one basis and taxes are collected arbitrarily upon an entirely different basis than that existing when the business was transacted. The fact that the "Government needs the money" is again no excuse for immoral and illegal exactions.

The arrangement with regard to second-class mail rates is unwise and unjust, in my opinion. That second-class mail rates should be increased I fully concede. But the fact that former Congresses failed to do their duty in this regard is no reason why this Congress, composed in some degree at least of men who had nothing whatever to do with the alleged shortcomings of their predecessors, should proceed to punish newspaper and magazine publishers for availing themselves of the laws that existed. [Applause.] There can be no question that the wide dissemination of intelligence is desirable. That, of course, does not justify charging to the Government the cost of circulating purely advertising matter. I believe that such matter should pay what it costs the Government to circulate it. I object to the zone system, because it tends to denationalize our governmental system. In present conditions we are a remarkably united people. There is no material difference as to the appearance of men and women or the subjects which they discuss or the national aims they have in view between the residents of Boston and New Orleans, of New York and Cincinnati, of Chicago and Charleston, or of any of these cities with Los Angeles, San Francisco, Portland, Seattle, Phoenix, Ariz., or Salt Lake City, Utah. One who has traveled much about the country for the past 50 years will have been impressed with the remarkable nationalization which has been going on in all parts of our common country. This is an encouraging and desirable condition. How far the zone system might tend to hurtfully modify that condition, I am not prepared to say.

If, however, we adopt the zone system, I can see no reason why publishers may not rightfully transport their product by some other means than the mails to a zone where they may have circulation and pay the local rates of the zone within which they may use the mails. I seriously doubt whether a denial of that right would stand the test of law, except possibly as a war measure, and I am doubtful about that. There is no moral reason, and there should be no legal reason, why publishers should be discriminated against and not permitted to use the ordinary methods of transportation, either freight or express, before they turn over their publications to the United States mails.

The assumption that they be compelled to pay the high rate fixed by this bill as a sort of penalty for their past indulgence in the privileges accorded them by Congress or because "the Government needs the money" does not impress me as either moral or sensible.

Mr. Chairman, these are a few of the imperfections that occur to me as being obvious in the present bill. I shall present some amendments to different sections of the bill at the proper time. I sincerely hope that the House of Representatives will find some way to amend this bill so that it will accomplish the purpose intended—that of raising the necessary amount of eighteen hundred millions of dollars without violating any rules of statesmanship, which are intended to conserve, protect, and maintain the principles of even-handed

justice and the welfare of all classes of our people. We should not leave it to a coordinate branch of Congress to mend the mistakes of the rough draft of the bill which has been presented to us but we should do it ourselves, so far as our ability and sense of justice will permit, before it leaves this House.

It is my own judgment, Mr. Chairman, that this bill should be cut in two in the middle. We should provide for the entire eighteen hundred millions. But one-half of the amount, or \$900,000,000, should be raised by the issue of indebtedness certificates, or bonds, running over a considerable period of time, thus lessening the dangers of general bankruptcy, precisely as a business man would do if confronted with the obligation of raising a larger amount of money than he could possibly raise without materially interfering with the effectiveness of his business relations and reducing his ability to pay taxes in the future. The other \$900,000,000 I would raise by readjusting the schedules of this bill, rearranging the load in the skillful manner that I have described as characteristic of the head packer of the pack train—so that the burden may be distributed in a statesmanlike way; may not unduly and unnecessarily gall and cripple the strong, patient, and honest bearer of the burden, and may not drive any line of honest and legitimate business or any individual into bankruptcy. [Applause.] It is not disloyal to make provision against such dire contingencies.

I am not impressed with the wisdom of the shibboleth which we hear so frequently reported as coming from high official sources, that "this generation should pay the entire expenses of the war." The existence of nations are not divided into generations. A new generation is born every day and a generation dies every day. A nation's life is continuous and partakes of the character of immortality. Ours commenced one hundred and forty-odd years ago, and it is destined to live a thousand years to come. We are now in a great exigency of that national life. It is for us and others who for the time being are as stewards entrusted with authority and with the life and interest of the Nation, to take such steps as are necessary to preserve that life, and to make this Nation one of liberty, of high civilization, and of long endurance. Those who live now must fight the battles of their country. They must undergo unusual hardships. But it is no injustice to borrow upon the future everything that may be necessary to the perpetuity of our Nation and to the security and happiness of our children, and of our children's children, in all the generations to come. It is our duty to exercise that power and to fulfill that responsibility in wisdom, in courage, in justice, and with a high regard for national statesmanship for today and for evermore. [Applause.]

Mr. HELVERING. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania, [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman and gentlemen, every succeeding speech during the progress of this debate convinces me more surely that this revenue measure is of supreme importance in so far as its effects upon the morale of the American people is concerned. If America is to come out of this conflict in which she is engaged with a more complete national consciousness, with the unity of a great people fully established by equal justice to all, then the methods adopted for raising revenue will be largely responsible.

It is equally true that if America falls victim to the disunion wrought by injustice and unequal burdens, the revenue methods will be responsible in great measure for such unhappy results.

The United States is sailing through the biggest storm it has ever attempted to weather. Whether the port reached finally will be better or worse than the one we left will depend upon the way in which the ship of state is guided during the storm.

This war is on the part of America a struggle for maintaining in the world that system of government whose leading object is to elevate the condition of common manhood, to afford all a fair chance in the race of life. It is to establish the principle that all just governments must be one for the people and by the people, its principal object being to advance the greatest good of the greatest number.

Now, the Imperial German Government maintains that such objects can be best attained by an autocracy and autocratic discipline. It maintains that its own benevolent despotism has assured justice to the common people, which can not be secured by democracy and its wasteful, shiftless, haphazard methods.

Here is the clear-cut dividing line. Every true lover of liberty believes that America's contention is right and that justice can best be secured by democracy. But the mere statement proves nothing. The great words we have uttered in entering this war must have great deeds in order to make them effective.

We can in this revenue measure perform an act and adopt a method which will prove that a democracy can secure the support of its wealth in time of need as well as its men. We can

in the very method of raising the stupendous sum of \$1,800,000,000 provided in this bill prove that this Government can protect and conserve the interests and welfare of the common man in America in time of war as well as in time of peace.

Mr. Chairman, we must see to it that taxation is not levied in such a way as to bring actual want and suffering to one man while it leaves another untouched. Rich men must not profit from this war while the poor bear its burdens. I believe that justice demands the conscription of incomes and excess profits during this war. [Applause.]

God knows the average family in America is being heavily enough taxed to-day without added burdens in this legislation. The food pirates and price manipulators have not hesitated in that direction. Speculators and gamblers have juggled chalk marks on blackboards in grain pits and stock exchanges, and thus levied toll of every dining table in the land.

Let me show you the extent of the tribute levied upon the people of America. I have here an official list issued by the Old Dutch Market of this city showing a comparison of retail food prices during April, 1914, and April, 1917.

In that three-year period sugar has jumped from 4 cents a pound to 9 cents, an increase of 125 per cent.

Flour increased from \$7.25 a barrel to \$14 a barrel, or 93 per cent.

Corn meal from 2½ cents to 5 cents a pound, or 100 per cent.  
Navy beans from 7½ cents to 18 cents a pound, or 140 per cent.  
Lima beans from 7 cents to 20 cents a pound, or 185 per cent.  
Lard from 12½ cents to 25 cents a pound, or 100 per cent.  
Butter from 30 cents to 55 cents a pound, or 83 per cent.  
Eggs from 21 cents to 38 cents a dozen, or 80 per cent.  
Potatoes from 23 cents to 90 cents a peck, or 291 per cent.  
Onions from 4 cents to 13 cents a pound, or 250 per cent.  
Cabbage from 3 cents to 15 cents a pound, or 400 per cent.

Here are 11 articles of common daily use, and they show an advance of 167 per cent in the past three years. The entire list of 60 articles of food shows astounding increases, with an average of 85 per cent for all. When you realize that even in 1914 the mounting prices of food supplies had become an acute question, you can understand the tragedy contained in these figures for the average family in America.

Mr. Chairman, a great part of these increases are due to gamblers in foodstuffs and manipulators of produce, whose greed and lust for gold have led them to striking dastardly blows at the very heart of America. For my part I consider them traitors to the Government and would like to see them lined up in front of a firing squad to meet the penalty due to such treason. [Applause.]

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. Certainly, I yield.

Mr. JOHNSON of Washington. I presume the gentleman saw the circular that was sent around this morning to the effect that the price of food sent to Europe was only 50 per cent of what it is in the United States.

Mr. KELLY of Pennsylvania. That fact only adds to the dangers and fans the flames of discontent. It makes still more criminal the conspiracies of those who are bleeding the people white on unjust prices of foodstuffs in America.

Mr. Chairman, I am contending that the common people of America have been paying taxes levied by criminal jugglers of food prices. Dealing with these conspirators is one of the most important duties growing out of this war. But even after their treasonable machinations are ended, the fact remains that the average man will bear his full share of the burdens of this war. He always has in the past, and this war will be no exception.

Federal reports show that nine-tenths of the wage earners of this country receive less than \$1,000 a year. It requires at least that amount to provide decent living conditions for the average family to-day. Less than that sum means underfeeding, or insanitation, or physical decadence. It means a toll levied upon life and health which this Nation can not afford. Maj. Gen. Wm. Gorgas, whose reputation as a scientist is world-wide, says:

The preventable mortality in this country is greater than the mortality of war. Science knows that the chief cause of disease is poverty; that disease can never be eliminated as long as people are forced to live poorly and close together.

Now, Mr. Chairman, I contend that the great mass of the American people have not in reality shared in the prosperity of the country during the war period. Wage increases have been insignificant in comparison with the rise in prices in every necessity of life. In turning the money he has made into food, fuel, rent, clothing, and so forth, the average man has found that it would not go as far as in times when his earnings were much smaller.

Under such circumstances justice in taxation means that it shall have the same effect upon the conditions of life of the

people who pay it. I demand that taxes shall be laid upon the possessors of vast incomes and the receivers of excess profits to a point where they feel the sting of sacrifice, before they are levied upon the man whose every dollar is needed to maintain a decent standard of existence for himself and family.

It is just to conscript these incomes. The Nation does not borrow men for war; it takes them. Surely money is not to be regarded as more valuable than manhood, property more sacred than persons. Lincoln expressed the truth when he said:

We are for both the man and the dollar, but if we must choose between them we put the man above the dollar.

We have already drafted the manhood for military service on the basic idea of obligation to serve. We should not hesitate for one moment to draft the incomes of the country on the same principle. Upon what we do in this important matter may depend whether we win or lose the democracy for which we went to war. It is possible in taxation bills in Congress to administer as dangerous a blow to democracy as can be given on the battle field by our enemy.

Mr. Chairman, gentlemen have spoken as though the proposal to put the brunt of war taxation upon the receivers of great incomes and immense profits is an unheard of proposition, sure to result in disaster. England proves how baseless such a statement really is. During the 12 months ending March 31 the revenue of the British Government from taxation was nearly \$2,600,000,000. The New Republic is authority for the statement that this additional taxation has not affected the business of the country unfavorably and has not proved a damper on business enterprise. On the contrary, the evident justice of taxing heavily those whose incomes have risen since the beginning of the war has stimulated the people generally to whole-hearted activity in every economic field.

The income tax in England has been increased to meet the needs and the excess-profits tax has been created for the same purpose. In the year 1913-14 the income tax yielded \$236,245,000. In 1914-15 it increased to \$346,995,000. In 1915-16 it produced \$641,600,000, and in the present fiscal year, 1916-17, it will yield the stupendous sum of \$1,025,165,000.

The excess-profits tax during the present year will bring into the treasury the sum of \$699,600,000.

The total revenues from these two sources—income tax and excess profits—in England this year will be \$1,724,765,000, or practically the same amount as is carried in this bill now under consideration.

Nor must it be forgotten that this sum is raised on a total income estimated to be \$15,000,000,000, while American income is estimated to be three times as great, or \$45,000,000,000. That means that if we should raise the entire amount of this bill by income and excess profits taxes alone it would still be but one-third of the burden as levied by England. If we should go as far as Great Britain in these two forms of taxation, we could raise the sum of \$5,174,295,000.

In spite of all the specious arguments of those who oppose for selfish reasons the imposition of taxes which will conscript the peaks of vast incomes and profits, this Congress should rewrite the sections of this bill dealing with these subjects. As the bill is now drawn, all incomes up to \$500,000 will pay a graduated tax, but after that amount there will be a flat rate. In other words, a considerable number of men will receive special advantages in this bill by enjoying immunity from increased taxation above that limit. There should be, even under the theory of the bill itself, a progressive increase until some point is reached above which the entire income will be taken by the Government. I believe the figure should be fixed at \$100,000, which would work absolutely no hardship in the real meaning of the word. It might mean a curtailment of the number of automobiles or pleasure yachts or summer cottages, perhaps, but it would not approach the sacrifice involved in the payment of even a few dollars by those whose incomes can scarcely be made to cover the cost of the actual necessities of life.

It is not confiscation of property, for it would be levied only on the incomes accruing during the war. It would not even be a levy on lands or factories or industries, but it would absorb only a portion of the current incomes from such sources. With the close of the war the tax could be reduced to meet the demands of peace.

For the possessors of great incomes to fight the conscription of their increment above a reasonable figure is shortsighted policy. They should be eager to prove to the people that they are willing to assume their full share of the burdens of this war. If they do not take that attitude now, the day will come when they will regret it with unavailing bitterness. The great mass of the people will endure without protest all sacrifices which are justly theirs to assume in consequence of this war,

but they will not quietly endure the injustice of being required to furnish most of the men necessary and pay most of the expense as well.

Some men who belong to the class of the very wealthy have accepted the situation like patriotic Americans. I was glad to see in a market letter recently sent out by a brokerage firm in New York the following statement:

We accept the general principle that wealth as well as persons should be conscripted and that those who risk their lives to fight our battles should not return home to pay for years to come the cost of conducting the war.

In my district there live as many millionaires as in almost any district represented in this House. I believe they are patriotic and loyal to America and will gladly assume their full share of the burden of taxation now made necessary. But if they will not willingly perform their duty, I will vote here to compel them to do it. I recognize no distinction in the obligation resting upon every citizen to serve to his utmost, between the poorest, humblest citizen in America and the man with multiplied millions. I realize, too, that no amount of money can compare in point of sacrifice with that of the man who gives himself, life and all, to his country. [Applause.]

Scan the reports of the great industrial corporations for the last few years and you will see clearly into whose pockets the Nation's prosperity has gone.

I select at random a few corporations from the official reports showing their net profits, after deducting cost of materials, labor, depreciation, interest, and all other charges.

Here is the American Can Co.: It cleared, in 1914, the sum of \$2,916,339. In 1916 it had net profits of \$7,962,982.

Armour & Co.: In 1914 it had net profits of \$7,506,908, and in 1916 its net profits were \$20,100,000.

Bethlehem Steel: In 1914 it cleared \$5,590,020, and in 1916 its profits had jumped to \$43,593,368.

Du Pont Powder Co.: In 1914 it cleared \$4,831,793, and in 1916 that figure had been increased to \$82,107,693.

Swift & Co.: In 1914 it made clear profits of \$9,450,000 and in 1916, \$420,465,000.

United States Steel: In 1914 its profits were \$23,496,678, and in 1916 it had cleared the sum of \$271,531,730.

These are just a few, and the entire list tells the same story in unvarying uniformity. Of 24 companies in this list it is true that their increased profits for 1916 over 1914 is 500 per cent. The excess profits of American corporations for this year over 1914 will mount into the billions.

Does any man contend that these tremendous gains in profits should not be shared with the Government in time of war? I maintain that simple justice demands that a large portion of the profits due to war conditions, as shown in these figures I have just quoted, be turned into the National Treasury to meet the financial needs of the Government in this hour of stress and storm.

Mr. Chairman, this bill is a hodgepodge, haphazard measure in which seemingly all principles of taxations have been sacrificed in order to secure a unanimous report from the Ways and Means Committee.

I need not call attention to the inequalities contained in its provisions, its burdens upon many lines of business. If any one of them is worse than another, it is the additional tax levied upon alcoholic liquors. Such a tax simply links the Government in closer partnership with the liquor business than ever, at the very time when the great American citizenship is rising up in its might to demand that the partnership be forever dissolved. It is inconceivable that we shall go through this war with the liquor traffic levying its toll of destruction upon food-stuffs and man power. Then, why should we give new arguments to those who seek to perpetuate a traffic that is doomed in war time by the law of self-defense? The revenues lost through the abolition of the liquor traffic can be easily made up by increased income and excess-profits taxes, and as it must be done sooner or later why not start right in this first war-taxation measure.

In any case, Russia has proven the wisdom of eliminating the liquor traffic from a purely economic standpoint. The increased production of labor, the marvelous growth of savings deposits among the people have proven that act one of enlightened statesmanship worth almost any sacrifice in itself to secure. It proves that Gladstone was right years ago when he responded to a delegation of London brewers who had come to ask him to levy new taxes on their products to meet governmental needs. He said:

Gentlemen, you need give yourselves no trouble about the revenue. The question of revenue must never stand in the way of needed reforms. But give me a sober population, not wasting their earnings in strong drink, and I shall know where to get the revenue.

Again, if this bill proposes to equalize postal rates it should carry a provision that mail-order house catalogues should pay third-class rates. The Post Office Department is losing millions of dollars a year and private concerns are granted princely subsidies by the classification of these catalogues as parcel post under the zone system. It is a harmful injustice to every local dealer in America, for it gives undue privileges to a few great mail-order houses. If Congress is determined to use every possible variety of taxation in this bill, here is an item that is worthy of consideration, and it would mean increased revenues of from eight or ten million dollars.

Mr. Chairman, upon the American Congress and Executive rests the responsibility of making democracy secure here and now. Bringing it to pass will not mean destruction but development, not undoing by unfoldment, not revolution but evolution, not unlearning but learning more, not retracing our steps but going forward.

By the sacred call to war for democracy we are bound to be true. That call, so nobly answered, must usher in the day of the man called Million. Its program is based on the welfare of the common man, the man of the mill and shop and store and farm. Its purpose rests on his worth; its hope depends upon his strength.

I believe in the power of democracy once it becomes a living truth in the hearts of men. Rich men, thriving from industrial tragedies, may become as unselfish as those other rich men on the doomed *Titanic* and *Lusitania*, who went calmly to their watery graves so that the immigrant women and children might be saved.

If their selfishness is real, it is not so controlling that it can not be dissipated by an appeal stirring enough to make them realize their responsibilities for the common good of America.

It is not only their duty now to bear these tax burdens to the full extent of their ability; it should be their privilege as well. The man who does not recognize the obligation to devoted service now is himself the loser. I care not how wealthy he may be, a man can not be truly satisfied with himself unless he shares the burdens of his country. I defy any man to coldly and selfishly plan for his own personal profit without considering right and wrong and the voice of patriotism. He may spend all his energies selfishly and build his fortune higher and higher; his neglect of justice and the interests of his fellow countrymen make his life and health and possessions less secure. He simply executes sentence of punishment upon himself.

Let no man say that the plan of levying financial burdens solely upon those best able to bear them is impractical. It is simple justice; and justice, after all, is the most practical thing in the world.

Here is an opportunity to adopt a policy worthy of this throbbing dynamic year. By our action we may remove some of the shame from our splendor, some of the brutality from our business, and turn the course of America onward and upward toward real brotherhood, away from the downward path of savage greed and brutal lust for gain.

And, gentlemen of the House, if we walk now with unflinching footsteps, future generations will follow with sureness and safety. [Applause.]

Mr. SLOAN. Mr. Chairman, I yield 15 minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman, I have an amendment which I would like the Clerk to read, which I propose to offer at the proper time.

The Clerk read as follows:

Amendment by Mr. JOHNSON of Washington: Page 23, line 12, strike out the words "or advertising space other than in newspapers and periodicals," so that the section will read:

"Sec. 504. That from and after the 1st day of June, 1917, there shall be levied, assessed, collected, and paid a tax equivalent to 5 per cent of the amount paid by any person, corporation, partnership, or association to any other person, corporation, partnership, or association for advertising."

Mr. JOHNSON of Washington. Mr. Chairman, I have introduced the amendment for the information of the committee and at the proper time shall ask for its consideration. While I have placed the tax on advertising at 5 per cent, it can be made any reasonable figure—4 per cent, 3 per cent, or even 2 per cent. That can be decided when we reach amendments under the five-minute rule. Also, I desire to give notice that when title 12, which carries the zone system for second-class mail matter, is reached, I shall move to strike out the whole title. I judge that the Committee on Ways and Means desired to take some toll from advertising which is carried on in the United States to the amount of at least \$1,000,000,000 a year. I believe that Congress will back up the idea to make modern advertising, which has grown to such proportions that it has actually become a great

factor in the high cost of living, pay some of the expenses of carrying on this war.

I understand the committee endeavored to find some way to tax advertising; that the members failed to agree upon a plan, and finally endeavored to strike the whole thing from the bill. I presume that section 504, which taxes outdoor advertising and lets all other advertising go scot free, was left in the bill by mistake. The section should not remain in the bill unless it is so amended to apply to all advertising that can be reached by the Government. The committee estimates that the 5 per cent tax on outdoor advertising will bring in seven and a half million dollars. I doubt if it will bring in one and a half million—probably not one million. I will tell you one reason why. Simply because many of the largest advertisers do their own outdoor advertising—concerns such as the Ingersoll Watch and Castoria. The minute you put 5 per cent on the organized sign business you drive other national advertisers into doing their own work. Away goes the 5 per cent you hope to get for your war chest. Besides, if you tax, as the committee proposes, one line of advertising and not other lines, you drive the big advertisers to the untaxed lines. But a 5 per cent tax—or a 3 per cent tax, if you prefer—will bring in a great sum, and bring it in to a certainty. Five per cent, fifty millions or more. Three per cent, thirty millions, and the beauty of it is the Government gets it and does not bankrupt a whole lot of periodicals with a lopsided zone system, or put one branch of big advertising agents practically out of business by taxing them alone.

Hundreds of publishers of newspapers and periodicals who are writing to Members of Congress say in their letters and statements that they are perfectly willing to bear a full proportion of the war tax. They are willing to give up their profits, many of them say. We will take it that they are. But they do not want to be taxed through a zone system two or three times as much as their profits amount to. And that is exactly what will happen, as I shall show you in a moment. I firmly believe the way is to place a tax on all advertising that can be reached by Uncle Sam. Then it extends to practically all advertising, including the advertising paid for by automobile agents who endeavor to enlarge their business by advertising. This would be a much more proper tax to reach that class than a direct tax of 5 per cent on sales of automobiles, as now in the bill.

Much has been said about the unanimity of the Ways and Means Committee with respect to this war-tax measure. I suspect that the members of that great committee are only in accord because, after wrestling with the bill for three weeks, they found that they could not agree on any rational plan, and therefore reached a sort of truce by which they left all sorts of taxation schemes in the bill—good, bad, and indifferent—and then threw the whole thing into the House and dared the Members to vote against it [applause], a sort of Robin Hood method without rhyme or reason except that the Government needs the money. The Government does not need it, neither to-day nor to-morrow nor until this measure is made as nearly equitable as possible. [Applause.] I think that all must realize that if this bill is not extensively amended in the House it will be practically rewritten in another body, and that it will be fully a month before it is ready for the President's signature.

The trouble is, Mr. Chairman and gentlemen, that we are trying in this bill to provide for a "pay-as-you-enter" war, which accounts for some of the peculiarities of the bill. It undertakes to seize profits in advance that are not yet profits, and to a dead certainty will not be profits under some sections of this measure—the automobile-sales section, for instance—and it fails to take profits that have already been made from war and will continue to be made. In criticism of that last failure I concur in what has been said by the gentleman from Pennsylvania [Mr. KELLY]. This bill puts a tax of 10 cents on each deck of playing cards, which is beyond all reason. It puts an import tax on coffee and a tax of 1 cent per pound on its selling price. If the committee wants some suggestions, it would be far better, in my opinion, rather than have a double tax on coffee, to make it an absolute Government monopoly, particularly as it is proposed right now to bring in and pass a bill to regulate food prices. And on that regulation I agree again with the gentleman from Pennsylvania [Mr. KELLY].

Mr. HELVERING. Will the gentleman yield?

Mr. JOHNSON of Washington. I will; certainly.

Mr. HELVERING. Just for a suggestion, that the import tax of 10 per cent is one matter and the 1 per cent applies only to this quantity of coffee in store which will be taken out on withdrawing it from the customhouse.

Mr. JOHNSON of Washington. I do not object to the 10 per cent import tax. But there is one item, which can be handled entirely by the Government at a real profit and at a minimum of damage, as well as a saving to—

Mr. HELVERING. I thought the gentleman in his statement did not understand the 1 cent part of it.

Mr. JOHNSON of Washington. I did not, and I am glad to be informed. That is why we are having this debate. But, Mr. Chairman, I think I understand what the zone system of second-class postage rates for the carrying of magazines and newspapers through the mails will do. The committee seems to have put the zone system in for the purpose of punishing a few big magazines. That very statement has been made on this floor. Incidentally it will put out a large number of smaller ones, including, for instance, the National Geographic Magazine, whose editor announces that if the zone system becomes the law his publication will suspend until after the war. In addition to putting a lot of publications out of business, the zone system will be a source of continued trouble and mischief to all publications, and particularly to the small daily and weekly throughout the entire United States, as I shall show. The zone system, as a rule, will restrain and embarrass the newspaper and printing industry from top to bottom, and—

Mr. MILLER of Minnesota. Will the gentleman yield?

Mr. JOHNSON of Washington. I will.

Mr. MILLER of Minnesota. If the gentleman does not intend later on to cover this, does the gentleman mind stating about what the difference would amount to of the average city daily—I do not mean the great metropolitan dailies like Chicago or New York, but, for instance, like the gentleman's own paper?

Mr. JOHNSON of Washington. I have not time to discuss metropolitan dailies. We know that the metropolitan dailies like those of Minneapolis, Boston, New York, Chicago, Philadelphia, and so forth, reach far beyond two zones, or 150 miles, in influence and circulation.

Mr. MILLER of Minnesota. Take a paper like the one the gentleman knows most about—his own paper, which was exhibited here Saturday and analyzed by the gentleman from Illinois [Mr. RAINEY]—the cost of transportation of its product will not be materially changed.

Mr. JOHNSON of Washington. It will not. It does not even take much advantage of the "free in county" privilege. Nineteenths of its circulation is delivered by its own carriers. It now pays the Post Office Department, I suppose, about \$4 or \$5 a month for second-class rates on papers to annual subscribers scattered from Maine to Panama. If I can secure additional time I may discuss in connection with other small papers my own daily newspaper publication, inasmuch as on Saturday it was exhibited to the House, but I sincerely hope that the Members of this House will not subscribe for the Daily Washingtonian, because it is published 3,300 miles away and 6 cents a pound would be too much for me to pay to send it to you. [Laughter.] Particularly, as your Ways and Means Committee says in this bill, "6 cents a pound or fraction thereof when for delivery within the eighth zone." That is to say, one single 4-page county newspaper from more than 1,800 miles away to Washington, D. C., 6 cents. [Laughter.] Why, you can send the thing third-class from Hoquiam to Porto Rico for 1 cent. Or to Toronto, Canada, for 1 cent, and the British Government will forward it around the world if you are traveling—send it from place to place—to London, to Hongkong, to Bombay, and back again, for that same little old 1-cent stamp with Ben Franklin's picture on it. But under the zone system, 6 cents! Think of it! Six cents a week for the editor of the Tombstone Epitaph to send one issue of that delectable paper to Arizona's lone Congressman here in Washington. Well, if Tombstone's weekly paper is not a dead one now, it will be if this bill becomes a law, and no mistake.

Mr. HELVERING. Will the gentleman yield?

Mr. JOHNSON of Washington. With pleasure.

Mr. HELVERING. I understood from the gentleman's amendment he intends to put 5 per cent on advertising?

Mr. JOHNSON of Washington. Yes; or any other small per cent if this committee so wills.

Mr. HELVERING. We took the trouble to inquire of 57 of the small newspapers in the district which I have the honor to represent as to what 5 per cent on advertising would mean, and we find this would run 15 to 25 per cent on the total amount which they receive above running expenses.

Mr. JOHNSON of Washington. Well, it might. I doubt if it runs that much. At any rate, the small newspapers would pass it on to the jeweler, the automobile agent, the tailor, the real-estate agent, and so on, and each one of them would know that through his advertising in his home paper he was helping to finance the war.

Mr. HELVERING. If the gentleman's amendment should be agreed upon there should be some exemption like that carried in the excess-profits tax.

Mr. JOHNSON of Washington. Well, not many. Some advertisers, of course, never pay their bills.

Now, Mr. Chairman, let us see what this zone system does to certain high-class periodicals. First, it adds to the general confusion by creating a zone system different from the parcel-post zone system. It consolidates the eight parcel-post zones into six zones and makes the newspaper and periodical rate as follows:

Zones.	Distance.	Present rate.	Zone rate.	Increase.
	Miles.	Cents.	Cents.	Per cent.
First and second zones.....	50 to 150	1	2	100
Third zone.....	150 to 300	1	3	200
Fourth and fifth zones.....	300 to 1,000	1	4	300
Sixth and seventh zones.....	1,000 to 1,400	1	5	400
Eighth zone.....	1,400 to 1,800	1	6	500

The publishers are required to put up their newspapers for mailing according to zones. This will be a considerable task for the smaller newspapers who may have here and there a subscriber in the fifth, sixth, or eighth zones. These publishers will have to resort to the intricate key, map, and guide system which is provided by the Post Office Department, and which is described in the United States Official Postal Guide on numerous pages.

The-CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. JOHNSON of Washington. I would like an additional 10 minutes.

Mr. SLOAN. I yield the gentleman 15 additional minutes.

Mr. JOHNSON of Washington. Think of the high-grade publications that this scheme will put out of business. Take, for instance, the Outlook, published by Dr. Lyman Abbott in New York at \$3 per year. It pays to the Federal Government 25 cents per year per copy for postage. If a subscriber lives in Canada, the Outlook pays for him \$1.04 to the Government, and probably charges the subscriber \$1 extra. If this zone system remains in this bill, the Outlook will have to pay for all of its subscribers who live a little farther west than Chicago \$1.25 additional postage. For a high-class publication such as the Outlook this rate would be prohibitive to citizens west of the Missouri River, who would have to pay a premium of at least \$1 more than their fellow citizens in the East for the privilege of reading that splendid publication. The Outlook does not pretend to be a great money-maker. It has not prostituted its columns to advertising. One year of zone system will take fully twice as much as the Outlook's annual profits, and what, then, becomes of the Outlook?

Consider the case of the Youth's Companion, with 400,000 subscribers scattered to thousands of post offices all over the United States. That paper, which is not a heavy advertising medium, has in the State of California 14,372 paid subscribers. It has in the State of Washington 7,317 subscribers. Six copies of the paper make a pound. The publishers have contracted to deliver it for a year to all of these subscribers at \$2 each. They are paying 1 cent per pound. They are asked to pay 6 cents, not only for these on the Pacific coast, but for all west of some point this side of Chicago—the exact point I can not locate unless I have a Post Office Department map and key. For every subscription to the Youth's Companion west of that point 6 cents per pound must be paid. That applies to a lot of States—Missouri, Iowa, Arkansas, Texas, North and South Dakota, and others, and all of the intermountain and Pacific coast. Probably most of you Congressmen took the Youth's Companion when you were boys and your children and grandchildren take it now. It weighs 6 copies to the pound. So every five weeks it would pay 5 cents more than now. That would be charged to all subscribers west of the Missouri River. Is that fair?

I asked that question of the gentleman from Illinois [Mr. RAINEY] during his two-hour speech in advocacy of this zone plan Saturday in this form:

Mr. JOHNSON of Washington. If the Curtis publications are as high class as the gentleman says, is there any reason on earth why you should make the Saturday Evening Post cost 5 cents in Washington, D. C., and, say, 15 cents in the State of Washington?

And the following debate occurred:

Mr. RAINEY. Of course. Magazines have two prices—one for the United States and one for Canada.

Mr. JOHNSON of Washington. But I do not live in Canada. Mr. RAINEY. The magazine that circulates in the United States for \$4 a year sells in Canada for \$6.50 a year. It is just as easy if they want to add the zone postage to the subscription price—it is just as easy to change the price across the zone lines as it is across the Canadian border.

Mr. JOHNSON of Washington. But it is an added expense to the people in the eighth zone.

Mr. RAINEY. Yes; but the less you get of the greater part of this literature the better, even if you are in the eighth zone.

As a matter of fact, unless the Saturday Evening Post could reach the Pacific coast by means of a low express rate, its retail price out there under this proposed system would be 11 cents. And think of the many other publications to which the 25,000,000 people of the Western States are subscribers.

I made a similar inquiry of the gentleman from Ohio [Mr. LONGWORTH] yesterday, and he made a reply that he would not answer; that he was opposed to sectionalism in this bill. Of course it is not sectionalism to charge all the people west of the Missouri River six times as much for the use of the second-class mail service as is charged the people living in the great populous center within a few hundred miles of New York or within a few hundred miles of Chicago. It is stupidity.

It is not sectionalism to charge a newspaper publisher 6 cents for sending a 1-pound copy of his Sunday newspaper from Washington, D. C., to Tacoma, Wash., and then let any one of you mail the Sunday Washington Post from this city to the Pacific coast for 4 cents under the third-class rates. It is thoughtlessness.

All high-class publications have not prostituted their columns to the advertising game. All are willing to pay a large part of their profits for the cost of this war, but they do not want to be put out of business. I read a letter from the publisher of the Pacific Poultryman, out my way. He says:

I assure you that I believe that not one sound of protest would come at this time of crisis in our country's history from any publisher if he were asked to give only his all, in the way of profits, in order to produce additional revenue for the Government. But it is a fact that if the postal rate be raised by a zone system many, many publishers will be annihilated. Should many have to go out of business the Government would not gain by it.

Why, Mr. Chairman, for that man to send his poultry journal across his own State of Washington would carry him into the fourth and fifth zones. The State is fully 500 miles long. California is at least 1,000 miles long.

It was argued by the gentleman from Connecticut [Mr. HILL] that if eastern papers could be shut out from the western country we might establish such publications of our own. The number of zones per State makes this unlikely, with the high cost of paper and our comparatively limited population. The four-five zone rate in Washington State would shut the Seattle and Tacoma papers out of Spokane and the Spokane papers out of the coast cities. The zone system would make the State of Washington's Sunday papers cost a quarter apiece in Alaska. I—

Mr. SLOAN. One question, please. Is it not a fact, which you know as a newspaper man, that most of these advertising matters are contracted for the year and would run from now until January without relief?

Mr. JOHNSON of Washington. Yes; and that is one of the objections to the zone system, by the way. We can change the amendment I have offered to read "January 1" instead of "June 1" and relieve the situation somewhat.

Gentlemen, the zone system is not a war tax but a clumsy effort to further punish some great big periodicals and to repress and embarrass the newspaper industry—perhaps because they freely criticize Congress. It went out of the Post Office appropriation bill on a point of order made simultaneously by not less than 60 Members, each striving for that privilege. Now, it turns up in this bill, where it does not belong, and occupies most of the time of debate Saturday and most of the day yesterday. Its principal advocate declares that its real purpose is to take toll from a few gigantic publications, primarily the Curtis publications, without caring what must happen to lesser but equally valuable publications. It raises the second-class rate in some cases 500 per cent. Think of it, 500 per cent! Who cares? It will put the National Geographic Magazine out of business. Who cares? But why should that great magazine suspend publication? Is it not exempt from the zone system, which exempts the educational and certain other publications? Is it not educational? I asked two members of the committee, and they said "No." Well, who knows? What a lot of trouble that little word "educational" will raise if the zone section remains in this bill.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. JOHNSON of Washington. Certainly.

Mr. COOPER of Wisconsin. The word "educational" in the gentleman's discussion of the meaning of the word reminds me that in the last number of the Saturday Evening Post I read an article by Blythe on the present situation in China, which is the most interesting and instructive and thoroughly up-to-date and educational article on China I have seen.

Mr. JOHNSON of Washington. Certainly, and there is no doubt but this National Geographic Magazine is as highly an educational publication for people as any other publication in the United States; and it sells, I think, for \$2 per year. Their bills for illustrations, I believe, run into many thousands of dollars. That is the kind of periodicals we are willing to put out of business, along with Comfort, which the gentleman from Illinois [Mr. RAINEY] poked so much fun at in his speech. But Comfort might be called an educational paper, because the gentleman from Illinois [Mr. RAINEY] showed that it tried to teach the gentle art of kissing. [Laughter.]

Mr. BORLAND. Would the gentleman care to yield at that point?

Mr. JOHNSON of Washington. Yes.

Mr. BORLAND. The gentleman is a practical publisher—Mr. JOHNSON of Washington. Oh, in a very small way.

Mr. BORLAND. I want to ask him about a suggestion that has been made to me. There is no limit now on the amount of advertising space that a magazine or paper can send out in connection with the little reading matter that is sent.

Mr. JOHNSON of Washington. No.

Mr. BORLAND. That is the main difficulty. Now, I want to ask the gentleman a question. I have a suggestion here from a publisher in Kansas City, in my district, in which he suggests that advertising pages be rated 8 cents a pound and reading-matter space at 1 cent a pound.

Mr. JOHNSON of Washington. I would not object to that. I would not object to anything that would fall with some equality on all publishers.

Mr. BORLAND. Is not that a practical suggestion, from the gentleman's standpoint?

Mr. JOHNSON of Washington. I think so; but it would require a great deal of inquiry because of fluctuations.

Mr. BORLAND. It seems to me that when the paper was submitted as second-class mail it could designate its advertising space and reading space.

Mr. JOHNSON of Washington. Let us hope that that will be discussed under the five-minute rule.

Mr. Chairman, for myself I can not vote for the war-revenue bill with this zone system in it. The bill will have to be amended in numerous particulars before it gets my vote. Should I then vote for it, I shall do so because of its tariff feature. The flat 10 per cent increase should be raised on a whole lot of things. Why?

I present for your consideration the official statement of the customs business for the district of Washington for the month of March. Examine it and you find that for that month there was imported into that single district in the northwestern corner of the United States goods to the value of \$22,826,828, of which nearly all came in free. The exact figures there are:

Free	\$21,026,888
Dutiable	1,299,940

Every month the customhouse statement from that district for the past two years has shown a similar proportion. Not a month has passed in that time but that from ten to fifteen millions of dollars worth of goods has come in free, while those paying duty have amounted in value to but five hundred to one million dollars. The amount received for customs duties in all that time has hardly been sufficient for the upkeep of the Puget Sound customhouses. For the month of March, as shown by this statement, the duty collected was \$203,742.

Imports from Japan during the first eight months of the current fiscal year totaled \$131,551,000, an increase slightly over 100 per cent compared with imports for the similar period for 1912-13 under protection. Japan is running us out of foreign markets in the Far East and invading our own home market. She is giving preference to Japanese goods in her vessels and holding up our own. Her cotton textile exports doubled during 1916 over 1915.

Within the past month more than \$8,000,000 in gold have been released by the Federal Treasury for shipment to Japan in settlement of the trade balance, which continues to remain so largely favorable to that country. This balance is made possible by the large sales which Japan makes to us by reason of the free access which the Democratic tariff gives her to American markets. Yet in considering plans for the production of war revenue the Democratic financiers in Congress have resolutely refused to pay any attention to suggestions that additional duties beyond this flat rate of 10 per cent shall be laid upon the foreign goods which are coming to our ports despite the war.

Imports from China increased 90 per cent during the first eight months of the current fiscal year ended February 28, compared with the similar period, 1912-13, under the protective tariff law, or from \$26,600,000 for the 1912-13 period to \$50,267,000 for the 1916-17 period.

The first eight months of the current fiscal year ended February 28 found Canada running old mother England a close heat in the race for control of a large share of the American market, \$181,300,000 worth of Canadian commodities being imported by us compared with \$181,627,000 worth of goods "made in England."

This is an increase over our total imports from Canada for the similar period, 1912-13, under a protective tariff law, of just \$100,000,000.

Canada soaks us a healthy customs tax for the privilege of doing business in her market, averaging over 20 per cent on all our exports to her. We permit over 90 per cent of her exports to enter our market free of duty.

England raised something like \$342,000,000 from customs duties during her fiscal year 1916-17. Ours will produce only about \$210,000,000 by June 30, when our fiscal year closes. Let us raise some revenue at the right places—the customhouses.

With such an amount of free trade to the United States going on it is no wonder that we have to turn every which way for taxes in an effort to make up the actual deficit in the Treasury before we start the collection of a war fund. [Applause.]

Mr. FORDNEY. I yield to the gentleman from North Dakota [Mr. YOUNG] 15 minutes.

Mr. YOUNG of North Dakota. Mr. Chairman, I desire to discuss briefly the proposed changes in second-class postal rates. It is true that the amount paid by the publishers of newspapers direct to the Government, if considered by itself, may appear insufficient, but if what the publishers do for the public free of charge is taken into account I believe it will be found that they pay their full share of the cost of the handling of the mails.

Sound and efficient government must rest upon an intelligent, educated public opinion. For that reason it is highly desirable that the citizens of the country should be well informed upon all public questions and all details of government. In this field the newspapers give space worth many millions. Almost every public official, from the President of the United States down to a forest ranger, secures valuable publicity. The President's addresses are sent in advance of delivery to newspapers in all portions of the country, "released for publication" upon the date of delivery. Thousands upon thousands of newspapers print these speeches.

Then, the Cabinet officers send out immense quantities of publicity matter, telling of the activities of their respective departments. And they are quite imperious about it, subordinate officers in some of the bureaus sending out items with directions like this:

Released for use by papers on ———, 1917, or thereafter. Publications disregarding the release date will be stricken from the mailing list.

And so it goes through the entire category of officeholders, the editors giving the needed publicity to governmental activities. The Postmaster General himself, who discusses this subject in one of his annual reports now before me, gets for the Government advertising of immense value, covering one of the greatest business enterprises in the world—the Post Office Department.

Then the newspapers give to the public without charge a very large amount of valuable advertising space in support of State, county, city, charitable, religious, and other activities, which, if taken into account, would run into very large sums of money. And this is the class of citizens upon whom the catalogue-house men would descend with the idea of wringing from them rates sufficiently increased to enable the Government to give them a reduced rate upon first-class mail matter.

It is a well-established principle among large business concerns that certain lines must be handled at little or no profit. In the conduct of the great Post Office Department thoughtful people can not fail to realize the wisdom of encouraging the circulation of mediums of publicity. There is no telling to what extent letters are written carrying first-class postage about matters advertised in newspapers, big and small. They stimulate all kinds of business. Advertising is the backbone of the Postal Department; cripple it, and its sources of revenue from the sale of first-class postage will be tremendously reduced. The prudent business man will not thoughtlessly cause a radical reduction in his chief source of income. The proposed change in second-class rates displays a lack of statesmanship.

The value of publicity to the departments of the Government is little appreciated by those who have not stopped to think about it. Almost every governmental activity requires publicity. The President of the United States appreciates this. If some other officials forget it. In a recent address he used these words:

I beg that all editors and publishers everywhere will give as prominent publication and as wide circulation as possible to this appeal.

What is worth asking for is worth paying for.

Mr. Chairman, when I listened to the interesting and entertaining address a few days ago of the gentleman from Illinois [Mr. RAINEY], in which he devoted considerable time to the newspaper published by the gentleman who has just been speaking [Mr. JOHNSON of Washington], I thought that he would probably have something to say about his own paper to-day. But he has been very modest. I sent over to the Library of Congress for the paper published by Representative JOHNSON, because I was interested to look it over after hearing the gentleman from Illinois [Mr. RAINEY].

I find, after looking it over, that if the United States Government had paid to the publishers of the Hoquiam Daily Washingtonian a fair price for all the advertising given to this Government they could afford to send this paper out by first-class postage. [Applause.]

Now, here is a list that I have prepared of the different items that appeared in one issue of that paper that seemed to me to be of great value to this Government. There is a Red Cross item of 33 lines. Newspapers in North Dakota of the character of this paper would charge more than 10 cents a line for reading matter, but we will figure it at 10 cents a line. That would make \$3.30. There is an article on crop stimulation, very important at this particular time, 247 lines. That would be \$24.70. There is an announcement there of 54 lines made by a United States representative, the county agent. That would be worth \$5.40. Then there is another Red Cross item of 4 lines. Then the county agent makes a very complimentary statement with respect to the activity in gardens in that locality. That would make \$6.20. There is an article on the sale of war bonds, 27 lines, \$2.70. Then there is another Red Cross item of 4 lines, 40 cents. There is a statement, prepared by the United States Department of Agriculture—a very important statement—with respect to food conservation, and this particular statement was given a place in the editorial columns of this paper, 60 lines. That would be \$6. These items total up to \$52.11.

Now, there are a number of other articles in this paper that I think ought to be paid for, too, although they are a little more general in character. I have not, however, itemized them. There is an article on "Lack of engines hampering shipbuilding"; another one on "Government wooden shipyards"; another one, "Army to France at once." There is another one headed, "Balfour says all must help to win."

I want to say, too, that this list I have given you does not have anything to do with the matters that help out the State, the city, and the county governments, and the fraternities and churches and cards of thanks. Not a single one of those items has been included.

Mr. MILLER of Minnesota. Mr. Chairman, will the gentleman yield there for an inquiry?

Mr. YOUNG of North Dakota. Yes.

Mr. MILLER of Minnesota. I assume that the gentleman did not select that particular edition that had a particularly large amount of free material of this class. It was just an ordinary edition?

Mr. YOUNG of North Dakota. Yes. My secretary simply sent over to the Library of Congress and asked to have an issue of this paper sent across. I presume it is an ordinary sample. I want to say it is an excellent paper. [Applause.]

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of North Dakota. With pleasure.

Mr. JOHNSON of Washington. Will the gentleman do me the favor to let me say that I have not edited the paper and have not been concerned with its editing and publishing for five years? I want to say, however, that it is sent free to the Library of Congress, and is the daily paper published farthest west in continental United States. I am proud to have it sent. [Applause.]

Mr. YOUNG of North Dakota. I want to say to the gentleman that I think this issue of May 9 is a fair sample of the paper. Any way it was the paper that was sent over to me from the Library at my request for a copy. It was not specially put up for the purposes of this comparison. I presume there are a large number of other similar papers published in the United States, and it seems to me we would be doing a great injustice to small daily papers and other publications printed throughout the country if we should enact the zone rates contained in this bill. I have a telegram from one of the papers of my own State which reads like this:

The war taxes on this paper will amount to from \$12,000 to \$15,000 per year, which we can not stand.

I happen to know that that paper did not pay a dividend last year. The telegram proceeds:

Many other papers will be as badly situated. The print-paper situation has almost broken our backs and added expense will complete the job of putting us out of business. We are willing to give up all profits, if there should be any, but further we can not go.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield there?

Mr. YOUNG of North Dakota. Yes.

Mr. McKENZIE. Are we to understand that this particular newspaper, which now is not doing more than breaking even and not making a dividend, will be compelled by the Government to pay \$12,000 to \$15,000 taxes? Is that the gentleman's statement?

Mr. YOUNG of North Dakota. This is the statement I have received. It probably refers to the postage rate.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. WINGO. Does the gentleman say that this bill is going to tax that paper \$12,000?

Mr. YOUNG of North Dakota. I suppose that it is the computation of what the increased postage bill will amount to.

Mr. WINGO. The gentleman thinks that has reference to the increased postage?

Mr. YOUNG of North Dakota. Undoubtedly that is what he has reference to.

Mr. WINGO. As I understand it, these papers will not be subject to the advertising tax in the newspapers. Is that the gentleman's understanding?

Mr. YOUNG of North Dakota. Yes; that is my understanding. I am discussing the question of the zone system as proposed in this bill.

Mr. AUSTIN. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. AUSTIN. May I ask the gentleman if his attention has been called to the National Tribune, the soldiers' publication, the organ of the Grand Army of the Republic, published in Washington, D. C.? That has about 150,000 subscribers, scattered all over the United States, in every district, in every State. I have received a letter from the publisher of that paper stating that this bill would practically put that paper out of business. It has not any large local circulation. Its circulation is general, and this increase in the postage rate would simply prevent the publication of the official organ of the Grand Army of the Republic.

Mr. YOUNG of North Dakota. My attention had not been called to that publication; but it seems to me that that paper and papers like the Christian Science Monitor, at Boston, which has a general circulation throughout the United States, and many other such publications, might better have been cited as examples of current literature by the gentleman from Illinois [Mr. RAINEY] than picking out an isolated paper here and there, like the ones the gentleman selected in Maine. It seems to me we ought not to legislate here against particular papers like that in such a way as to at the same time deal a body blow to papers like the Christian Science Monitor, the cleanest daily in the United States; the National Tribune; and other high-class publications.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. BLANTON. Not disparaging this particular paper in any way, would the gentleman claim that if he would inspect any other daily paper published in the United States he would not find it contains just as many articles of merit as this particular publication contains?

Mr. YOUNG of North Dakota. I think that is true. I have examined some North Dakota papers that I will not take the time to read from, those that came to my desk yesterday, and I find that in a general way the newspapers throughout the country are cooperating with this Government, not only in this war, but with every activity of the Government. They are also giving valuable publicity to the State and municipal governments. It seems to be the disposition of the editors to help along all public agencies. Here is a clipping from the Leader, published at Fargo. The same notice was in many other State papers. It reads:

FARM HELP AVAILABLE—REGISTER YOUR NEEDS.

Gov. Frazier has wired advice from Chicago that hundreds of experienced farm hands are registered with the Daily News for employment.

As no provision was made by the last legislative assembly for the labor department to establish a labor bureau, the department is considerably handicapped and without any available funds, nevertheless, I have secured promise of Federal assistance and in the meantime, our office force will devote whatever time is necessary for securing and distributing farm labor, and I respectfully request county officers, farmers, and others to register the needs in their locality with the department of agriculture and labor, Bismarck, N. Dak., stating wages and term of employment, and I further desire the newspapers to cooperate in giving this information general circulation.

J. N. HAGAN,  
Commissioner of Agriculture and Labor.

Mr. FESS. Will the gentleman yield?

Mr. YOUNG of North Dakota. I will.

Mr. FESS. The statement was made a while ago that there was no justification in continuing the publication of a newspaper that was not sufficiently profitable. That was based on the statement that the reading matter was not profitable, but that the advertising is. What does my friend say about the discontinuing of reading matter because it is not profitable?

Mr. YOUNG of North Dakota. My view would be this, that if all of the newspapers should suspend publication to-morrow that are not profitable, that are not making money aside from the job printing, the United States would be in a difficult position to get the required publicity needed at this time.

Mr. MILLER of Minnesota. Will the gentleman yield?

Mr. YOUNG of North Dakota. Certainly.

Mr. MILLER of Minnesota. Isn't it true that the class of newspapers containing the most reading matter are the high-grade papers that would be the first to go out of business?

Mr. YOUNG of North Dakota. That is true, and among the first would be the religious papers printed throughout all the United States, and many other high-class weekly publications.

Mr. DALLINGER. Will the gentleman yield?

Mr. YOUNG of North Dakota. For a question.

Mr. DALLINGER. Is it not a fact that many agricultural papers throughout the country would be put out of business by the bill in its present form?

Mr. YOUNG of North Dakota. I do not know whether they would be put out of business, but it would be a severe blow to them, and I have no doubt that many would have to go out of business.

Mr. McKENZIE. Are not the farm papers exempt under this bill?

Mr. YOUNG of North Dakota. I do not think they are; and besides, I do not think they ask for an exemption excepting such as would also include all other legitimate newspapers.

Mr. FOCHT. Will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. FOCHT. Does the gentleman know of any newspaper publisher in the country that publishes any paper or magazine anywhere that is in favor of this provision of the bill?

Mr. YOUNG of North Dakota. I have not heard of any.

Mr. FOCHT. Does the gentleman know of any that are against it?

Mr. YOUNG of North Dakota. As far as I have heard from, they are all opposed to it, and it seems to me that in stating the reasons they have given good reasons.

Mr. HAMILTON of Michigan. Will the gentleman from North Dakota allow me to ask him a question?

Mr. YOUNG of North Dakota. Yes.

Mr. HAMILTON of Michigan. The gentleman has referred to the local papers throughout the country. I understand that there is a provision in the bill excepting the daily paper where it is deposited in post offices which have letter carriers for delivery by these carriers from the payment of any increase of postage—that is, that the postage shall remain the same as it is now.

Mr. YOUNG of North Dakota. Such letter carriers are not permitted to carry daily newspapers.

Mr. FORDNEY. Will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. FORDNEY. I did not hear all that the gentleman said in reference to the agricultural papers. All the agricultural papers or fraternal papers published not for profit of the stockholders are exempt. I will gladly extend the gentleman's time 10 minutes.

Mr. YOUNG of North Dakota. All of the agricultural papers in the United States that amount to anything are published for profit. If there is one that comes into my district that is not published for profit I do not know its name.

Mr. FORDNEY. If a certain number of gentlemen, Members of the House, publish an agricultural paper for special profit, ought they not to be taxed?

Mr. YOUNG of North Dakota. Yes; they ought to pay a reasonable tax. The publishers are willing to pay a reasonable amount. We are talking about this bill that makes an unreasonable demand, a requirement which in many cases will amount to confiscation. A reasonable rate should take into account the services rendered to the Government by the newspapers. But there is a bigger and broader question involved in the consideration of this subject. A free democracy is dependent upon a free public opinion, and a sound, rational, broad, intelligent public opinion is formed by a press of which a portion at least must be nation wide in scope and circulation. Dr. Lyman Abbott affirms that one contributing cause of the Civil War was that the North and South did not understand each other. One contributing cause of the great European war is that the nations speak different languages and do not understand each other. Patriotism

calls for legislation making mutual understanding easier and better. The proposed legislation makes mutual understanding more difficult. It tends to denationalize the Nation.

Mr. STAFFORD. Will the gentleman yield?

Mr. YOUNG of North Dakota. I will.

Mr. STAFFORD. The gentleman from Michigan [Mr. FORDNEY] has all along claimed that the high postal rates would result in taxing the advertisers, but they will raise the subscription price to correspond to the zone rates.

Mr. YOUNG of North Dakota. I think that is possible, but the serious objection is not only that the subscribers will have to pay more but that many will cease to take the publications.

Mr. STAFFORD. There is no question about that as to those that have a national circulation.

Mr. YOUNG of North Dakota. I think it would be a loss to the country for farmers to cease to take these agricultural papers that come now to their homes.

Mr. FORDNEY. Will the gentleman yield further?

Mr. YOUNG of North Dakota. I will.

Mr. FORDNEY. I want to read the language of the bill. Page 52, line 20, says:

*Provided further, That in the case of newspapers and periodicals entitled to be entered as second-class matter and maintained by and in the interests of religious, educational, philanthropic, agricultural, labor, or fraternal organizations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.*

Mr. GREENE of Vermont. Will the gentleman from North Dakota allow me a word in reply?

Mr. YOUNG of North Dakota. Yes.

Mr. GREENE of Vermont. Is it not true in this class of publications, as in many others, that what is everybody's business is nobody's business. These publications that are not published for profit contain matter that is really fraternal correspondence, matter that only interests those who take them, and it only circulates in that little circle of those who write for it?

Mr. YOUNG of North Dakota. Yes; that is true.

Mr. FORDNEY. If the gentleman will pardon me, I did not read far enough.

Mr. YOUNG of North Dakota. Well, let us have the rest of it.

Mr. FORDNEY. I made a serious mistake. The class of papers that I referred to pay at the rate of 1½ cents a pound, and do not come under the zone rates.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. JOHNSON of Washington. I have in my hand a typewritten statement from one of the leading publications of the United States, which shows its entire net income this year and estimates that under the zone system which is announced the Government would collect not only the entire amount of the net income but four times its entire net income. That is what the zone system does.

Mr. STAFFORD. Will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. STAFFORD. I was furnished this morning a statement from the accountant of the publication of Hoard's Dairyman, a newspaper of national circulation and of national repute, the leading dairy paper of the country, which shows that if the zone rates in the bill under consideration are put into force it would amount to more than the net income of the paper. The paper has a very large circulation in the fourth and fifth zones, particularly in New York State, and in those zones alone the total increase of postage under this bill would amount to \$21,000.

Mr. YOUNG of North Dakota. Those statements ought to have some influence upon this House, if they have not had any upon the Committee on Ways and Means. Hoard's Dairyman? It takes me back to boyhood.

Mr. FORDNEY. Mr. Chairman, every man taking part in the preparation of this bill or who expects to vote for or against the bill knows that advertising and the price of the paper heretofore fixed by the publisher has been based upon the cost thereof, and the present rate of postage had much to do with that cost. Therefore everyone knows that if the rate of postage is increased the proprietor of that newspaper must get more for his advertising or his paper or go out of business. Every sensible man knows that. What is the use of arguing that question?

Mr. YOUNG of North Dakota. I want to ask the gentleman upon that basis?

Mr. STAFFORD. Mr. Chairman, will the gentleman yield to me to make a statement in reply to the gentleman from Michigan as to the basis of advertising?

Mr. YOUNG of North Dakota. Certainly.

Mr. STAFFORD. Mr. Chairman, the basis of advertising as testified to many times before the Committee on the Post

Office is one-half cent a line for every 1,000 subscribers. The gentleman from Michigan is pursuing the idea that by raising the subscription price the subscribers will be increased, when, as a matter of fact, by raising the price the rate of advertising will be materially reduced. If he was in favor of taxing advertisements, why did not the committee levy a tax upon advertisements in general, as was suggested by the gentleman from Connecticut [Mr. HILL]?

Mr. FORDNEY. Mr. Chairman, the gentleman from Wisconsin [Mr. STAFFORD], as every other man knows, with a teaspoonfull of brains, knows that every article in this country, agricultural or manufactured, has been increased in price since the war began in Europe, and it has added to the cost of that article to the consumer. Let me answer that by saying that everyone knows that every time the price of an article goes up in this country that increase goes on to the consumer whenever it can be put there. That is true in taxes and it is true in the increased cost in the production. That is true in increased profits, and it is true in everything that tends to raise the price of any article, agricultural or manufactured. It must go to the consumer.

Mr. CHANDLER of New York. Mr. Chairman, will the gentleman from North Dakota yield to me in order that I may ask the gentleman from Michigan a question?

Mr. YOUNG of North Dakota. Yes.

Mr. FORDNEY. Mr. Chairman, I did not mean to be sarcastic, but I just got riled.

Mr. CHANDLER of New York. I want to ask the gentleman from Michigan a question, if the gentleman from North Dakota will permit.

Mr. YOUNG of North Dakota. Certainly.

Mr. CHANDLER of New York. As I understand the position of the gentleman from Michigan it is that the consumer, the American people, are finally to pay all this in any event through the price of the subscription or the price of the advertising rates.

Mr. FORDNEY. The Outlook told you that in their little circular which they sent around the day before yesterday.

Mr. CHANDLER of New York. I have not asked the question yet, if the gentleman will permit me to finish the question.

Mr. FORDNEY. Very well.

Mr. CHANDLER of New York. Suppose the advertisers refuse to pay the increased price of advertising, and suppose the subscribers refuse to subscribe for the journal at an increased price, will not that force the periodical out of business, and is not that the contention that is made?

Mr. FORDNEY. If the gentleman as a lawyer represents a client in court, and he increases his fees, the man either pays the increase or goes to some other attorney, does he not?

Mr. CHANDLER of New York. Certainly.

Mr. FORDNEY. When I go to the market to buy an article and I feel that the merchant is asking me too much for it, I try to buy it somewhere else, but if I must have it I buy it at the best price that I can obtain it for, do I not?

Mr. CHANDLER of New York. Does not the gentleman know that the subscription price of a paper or a magazine may be put so high that a man will not want it or subscribe for it?

Mr. FORDNEY. Yes; and I know also that attorneys' fees may be put so high that they can keep me out of court—although they may not keep me out of jail. [Laughter.]

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. YOUNG of North Dakota. Mr. Chairman, I will ask the gentleman to yield me two or three minutes more.

Mr. FORDNEY. I yield the gentleman five minutes more.

Mr. YOUNG of North Dakota. Mr. Chairman, I think the gentleman from Michigan has forgotten the fact that we passed laws here requiring all newspapers should be paid for in advance, and he is attempting to show that after a newspaper has made a contract with all of its subscribers it can advance the price immediately. He is proposing to tax the newspapers over 100 per cent of their profits, and he is expecting them to get back on the people and raise the price, when they have a contract with them for a year ahead.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of North Dakota. Yes.

Mr. MOORE of Pennsylvania. I do not want to disturb the gentleman's argument, but that is exactly what is going to happen to certain business men who have made contracts.

Mr. YOUNG of North Dakota. I do not think it is a parallel case, and I do not believe the gentleman will claim that. This is a business where the law requires the paper shall be paid for in advance, and presumably all these papers have contracts with their subscribers to send the paper at a certain price.

Mr. MOORE of Pennsylvania. I sympathize with the gentleman's argument, but I observe that that is what is going to happen to business men.

Mr. YOUNG of North Dakota. A war tax should be something temporary, something easily repealed when the emergency is past. This proposal has every earmark of permanent legislation.

The gentleman from Michigan has entirely evaded answering the statement made when I began speaking, and that was that these newspapers, many of them, particularly the paper I read from, contained enough advertising for this Government, if paid for at reasonable rates, to have paid for its circulation at first-class postage rates. The gentleman has not answered that proposition.

Mr. BLANTON. Will the gentleman yield?

Mr. YOUNG of North Dakota. I will.

Mr. BLANTON. Now, in that connection, assuming what is true in regard to this newspaper is true in regard to other newspapers in the United States, the question is now, Does the gentleman contend that the United States Government should pay a bonus to newspapers or permit them to go through the first-class mail because they contain first-class articles in the interest of the Government?

Mr. YOUNG of North Dakota. My contention is that when the gentleman from Illinois [Mr. RAINY] stated that the newspapers of this country were grafters there never was a greater slander uttered. [Applause.] They are men who have been paying their way, giving the Government full compensation; that is my contention. [Applause.]

Mr. FOCHT. Will the gentleman yield?

Mr. YOUNG of North Dakota. I will.

Mr. FOCHT. Does it not really become a question whether you are going to put them out of business or not? Now, we all know on account of the increased cost of print paper the daily papers under it have been raised 100 per cent; and if you are going to increase the cost to the subscriber 100 per cent, then the original proposition of encouraging the circulation of papers to extend a wider zone of intelligence, such as the gentleman refers to, will be defeated, will it not?

Mr. YOUNG of North Dakota. Certainly.

Mr. FOCHT. Then, in the gentleman's opinion, something must be done with these magazines; but the manner in which this bill has been framed is such that it is clumsy and hopelessly impossible and not acceptable to the newspaper publishers, and hence to the people, because they could not subscribe to the newspapers they desired to take. I understand that to be the real conclusion.

Mr. YOUNG of North Dakota. The gentleman has expressed the situation so well that I am not going to take any more time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. Mr. Chairman, I make the point of order there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred Members are present, a quorum.

Mr. HELVERING. Mr. Chairman, I yield 25 minutes to the gentleman from Michigan [Mr. DOREMUS]. [Applause.]

Mr. DOREMUS. Mr. Chairman and gentlemen of the committee, the gentleman from Kansas [Mr. HELVERING] has given me 25 minutes, and the gentleman from Michigan [Mr. FORDNEY] has agreed to yield me additional time if I desire it. I wish to present the conditions that surround the automobile industry in America to-day in a connected form, and I shall ask the privilege of proceeding for 25 minutes without interruption. At the end of that time I shall be very glad to yield for any question that any Member may desire to ask me.

I listened with deep interest to the remarks of the chairman of the Committee on Ways and Means in presenting this bill to the House. I agree with many statements that he made. I agree with him that at this time every citizen should do his duty and every manufacturer and producer should be willing to surrender all of his profits if necessary to a successful prosecution of this war. [Applause.] I agree with him that we should cast aside every selfish thought and purpose in the consideration of this bill. I agree with him that if this tax falls heavily upon this or that district it affords no justification to a Member from that district for opposing the tax. I do not agree with him, however, that the badge of patriotism in this hour is a meek submission to every line, sentence, paragraph, and section in the bill. The gentleman from North Carolina is just as patriotic as I am, but no more so. Both he and I may be called upon to make the supreme sacrifice before this war is over. The real badge of patriotism to-day is a faithful performance of one's duty as he sees it; and I submit to the

gentleman from North Carolina that if there is a section or paragraph in this bill which does violence to the plain principles of justice, no amount of patriotic eloquence should be permitted to obscure it or deter men from the performance of what they regard their plain duty. [Applause.]

I speak to-day not in behalf of any particular district, but in behalf of a great American industry which is now being seriously threatened and to which over 2,000,000 of our people look for a livelihood. This bill provides a tax of 5 per cent upon the gross sales of automobile manufacturers in addition to the excess-profits tax and the corporation tax. Now, how does it work out? This bill says to the steel manufacturer, "If you make a profit of 8 per cent, we will take a portion of the excess."

It says to the automobile manufacturer, "We will take 5 per cent of your total sales whether you make a profit or not."

It says to the copper manufacturer, "You are entitled to a profit of 8 per cent before the Government will tax you."

It says to the automobile manufacturer, "We will gather a tax of 5 per cent upon your business first, and you can take your chance of making a profit afterwards."

It says to the woolen manufacturer, "If your sales exceed your operating cost over 8 per cent, we will take a part of the excess."

It says to the automobile manufacturer, "We will take 5 per cent of your sales regardless of what your cost of operation may be."

It protects the right of the steel manufacturer, the iron manufacturer, and the other great manufacturers to a reasonable profit but denies it to the automobile manufacturer.

Upon the threshold of the most critical period of this Nation's history, when every citizen is expected to do his duty and in return is entitled from his Government to a fair distribution of the burdens of this war, we are confronted by an invidious discrimination that places one great manufacturing industry under a burden that is not borne by the others. No adequate reason has been given for it because none can be given. I charge that the Committee on Ways and Means in preparing this bill reached the conclusion to tax the automobile industry without any investigation of its effects.

I charge that without any inquiry as to the effect of this tax upon either the companies or the men they employ, and upon the naked assumption, unsupported by any ascertained facts, the committee arbitrarily proposed to levy a burden upon this industry that in many instances will amount to a confiscation of the business.

Do the Members of this House realize the magnitude of this industry or its relation to the industrial and commercial welfare of America?

It is estimated by the National Automobile Chamber of Commerce that 1,500,000 automobiles were manufactured in 1916, valued at \$810,000,000.

There are 450 manufacturers of automobiles located in 32 States, and 825 manufacturers of parts and accessories located in nearly every State.

There are 25,724 dealers and 23,686 garages dependent upon this industry. Fourteen companies employ 145,000 men. Figuring 300 men for each of the other companies, gives a total of 280,000 wage earners. To this should be added 350,000 employed in the manufacture of bodies, parts, and in supply plants.

The 25,724 automobile dealers will average six employees each; the 23,686 garages will average three employees each.

This gives us a grand total of 853,402 wage earners in this industry and those allied with it. We have no data showing what proportion of these men are married, but surely 2,000,000 would be a very conservative estimate of the number of men, women, and children in America who are dependent upon this industry.

And yet, my friends, in the face of the magnitude of this industry, it is classed in this bill with tennis racquets, golf balls, imitation jewelry, face powder, perfume, vaseline, and Lydia Pinkham's Vegetable Compound. [Applause.]

It is estimated by the National Automobile Chamber of Commerce that when we declared a state of war with Germany very few automobile manufacturers were making over 12 per cent on their turnover. The proposed tax of 5 per cent would take five-twelfths of their profits. Assuming, now, that the tax can not be passed on to the consumer—and I propose to leave that question for the last—it would amount to 41.6 per cent of the profits of the entire trade. It would be equivalent to a tax of 41.6 per cent of the entire net profits for 1916.

I know there are some who believe that this tax can be borne by this industry without injury. This is due to a mistaken idea as to the profits of the business. In considering the justice of this tax I ask you to distinguish a few individual manufacturers from the industry as a whole.

I ask you, for instance, to consider the Ford Motor Co. in a class by itself, for that is where it properly belongs. The Ford plant is to-day the marvel of the manufacturing world. It is the last word in efficiency. It makes a car within the reach of the average man and fears no competition from any quarter. With its 50 great assembling plants—and I wish you gentlemen would mark this statement—with its 50 great assembling plants scattered throughout the United States it can sell its car at the actual cost of production, defeat competition by the saving in freight rates alone, and declare its dividends upon the profit from manufacturing its parts. It manufactured last year 539,000 cars, and it is this immense volume of business that enables it to make enormous profits. Through it a half dozen men have become immensely rich. But would it be fair to judge the success of the entire business by the success of the Ford Motor Co.? And should the ability of this company to pay the proposed tax be accepted as proof that all manufacturers can do the same?

To illustrate the point by a few concrete examples. I submit to you, gentlemen, that there has been a great deal of misrepresentation—unintentional, no doubt—in considering this question. A great deal has been said not only to becloud the issue but to cast a prejudice upon the entire automobile industry. Now, what are the facts?

Take the Studebaker corporation. You have all heard of that. Upon a business of \$23,600,000 with its principal model last year it earned 7½ per cent. You propose by this bill to take 5 per cent of their gross sales.

The Chalmers, another car of which you have heard, upon a gross business of \$18,000,000, paid 2.1 per cent. By this bill you propose to snag 5 per cent of the gross sales of that business.

I am giving you, members of the committee, the facts in regard to this industry. The Overland, with the second largest production in America, ranking next to the Ford, on sales of \$80,000,000 made a profit of 10 per cent.

The Hupmobile, the president of which was a former Member of this House—my predecessor here—upon car sales of \$10,000,000 made 1.1 per cent.

You propose by this bill to step in and take 5 per cent of those gross sales. And yet men upon the floor of this House attempt to defend this wrong upon the ground that "we need the money."

Now, a few more. The Chandler Co., upon a business of \$12,860,000, made 11½ per cent. The Winton Co., upon sales of \$9,150,000, made 4½ per cent. You propose by this bill to take 5 per cent of their sales. The Saxon Co., upon sales of \$15,000,000, made 8 per cent.

Now, my friends, this list could be multiplied, but I have not the time to do it. The Hudson Co., for instance, made 8 per cent on its gross sales of \$28,000,000. The manufacture of automobiles is a hazardous business. The path of this industry is strewn with the wrecks of ruined fortunes, dismantled factories, and disappointed ambitions. Within five years 718 concerns have failed or gone out of business, and to-day places are advertised where parts can be obtained for 217 "orphan" cars—cars once manufactured but no longer on the market.

These facts may seem strange to men who talk glibly of the profits of the Ford Motor Co., but they are facts, nevertheless, and I have the lists here for any gentleman who may care to look at them. I am not pleading for a few manufacturers who can pay this tax and live. I am pleading for those who can not pay it and will die. I am not pleading for special privilege for any; I am pleading for even-handed justice for all. This tax, if imposed, would make it impossible to collect an excess-profits tax from the great majority of these manufacturers and largely curtail the personal income tax that would be paid by the individual shareholder. So far as the automobile industry is concerned, it would kill the goose that lays the golden egg by decreasing the revenue both from the excess-profit tax and the personal-income tax.

Comprehend, if you can, the character of what is being attempted in this paragraph of the bill. Other great manufacturers are called upon to pay 16 per cent of their profits above 8 per cent, while these automobile manufacturers are called upon to pay 41.6 per cent of all their profits. Is it possible that Members on this floor, upon the plea of patriotism, are going to stand for an injustice of this character? I doubt if in the entire history of our legislation you can find a perversion of the taxing power that even approximates this proposal in its flippant disregard of the plain principles of justice.

The American people are beginning to appreciate the stern realities of this war. They are prepared to pay their taxes, no matter how heavy they may be, but they will rebel against unjust, unfair, and discriminatory burdens. The automobile

manufacturers wish to keep their plants running and their men employed, but they object to a tax that to many of them represents the difference between success and failure.

Now, let us analyze this bill for a moment. The packing houses, the greatest industry in America, are among those whom the Government protects against taxation up to 8 per cent of their profits, while the automobile industry is taxed without regard to its profits. Is it because the Beef Trust has been so magnanimous to the American people that it should be preferred? What is there in the history and the practices of that industrial pirate that should entitle it to greater consideration than is given the automobile industry? The great Steel Corporation is protected against taxation in this bill up to 8 per cent of its profits. What is there in the history and the practices of this octopus that entitles it to greater consideration than is given the automobile industry? Are those who have ruthlessly destroyed competition by methods everywhere condemned to be protected by this Government, and the men who have preserved the principle of competition to be penalized in a country that proclaims the ideals of democracy?

It is sought to justify this tax upon the theory that the automobile is a luxury. The automobile is no longer a luxury in America. It is absolutely essential to the conduct of business and of industry. The Census Bureau reports that the production of business vehicles has grown rapidly from census to census, and that many passenger vehicles have been converted to business uses by their purchasers. The report also shows that the greatest proportional increase in both number and value of vehicles is of trucks, of which the output in 1914 was four times as great in number and eleven times as great in value as in 1909.

The other day you and I voted to authorize the purchase of four or five thousand automobiles for this war. Yet, my friends, this instrumentality of commerce, so vital to our industrial welfare, so essential to the Nation's business, and so indispensable to the successful prosecution of this great war, is classed by the Ways and Means Committee as a luxury.

Mr. MILLER of Minnesota. Will the gentleman yield for an inquiry?

Mr. DOREMUS. I will yield first to the gentleman later.

Mr. MILLER of Minnesota. Thank you.

Mr. DOREMUS. If the automobile is a luxury, why should the Ways and Means Committee permit 3,500,000 automobiles now in use to escape taxation entirely? By what sort of intellectual jugglery did this great committee reach the conclusion that the three and one-half million automobiles now in use are necessities, to be exempted from taxation, and those hereafter to be purchased are luxuries to be taxed?

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. Does the gentleman require more time?

Mr. DOREMUS. I should say so.

Mr. MOORE of Pennsylvania. I yield 15 additional minutes to the gentleman.

The CHAIRMAN. The gentleman yields 15 additional minutes.

Mr. DOREMUS. Mr. Chairman, the proposal to tax the automobile industry 5 per cent of its gross sales is grotesque, unjust, unscientific, unbusinesslike, and confiscatory, and can not even be defended from the standpoint of revenue. It will not yield the revenue estimated by the committee, because the estimate is based upon last year's production. That production will be seriously curtailed by the imposition of this burden and the conditions naturally incident to the war. Let me give you a few concrete illustrations to demonstrate the truth of what I am telling you.

The Packard Motor Co. last year made 10,000 automobiles. This year it will make 6,000.

The Hudson Co. last year made 25,000 cars. It will be fortunate this year if it makes 20,000 cars.

The Chandler, an Ohio corporation, has arranged to decrease its production 20 per cent from its original plans.

The McFarlan, an Indiana company, reports 10 per cent of its employees laid off because of war conditions and that the proposed tax would mean a decrease of 50 per cent in its business.

The Davis, another Indiana company, states that its business has decreased 50 per cent since the declaration of war, and that it is now working full force one-half time.

The Chalmers Co., of Detroit, has arranged to decrease its output by 16 to 20 per cent.

The Haynes Co., of Indiana, will decrease its production 50 per cent and lay off a large number of men.

The Anderson, another Indiana company, will reduce its output 25 per cent this year, and is already laying off men.

The Apperson, another Indiana company, has laid off 20 per cent of its employees and planned to reduce its output this year by approximately 50 per cent.

The Stearns, an Ohio company, reports that its business has slowed up fully 50 per cent since the declaration of war, but it feels that this is only temporary. If the slump continues, the company expects to curtail its production fully 50 per cent.

The Allan, another Ohio company, reports a noticeable depression in trade and daily cancellation of orders by dealers.

The Kline Co., of Richmond, Va., reports that the present outlook indicates decreased production of 50 per cent this year and a present decrease in the number of men employed of 20 per cent.

The Sterling Motor Truck Co., of Milwaukee, has reduced its manufacturing schedule for this year by about 50 per cent.

The Mitchell, another Wisconsin company, states that if this tax goes into effect radical cuts every way will be necessary. Owing to increased cost of labor and materials, their products have been dangerously decreased already.

The Moon, a Missouri company, reports that their business is cut at least in half for the present year.

The Pierce-Arrow Co., of Buffalo, N. Y., reports that cancellations of passenger cars last month exceeded new orders by 40 per cent, and that it is arranging to decrease its production.

The Overland Co., of Toledo, Ohio, had 30,000 orders on its books April 1; it now has but 16,500.

There are a number of others, but my time will not permit me to refer to them. The list could be multiplied indefinitely. They indicate conclusively to my mind that the revenue expected from this tax can not be realized; that it will result in a large decrease of the excess profits tax, and the personal-income tax of those engaged in the business.

Now, this is all based upon the assumption that the tax can not be passed on to the consumer without curtailing production, and I think it can be conceded by every Member here that that is the crux of this whole proposition.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Michigan yield to the gentleman from Illinois?

Mr. DOREMUS. I will yield in just a few minutes. Can this tax be added to the purchase price without diminishing the production of automobiles? The profits of the automobile industry are made possible only by the large volume of sales, and it is impossible to advance prices on a falling market occasioned by a decreased demand.

I desire now to call your attention to some of the increased prices of materials which manufacturers are obliged to buy.

For the purpose of this illustration I am going to take the Chevrolet car. The shipping weight of this car is 1,625 pounds.

Frame steel (chassis, 120 pounds to make a frame): Eighteen months ago cost \$1.35 per hundred pounds; present price, \$5.25 per hundred pounds. Increase, 270 per cent.

Body and fender steel (250 pounds per car): Eighteen months ago cost \$2.75 per hundred pounds; present price, \$8.15 per hundred pounds. Increase, 196 per cent.

Stove-pipe iron (used for making mud-pans, mufflers, etc.): Eighteen months ago cost \$1.85 per hundred pounds; present price, \$5.75 per hundred pounds. Increase, 200 per cent.

Cast iron (standard northern pig iron, 370 pounds per car): Eighteen months ago cost \$13.35 per ton; present price, \$43 per ton. Increase, 222 per cent.

Malleable iron (used for transmission cases, motors, and rear axle parts, 130 pounds per car): Eighteen months ago cost \$3.90 per hundred pounds; price January 1, 1917, \$6.75 per hundred pounds. Increase, 70 per cent.

Forging billets (used in front axle forging and other plain forging, 135 pounds per car): Eighteen months ago cost \$40 per ton; present price, \$105 per ton. Increase, 162½ per cent.

Brass and copper (radiator and carburetor and electric equipment): Eighteen months ago cost 16½ cents per pound; present price, 38 cents per pound. Increase, 130 per cent.

Rubber tires: Increase, 50 per cent.

And so I might go on and take up every part of this car and show that the increases run all the way from 50 per cent to over 300 per cent.

But I must pass on. By reason of these rapid advances in the price of materials, many of the manufacturers have already been obliged to increase their price to the public. The price of the Hudson car has been advanced twice during the past year and a half. The Packard Motor Co., which attempted two years ago to place a car on the market for \$2,600, is now selling the same car for \$3,050. It has been obliged to increase the price because of the rapid advances in the cost of all these materials.

As previously pointed out, both of these companies will decrease their output this year. Now, I submit to you in all fairness it ought to appeal to the business judgment of every Member here that under present conditions the increased price of materials and the decreasing demand for cars, both occurring at the same time, will make it impossible for these men to pass this tax on to the consumer without decreasing their production.

It has been suggested in the course of this debate that the retail dealers are making a whole lot of money and that they could easily share a part of this tax. I am afraid, my friends, that during the entire progress of this debate there has been too much conjecture and too much guesswork, and I fear that that charge can also be made against the Committee on Ways and Means in the preparation of the bill.

Now, what about the local dealer, the retail man?

I desire to quote from the sworn testimony of Norvell A. Hawkins, sales manager of the Ford Motor Co., in the case of The Ford Co. against The Union Motor Sales Co.:

A dealer to have a successful business must incur expense. I would say 10 per cent of the selling price of the car would be their minimum. \* \* \* A garage man can not run his business for less than 10 per cent. \* \* \* He has to teach possibly every member of the man's family to drive the car. \* \* \* He has the adjustments of the car. \* \* \* There is a whole lot of gratuitous work, which all comes out of their profits. That service can not be maintained at our price, could not be maintained by a dealer in furnishing garage and service. It is required that our dealers each must have a demonstrating car. \* \* \* He has that expense and he must maintain a place of business, salesmen, and do suitable advertising. \* \* \* The service given by our agents and dealers to the purchasers, after the sale of the car, is the largest factor of our business. In that respect the automobile business differs from any other that I know of, and I would say that most of the failures in the automobile business could be attributed to lack of service; that is, lack of their sales department to continue service to the owners after the sales.

Mr. DICKINSON. May I ask the gentleman a question right there?

Mr. DOREMUS. If the gentleman will pardon me, I will yield to him in a few minutes. Now, let us figure out the profits of a Ford dealer who sells 100 cars a year. He is what is known in the trade as an average dealer. The Ford Co. sells its cars to its agent or dealer at 15 per cent off the list price.

For these 100 cars he pays the following prices:

60 touring cars, at \$306	\$18,360.00
30 roadsters, at \$293.25	8,797.50
10 chassis, at \$276.25	2,762.50
<b>Total purchases</b>	<b>29,920.00</b>

SALES.	
60 touring cars, at \$360	21,600.00
30 roadsters, at \$345	10,350.00
10 chassis, at \$325	3,250.00
<b>Total sales</b>	<b>35,200.00</b>
10 per cent for doing business	3,520.00
<b>Total purchases</b>	<b>31,680.00</b>
<b>Total purchases</b>	<b>29,920.00</b>

Profit on year's business 1,760.00

I think, although I am not positive about it, that when an agent buys 100 cars he gets a slight additional discount over the 15 per cent. I have not those exact figures, but I will say in that connection that the man who transacts this volume of business must have a cash capital of at least \$10,000, and he is entitled to earn 6 per cent on that.

If I had the time, I could pursue the inquiry further with other companies—the Chevrolet, for instance—which pays about the same.

Now, the average discount from the list price of these small automobiles is from 15 to 20 per cent. On the Hudson, the Packard, and the Cadillac it runs between 20 and 25 per cent, and of all the cars sold in this country the discount from the list price on 60 per cent of the entire output is less than 18 per cent.

I desire now to call attention to the advertising argument. The gentleman from North Carolina flashed a copy of the Saturday Evening Post here the other day, as I understand, for the purpose of showing that the automobile industry spends too much money for advertising. There are some advertisers in this magazine to which he did not call attention. On the back of this publication I find the Eastman Kodak Co. with a \$5,000 space. Kodaks pay on their excess profits.

Mr. LONGWORTH. If the gentleman will yield, kodaks pay just the same as automobiles.

Mr. DOREMUS. I am glad the gentleman has stated that, for I did not know it. Well, here are "Sunkist oranges," what do they pay? They pay on excess profits. They have a \$5,000 space there. Here is a page for Sherwin & Williams

paint; on what do they pay? On their excess profits, and they have a \$5,000 space.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. MOORE of Pennsylvania. I yield the gentleman five minutes.

Mr. KITCHIN. And I yield the gentleman five minutes more.

Mr. DOREMUS. I have here a statement taken from the Martin's Merchandising Reporting Service, of May 15, showing the percentage of sales spent by prominent advertisers of America for advertising:

	Per cent.
Arrow collars	3½
Cloth-craft clothes	1½
Colgate's preparations	2
Fatima cigarettes	5
Ivory soap	3
Kodaks	3
Old Dutch cleanser	10
Phonographs	5
Sears-Roebuck & Co	10
Sherwin-Williams paint	3½
Universal Portland cement	2
Velvet tobacco	6
Wooltex clothes	2

The percentage of sales in the automobile industry that goes into advertising does not exceed 2 per cent.

Mr. LONGWORTH. Will the gentleman yield?

Mr. DOREMUS. Just a moment, and then I will answer the gentleman. I have some telegrams received here from the presidents of automobile companies. They are as follows:

During last year our expenditures for advertising equaled 1.1 per cent of our net sales.

ALVAN MACAULEY,  
President Packard Motor Co.

Cadillac Co.'s expenditure for advertising during past several years was less than three-quarters of 1 per cent of gross sales.

W. C. LELAND,  
Secretary Cadillac Motor Car Co.

Advertising expenditure 2.6 per cent of total sales.

H. W. FORD,  
President Saxon Motor Car Co.

One and three-tenths per cent.

ROY D. CHAPIN,  
President Hudson Motor Car Co.

Now why is it that our manufacturers of automobiles advertise in papers like these. It is because the competition in the automobile business is keen and they are obliged to do it in order to get their share of the trade. I do not know what the condition is down in the district represented by my friend from North Carolina [Mr. KITCHIN]. It is possible that they still cling to the old notion that it does not pay to advertise, but, my friends, we have gotten over that notion up where I reside. [Laughter.]

For the first time during my experience here, and I hope for the last time, I have heard men plead with us to do something that they themselves concede is wrong. I never expected to reach the time when Members of the House would not only vote for but openly advocate an unjust thing in the name of patriotism.

Patriotism, my friends, needs no such advocates. Patriotism thrives only when its seed is sown in the soil of justice.

The gentleman from Michigan [Mr. FORDNEY] admitted that the automobile paragraph of this bill is wrong, and could only be defended upon the ground that we need the money. Yet, in an elaborate presentation of figures he demonstrated that this bill will yield \$200,000,000 more than the administration asks us to raise. The plea that we need the money will not suffice for an abuse of the taxing power. No exigency, however great, would justify the Congress in the commission of an acknowledged wrong against any portion of our people. If we can not prosecute this war without knowingly wronging our own people, we had better abandon it. [Applause.] If we are prosecuting this war for democracy, then, in its conduct, let us preserve the principles of democracy. [Applause.]

Mr. Chairman and gentlemen, I have presented this case based upon facts which I have ascertained and know to be true. If the evil consequences, which I fear, shall come to pass, the responsibility for this legislation will be yours and not mine.

I now yield to the gentleman from Minnesota [Mr. MILLER].

Mr. MILLER of Minnesota. Mr. Chairman, the gentleman's figures were quite astounding in reference to the percentages being paid in profits. I assume the figures are based upon the capital stock?

Mr. DOREMUS. No; they are all computed upon the basis of the gross output, because that is what it is proposed to levy the tax upon—5 per cent of the gross output.

Mr. MILLER of Minnesota. Then the profits are not upon the capital stock, but upon the total sales?

Mr. DOREMUS. Yes.

Mr. MADDEN. And the tax is on the gross sales also?

Mr. DOREMUS. Yes; that is why the computation is made upon the basis of the gross sales.

Mr. MADDEN. And under this bill they would not be allowed to charge any part of this gross tax up against the expense of manufacturing the car?

Mr. DOREMUS. Not at all.

Mr. LONGWORTH. Mr. Chairman, I should like to ask the gentleman a question about the advertising cost, but I ask it purely for information, because I regard the gentleman as the authority upon this question in the House. I do not know whether I understood the gentleman correctly when he said he was referring to the percentage of the gross sales of the car. I remember I made a statement yesterday, to which the gentleman took exception, when I was basing an estimate, a rough estimate, of the cost of advertising on the cost of the car, not on the gross sales. I want to ask the gentleman if he can tell us how much the Packard Co. pays for advertising in a year? He has referred to the Packard Co.

Mr. DOREMUS. The gentleman means the total amount?

Mr. LONGWORTH. Yes.

Mr. DOREMUS. No. I can give you the percentage, but I can also give you their gross sales, and you can figure it from that.

Mr. LONGWORTH. I do not want the gross business; I want the actual amount expended.

Mr. DOREMUS. I can not give you the actual amount expended. I can give you the percentage of their total sales that went into advertising, and the computation is made upon that basis because it is proposed to levy a tax upon the gross sales. I can not give you the total amount that they expended.

Mr. LONGWORTH. As near as possible, what was the amount?

Mr. DOREMUS. I would not attempt to guess at it.

Mr. LONGWORTH. What was the amount of the gross sales?

Mr. DOREMUS. I think \$35,000,000.

Mr. LONGWORTH. And what percentage of the gross sales was the advertising cost to the Packard Co.?

Mr. DOREMUS. One and one-tenth per cent.

Mr. LONGWORTH. That would be a little over \$300,000?

Mr. DOREMUS. Approximately.

Mr. LONGWORTH. Is that all they expended for advertising?

Mr. DOREMUS. That is what they telegraphed me this morning, and I have absolutely no doubt that they are telling the exact truth about it.

Mr. LONGWORTH. I am asking for information, because the figures are rather astounding.

Mr. DOREMUS. I have absolutely no doubt that the telegram states the exact truth. The trouble with the gentleman from Ohio is this. He admitted yesterday that his estimate was a pure guess. I am giving you the facts taken from the books of these corporations.

Mr. LONGWORTH. I am simply seeking information, and I will ask if the gentleman can furnish me with the total amount paid for advertising?

Mr. DOREMUS. The gentleman means by the Packard Co.?

Mr. LONGWORTH. Yes. I speak of the Packard Co. because I own a Packard car and the gentleman has referred to the Packard Co.

Mr. DOREMUS. I think a lot of the gentleman from Ohio and I want to accommodate him, and as soon as I get back to my office I shall send a telegram to the Packard Co. and get the total amount they expended for advertising.

Mr. JAMES. Mr. Chairman, does my colleague know what the net increase on material is over last year?

Mr. DOREMUS. I have only the increase for the last year and a half.

Mr. GRAHAM of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DOREMUS. Yes.

Mr. GRAHAM of Illinois. In corroboration of the gentleman's statement, and to supplement it, I want to state what I found out about two automobile factories in my district. The figures are much like what the gentleman has given. One of them is the Moline Auto Co. They make about a thousand cars which they sell for \$1,200 each. Their profits on sales last year were 7 per cent. They have already contracted three-fourths of their output for this year. The other company is

the Velie Automobile Co. They made 7.4 per cent net last year, and they told me, and I know it is absolutely true, that their sales last month fell off 30 per cent, and they have already reduced their working force 30 per cent.

Mr. DOREMUS. I have no doubt that that is true. I think the gentleman from Missouri [Mr. DICKINSON] wanted to ask me a question.

Mr. DICKINSON. Will the gentleman yield?

Mr. DOREMUS. I will.

Mr. DICKINSON. I want to ask whether the gentleman can give the committee an estimate or an accurate statement as to the amount of salaries paid by these respective companies that tend to reduce their income?

Mr. DOREMUS. I have not those figures at hand, but the gentleman will find in the census report of 1914 just exactly what was paid in salaries up to that time. I do not think there is any later information that is now available.

Mr. HARDY. Will the gentleman yield?

Mr. DOREMUS. I will.

Mr. HARDY. It seems to me the great point of this case is to be determined perhaps largely by the question of whether the automobile is a luxury or a necessity. Can the gentleman give anything like the percentage of the automobile industry that is devoted to useful trade and that which is devoted to what he might call "joy riding"?

Mr. DOREMUS. I think I know what my friend from Texas refers to. I can give nothing except what I read from the census report, which shows the wonderful increase in the number of business vehicles as compared with passenger vehicles.

Mr. HARDY. About what per cent of this industry is devoted to the production of what might be termed useful vehicles?

Mr. DOREMUS. I have not figured that out.

Mr. MADDEN. Will the gentleman yield for another question?

Mr. DOREMUS. I will.

Mr. MADDEN. Will the gentleman tell the committee how many concerns are engaged in the manufacture of automobiles, approximately?

Mr. DOREMUS. Yes; there are 450 automobile manufacturers in the United States. Of that number 12 of them do 80 per cent of the business, the remaining 438 do the balance of the business.

Mr. MADDEN. And is it the general understanding that most of those automobile concerns do not make any money?

Mr. DOREMUS. Outside of the Ford and one or two others it is very doubtful if any manufacturer to-day makes in excess of 12 per cent upon his turnover, and a great majority of them make much less.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. HILL. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended two minutes to enable him to answer a question.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield one minute to the gentleman for that purpose.

Mr. KITCHIN. I will yield two minutes.

Mr. HILL. I want to ask the gentleman whether he has proposed any alternative plan for raising this \$80,000,000 that is taxed now in the bill against automobiles, tires, and tubes?

Mr. DOREMUS. I am very glad my friend from Connecticut asks that question because it has a vital bearing upon this whole matter. I wish that the Ways and Means Committee had adopted the suggestion of the Secretary of the Treasury and levied a license tax upon every automobile in America. That would have been a just tax, and I believe that 99 per cent of the owners of automobiles in this country would be glad to pay it, thus "doing their bit" to carry on this great war. Now, I will suggest another way: This bill is expected to raise—I would like to have the attention of the gentleman from Connecticut who has asked me the question—this bill proposes to raise \$200,000,000 by a 16 per cent tax upon excess profits. You can get \$50,000,000 more by making that 20 per cent, and I do not think it would hurt anybody. [Applause.] If you want more you can get it by increasing the tax on these big incomes.

Mr. PLATT. Will the gentleman yield?

Mr. DOREMUS. I will.

Mr. PLATT. Have not a large number of the automobile factories had war orders? And is it not likely that, if the business falls off on account of this tax, they will take war orders to make up more than the business they should lose?

Mr. DOREMUS. I would not like to attempt to look into the future and say that the business which will be lost by this bill will be absorbed in some other industry. I would not want to risk my reputation as a prophet by saying that the men

who will be thrown out of work by this bill can find employment elsewhere. If they are thrown out of work, I sincerely hope they can find employment elsewhere, but I doubt it very much.

The CHAIRMAN. The time of the gentleman has expired. Mr. GORDON. Give the gentleman time enough to answer one question.

Mr. MOORE of Pennsylvania. I yield the gentleman one minute.

Mr. GORDON. I understood the gentleman to say that if we can not prosecute this war without abandoning the principles of democracy that we had better abandon the war?

Mr. DOREMUS. I will tell you what I said. I said if we could not prosecute this war without committing an acknowledged wrong against the American people, we had better abandon it.

Mr. GORDON. I want to ask the gentleman whether or not the military conscription of the bodies of our young men to prosecute this war is not an acknowledged wrong?

Mr. DOREMUS. That is not an acknowledged wrong; it is an acknowledged right—acknowledged by 90 per cent of the American people. [Applause.]

Mr. GORDON. It would be still more right if we stuck to the 19 to 20 years, I suppose, instead of the 19 to 30?

Mr. DOREMUS. I agree with you that the minimum age should be 21 years.

Mr. KITCHIN. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. CRISP].

Mr. CRISP. Mr. Chairman and gentlemen of the committee, I had not intended to say one word during this debate, but it was my purpose to content myself with voting for the bill, but the debate has taken such a range that I can not refrain from saying a few words. The membership of this House, whether the business men of this country do or not, know that this country is at war, and that we must have money to successfully prosecute it. Not a member of the Committee on Ways and Means derived any pleasure in placing upon the people of this country any additional tax burden. We would have preferred not to have levied taxes on anyone, but as we were at war we had to have large additional revenues. The committee thought, considering everything, the bill brought before the House for your consideration is an equitable one. Now, I believe in paying tribute to whom tribute is due and honor to whom honor is due, and that really is what impels me to appear before you for a few moments.

My friend, the gentleman from Michigan [Mr. DOREMUS], said that Mr. Ford occupied a unique position in the automobile world. I agree to that. Gentlemen of the committee, he also occupies a unique position in the business world, for Henry Ford, who will pay more taxes to the Government under this bill than any other six automobile manufacturers in the country combined, is the only business man in the country who will contribute largely to the Government under this tax bill that has not flooded the Ways and Means Committee with telegrams protesting against additional taxation. [Applause.]

Mr. JAMES. Will the gentleman yield?

Mr. CRISP. No; I will not.

Not a member of the Ways and Means Committee, so far as I have been able to ascertain, and I have talked with many of them, has received a single telegram from Henry Ford or a Henry Ford agent, protesting against this taxation.

Mr. FESS. Will the gentleman yield?

Mr. CRISP. No; I will not yield now to the gentleman. I have only five minutes.

In addition to that, Mr. Ford occupies another unique distinction. He is the only manufacturer in the country who pays every man in his employment at least \$5 a day. He is a true philanthropist. A great many of the gentlemen that telegraphed and wrote me urging to vote to conscript the boys, favoring conscripting only boys between the ages of 19 and 21 to do all the fighting, are now the ones who are wiring me, "We are willing to do our part, but do not want to pay any more taxes." [Applause.] They do not want to fight; they do not want to pay, but want to pose as patriots.

I feel, fellow Members, that when you conscript the life and blood of the boys that there is no harm done if you make the wealth of the country pay its just and equitable part of the burdens of this war. [Applause.]

Mr. Henry Ford opposed war. I do not know him. I never saw him or had any communication with him in my life, but he spent his money trying to prevent the preparedness program of the administration, believing it best for his country, and he sincerely tried to keep the country out of war; but when the war was declared, as a brave, patriotic, American business man, he tendered to this Government his vast plant to use as it saw

fit, and, in addition to that, although he will pay to the Government more taxes than almost all the other automobile plants put together, not a protest has come from him or any of his agents. I felt that he was thus entitled to be held up to the American public as a business man of whom we have a right to be proud. [Applause.]

Mr. **FORDNEY**. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. **KNUTSON**].

Mr. **KNUTSON**. Mr. Chairman, on the 14th day of April, without a dissenting vote, this body passed an act which provided for the issuance of five billion worth of bonds and two billions in certificates with which to prosecute the war with Germany. At that time the people were generally given to understand that the major portion of that load was to be placed upon the shoulders of those best able to bear the burden.

Shortly after war was declared the board of directors of the St. Paul Association of Public and Business Affairs, an organization comprising 5,000 of the leading business and professional men of that enterprising city, met and adopted the following resolution, with one dissenting vote:

Whereas many hundreds of thousands of American citizens are to be called upon for the supreme patriotic sacrifice, pledging their lives for their country; and

Whereas the least that those remaining at home can do in any measure even approaching this sacrifice of those on the firing line is to pledge their entire financial resources: Therefore be it

*Resolved*, That in behalf of this association of nearly 5,000 St. Paul business and professional men we urge upon the Government conscription of dollars as well as of men, to be brought about through the imposition of large graduated income taxes, reaching the total absorption for all incomes over \$100,000 a year.

We all realize that this war will call for unusual sacrifices on the part of everyone, but these sacrifices should be equitably apportioned. The burden should not fall upon any individual in such a manner as to create an actual hardship, yet that is precisely what this measure proposes. It would place an irksome load upon the poor, who are already taxed to the breaking point, and also upon industries which are now operating at or above income.

Permit me to take for an example the proposed increase in second-class postage rates. First, it proposes to place a duty of 10 per cent on import of print paper; and as if this were not sufficient to drive the publishers out of business it would increase the postage rates on second-class matter from 100 to 500 per cent. I fear that the committee was working in the dark when it drafted that particular section, for, knowing the members of the committee as I do, I feel confident that they would not intentionally bring into this Chamber a measure that will drive thousands of necessary publications into bankruptcy; yet that is precisely what it will do.

It is estimated that this advance in second-class postage rates will bring into the coffers of the Government an additional \$19,000,000. Let me assure the committee that such an income would not prove permanent. It should require no great financial genius to see that the \$19,000,000 which it is proposed to raise through the application of the zone system would in other ways add an additional burden to an already sorely tried industry. Such an income can not be reckoned on present basis of circulation, for that would inevitably contract and cause a loss in revenue; furthermore, the loss in revenue might be much greater than the additional amount you now propose to raise. Nearly \$100,000,000 is expended annually for advertising in this country. This advertising brings the Post Office Department a large business in first-class matter, and should Congress ill-advisedly increase second-class postage rates, as proposed by the Ways and Means Committee, there would be an enormous loss in sale of stamps and the Government would thus be the loser by a system of taxation that practically amounts to confiscation. The publishers of the country protest against the plan of this new revenue bill because it seeks to impose excessive and destructive taxes upon established business, which derives no increased profits from war conditions, but which has already been severely punished by greatly increased cost of production due to existing conditions. War thus creates new and abnormal profits for certain classes of industries. These profits, which are in excess of the normal and average profits earned prior to the war, should properly and equitably pay the cost of the war which creates them.

Mr. **HARDY**. Will the gentleman yield for a question?

Mr. **KNUTSON**. Certainly.

Mr. **HARDY**. Will it not be the case that when you take away this unfair right of big centers to send their literature across the continent practically for nothing, that it will tend to build up the local publications and help the little publications of the country?

Mr. **KNUTSON**. I will say to the gentleman from Texas that there are a large number of scientific, religious, educa-

tional, and trade journals published in this country that are necessarily published in the large centers of population. Neither in your section of the country nor in my section of the country could we properly support some of these publications, because the contributors are highly paid men and women, and their circulation is necessarily restricted.

Mr. **HARDY**. Is not the general effect of this uniform postage rate to destroy the haul of local publications and to concentrate the publication in the big centers?

Mr. **KNUTSON**. Do you mean under the zone system?

Mr. **HARDY**. No; under the uniform postage rate.

Mr. **KNUTSON**. No; I think not. I think the Post Office Department has erred in not shutting out from the mails the purely mail-order publications. Otherwise I do not think it has affected the condition of the smaller dailies or the weeklies at all.

England has found by experience that war profits should pay war taxes, and the bill now before us for consideration makes no effort whatever to tax war profits as distinguished from general profits in industry. The increased postal rates proposed for remote zones are prohibitive and will result in limiting the circulation of newspapers to the first two zones of approximately 150 miles from the point of publication.

Mr. **BORLAND**. Will the gentleman yield?

Mr. **KNUTSON**. Yes, sir.

Mr. **BORLAND**. Would the gentleman support an amendment which would retain the rate of 1 cent a pound on exclusively reading matter, and put a parcel-post rate on the weight devoted to advertising matter?

Mr. **KNUTSON**. I will say to the gentleman that most of the publications of this country are operating at about cost at the present time, and many of them at below cost, and if you go to work and penalize advertising you are going to arrive at the same goal that this bill proposes to take us to, and I would not permit myself to tax advertising.

Mr. **BORLAND**. Is the gentleman advocating that the Government ought to carry an unlimited amount of paid advertising space at a loss?

Mr. **KNUTSON**. I will admit that after the advertising reaches a certain aggregate it becomes an advertising paper rather than a newspaper or a periodical disseminating information and news.

Mr. **BORLAND**. There is no limit on the advertising space a publisher may add to his publications.

Mr. **KNUTSON**. Would not the gentleman think that could be regulated by the Post Office Department rather than by Congress?

Mr. **BORLAND**. If it has authority. I am perfectly willing to give it the authority, and I am asking the gentleman if he is willing to do so.

Mr. **KNUTSON**. I am perfectly willing. I am pleading in behalf of newspapers and periodicals that disseminate information.

Mr. **BORLAND**. I think I see the gentleman's point. We both agree that the dissemination of information and intelligence is desirable.

Mr. **KNUTSON**. I do not want to tax education, and that is what this bill proposes to do.

This is unwise public policy for the reason that we need in these times a strong nationalism. The successful prosecution of this war and the welfare of the country in the future demand that our people be enabled through the wide circulation of newspapers and periodicals to familiarize themselves with the thought and progress of all parts of their common country. From my experience of many years in the publishing business I am convinced that such prohibitive rates as are proposed in this bill will destroy many publications whose publishers are unable to pass their tax on to the public, and that the tonnage thus driven from the mails will result in a net loss of postal revenue to the Government, and thus destroy at one blow the very object of this new taxation. You not alone propose to pick the fruit, but with one mighty swing of the ax you would cut down the tree that bears the fruit. The publishers will not object to your helping yourself to the fruit, but they object most strenuously to your cutting down the tree and that is practically what this bill proposes.

There is not an industry in the country to-day that is so heavily burdened as is the printing and publishing business. It is absolutely without protection, yet pays the highest salaries and sells for the lowest possible price. Of all lines of human endeavor it is from the very nature of its composition the least able to adjust itself to changing conditions. Other industries can and do "pass the buck" to the ultimate consumer, but this the publishers can not do without sacrificing a large share of their business.

Several years ago one of the large dailies in the Northwest increased its subscription price on mailed papers from \$4.80 to \$6 per year, and within 18 months its subscription list dwindled 25,000, and the publisher sustained a loss that compelled him to sell his business at a tremendous sacrifice. The new owners immediately lowered the price to the old rate and it has taken them nearly four years to bring the subscription list back to the old figures.

Within the past few days I have received a number of communications protesting against the passage of the proposed advance in second-class postage rates, and I will ask that several of them be inserted in the RECORD. Every one of these letters has come from publishers who are issuing publications that are vitally necessary to the welfare of the people and the Nation. They all declare that they are operating on a very narrow margin of profit or at a positive loss, but without exception they all express a willingness to pay an income tax on their profits up to 100 per cent providing other industries are taxed in a like manner.

You must remember, my friends, that all taxation should be based upon justice. Justice in taxation does not necessarily mean equality in the amount paid, but rather equality in the effect of the tax upon the actual conditions of the life of the people who pay it. A tax of \$10 may be a greater burden upon the poor man, when by paying such tax he is compelled to forego many necessities and all luxuries, than would a tax of thousands be upon the wealthy man.

The gentleman from Illinois [Mr. RAINNEY], in his speech on Saturday—which, by the way, was replete with wit and sarcasm but rather deficient in logic—took for his text the utterly worthless publications which make Augusta, Me., famous, and in so doing bunched all the publications of the Nation together, regardless of their merit and the work in which they are engaged. If the gentleman from Illinois will bring in a bill that will exclude these worse than worthless publications from the mails altogether, I will gladly support such a measure. However, I do not propose to throw away good wheat because there may be a little chaff mixed with it. Rather, I would run such wheat through a fanning mill and separate the wheat from the chaff. In extenuation of the proposed raise in postage rates the gentleman from Illinois suggested that the publishers raise their price to the public; in other words, "Pass the buck to the consumer." Ah, Mr. Chairman, that is a good Democratic doctrine, and one that no doubt enabled you to raise your large war chest last fall with which you carried on your propaganda of "peace and prosperity." [Applause.]

I want to say to the gentleman from Illinois that the ultimate consumer has just about all that he can do to make both ends meet under Democratic prosperity. Permit me to read you a few figures that will give an excellent idea of the doubtful prosperity under which we are living.

Between April 1, 1914, and April 1, 1917, dairy and garden products increased 84 per cent; meat, 46 per cent; clothing, 49 per cent; metals, 69 per cent; and foodstuffs, 105 per cent.

Yet wages have not anywhere near kept up with the unprecedented increase in cost of living.

An old Irish friend of mine recently wrote me, "If God will forgive me, I'll never vote the Democratic ticket again." To which I replied, "If necessities of life continue to advance, you'll not live to have the chance." [Laughter.]

Following the food riots in New York Miss Helen M. Todd was appointed to make an investigation of the effect on school children of the high cost of food. She reported last week that in the poorer districts diet has been so cut down that the children's scholarship has suffered materially through malnutrition, and that public-school teachers complain that the children are unable to maintain their grades.

No, Mr. Chairman, the publishers can not make further increases in cost to their patrons. To do so would be suicidal. They are between the devil and the deep blue sea. To make matters worse for the small publishers, they have had to meet the competition of the Government printed envelope, which is being put out at an actual loss, and which is made up from postal receipts. The Government is furnishing printed envelopes at less than the printer can buy the plain envelope for.

In this morning's mail I received a letter from a publisher in my district which stated that the Government is selling No. 5 envelopes with business card printed thereon at \$21.60 per thousand. The same envelopes cost the printer about \$1.65. Uncle Sam will furnish No. 8 envelopes for \$22.56 per thousand, with business card printed thereon, and the same envelope costs the printer \$3.80 per thousand. The postmaster acts as solicitor. In so doing he is obeying orders of the Post Office Department. This form of competition means the loss of millions of dollars to the small country printer, who does not have the Government

exchequer upon which to fall back. In justice to the gentlemen on that side of the House, I will state that this reprehensible and indefensible method has been in vogue for many years and may have been instituted by a Republican administration for all that I know.

Gentlemen, in closing I beg of you to consider well before you pass the provision which will raise the second-class postage rates. Do not, I implore you, do that which will drive thousands of publishers to the wall. Remember that a free press is the greatest single agency for good in existence. Bear in mind that it is the greatest protection of democracy ever devised by man. The American press is performing an invaluable public service in helping to popularize the "liberty loan," and it made possible the enactment of the necessary war legislation. Our press will protect the welfare of the boys at the front and buoy them up in their hours of doubt and stress. It will stimulate their patriotism and courage and cheer the old folks at home. I wish to read the following:

**FREE READING FOR CAMPS—PUBLISHERS UNITE IN MOVEMENT TO KEEP THE SOLDIERS SUPPLIED.**

Some of the leading publishers of the country have formed the Publishers' Camp Library Committee, to supply free books and magazines for the soldiers in their spare hours. Robert J. Shores, of 225 Fifth Avenue, who is chairman of the committee, said yesterday:

"The young soldier needs reading matter, and by it he will be made a better soldier. We American publishers should thereby supply him with it in a more thorough manner and with a more generous hand than those of any other country or Government. We do not ask a cent. We give the books, pay the freight or expressage to the American Red Cross, Bush Terminal, Brooklyn, and they there distribute them to the soldiers. The same principle applies to magazines. Any person who has a large or small number of books he desires to dispose of free may do the same thing. We are in hopes that our plan may also be extended to the Navy, where, I am told, the new ships have not been provided with the small library which would be so useful to all the men."

With Mr. Shores are Doubleday, Page & Co.; Little, Brown & Co.; Edward J. Clode, Mitchell Kennerley, Alfred A. Knopf, Curtis Publishing Co., the Illustrated Sunday Magazine, the Motion Picture Magazine, the Pictorial Review, Health Culture Magazine, the Penn Publishing Co., and others.

Please bear in mind the great work that the agricultural papers have done and are doing to increase the production and conservation of foods. The publicity given by the American press to all vital economic problems now confronting the Nation can not be paid with money, and we must not reward them with the kiss of a Judas. [Applause.]

**PROPOSED POSTAL RATES AS APPLIED TO MINNEAPOLIS JOURNAL.**

In the West circulation of metropolitan papers extend great distances west. A careful analysis of the Journal's subscription list shows that the average rate which we would pay under proposed schedule would be 2½ cents per pound. In 1916 we paid \$64,000 newspaper postage on a 1-cent basis. Under new basis we would pay \$176,000, an increase of \$112,000. Our print paper will cost us \$215,000 more than last year, regardless of the fact that the most drastic economies have been introduced, such as reduced volume of reading, elimination of all waste, exchanges, free copies, etc.

In addition a 10 per cent import duty is suggested, which would add \$54,000 more. The increased cost of all commodities entering into the business, including labor, ink, metal, etc., are easily \$100,000 more, a total of practically \$500,000 increased cost all told.

We are in favor of the Government taking such part of our profits as are necessary, but can not see the wisdom of wholly destroying the business, leaving us absolutely no opportunity to pay even a normal income tax. We estimate that the increased postage per subscriber under the proposed schedule would average over \$4 per year, which would necessitate doubling our present subscription price, a figure that would not only reduce country circulation but absolutely destroy it. In 1907 the Journal increased its subscription price from \$4.80 per year daily and Sunday to \$6. Regardless of the fact that we gave all subscribers 60 days to renew at the old price, with 25 men on the road to talk our cause, we lost 25 per cent of our country circulation in less than 12 months, and were obliged to restore the \$4.80 price to stop further shrinkage.

**GOMPERS'S APPEAL TO FIGHT HIGH TAX ON PRINTED MATTER.**

*To all organized labor, greeting:*

Since our Nation has become involved actively in the gigantic struggle for the world's democracy, new tests and problems must be met and solved. What has made our progress so notable in the past has been the indomitable spirit, thrift, and sense of sacrifice of the men and women of labor for the ultimate greatness of the American labor movement.

Underlying all of our achievements has been the unrestricted right to a free press, unhampered by unwarranted restrictions, and not unduly burdened by excessive taxation in any form. The American Federation of Labor has always protested against unwarranted restrictions upon a free press and will continue protesting until every court and judge in our land will fully observe this great fundamental right and guarantee of liberty of a free people.

Within the past few days a new menace has presented itself to the free press of our country in the legislative proposal to tax unduly printed matter coming under the rules of second-class postage. Under guise of war-revenue measure it is not only proposed to increase the postage rate of second-class matter from 1 to 2 cents a pound, but it is also intended to apply a zone system (district rates), thereby practically increasing the cost of carrying printed matter from 1 cent per pound to 6 cents per pound. No such exorbitant rate as this exists for any class of matter for the longest world's routes, even in war times. Such a tax is strictly prohibitive. It spells disaster and ruin to the labor press of our country and will seriously hamper and retard that part of the public press sympathetic to the appeals and needs of the labor move-

ment. This proposed increase of postage rates on second-class mail matter can only benefit those publications supported and financed by and in the interest of large and gigantic combinations of wealth, and it will destroy those publications barely eking out an existence because of their desire and determination to serve the great mass of our people, working men and women of our country.

The public press, like every other individual, concern, or institution, should be required to pay its just proportion of war taxes. This, however, should be done by increasing the income and inheritance taxes, a tax upon profits and upon land values.

To place a double and triple tax upon the public press is without warrant and excuse and simply means that many publications will be forced out of existence. Such a condition will seriously menace the conditions of life and work of the men and women employed in the printing and closely related and kindred trades by throwing thousands of them out of employment. Shall we sit idly by while the very livelihood of thousands of our fellow workers is placed in jeopardy and while the labor and sympathetic public press is seriously menaced? Can we afford to permit that part of the public press financed by and in the interest of large and wealthy combinations of men to control exclusively the means of information and thereby dominate the minds of the people of our country?

Profits and incomes should be taxed, but the very source of employment of our fellow workers and the maintenance of a liberal and free press should remain unimpaired.

An immediate protest against this proposed increase in postage rates on second-class matter and against the application of the zone system should be immediately directed to every Congressman and Senator. Every central labor union, State federation of labor, and all affiliated unions should immediately voice their protest against this menacing proposal. Action to be effective must be at once. Respond to this appeal without delay. Act now!

Faternally, yours,  
**SAMUEL GOMPERS,**  
*President American Federation of Labor.*

LITTLE FALLS, MINN., May 8, 1917.

Hon. HAROLD KNUTSON, M. C.,  
 Washington, D. C.

DEAR SIR: We certainly have been hard hit, especially we of the small-daily game. For instance, before the war we were buying print paper at 2 1/2 cents per pound f. o. b. our office; now we are paying 6 cents per pound. We use three tons and over each month, which means an increased cost to us on print paper alone of \$200 per month. We have made no money in the last year on account of this, but have been able to hold our own. If present conditions continue, however, we are going to lose some money this year.

In order to show you the difference in cost of production in 1913 and now, we are giving you the comparison below in detail form:

	1913	Now.
Print paper, per pound.....	\$0.02 1/2	\$0.06
News ink, per pound.....	.06	.10
Hard inks, per pound.....	2.00	4.00
Bookkeeper, per month.....	60.00	80.00
Foreman, per week.....	20.00	24.00
Ad men, per week.....	15.00	18.00
Make-up men, per week.....	14.00	17.00
Linotype operator, per week.....	15.00	18.00
Press feeders, errand boys, per week, each.....	4.50	6.00
Reporters, per week.....	14.00	16.00

If the postage is raised 200 per cent, as is proposed, it will mean another increased cost to us of \$30 per month. It will also mean the suspension of several small dailies throughout the country.

Thanking you in advance for anything you can do for us in this matter, we are,

Very truly, yours,  
 TRANSCRIPT PUBLISHING Co.,  
 Ed. M. LA FOND,  
 Manager.

THE ENTERPRISE, PRINTING AND PUBLISHING,  
 Park Rapids, Minn., May 8, 1917.

Hon. HAROLD KNUTSON,  
 Washington, D. C.

DEAR SIR AND FRIEND: As to the raise in cost of running a newspaper, I have not figured much on the per cent, but have increased my prices for advertising and job work to overcome the difference. Print paper has gone up from \$2.40 to \$6 per hundred pounds; type metal, from 8 cents to 14 cents per pound; inks, from 100 to 500 per cent; type, about 50 per cent; labor in my office, about 20 per cent. Things are quite different from what they were two years ago. Bond and flat papers have gone up more than 100 per cent.

I have noticed your opposition to the increased postage rate, and you may be sure the boys will appreciate anything that you can do for them in this direction, not that they want to shirk any part of their responsibility or obligations in the strife, but the margin of profit in the country printing office is very close at the present time. If I break even this year I will consider myself fortunate.

Yours, truly,  
 J. D. HARADO.

BEMIDJI SENTINEL PUBLISHING Co. (INC.),  
 Bemidji, Minn., May 9, 1917.

Hon. HAROLD KNUTSON,  
 Washington, D. C.

DEAR HAROLD: It surely would be rank injustice to the newspaper men of the country should Congress see fit to double the amount now paid for newspaper postage.

During the past year the cost of producing a newspaper, as shown by our office records, has increased about 40 per cent.

Of this increase we find that paper has advanced 200 per cent, jumping from \$2.50 per hundred pounds to \$6.50; ink, from 5 cents a pound to 11 cents.

The wages paid have increased to meet the high cost of living by about 33 1/2 per cent, and often more. We formerly paid an operator \$22.50, now \$30 for an eight-hour day; pressman \$12, now \$15; ad man \$18, now \$22.50; make-up man \$22.50, now \$30, etc.

Any effort you make in behalf of the newspaper men will be mightily appreciated, and it is surely showing a splendid spirit when you do what you can in helping to make it possible for the country shop to continue operating. Much more of an increase and we will be forced to close.

Hoping you are enjoying the best of health and that you like the work of a Congressman, I am, awaiting your further demands,

Very sincerely,  
 H. M. STANTON.

WADENA PIONEER JOURNAL,  
 Wadena, Minn., May 11, 1917.

Hon. HAROLD KNUTSON,  
 Washington, D. C.

DEAR FRIEND: Prior to the war print paper cost me \$2.45 plus freight from mills in Minnesota. The cost now is \$6. I note it is proposed to put a 10 per cent tax on imports, and that will mean an additional advance of probably 50 cents. The difference to the Pioneer Journal in cost of print paper is that to-day it costs us \$12.96 per week, as compared with \$5.29 not more than one year ago, or a total loss to us of \$398.84 yearly.

Labor is the next most serious item. My increase has averaged over 12 per cent, or about \$800 annually.

Increase in heating is a serious matter. That amounts to \$100 annually.

Increases in job stocks vary. It may be fairly stated that the minimum increase is about 25 per cent, while the maximum is 300 per cent. The average is about 50 per cent, in my judgment, and that means an increased cost of \$750 annually.

There are other increases all along the line. Linotype metal is 14 cents to-day, as compared with 7 1/2 before the war. All other metals have at least doubled. This of course affects prices of type. It would be impossible to give in detail all the facts until we have had a full year of business under existing conditions. It is conservative, however, to estimate that the actual increase in cost of producing the business of the Pioneer Journal to-day is \$2,500, as compared with a year ago.

Of course, I have tried to meet this condition by increases of my own. However, the subscription price is still \$1.50 as always.

My advertising rates were increased about 15 per cent last September, and to make it good I felt it necessary to abandon the flat rate and adopt the sliding scale. This made it necessary to contract the business. Therefore it is impossible to make any further increases of advertising rates until late next fall. And with regard to advertising, it may be interesting to know that the aggregate income from that source has shown little increase. In other words, we are getting better rates but using less space.

I have also increased my charges for job printing, perhaps 15 per cent, but the falling off has been noticeable. People are using less printed stationery. And in this connection it might be just as well to say something about Government competition in the envelope line. To-day the Government is selling a No. 5 envelope printed for \$21.60 per thousand. This envelope would cost me \$1.65 at the wholesale house in Minneapolis. A No. 8 envelope sells at the post office printed for \$22.56 per thousand. The same envelope would cost me \$3.80 per thousand in Minneapolis. Postmasters are instructed to and do solicit this business from local business men. The result is that the local printer is doing practically no business in envelopes. It would be fair to estimate that this has deprived me of the sale of 200,000 envelopes in the past year.

The inventory of the Pioneer Journal to-day is \$11,000. Its total business in 1916 was \$15,076.83, as compared with \$15,109.09 for the year 1915.

Any new burdens for the business must be met by increased prices. This seems to mean decreased business for us, and that means less taxes for the Government. It may be added that local and State taxes this year will practically be double last year.

And there is an argument in this: If people quit using printed matter because of increasing prices, it must ultimately mean several things. It will mean less number of letters and parcels for the post office. It must mean a general decrease of business, for extensive advertising denotes business activity. If there is no market for lumber, because people have quit building, the lumberman simply figures that it is throwing away money to advertise. The dealer who advertises baby carriages at a discount in a community of bachelors would be considered a fool. And it is so with everything in the advertising line. If the advertiser has no market, he drops out until conditions change. Additional burdens on printing costs and on advertising means so many chains on business.

My personal opinion is that the newspapers would be glad to pay heavy taxes to help prosecute the war. They could do this without serious handicap if the Government would take vigorous action to prevent their exploitation by robber monopolies. Give us a decent-priced print paper, allowing the manufacturer a decent profit. Let the Government take control of the coal situation. That would save us much money. Soft coal to-day costs twice as much in Wadena as it did one year ago. This one robbery alone would almost pay the interest on the \$7,000,000,000 loan. Let the Government look after some of the big thieves and the newspapers can take care of the rest.

Another point. The coal and iron people are patriots if they charge the Government a profit of 100 per cent, when they could get more money from European countries. Yet Congress demands that the newspaper donate advertising for war purposes. Why not demand donations from the other fellows? But, of course, the editor is patriotic enough to give his product. He needs no coercion, no act of Government.

Sincerely,  
 W. E. VERITY.

FARMERS, TEACHERS, AND WAGE EARNERS BACK PROPOSITION.

Powerful labor and farm organizations have also enthusiastically endorsed the plan of taxing incomes to pay the war debt promptly so that it will not fall on the poor or on future generations, who may have wars of their own to pay for. Prominent in the labor groups are the United Mine Workers of America, whose resolution, adopted at their recent convention in New York City, is as follows:

"Whereas the United States is at war with Germany; and  
 "Whereas immense war appropriations must be made immediately to supply the Government with funds necessary to carry on the war;  
 and  
 "Whereas it is of paramount importance in this crisis that the financial burden of the war should be distributed among the citizens of the United States in accordance with their ability to bear it; and

"Whereas in the interest of national unity and a spirit of harmonious cooperation between all classes it is necessary that every citizen should know that the cost of the war will be paid promptly, and not remain as a future burden upon those who fought and their children: Therefore be it

*Resolved*, That all bonds, certificates of indebtedness, and other obligations issued by the Government for war purposes shall be paid by a tax to be levied on all net incomes in excess of \$2,000 (for unmarried persons) and in excess of \$3,000 (for married persons), beginning at 2 per cent and increasing on a sliding scale to a point which will permit of no individual retaining an annual net income in excess of \$100,000, such war tax to continue until said bonds, certificates of indebtedness, and other obligations issued for war purposes are paid; and be it further

*Resolved*, That all war supplies or war services, including transportation, shall be furnished to the Government at a reasonable profit, to be fixed by Congress; that Congress shall enact legislation preventing the sale of necessities of life during the war at excessive profits; and that intentional failure to supply the Government with correct figures as to income or as to profits on such sales and service and that furnishing the Government with defective war supplies shall be a felony, punishable by imprisonment."

The Ancient Order of Gleaners has passed resolutions embodying the salient features of the pledge of the American Committee on War Finance.

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Ohio [Mr. EMERSON].

The CHAIRMAN. The gentleman from Ohio is recognized. Mr. EMERSON. Mr. Chairman and gentlemen of the House, as we are to conscript men for the purposes of carrying on this war, I believe we should conscript wealth.

I believe if a man is to be taken from his home and family and sent to France to fill the trenches there that those men who stay at home should be called upon to pay liberally for the privilege of enjoying the liberties of a free Republic.

I am opposed to increasing the first-class mail matter postage at this time. We are told this will raise \$70,000,000. I am opposed to the sales tax, so called, because I believe it places a tax upon the small manufacturer to the benefit of the large dealer. If we would increase the excess-profits tax by making it double what it is made in this bill it would raise about \$200,000,000 more. [Applause].

But the thing that should be taxed the most is the large income. I believe that any man who has an income of over \$100,000 should pay a very large part of it to help defray the expenses of this war. I believe that the excess of all incomes over \$100,000 should be taxed to the extent of 50 per cent of such excess. I believe that the excess of all incomes over \$500,000 should pay 75 per cent of such excess. [Applause.]

When we do this we are allowing any person with such an income sufficient for him to live on and pay all necessary expenses and lay up something each year.

Taxes should be placed where they are least felt. Instead of placing a tax upon the letters that are sent by relatives to each other and letters that are sent to promote the business of the country, place the tax upon excessive profits and upon excessive incomes, for no one can suffer thereby. A company must have the excess profits before they have to pay and the individual must have the excessive income before the tax reaches him. I would rather increase the tax on excessive profits and incomes, than lower the exemption.

I shall propose amendments when the bill is read making the increase in rates as I have indicated, and I believe that it would meet with the approval of the country, and surely no person affected could justly complain. [Applause.]

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. ROSE].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for five minutes.

Mr. ROSE. Mr. Chairman and gentlemen of the committee, from a personal standpoint I have always been opposed to war, and I had hoped that every morning's sun would bring us nearer and nearer to the enjoyment of a world peace. [Applause.] But all my hopes were shattered when the distinguished President of the United States, in a calm, dignified, scholarly, convincing manner told us that our rights had been invaded; that we were already at war with the German Imperial Government; and that the right is more precious than peace.

Let me say that shortly thereafter this House, by a large majority, indorsed that statement; and, following that, we declared that we were in a state of war. Following that we provided for a large sum of money, \$7,000,000,000, to take care of this war; and, following that, we provided a method for raising an army to conduct this war. And following that again, we are now asked to provide money from the pockets of the people in order to conduct the war in which we are now engaged.

The only thing that annoys me is the fact that the people of the United States do not seem to know that we are in war,

and we wonder why it is that there is no enthusiasm throughout the country following the declaration of war. I want to submit to you that in my judgment the cause of the failure to enthuse our people, to have them believe that we are in the throes and the agonies of war, is attributed to just exactly what we are doing now; that is, that we are dragging into our legislation so many things that ought not to be brought in at this time, and we are keeping information from the people which in all conscience should be given them. I have serious doubts whether, unless we are able to have the people know and comprehend the real situation, we shall be able to avoid the feeling of apathy now so prevalent. Our patriotism is not lacking, and our people are willing to do their bit, but something more is needed; but in the limited time allotted me I can not discuss that feature.

I want to address myself more particularly for a few moments to a feature of the present bill now being considered for the purpose of raising \$1,800,000,000 by taxation.

Mr. BLANTON. Mr. Chairman, will the gentleman yield for one question?

Mr. ROSE. Yes.

Mr. BLANTON. I would like to ask the gentleman if he does not believe that this new Official Bulletin, which is issued every day, is calculated to advise the people of what is going on in that connection?

Mr. ROSE. That may be; but where does it go? We know it, but nobody else knows it. I do not hear it talked about when I pass in and out among our people. It may be that this Government will do something in the near future to acquaint the people with the dangers now confronting us.

But let me come to the present bill. The first thing that attracts my attention is the fact that this measure lowers the income tax exemption to the sum of \$1,000. The bill has been ably presented, and its passage advocated by the gentlemen of the Committee on Ways and Means, and I want to thank them for the candid and manly way in which they have presented it to us and given us all an opportunity to express our views regarding it. But I am particularly concerned because the exemption of incomes is lowered to the sum of \$1,000.

Right there, gentlemen, I claim that we are not treating the laboring man as we should treat him. The great manufacturing community that I have the honor to represent is crowded with men of that stamp, and in my judgment it is an outrage that they should be obliged to pay an income tax upon the small sum of \$1,000, when not a single man within the hearing of my voice is living upon that sum.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ROSE. May I have one minute more?

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman one additional minute.

Mr. ROSE. I would like to have that tax passed on to the men who are more able to pay it. I would like to see it taken away from the man who has not been treated properly at any time and whose wages have never been increased in keeping with the rapid rise in the price of foodstuffs and the necessities of life. Whether or not we can take care of any particular newspapers and poster-advertising companies which believe they are being mistreated, and whose cause has been ably defended; whether or not we can take care of the makers of automobiles and musical instruments, for whom the gentleman from Michigan [Mr. DOREMUS] so eloquently and forcibly pleaded, in God's name do not impose a tax upon the men who make it possible for you and me to live and who contribute so largely to the prosperity of the country. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ROSE. Mr. Chairman, I ask unanimous consent to extend my remarks.

Mr. GARNER. The gentleman already has that right.

The CHAIRMAN. Yes.

Mr. KITCHIN. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. DICKINSON].

The CHAIRMAN. The gentleman from Missouri is recognized for 10 minutes.

Mr. DICKINSON. Mr. Chairman, it is not my purpose to talk at any length, but I want to refer during the brief time that I shall say anything in regard to this measure to the last remark of the distinguished gentleman from Pennsylvania [Mr. ROSE], who has just spoken in complaint of the income tax. He misconceives the extent to which a man of moderate means has to pay under the income tax. There is an exemption of \$1,000, which means a net exemption for a single person, and an exemption of \$2,000 for a married person. Under this proposed law a single person would pay 2 per cent on his

net income above \$1,000. If his net income is \$1,500, he would pay \$10, or 2 per cent of \$500. If \$2,000, he would pay \$20.

Under this law a married person or the head of a family with a net income of \$3,000 would pay only \$20. He pays upon the excess above \$2,000. Is that a great injustice? Is that an enormous contribution to be paid by a single person or a married person when this country is involved in the greatest war in its history?

Many believe that the income tax proposed in this bill ought to take a larger percentage of the incomes of those who have large incomes throughout the country. I have always believed that while we took a large per cent of the great incomes, the small incomes, the comparatively small incomes, ought to contribute at least a small percentage. In my conception of government I have believed that all people, according to their means, ought to contribute in times of peace and in war a fair share of the burdens of the Government.

I submit herein a table, showing how this bill as amended will affect incomes in connection with existing law:

Income that will be collected upon specified incomes of married persons under the rates in the war-revenue bill as it passed the House.

Income of—	Total tax.	Present law (per cent of tax of income).	Total tax.	Additional war tax (per cent of tax of income).	Amount.	Total tax (per cent of tax of income).
\$1,200						
1,500						
2,000						
3,000			\$20	0.67	\$20	0.67
4,000			40	1.00	40	1.00
5,000	\$20	0.40	60	1.20	80	1.60
7,000	60	.86	120	1.71	180	2.57
10,000	120	1.20	235	2.35	355	3.55
12,000	160	1.33	335	2.79	495	4.12
15,000	220	1.47	510	3.40	730	4.87
20,000	320	1.60	860	4.30	1,180	5.90
30,000	620	2.07	1,660	5.53	2,280	7.60
50,000	1,320	2.64	3,660	7.32	4,980	9.96
75,000	2,470	3.29	7,223	9.51	9,693	12.8
100,000	3,920	3.92	11,910	11.91	15,830	15.83
150,000	7,420	4.95	23,535	15.69	30,955	20.64
200,000	11,420	5.71	37,035	18.52	48,455	24.23
250,000	15,920	6.37	53,035	21.21	68,955	27.58
300,000	20,920	6.97	70,910	23.64	91,830	30.61
400,000	31,920	7.98	110,410	27.60	142,330	35.58
500,000	42,920	8.58	149,910	29.98	192,830	38.56
600,000	54,920	9.15	192,160	32.03	247,080	41.18
700,000	66,920	9.56	236,410	33.77	303,330	43.33
800,000	78,920	9.87	279,660	34.96	358,580	44.83
900,000	90,920	10.10	322,910	35.88	413,830	45.98
1,000,000	102,920	10.29	366,160	36.62	469,080	46.91
10,000,000	1,437,920	14.38	4,596,160	45.96	6,034,080	60.34
30,000,000	4,437,920	14.79	13,996,160	46.65	18,434,080	61.44
100,000,000	14,937,920	14.94	46,896,160	46.90	61,834,080	61.84

Some people have complained of an inheritance tax. In this bill we have lowered the exemption from \$50,000 to \$25,000. A man who leaves a \$50,000 estate to be distributed would have taken out of that estate \$250 under this law. This is a small contribution—\$1 out of \$200—returned to the Government that has thrown its protecting arm around him during all the years while he has accumulated property and wealth. It has shielded and protected him in his lifetime and protected his property, and it is no injustice for the Government to take, on the distribution of his estate, this small contribution.

I have in mind an instance of one estate with which I was familiar, where the owner thereof was a prominent citizen, prominent in church and county affairs, who gave annually to the taxgatherer in the assessment of his estate his property as of the value of \$4,000. After his death it was shown in the administration and in the inventory of his estate that he had \$50,000 worth of good notes. Thousands like him have evaded taxation.

Now, \$250 would be taken out of that estate under this bill as a contribution to the support of the Government. That is a small contribution from the estate of this distinguished citizen, who for many years had withheld from the taxgatherers the knowledge of the fact that he had concealed the larger portion of his estate from taxation, leaving the burden of taxation to be borne by others by not disclosing what property he had. Under this inheritance provision in this bill such estates pay this small contribution and larger estates increased amounts. There is one thing that this law would do—it would serve to uncover estates that have been unlawfully withheld from taxation.

Some States have passed appropriate legislation by which they can recover from such estates where they have beaten the taxgatherer in the past of taxes on property that they have withheld from taxation by concealment. In the few minutes

allotted me at this time I can not even mention all the features of this bill.

The duty was devolved upon the Ways and Means Committee to bring in this revenue measure. They have done the best they could under the conditions. No single item in it perhaps meets with the judgment of all members of the committee. It is brought here to this House by the Ways and Means Committee, and the committee invites the criticism of every item in it, and it will take no exception if this House, whose duty it is to pass the measure and perfect it, shall see fit to amend it. They invite the House to better it if it can and if it will. Here in this House to-day and for several days this bill has been attacked by every interest affected. Every interest affected wants to avoid the tax and to thrust the burden upon others. By unanimous vote the other bill providing a bond issue was passed. Congress by an overwhelming vote has declared that we are in a state of war with the greatest military Government on earth, the greatest war in the history of the country or of the world. How are you going to carry on this war without money? The youth of the land are conscripted—your boy and mine—the principal and interest are offered as a sacrifice upon the altar of our country. Right or wrong, your boy and mine have gone, and every selfish interest in this country urges them to the front. The boys will bare their breasts to the destruction of life and health and are willing to give their all in defense of their country. You bid them go, and yet you come here to-day, you of the great automobile industry, and other special interests, and say let them go, but do not compel us to pay a single cent. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. KITCHIN. I yield to the gentleman five more minutes.

Mr. DICKINSON. I got a letter to-day from a good woman in my district urging me to use my best efforts to repeal the conscription law. Another letter I got from another good woman asking me to do what I can to reverse the action of Congress and stop this war. Nobody wants war, but we are in it. You can not fight this war without money. This great bill does not take the principal, in my judgment, of any concern involved in any section of this bill. The youth of the land may give their principal and their interest and their all. Oh, I have heard about taxes in my district and yours. You and I would rather our boys would come back safe and sound and we would be willing to pay, if we were able, every dollar of the tax in this bill, affecting our districts, rather than see our boys come back maimed or not at all. [Applause.] Your boy and mine go, and yet these men beg you to pare this bill and not take so large a per cent of their income and their profits.

I stand for the income tax—larger, if necessary. I stand for the excess profits tax. But if the excess profits tax on munitions in time of war comes at a time when the Government has normally increased the expenditure by reason of the conditions making large excess profits possible, shall not those who reap under this unfortunate condition help to pay, when increased appropriations are made necessary by these very conditions? I stand for a policy of a strong contribution from the great estates of this country, so that they can send their money with the boys to fight this war, which can not be successfully fought without men and without money.

Do you want to win the war? We are in it, right or wrong. Oh, this country can not afford to fail. To lose now in this great war, when it is at the height of its career, would blot the history of our country for all time. We must win, and we can win by the use of men and money. [Applause.] Where is there an interest in this country that is willing, with the approval of this country, to say "Tax the rest, but excuse us from our portion of the tax"?

I hope and believe that this measure, which I think has been a well-considered measure, will pass. You may take it and criticize it, but I hope it will pass the House with such amendments as the House may deem proper. I hope it will go to the Senate as speedily as possible, and that a revenue bill commensurate with the needs of this country will pass that body as soon as possible, and the country will then know that the Congress of the United States has responded to the demands and necessities of the country. If you fail to do it, you will be blamed by the people, who look to this body to do its duty and see to it that the United States of America shall stand firm and strong in war as in peace, and shall be triumphant in this greatest struggle in its history. [Applause.]

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. Mr. Chairman, we have been trying hard to understand the cost of second-rate mail matter. It has generally been made rather complicated, and the gentle-

man from Minnesota [Mr. STEENERSON] the other day doubted the reckoning with reference to railway rates. I do not know anything about railway rates. I do know something from seeing the carriers from my home post office day after day carrying mail bags full of newspapers, rather heavy mail bags, in sun or in snow from house to house, delivering them promptly the day after the paper was published, without the slightest mistake, and I have sometimes wondered whether the United States could deliver those papers for a cent a pound. I thought I would inquire what it costs to deliver them by a much cheaper way, namely, by a boy. I have found that in this city of Washington a boy gets \$3 a month for delivering the daily Star in the afternoon. He takes out 50 copies of the paper. I have just weighed one of those papers of 12 pages and find that it weighs 3½ ounces. Fifty copies weigh almost exactly 10 pounds—16½ ounces for every five papers—and he gets just about 10 cents a day, or 1 cent a pound.

Again, I am informed that for the delivery of the morning Post, which also has a Sunday paper, they pay the boys \$2 a week. The boys go earlier and have a longer trip and carry more papers. Six of the daily Posts for six days would weigh 21 ounces. The Sunday paper weighs fully 11 ounces more, making 2 pounds for the paper for a week. The boy, if he carries 100 papers, carries in a week 200 pounds for \$2, or again a cent a pound.

This is underpaid labor, not such wages as we pay to our men in the Post Office who get their thousand dollars a year, and who have to deliver a special paper to a special address instead of any paper of the same class to a line of addresses, who have to ring the bell and hand it in at the door instead of throwing it up to the door, and who have to sort out the papers beforehand in the post office so as to get those addressed to their routes in order. It is worth a good deal more than a cent a pound to deliver in this way, and I am therefore forced to the conclusion that the additional rate of a cent a pound in the first zone is less than the Government has to pay now for the delivery, which has never been counted, as far as I can find out, in making up the Post Office cost.

Will it be paid and how? They say it can not be passed on. I have files here of the New York daily papers and read their prices. The New York Tribune sells for 1 cent a copy in New York City. The daily Tribune costs by mail for a month of 27 days 50 cents, and if the Sunday paper is also sent it costs 75 cents. The New York World sells for 1 cent in Greater New York and 2 cents outside of Greater New York. The American sells for 1 cent in New York City and 2 cents in outlying towns and elsewhere. The Sun sells for 1 cent in Greater New York and sells elsewhere for 2 cents. The Herald sells for 1 cent in Greater New York and 2 cents in suburbs and Rockaway districts and 3 cents on trains and elsewhere. The subscription prices all allow for postage. If postage costs more, the newspapers will get it back somehow, and if they have to send their papers down to Washington by special train and sell them here they will charge more. I pay 3 cents for the Tribune every day I purchase it, at the cheapest place, and up to 5 cents in the hotels. Mr. Chairman, taxes will be placed upon the consumer. The newspapers will not fall because of this. It is hard to pay taxes, but it is wrong for the Government to pay other people's expenses without return. I am simply stating it as a matter of justice. Mr. Chairman, have I any more time remaining?

The CHAIRMAN. The gentleman's time is just exhausted.

Mr. PARKER of New Jersey. I just wanted to add, for our country's sake let us pass this bill without delay and show that we are in earnest in this war. [Applause.]

Mr. KITCHIN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LUNN].

Mr. LUNN. Mr. Chairman, in his address before the House yesterday the gentleman from Ohio [Mr. LONGWORTH] endeavored to justify the present revenue bill submitted by the Ways and Means Committee, of which he is a member. Not once but many times he emphasized, in dealing with a particular portion of the bill, that "this was wrong" or "the principle was wrong" or "the theory was wrong." I do not know how many "wrongs" he emphasized during his address, but at the conclusion he informed the House that taxation must be based on justice. It was perplexing to me to follow his logic, which seemed to be a multiplication of wrongs, in his desire to arrive at a conclusion of justice. He naturally aggravated in my mind the question of how many wrongs it takes to make a right.

There is no question but that the honorable members of the Ways and Means Committee have worked hard in their endeavor to give us a bill that would produce the immense revenue essential to prosecuting the war. To my mind, however, they seem

to have lost sight of the principle that, although war demands universal sacrifice, this sacrifice should be equitably apportioned.

The committee contends that their object has been to divide the burden as equally as possible, but have they done this? They have not. The gentleman from Ohio [Mr. LONGWORTH] was quite sure that progress had been made toward equalizing the burden from the fact that, whereas last year some 332,000 individuals paid an income tax, that under this bill, if it becomes a law, the number would be increased to some 4,000,000. The fact is decidedly illuminating. With the exemption lowered to \$1,000, the committee finds that only 4,000,000 individuals will pay an income tax. Evidently there are 96,000,000 people in this country whose earnings are, on an average, from nothing up to \$1,000 per year.

According to the census of 1910, there were 38,167,000 persons of 10 years and upward engaged in gainful occupations. Of this number about 12,000,000 were engaged in agricultural pursuits. Taking an average from the increase from 1900 to 1910 and applying it, it would, to be liberal, give us in 1917, 45,000,000 engaged in gainful occupations. These people constitute the backbone of our country's welfare. They are staggering under the tremendous problem of trying to meet the present high cost of living on an income of less than \$1,000 per year.

War conditions and war prices have forced the average American into a financial position where he can not decently live on his meager income. According to the New York Times Annalist of April 23, 1917, the 25 most common and necessary articles of family use have almost doubled in price in the last two years. According to Dun's index figures, we find that the prices of foodstuffs have increased 105 per cent between April 1, 1914, and April 1, 1917.

A short time ago the Old Dutch Market, incorporated in Washington, D. C., operating a large number of stores selling foodstuffs, published a comparison of prices from April, 1914, and April, 1917. This comparison deals with 60 table necessaries. The average increase on all items considered for that period was 85.3 per cent.

According to the United States Bureau of Labor statistics for April, 1917, flour increased in price 69 per cent for the four years from February 15, 1913, to February 15, 1917; eggs increased in price 61 per cent; potatoes, 224 per cent.

On February 15, 1914, a 16-ounce loaf of bread cost 5½ cents. That bread to-day costs 10 cents per loaf. On April 26 of the present year a food committee was appointed by the Commissioners of the District of Columbia.

Says the committee—

Interesting figures were obtained from the proprietors of some of the smaller stores, whose business is with the poorer people. They show clearly that the poor have been compelled to resort to the strictest economy in order to provide food, on account of the high prices. Their purchases are of the cheapest possible articles, and in smaller quantities than heretofore. The sale of ordinary cuts of meat in this class of stores seems to have been discontinued, and the meat now purchased consists of hog's livers, hog's kidneys, neck bones, hog's faces—

And so forth. The price of hog's faces to-day, I believe, is 15 cents per pound.

Wages, of course, have advanced sharply since the war began, in some instances in a spectacular manner. But, according to the United States Bureau of Labor Statistics, during the four years from 1912 to 1916, in the large field of union labor, there has been a rise of only 9 points. Index figures for 1917 are not now available, but if we were to grant that during the first four months of 1917 wages increased as much as during the whole period from 1912 to 1916, which, of course, would be an extravagant claim, still we would only have an increase of 18 per cent from 1912 to 1917.

During the last three years, according to Dun's report, foodstuffs have risen from 46 to 105 per cent. If we take the figures of the Times Annalist, the cost of the food budget for the average American family shows an increase of 74 per cent in the last two years.

Facing the facts that we know are bitterly true as regards the poor people, who are reduced to the necessity of doing without ordinary cuts of meat and subsisting on hog's livers, neck bones, and hog's faces, is there a man in this Congress who wants to stand for a revenue measure that in the outworking will pass on to these people further burdens in the way of taxation? To my mind the Members of this House can not by any subterfuge of specious reasoning justify a course which will mean additional hardship to the already hard lot of the poorer classes.

Briefly, I have shown the actual conditions, bitter in the sacrifice involved, that confront the average wage earner in America to-day—an average increase of wages liberally constructed of 18 per cent, as against official figures of an increase in foodstuffs averaging from 46 to 105 per cent.

Now, let us consider the condition of the corporations. According to the report of the Commissioner of Internal Revenue, pages 26 and 27, we find in the ratings of 190,911 corporations, big and little, an aggregate net income as of June 30, 1916, of \$5,184,442,389. This is an increase of 43 per cent or \$2,229,120,000 over the net income of 1915. This 43 per cent increase in the net earnings of all corporations is a bagatelle compared with the larger companies. Taking 24 of the principal corporations and comparing their earnings in 1914 and 1916 we find a net increase of 500 per cent. These enormous net increases will undoubtedly continue.

According to the United States Steel Corporation's last quarter's earnings, which is published, we find that of the percentages maintained for the whole year the net amount applicable to dividends for 1917 would be about \$450,000,000, as against net earnings of 1914 amounting to \$23,496,769.

Some of these corporations have been liberal toward the Government, such as copper and steel, by offering to the Government their products at a greatly reduced cost, figures which in themselves show the tremendous earnings in the past of these companies. They will still have tremendous earnings, for the many corporations that are furnishing our allies with materials are not conducting their enterprises from the standpoint of philanthropy.

Where then shall we place the burden of taxation? Is it not a part of common sense and statesmanship—which is simply common sense applied to our political affairs—is it not the part of common sense to place the burden where it can be most easily borne? The terrible demands of the war must be met, and if necessity requires it, even the pittance of the poor would have to be taken in spite of the sacrifice involved, but no such necessity now confronts the Nation. Yet, according to the provision of this bill, several hundred millions of dollars will be taken from the pitiful purse of the poor. Every dollar thus extracted will mean robbing children of decent nourishment and decrease their mental as well as physical stamina. This is not necessary, and it would be a tragedy if such a method should be followed. The Government needs eighteen hundred millions of dollars revenue and they should get it and can easily secure it by taxation of incomes, excess profits, inheritances, etc.

The income taxes should be increased almost double. According to the present bill Members of this House who are married, with a salary of \$7,500 per year, will pay an income tax of \$225, and yet we voted to conscript young men to go to the firing line, with the possibility that hundreds of thousands of them will never return, while our burden is to be \$225. Would you men object to paying double that amount, or \$450, out of your income, and all other incomes in proportion, rather than extract from the meager earnings of the poor? It seems to me that we should all be glad to pay that increase in the way of an income tax. We should be, at least. And if we are willing to do it ourselves let us have the courage to compel others to do it in like proportion.

The British Government collected by tax, during the 12 months ending March 31, nearly \$2,600,000,000, which was eighteen hundred millions more than was collected in the last year preceding the war. This additional taxation did not affect the business of the country unfavorably. It did not penalize business enterprises, and it did not weaken motives for thrift. The standard of life of no class in the community was seriously lowered. Consumption of comforts and luxuries were materially reduced, but this was an advantage, setting free labor and capital for war purposes. The evident justice of heavy taxes upon those whose incomes have risen since the beginning of the war had that invaluable psychological effect of stimulating the British people to devoted exertion in every field of economic activity.

The backbone of the British system of taxation is the income tax. According to Prof. Sprague, the lowest rate of income tax is 11½ per cent on earned incomes under \$2,500. They are wise enough to give an exemption of \$125 for each child. We should do that in this country, or even more. We could easily raise \$1,000,000,000 of the amount of revenue necessary in this bill by heavily-graded income taxes, without a single person affected thereby being compelled to suffer any great sacrifice.

Mr. FORDNEY. Mr. Chairman, will the gentleman yield?

Mr. LUNN. If the gentleman will give me more time.

Mr. FORDNEY. I will give the gentleman one minute. The gentleman says that he can raise a billion dollars by income taxes. We will raise a billion and thirty million dollars on incomes.

Mr. LUNN. This bill raises \$532,000,000 on incomes and then \$108,000,000 by putting your hand back into last year's incomes.

Mr. FORDNEY. On income taxes the gentleman said it raises—

Mr. LUNN. And then \$200,000,000 on excess profits.

Mr. FORDNEY. Oh, no; it raises \$1,300,000,000 on incomes.

Mr. LUNN. Read it; it is right there.

Mr. FORDNEY. I have read it a dozen times.

Mr. LUNN. So have I.

Mr. FORDNEY. The gentleman has not read it or he would know that it raises \$1,030,000,000.

Mr. LUNN. Will the gentleman deny that it is \$532,000,000 in the report?

Mr. FORDNEY. I repeat that from income taxes there will be raised \$1,030,000,000.

Mr. LUNN. We have it right here in your own report. That should be conclusive.

Mr. FORDNEY. I am not talking about the bill, but I am talking about income taxes. There are other laws that raise income taxes besides this proposed law.

Mr. LUNN. I am talking concerning this bill, and the gentleman is talking about taxes that have been or are to be paid additionally on incomes.

Mr. FORDNEY. I am talking about the income tax.

Mr. LUNN. Collected in 1910?

Mr. FORDNEY. It does not make any difference.

Mr. LUNN. How far back does the gentleman go?

Mr. FORDNEY. Oh, nonsense.

Mr. LUNN. The gentleman is talking about an income tax in addition to the amount provided in this bill.

Mr. FORDNEY. That is not what the gentleman said at all.

Mr. LUNN. I beg the gentleman's pardon. Here is the printed report and here are the exact figures. You are getting \$532,000,000 by income tax and \$108,000,000 on the 1916 retroactive tax. That is what you are getting.

Mr. FORDNEY. The gentleman is wrong.

Mr. LUNN. The other principal method of revenue is by a tax on excess profits. I believe that much of the opposition to excess-profits taxes would be overcome if we would impose it on a more scientific basis. These taxes are imposed in nearly all the belligerent countries. The principle should be to secure for the Nation a part of those profits, which, in general language, are "definitely due to the war." The English excess-profits tax in November, 1915, was 50 per cent and raised to 60 per cent in April, 1916. This was "imposed on all profits in excess of the average profits of each business during two of the last three years preceding the war, the taxpayer being permitted to select the two years, which are to serve as a basis. This tax has proved unexpectedly remunerative, yielding a revenue of nearly \$700,000,000 during the last 12 months. It has not crippled industry. The business community generally has recognized that it is a proper war-revenue measure. For the current year the rate of the taxes has been advanced from 60 to 80 per cent." In this connection let me quote a short editorial from the New Republic of May 12:

The adoption of the English method of computing the excess-profits tax will not only yield a larger revenue without discouraging and alarming ordinary business, but it will prevent the building up of a strong vested interest in the prolongation of war. The copper companies and steel companies are earning so much money over the statutory 8 per cent that they could pay to the Government 12 or 16 per cent of this excess without feeling it. They will still be accumulating surpluses which, unless the war stops soon, will enable them to accumulate almost a dollar in cash for every dollar in previous capitalization, and they will have made these accumulations not because they earned it by any new economic service, but because they earned it by controlling basic raw materials which were being destroyed in huge quantities, and for which, consequently, there was an artificially large demand. It is this kind of profiteering which is both demoralizing and intolerable, which, if it is allowed to continue, will make American participation in the war look like a capitalist conspiracy, and which will create dangerous and lasting public resentment. The most effective way to disarm the popular suspicion which attributes all making of war to the machinations of those who profit from selling war supplies is to prevent such profits from benefiting private individuals.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. I will yield the gentleman a minute. The gentleman and myself seem to misunderstand each other.

Mr. LUNN. I am sure we do.

Mr. FORDNEY. The gentleman spoke about the income tax. This law and the existing law raises \$1,030,000,000 from an income tax.

Mr. LUNN. Yes. I admit that; that is revenue raised in other bills during this year.

Mr. FORDNEY. This bill and existing law—there are one or two other bills—but there is no man taxed, even a single man, more than \$20 on \$2,000 of income.

Mr. LUNN. Do you make any exemption for children?

Mr. FORDNEY. A married man has a \$2,000 exemption and pays \$20 on \$3,000.

Mr. LUNN. Does the gentleman make exemption for children?

Mr. FORDNEY. Children are not taxed except through their parents.

Mr. LUNN. They are taxed; you take it out of your bill by not giving them exemption. You penalize a man for raising a family.

Mr. FORDNEY. Does the gentleman believe \$20 on a \$2,000 income is going to send any man to the poorhouse?

Mr. LUNN. I do not think so.

Mr. FORDNEY. That is what this bill does. That is the maximum tax on \$2,000—\$20.

Mr. LUNN. Does not the gentleman think, as a matter of principle, exemption for children should be recognized? Our British friends make an exemption of \$125 for every child.

Mr. FORDNEY. Wait a minute, my friend. The British income tax is an entirely different tax from our tax. England raises a heavy tax by incomes. They have no state, county, or city taxes as we have in this country.

Mr. LUNN. I am well aware of that fact.

Mr. HILL. Does the gentleman understand that there are no exemptions for the wife in England, and here we make it one thousand for a single man and two thousand for a married man?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. LUNN. Will the gentleman yield me two minutes?

Mr. FORDNEY. Yes.

Mr. LUNN. Mr. Chairman, I believe that we could well afford to spend sufficient time on this war-revenue measure to make it a measure that will lend encouragement to the war without proving disastrous either to the poorer people or to the business interests of the Nation. Better go slow and be right in principle than speedily pass a measure which can not be justified on the basis of any scientific principle of equitable taxation. Let us pass a measure so just in its provisions that every citizen of America will feel a new spirit of devotion to their country and consecrate themselves with renewed energies to the prosecution of the mighty task involved in this great war. Injustice never creates enthusiasm. We need enthusiasm among the working people, and it is a hopeless task to stir enthusiasm while the stomach cries. We need enthusiasm among our business men, and they can not grow enthusiastic if their legitimate business is unfairly dealt with. We need publicity to the farthest corners of the country, and we are not going to get it with an unjust tax on periodicals. The bill as drawn will create a monster monopoly of public information. But, Mr. Chairman, more than all, we need an enthusiasm that fires the heart among those boys who are to take up the responsibility of national defense. When these boys who are still in training desire for recreation to smoke a pipe or a cigar or go to a movie or a baseball game, we do not want their enthusiasm to be cooled by facing a war tax. Neither do we want these boys, the great mass of whom are from the working people, to have any reason to believe that while they are willing to lay down their lives for the country, their loved ones at home are suffering unnecessarily by unjust taxation.

Deeply do I feel that the suggestions I have outlined as a method of securing revenue are just and equitable and therefore right. It is best for labor, it is best for business, it is best for all classes in this great country. It will create a new spirit for America—a new spirit of devotion, a new spirit of patriotism—and God knows we need a renaissance of spiritual motive as a driving force in our great endeavor. We have conscripted men, let us have the courage to conscript the dollar. If we do this the great mass of business men of the Nation will put forth a new effort to produce and prosper; the toiling masses will take on new hope and rejoice that a new day has come in this land.

The people of the Nation, one and all, will be inspired with the thought that a new freedom has come to America. They will bear their burdens and make their sacrifices with the conviction that the strong and the weak are not bearing equal burdens, but equitable burdens. They will look up to their flag with a new affection, convinced that its mighty folds serve as a canopy under which a mighty people has, with patriotic devotion, determined that democracy shall not die, and that liberty with justice shall prevail, and that the government of the people, by the people, and for the people shall never perish from off the earth. [Applause.]

Now, I do not want to be unfair. If I am wrong I want to be set right. I do not want you to get a wrong impression, but I feel so deeply that we are up against a great problem. The most of our people with the present high cost of necessities can not bear any further burden, and therefore we should place it where men are able to bear it with the least sacrifice.

Mr. HILL. Will the gentleman yield?

Mr. LUNN. I will.

Mr. HILL. I understood the gentleman to say that if he was wrong he wanted to be set right, and I want to set him right. England makes an exemption of something over \$600 only. It makes one exemption. It does not make an exemption for the wife. We make an exemption of \$1,000 for a single man and of \$2,000 for a married man. England an exemption of about \$600, and I understand \$200 for each child. Which is the best?

Mr. LUNN. One hundred and twenty-five dollars for each child.

Mr. HILL. It depends upon the number in each family, and our exemptions are a great deal better than England's, and our income taxes are a great deal higher.

Mr. LUNN. Your exemptions for children are not—

Mr. HILL. We do not exempt for children. We exempt for a family where there is a family.

Mr. LUNN. Your exemptions for large incomes are entirely too generous.

Mr. FORDNEY. Mr. Chairman, I yield three minutes to the gentleman from Indiana [Mr. VESTAL].

Mr. VESTAL. Mr. Chairman, in the consideration of this revenue bill it may be presumption upon my part to say anything, but I feel that in justice to my own conscience and to the thousands of persons in the industrial plants in this country I ought to say a word concerning my position. I am opposed to this bill in its present form and shall vote against it unless it is materially modified.

I am sure that we all have the greatest regard for the gentlemen upon this committee, their wisdom, and their patriotism. The distinguished gentleman from North Carolina, the chairman of this committee, however, made a very broad statement in his eloquent appeal in behalf of this measure, in substance, that the men who would oppose this measure of raising this much revenue by increasing the taxes were unpatriotic. In other words, that we of to-day should bear the burden and that future generations should be relieved of the greater portion of the same. I agree with him that we should bear a part, of course, of this burden, but I believe it is more patriotic to so arrange the burden that the industries of this country will be saved that we may have a source of revenue next year and the year after and during the years to come. I believe it is more patriotic to let the industries live, that employment may be given to the thousands of men who depend upon their employment, and the wages they receive to support their families. I may be unduly excited about this matter, but I do not think I am. In my judgment this bill as it now is will put out of business a great many industries in this country, or at least so lessen their activities that thousands of men will be thrown out of employment, and, with food prices as they now are, and getting higher every day, there will be hunger, suffering, and starvation in store for these men.

In my judgment the principle of a 5 per cent tax on gross sales is wrong. I think the tax ought to be on profits. The 5 per cent tax on gross sales would not hurt the big fellow so much probably, but it would, in my judgment, in many instances put the smaller industries out of business. If the tax were on the profit it seems to me at least it would be more just.

It is not so much the men who are at the head of these industries that I am thinking about; it is the man in the plant or in the industry who is depending upon his employment for his living. The manufacturer can in the majority of cases stand it. He can go out of business and still live, but the man who is employed if out of work for a week, two weeks, or a month will be brought to the point of suffering.

In the first place I do not believe we should raise this large sum of money by taxation. And in the second place I think we should only raise the amount we need. And in the third place a great many of the discriminations that are made in this bill should be eliminated.

The only justification of this measure that I have heard is the bare statement that we must have the money. The greater number of the advocates of the bill say they are going to close their eyes and vote for certain items in it. I think practically every member of the committee who has spoken in favor of the bill has made substantially this statement, with the exception of the gentleman from Connecticut, who has made bold to say he was going to vote for it with his eyes open. If the measure is so unjust, so full of inequalities that members of the committee who framed the bill must close their eyes and stifle their consciences to support it, if the best reason they can give and the most convincing argument they can produce is the bare statement that we need the money, I think we should hesitate before casting our vote for the measure.

I do not want to be placed in the attitude of not wanting to raise money to finance this war, but I am objecting to the amount of money proposed to be raised at this time, the inequalities in the bill, and the method used to raise the same.

The statement made by the gentleman from Illinois [Mr. MADDEN] as to the amount of money needed and which should be raised seems to be fair and has not been successfully controverted. Instead of \$1,800,000,000, we need, according to the statement of the gentleman from Illinois, about \$1,100,000,000, and I believe this amount could be raised in such a way that no industry in this country would be endangered, and I believe that the inequalities could in a great measure be eradicated. That inequalities exist and that discriminations are made is an admitted fact, but when these discriminations are brought to the attention of the committee, they answer, we need the money.

For instance, take section 504 of this bill, which seeks to levy a 5 per cent tax on the industry engaged in the business of advertising through billboards, electric signs, painted signs, and car signs, in fact all advertising except in newspapers and magazines. The tax proposed by this section reaches less than 4 per cent of the total gross income of the entire advertising industry.

I desire to read into the RECORD the affidavit of a number of gentlemen engaged in the advertising industry sought to be taxed under this section of the bill. They are thoroughly conversant with the business, are experts in this line; they say that their knowledge of the facts is based upon books of account and statistics collected by them on this subject, and upon authentic data collected by different advertising associations, and upon actual experience, extending through a period of many years of active work in the advertising field:

It is a fact that the total amount of money expended by the American public for advertising is approximately the sum of \$800,000,000 annually. Of this amount at least the sum of \$770,000,000 is expended for advertising in newspapers, trade journals, farm papers, magazines, and periodicals. The balance of \$30,000,000 is divided as follows: \$8,000,000 for billboards, \$8,500,000 for painted outdoor and electric signs, \$6,000,000 for street-car advertising, and \$7,500,000 for miscellaneous advertising, such as theater programs, handbills, tin signs, sporting news announcements, etc.

Therefore the tax proposed by the bill reaches less than 4 per cent of the total gross income of the entire advertising industry.

Poster Advertising Association, by John E. Shoemaker, president; Pennsylvania Poster Advertising Association, by Harry L. Carey, president; Illinois Poster Advertising Association, by W. W. Sauvage; Barron G. Collier, Inc., of Georgia, North Carolina, Mississippi, Kentucky, Colorado, and Utah, by Barron G. Collier, president; Pennsylvania Railways Advertising Co., by James B. Lackey; George Klissam & Co., of Wisconsin, by James B. Lackey; Western Advertising Co., of Missouri, by B. G. Collier; Eastern Advertising Co., of Massachusetts and New Hampshire, by Robert M. Burnett, president; Thomas Cusack Co., by Thomas Cusack, president; Outdoor Advertising Association, by George L. Johnson; the O. J. Gude Co., New York, by Charles O. Maas; Street Railway Advertising Co., by Barron G. Collier, president; Poster Advertising Co., by K. H. Fulton, president; Van Beuren & New York Bill Posting Co., by P. R. Borland; Dixie Poster Advertising Co., of Virginia and North Carolina, by W. W. Workman; American Posting Service, of Chicago, by John H. Logeman; Indiana Poster Advertising Association, by J. E. Morrison; Northern States Poster Advertising Association, by L. N. Scott.

Subscribed and sworn to before me, at the city of Washington, this 15th day of May, 1917.

[SEAL.]

EDMUND W. WHITEHEAD,  
Notary Public, District of Columbia.

Can the committee explain why the \$30,000,000 should be taxed, or, in other words, why the outside advertising industry, representing business amounting to \$30,000,000, should be taxed and the larger amount, \$770,000,000, be exempt?

You say you justify this on the ground that the newspapers, trade journals, magazines, and so forth, are hit hard enough by a different sort of tax, but you must admit you are taxing 4 per cent of the gross income of the advertising industry and exempting 96 per cent. With this discriminating 5 per cent tax against this industry it will be put out of business completely. Why? A man comes to an outdoor advertiser to make a contract. In quoting the rate the advertiser will say, "You will have to pay an increase of 5 per cent on account of this tax." The prospective purchaser will refuse to pay it, because he can advertise through the medium of the newspapers and magazines without paying the extra 5 per cent. The purchaser of advertising will buy where he can buy the cheapest, providing he can accomplish the same purpose.

You propose by this bill to collect upon 4 per cent of the gross income of the advertising business 5 per cent, or about \$1,500,000, when, in fact, you will have destroyed the business altogether. If you would levy a tax upon the profits or income, while it would be just as unfair and discriminating, their industry would not be destroyed.

This class of citizens is not unpatriotic, and I believe they would, without exception, cheerfully give to the Government all their income, outside of a living, but they have a right to object to having their business destroyed.

A great deal has been said about the automobile industry, and that the proposed tax would not in any wise affect their business; that the extra 5 per cent would be passed on to the purchaser and the manufacturer would not be injured. I believe, with the gentleman from Michigan [Mr. DOREMUS], that when men make those statements they merely guess at the proposition and do not know the facts. I have had handed me by Mr. Crow, president of the Crow-Elkhart Motor Co., of Elkhart, Ind., a very comprehensive statement of actual conditions in automobile manufacturing. It is as follows:

GENERAL STATEMENT OF ACTUAL CONDITIONS IN AUTOMOBILE MANUFACTURING AND REASONS WHY 5 PER CENT TAX ON SELLING PRICE OF AUTOMOBILES IS PROHIBITORY TO THE SMALL AUTOMOBILE MANUFACTURER.

Number of automobile manufacturers in the United States..... 450  
80 per cent automobiles manufactured by 12 concerns..... 12

20 per cent manufactured by remaining number of manufacturers. 438  
These 438 automobile factories produce but 20 per cent of the whole number of cars made. The Crow-Elkhart Motor Co. is one of these 438 producers.

The tremendous advance of materials used in 1917 over 1916 is illustrated as follows:

Materials.	1916	1917
Cost sheet steel.....	\$3.85	\$10.00
Cost bar cold-rolled steel, average.....	2.80	7.70
Cost lumber, per thousand.....	74.00	85.00
Cost of tires, per car.....	45.00	51.75
Cost of artificial leather, per yard.....	.99	1.45
Cost of bearings, each.....	2.02	3.24
Cost of cast iron, per pound.....	.05	.04
Cost of malleable castings, per pound.....	.05	.08
Cost of aluminum castings, per pound.....	.35	.80
Cost of brass castings, per pound.....	.21	.35
Cost of cotton ounce duck, per yard.....	.14	.32
Cost of moss for cushions, per pound.....	.05	.08
Cost of excelsior (mineral wool), per ton.....	26.00	25.00
Cost of cushion spring steel, per set.....	2.00	3.25
Cost of linoleum, per yard.....	.62	.87
Cost of steam coal, per ton.....	2.60	4.75

Cost of paint, general advance, 25 per cent.  
Cost of turpentine, linseed oil, solder, etc., general advance, 75 per cent.

Cost of hardware for auto construction, wood screws, cap screws, etc., general advance, 50 per cent.

Labor, skilled and unskilled, general advance, 25 per cent.  
General overhead, due to transportation conditions alone, general advance, 33 1/3 per cent.

The cost of the raw material has, as you see, increased more than 50 per cent, and, on account of the war, the prices of material will probably go higher. The volume of sales has decreased about 30 per cent. Mr. Crow states that the net profit to his company in 1916, based on the list price of \$795 per car, was \$49.85. He states that he has added \$50 to the list price in 1917, making the list price of the car \$845, the \$50 being added to take care of the increased cost of material, labor, and so forth. Upon this basis a tax of 5 per cent on the selling price of this car would, by calculation, leave a margin of net profit of 1 per cent. With the increased cost of materials and the uncertainties, I believe this proposed tax would not only prevent the Crow-Elkhart Motor Co. from making any profit, but would compel it to suspend business, thereby putting a great number of workmen out of employment. If these facts, given by the president of this company, are true—and I have every reason to believe they are—they are typical of the other 437 automobile manufacturers. The same condition is true with regard to the Madison Motors Co., of Anderson, Ind., and the Inter-State Motor Co., of Muncie, Ind. While the 12 large concerns might get by with the 5 per cent tax added, all the smaller companies would find themselves in the same condition as the Crow-Elkhart Co., and, in my judgment, a great number of them at least would suspend business, and hence, as far as these industries are concerned, the very object of the bill would be defeated.

What is true of these industries I have mentioned is in a measure true of a number of other industries taxed under the provisions of this bill.

The tax sought to be imposed upon newspapers by the proposed zone system can not be justified except by the same argument always used by the committee, "We need the money." The rate proposed is an increase of from 100 to 400 per cent, and this tax, added to the increased cost of paper, puts an unjust burden upon the publishers of newspapers, and as the gentleman from Minnesota [Mr. KNUITSON] has well said amounts to practically a tax on education. I am informed that the normal price of news print paper is about \$40 per ton. Under the proposed bill this amount will be charged for moving a ton of printed sheets

to any part of the first zone, no difference whether the distance be 1 mile or 300 miles. If it is carried to the outer zone the charge amounts to \$120 per ton, or three times the cost of print paper.

I do not believe that newspapers should escape their just share of taxes to help support this Government, but I believe the tax proposed under the zone system is unjust and will have the effect of throwing a number of publishers into bankruptcy. I believe the zone system should be eliminated, and a slight flat increase of postage charged on second-class mail matter, and I believe that no news publisher would object to paying his fair share of the taxes necessary to carry on this war.

It is my judgment that the greater part of the money necessary to be raised should be raised from incomes and from excess profits. The burden will then be placed where it rightfully belongs, and no patriotic citizen will object to the taking of a great per cent of his income to support the country that has given him the opportunity to produce such income. This method would insure the safety of our institutions during the period of the war, and leave them on a solid footing when the war is over. True patriotism does not consist in merely saying, "We must have the money," and then shutting our eyes and taxing everything in sight without regard to the future, but in levying a tax that will not only provide for the men who do the fighting at the front but so safeguard our institutions that the opportunity of earning a living shall not be denied the men at home.

And so I contend that it is far better and more patriotic to extend a part of this war indebtedness over a period of years and keep our industrial and business institutions intact that they may keep labor employed, and so have a chance to earn money with which to pay this indebtedness. In other words, save the goose that lays the golden egg, so the egg may be used. Do not kill the goose and lose both.

Mr. KITCHIN. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLACK]. [Applause.]

Mr. BLACK. Mr. Chairman and gentlemen of the House, I do not intend to use the time that the gentleman from North Carolina [Mr. KITCHIN] has allotted me in indulging in any criticism of this bill. I think I have heard more mournful talk during the debate on this war-tax measure than I have heard during the consideration of any other measure since I have been a Member of this House. I think, speaking as an individual Member, that I have received more letters, more telegrams, and more circulars of protest coming from those who are against taxation provided for in this bill than concerning any other measure that we have had before us. Most of these letters and telegrams and circulars start out about like this:

"My Dear Sir: We realize that the country is at war, and we want you to understand that we patriotically stand by the Government. Furthermore, we know that a great deal of money has got to be raised; but—." And then they go on to explain why their particular industry ought not to be taxed. Now, in respect to this, here is about the conclusion that I have come to: These gentlemen have my most sincere sympathy, and I have given what they had to say my very careful consideration, but I am going to vote for this bill on final passage. [Applause.]

The members of the Ways and Means Committee of the House have wrestled with this problem long and hard, and, while I do not approve of every feature of the bill and expect to see it amended in some particular features, I intend to stand behind it on final passage, whether I am in accord with all of its provisions or not.

Now, the gentleman from New York [Mr. LUNN], who has just delivered a very able speech from his viewpoint of the bill, took the position that this measure will draw from the consuming public several hundred million dollars. Now, I contend that is an exaggerated statement, because I know and he should know that the very reason that we are receiving so many protests from some of those who are specially interested in this bill is because they know that it taxes them in such a way that they can not pass it on to the consumer. Now, I can illustrate that point in this way by a practical illustration from the bill itself.

Let us take the 5 cents tax provided for on telegraph and telephone messages. It is well known that this will be paid by the consumer, and, in fact, it was so intended by the Ways and Means Committee. But suppose the tax had been levied in such a way that it could not have been passed on to the consumer, do not ever doubt but that we would have been receiving letters and telegrams of protest from the telegraph and telephone companies before now.

Mr. STEAGALL. Will the gentleman yield?

Mr. BLACK. I have but a short time, but will yield for a moment.

Mr. STEAGALL. Section 503 expressly says that the tax imposed by section 500 shall be paid by the person, corporation, partnership, or association paying for the services or facilities rendered.

Mr. BLACK. Yes; I know that, and it was so intended by the committee. Every consumer will pay it as directed, but you are not receiving protests as to that section. At least, I am not, I will say to the gentleman from New York. Most of the protests which I am receiving are coming from the industries which know they will have to pay the tax and can not pass it on to the consumer. Now, in this connection, permit me to say that I heartily approve the income, the inheritance, and the excess-profits taxes provided for in this bill. It has been strongly contended by some of the Members who have spoken in this debate and is being agitated in the newspapers that we ought not to collect so much money by taxation, but should raise a larger portion of the war expenses by bond issues. I do not agree with that contention. I believe that the gentleman from North Carolina was right when he stated in the course of his remarks last Thursday that one-half of the expenses of this war should be borne by taxation, and not over one-half of it should be saddled as a load on posterity by long-term bond issues.

Any other method would create a favored, tax-exempt bond-holding class, to which future generations would have to pay tribute. Already 2 per cent of the population of the United States own 65 per cent of its wealth; and if we should permit the wealthier classes to still further transfer large amounts of their funds to tax-exempt securities, would it be fair to the people? That, gentlemen, is the question which we will have to meet during the continuance of this war, and we must meet it in the interest of the masses of the people and not any favored few.

Now, I will not undertake to go into a discussion of the details of this bill. My time would be entirely too short for that. What I want to do is to refer briefly to some statements that the distinguished gentleman from Pennsylvania [Mr. MOORE] made on the floor of the House yesterday. Now, the gentleman from Pennsylvania is an eloquent speaker and a very likable colleague, but like all good men he sometimes has a bad day, and yesterday was one of his bad days. I do not often indulge in a colloquy with a Member during his speech, but he made some statements as to the payment of income taxes in the South that caused me to immediately rise and challenge his statement. Now, I do not intend to refer to this matter because of any sectional feeling which I entertain, because I have no sectional feeling.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. BLACK. I will.

Mr. MOORE of Pennsylvania. I think, if the gentleman will remember, I carefully avoided using the word "South" at all. I have too much affection for it. I referred to geographical conditions and named certain States in comparison with other States.

Mr. BLACK. I will get to the point if the gentleman will wait. The gentleman is always an adroit speaker and is as skilled in the manipulation of words as any Member of the House, and so he took up some figures and showed that a certain section of the country, naming a few Northern and Eastern States, paid a certain amount of income tax, and then he took up some more figures and showed that another section, naming the Southern States, paid a certain amount of income tax, and then by this comparison made the inferential charge that the people in the South were tax dodgers.

Now, then, as I have said, I have no sectional feeling whatever in this matter, because just as one stone laid well upon the other makes the massive structure when completed, with all of its beauty and symmetry, just so do the people of the North and the South and the East and the West make this great Commonwealth what it is to-day. Old Uncle Sam, with his great big heart, has room enough to take us all in. It is quite true that the great State of Pennsylvania, for which I have much admiration, pays a larger amount of income tax than does the State of Texas. It is true that it is more densely populated, and your people turn their attention to mining and manufacturing and other gainful occupations and have amassed great wealth, and I do not begrudge them their good fortune. On the other hand, the pioneers that came to Texas have taken the broad prairies covered with grass and have turned them into waving fields of wheat and nodding fields of corn and snowy banks of cotton and are rapidly turning it into one of the greatest agricultural sections in the world. And I submit that the fruit of their toil is just as important to the Nation as are the mining and manufacturing industries of the great Commonwealth of Pennsylvania, rich, as they are, in their highly developed state.

Mr. MOORE of Pennsylvania. Now will the gentleman yield? If I could speak as eloquently about Texas as the gentleman does, I would gladly do so. He is using language that I could never attempt to match in a description of the glories of his own territory, and I hope he will ever be as true to the Lone Star State as I am trying to be true to Pennsylvania. [Applause.]

Mr. BLACK. I thank the gentleman from Pennsylvania. But the part of his speech delivered yesterday which I finally wanted to get down to was that part of it where he said he was going to propose a consumption tax on cotton of \$2.50 a bale. He seems to begrudge the South the small amount of prosperity that we have recently had because our great staple has gone to 20 cents a pound.

Mr. MOORE of Pennsylvania. No; I glory in that.

Mr. BLACK. I do not like the gentleman's kind of glory. He forgets that in 1914, when nature smiled upon us, and under the benign influence of the sunshine and the rain, we made the greatest crop in our history—16,500,000 bales—and that we were penalized by marketing conditions for our very thrift and had to sell that crop at an average price of \$10 a bale less than it cost to produce it. And yet I say that if it had not been for that crop of 16,500,000 bales that our southern farmers made that year of 1914 we would to-day have a cotton famine, not only in the United States but throughout the world. Does any man here doubt that proposition? It was the carry-over from 1914 that has saved the day.

And I suggest another thing, that if it had not been for the 8,000,000 tons, or thereabouts, of cotton seed that were crushed in the South that year lard compound and other shortening would to-day be beyond the reach of the average poor man. It is high enough as it is; but what would have been the condition if it had not been for that year's great production?

Cotton is not a local asset. I hope that the membership of this House and the people of the United States realize that it is a national asset. Just as the great lumber forests of the Pacific coast, just as the great orange groves of California, just as the great wheat fields and corn fields of the Middle West, just as the wonderful factories and industries of the North and East are national assets, just so is the great cotton crop of the South a national asset. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Mr. Chairman, I yield two minutes to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Chairman, I am a believer in the principle that in time of war the heaviest burden of taxation should be borne by those whose percentage of profit has been and will be greatest. In other words, it should visit the heaviest tax burden upon those who have received and will receive the greatest benefit from the commercial activities incident to war. The greatest of all the great fortunes amassed by Americans are those flowing from industrial pursuits. One has but to look at the list of multimillionaires of America to be convinced of this. If one should ask me what are the sources of the greatest of all American fortunes, I should answer the manufacturer, the merchant, and the carrier. Comparatively few great fortunes of the present generation come from other sources. Who ever heard of a multimillionaire farmer who amassed his fortune by tilling the soil? Who ever heard of a multimillionaire professional man amassing millions by following strictly his professional calling? Where is there, in this broad land, a farmer whose net income from farming exceeds a million dollars a year? Where is there a professional man whose strict professional income exceeds that same figure? It is true, a very few great fortunes have come from banking and a few other callings, but the number is small when compared with that wonderful fortune-amassing trilogy of the manufacturer, the merchant, and the carrier of goods and people. Who in America has made the greatest amount of money out of the war in Europe so far? My answer would be this same trilogy. Who will reap the greatest benefits from the continuation of the war activities? My answer would be these same gentlemen. Why, then, should we not visit the greatest proportional burden of the war upon those who have received the greatest benefit? Tax the fortune according to its earning capacity. [Applause.]

I know some will point to a few banking houses which have made great fortunes, with the name of Morgan & Co. first in the list; but, gentlemen, governmental agencies of warring nations will not be as popular in America in the next few years as they have been in the past two and a half years. And if you tax the fortune according to its earning capacity you will catch these bankers as well as all others.

It occurs to me that in these days we should—that is, the Government should—receive the benefits of the fortune-making proclivities of these people. While the man of moderate means,

and indeed the man of no means except the earnings of his daily toil, will form the rank and file of the Army and the Navy as a conscript, if you please, why should we not conscript a part of—the major part of—the profits or earnings of the men who do not go to war, but, on the contrary, stay at home and make money? If the poor man has to furnish the blood, why not make the rich man furnish the money in greater proportion to his means than the other? This is not socialism, this is not un-American, it is simply common sense and common honesty between man and man, between the citizen and his Government.

I should favor the raising of the percentage on net incomes between \$500,000 and \$1,000,000 to 65 per cent and increasing the percentage on net incomes of over \$1,000,000 to at least 80 per cent. We touch no part of his property, no part of his investment; we simply say to him, "You can not in these war times—you very rich man—you can not go on accumulating as in times of peace; you must be content—you very rich man—with your fortune, without adding materially to it." We should say to him, "You get the most out of our Government, out of our institutions; it is therefore but fair that you should contribute most." While we, in common with every nation of the world, will be and are straining every resource of our Government, why should not every citizen bear a burden in proportion to his ability to bear it? There is no reason in equity or morals why he should not; equity and morals are crying out that he should.

If a world peace is made more secure as a result of this war, if our institutions are made more permanent, the man of great wealth will be the greatest beneficiary, for then his accumulations will go on thenceforth uninterrupted. The thousands and millions of soldiers who will engage in the war will—those who are not filling unknown graves—come home far poorer, from a financial basis, than when they marched away. Is there justice in permitting the very wealthy to go on accumulating wealth while the soldiers at the front are becoming poorer every day?

The value of individual wealth to the Nation depends upon the use the individual makes of that wealth. The wealth of an individual is of little value to the Nation in time of stress and trial if the Nation can not in some way use that wealth. A thousand million dollars, the property of individuals, is of little if any use to a nation if locked in a safe-deposit vault. It seems to me that the multimillionaire ought in all good conscience be satisfied if his fortune is secured to him while this war is on; he ought to be satisfied. I do not believe in the confiscation of wealth, but I do believe in making it bear its part, its just and proper share of the governmental burden. I do not believe in confiscating the life of an individual, but the law enacted by this Congress has decreed that the individual, the body of the individual, must bear its proper share of the governmental burden.

Some may ask the question, "If you take in tax the major portion of the income of the very wealthy, who will buy our bonds?" My answer to that question is, the more you raise in taxes the less, automatically, will be the amount of bonds to be bought.

I can not conceive of the patriotism in the heart of the very wealthy man who, taking advantage of the convulsion our country is now in, will want to go on accumulating his fortune. If that is patriotism, then what shall we call the impulse—the studied desire, if you please—of the hundreds of thousands of men who are freely expressing their wish to fill the Army and Navy?

There is another provision in this bill which every Member of this body should carefully consider—that is, the advertising clause, section 504.

It occurs to me there should be no discrimination between different forms of advertising. It is absolutely unfair that the newspapers and periodicals should pay no revenue while all other forms of advertising are taxed 5 per cent on the amount received. I am informed that there is a publication—the Ladies' Home Journal—which charges \$126 per inch, single column, for each insertion, while the current rate in the ordinary magazine is from \$25 to \$75. Yet these periodicals pay no war revenue other than the increase in postage. It occurs to me this is wrong. This is a gross discrimination against the outdoor advertiser. I must suggest to the distinguished committee which framed this measure that if it is just to tax the outdoor advertiser 5 per cent gross on his income it would be equally just to tax the indoor advertiser at the same rate.

The increased postage will, in my judgment, cut little figure with the better established and wealthier publications. My idea would be to discriminate between newspapers and magazines. The daily newspaper is inherently different from the magazine. The reading matter is assembled at far greater cost; it serves an entirely different purpose. I should favor far less tax on newspaper advertisements than on maga-

zine, but I would tax all—out-of-door, the billboard, the newspaper, the magazine, the pamphlet, and all forms of advertising on the income derived therefrom. By this plan, which is fair and equitable, there would be an enormous revenue.

I am afraid the committee has overlooked one of the most fruitful sources of revenue. The American people will have little complaint if all are treated alike—all forms of the same general class of business taxed the same.

I must protest against the discrimination visited upon the out-of-doors advertisers, and I equally protest against the immunity of the newspaper and magazine. I should offset this income against the increased postage rate so that the latter will be materially lessened while the net revenue to the Government will be substantially the same. At the proper time I shall offer suitable amendments on at least these two items. [Applause.]

Mr. **FORDNEY**. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. **SABATH**].

Mr. **SABATH**. Mr. Chairman, already so much time has been taken up in the debate on this bill that I did not intend to speak, believing that opportunity would be offered me when the bill is considered under the five-minute rule to make my observations on some of the provisions of which I do not approve. But yesterday, in my absence for a short time from the floor of the House, the gentleman from Minnesota [Mr. **STEENERSON**] saw fit to devote a great portion of his time to one of our great commercial firms in the United States, namely, Sears, Roebuck & Co., and its president, Mr. Julius Rosenwald.

I arise not for the purpose of defending that firm or this wonderfully charitable and patriotic gentleman, Mr. Rosenwald, as neither needs any defense at my or any other man's hand, but I arise for the purpose of correcting certain misstatements and insinuations made by the gentleman from Minnesota.

In his speech he has insinuated that this firm is being permitted to ship catalogues to given points in carload lots and then to distribute them locally by parcel post, thereby securing special benefits under the present law.

Only five minutes ago, through the courtesy of the gentleman from New York, I have received from the Post Office Department a statement, which I shall take the liberty of reading, and which will clearly demonstrate that the statements made by the gentleman from Minnesota [Mr. **STEENERSON**] are not founded on facts. This is what the department has to say:

I find upon examination of our records that Sears, Roebuck & Co., of Chicago, mailed approximately 7,000,000 of their large catalogues during the past year, of which number about 1,000,000 were mailed at Chicago and the others were shipped to their distributing points. The rates on parcel post are so adjusted that the net revenue per pound is practically the same, no matter to which zone shipped, and while the gross revenue would be less when shipped by freight to distributing points and then placed in the mails, the net revenue would be more. In addition to these large catalogues this firm also distributes millions of smaller catalogues twice a year, which are distributed from the Chicago plant. This company does not ship any of its merchandise to distributing points by freight for the purpose of mailing. The postage on the parcels mailed by Sears, Roebuck & Co. at Chicago alone amounts to about \$2,500,000 per annum. Notwithstanding the very large amount of postage paid by this concern, it is not given any preference over any other firm, corporation, or individual. Many others distribute their catalogues and some ship their merchandise in the same manner as the company mentioned.

The flat rate of 1 cent for each 2 ounces or fraction thereof which prevailed for catalogues before books were placed in the parcel post did not meet the cost of handling and transportation and they were handled at a loss. The change in the classification of books, which includes catalogues, from third-class matter to parcel post has enabled the department to handle this class of mail at a profit, which before was handled at a loss.

The shipment to certain distributing points by freight and then placing the matter in the mail has not been made possible by order of the Postmaster General, but by the law authorizing the parcel post, which was enacted by the Congress, and which established a zone system. The Government does not have a monopoly on the transportation of fourth-class matter, and any person has a right under the law to ship it a part of the distance either by freight or express and then place it in the mail if he so desires.

No discrimination has been shown by the department in favor of any individual, firm, or corporation in handling their mail, and a single parcel mailed by the individual receives the same consideration as the parcels mailed by the largest concerns.

This report shows beyond any doubt that the firm in question has in no wise taken advantage of the Government or that the Government sustained any loss in handling the business. The literature mailed did not come under the provisions of the second-class rate.

This will suffice as to the statements made against the firm of Sears, Roebuck & Co., but I am more concerned over the unfair and unjust remarks and insinuations made against the president of that firm, Mr. Julius Rosenwald.

The gentleman from Minnesota [Mr. **STEENERSON**], in trying to be witty, said, among other things, the following:

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.

Now, I wish to state to the gentleman from Minnesota that if he knew Mr. Rosenwald and knew of his standing, character, and reputation in Chicago, he would not have made these offensive statements about him. It is apparent that the gentleman from Minnesota has but a vague knowledge of Mr. Rosenwald, as, in the first place, he is not a Democrat. I regret it exceedingly [laughter], as the only mistake that I ever knew him to make was when he joined and assisted the Republican Party in the last two campaigns. He all the time has been a Republican, and therefore he never could have served on any Democratic committee. But the gentleman from Minnesota tried to make it appear that because of his service on a Democratic committee and on account of the service he rendered to the Democratic Party he and his firm secured special advantages and the President appointed him on this great advisory commission.

In answer thereto I wish to say this: That President Wilson desired to select the most efficient and the best-posted men in this country for service on the commission, and after a careful survey of all the available and fit men, notwithstanding the fact that Mr. Rosenwald had opposed him in the election, he requested that gentleman to serve on the National Defense League. I assure you he is serving the country there to the best of his ability, without any compensation whatever, not only to his own credit but to the credit of the administration and of the country. Not only does he volunteer his own services to the country but out of his own pocket he pays the compensated assistants that are working under him.

In addition, I wish to say that there is no man in the United States who has done more for the needy people of this Nation, and even of foreign nations, than he. At all times he is ready and willing to contribute his share, and more than his share, toward aiding and assisting those who are oppressed and persecuted not only in this but other lands. I therefore regret exceedingly that the gentleman from Minnesota has seen fit to attack this splendid, high-minded citizen of ours. We who know him in the city of Chicago honor and esteem him for his splendid deeds, for the splendid work which he has done, and for his splendid efforts in behalf of humanity. I regret that the gentleman from Minnesota is not here now, because if he were on the floor now I would demand of him to retract the insinuations or the statements he has made against Mr. Rosenwald.

I think, Mr. Chairman and gentlemen, that it is manifestly unfair and unjust for any Member of Congress, simply because he has the privilege of the floor and the privilege of speech here, to be permitted to assail any man without any justification whatever. Gentlemen, that is the reason I have requested your indulgence, and I hope that in the future not only the gentleman from Minnesota but any other Member of this body, before taking the floor for the purpose of attacking a man, will first ascertain whether his insinuations or attacks are justified. [Applause.] In this case I know that they were not only not justified but they were unwarranted and in most respects untrue and unmerited. [Applause.]

The **CHAIRMAN**. The time of the gentleman from Illinois has expired.

Mr. **FORDNEY**. Mr. Chairman, I was going to yield five minutes to the gentleman from Vermont [Mr. **DALE**], but I find he is not here. That cleans the slate on this side.

Mr. **KITCHIN**. Mr. Chairman, I ask that the Clerk read the first section, and then I will move that the committee rise.

The **CHAIRMAN**. The Clerk will read the bill.

The Clerk read as follows:

*Be it enacted, etc.,*

**TITLE I.—WAR INCOME TAX.**

**SECTION 1.** That in addition to the normal tax imposed by subdivision (a) of section 1 of the act entitled "An act to increase the revenue, and for other purposes," approved September 8, 1916, there shall be levied, assessed, collected, and paid a like normal tax of 2 per cent upon the income of every individual received in the calendar year 1917 and every calendar year thereafter.

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.

**CALENDAR WEDNESDAY.**

Mr. **KITCHIN**. Mr. Speaker, I ask unanimous consent that the business on Calendar Wednesday to-morrow be dispensed with.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to dispense with the Calendar Wednesday business for to-morrow. Is there objection?

There was no objection.

HOUR OF MEETING TO-MORROW—11 O'CLOCK A. M.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow. Is there objection?

There was no objection.

#### EXTENSION OF REMARKS.

Mr. SIEGEL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York.

There was no objection.

Mr. PLATT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting some results from the recent bird census taken in the District of Columbia.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### INCREASE OF MILITARY ESTABLISHMENT.

Mr. QUIN, a member of the Committee on Military Affairs, by direction of that committee, submitted a conference report on the bill (H. R. 3545) to increase temporarily the Military Establishment of the United States, to be printed under the rule.

#### THE ESPIONAGE BILL.

Mr. WEBB. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 291, known as the espionage bill, disagree to the Senate amendment, and agree to the conference asked for by the Senate.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to take from the Speaker's table the espionage bill (H. R. 291), disagree to the Senate amendment, and agree to the conference asked for. Is there objection?

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. WEBB, Mr. CARLIN, and Mr. VOLSTEAD.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned, under its previous order, until to-morrow, Wednesday, May 16, 1917, at 11 o'clock a. m.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. SLAYDEN, from the Committee on the Library, to which was referred the 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., reported the same without amendment, accompanied by a report (No. 51), which said joint resolution and report were referred to the Committee of the Whole House on the state of the Union.

#### MOTIONS TO DISCHARGE COMMITTEES.

Under clause 4 of Rule XXVII, motions to discharge committees were filed as follows:

By Mr. MADDEN: To discharge the Committee on Rules from the further consideration of the bill (H. R. 2331) authorizing the appointment of a joint committee on the conduct of the war.

By Mr. MONDELL: To discharge the Committee on the Judiciary from the further consideration of the joint resolution (H. J. Res. 4) proposing an amendment to the Constitution of the United States extending the right of suffrage to women.

By Mr. COOPER of Ohio: To discharge the Committee on the Judiciary from the further consideration of the bill (H. R. 304) to amend an act to incorporate the National McKinley Birthplace Memorial Association, approved March 4, 1911.

By Mr. PAIGE: To discharge the Committee on Banking and Currency from the further consideration of the bill (H. R. 2776) to amend an act entitled "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," approved March 14, 1900, and the amendment thereof, approved March 4, 1907.

By Mr. SLEMP: To discharge the Committee on the Judiciary from the further consideration of the joint resolution (H. J. Res. 19) proposing an amendment to the Constitution of the United States extending the right of suffrage to women.

By Mr. JOHNSON of Washington: To discharge the Committee on the Judiciary from the further consideration of the joint resolution (H. J. Res. 34) proposing an amendment to the Constitution of the United States extending the right of suffrage to women.

By Mr. HULL of Iowa: To discharge the Committee on Interstate and Foreign Commerce from the further consideration of the bill (H. R. 324) to promote the safety of employees and passengers on railroads engaged in interstate or foreign commerce.

By Mr. MEEKER: To discharge the Committee on Reform in the Civil Service from the further consideration of the bill (H. R. 2779) to provide for the retirement of employees in the classified civil service, and for other benefits and purposes in connection therewith.

By Mr. SMITH of Michigan: To discharge the Committee on Invalid Pensions from the further consideration of the bill (H. R. 2871) to provide that in the construction and application of the pension laws a soldier or sailor shall be considered of good health at the time of his enlistment.

By Mr. LANGLEY: To discharge the Committee on the Judiciary from the further consideration of the bill (H. R. 3122) to relieve Congress from the adjudication of private claims against the Government.

By Mr. JOHNSON of Washington: To discharge the Committee on Immigration and Naturalization from the further consideration of the bill (H. R. 3337) to provide for the naturalization of certain aliens.

By Mr. DILLON: To discharge the Committee on Coinage, Weights, and Measures from the further consideration of the bill (H. R. 3637) to establish a standard of weights for various commodities, and for other purposes.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MANN: A bill (H. R. 4448) for the erection of a monument to the memory of Gen. George Rogers Clark at Chicago, Ill.; to the committee on the Library.

By Mr. HELM: A bill (H. R. 4449) to amend section 29 of an act entitled "An act to provide for the Thirteenth and subsequent decennial censuses," approved July 2, 1909; to the Committee on the Census.

By Mr. CRAGO: A bill (H. R. 4450) to authorize the President to appoint Francis P. Fremont, formerly a major in the United States Army, on the active list of the Army; to the Committee on Military Affairs.

By Mr. SABATH: A bill (H. R. 4451) to prohibit speculation in food products; to the Committee on the Post Office and Post Roads.

By Mr. SMITH of Michigan: A bill (H. R. 4452) to facilitate the shipment and transportation of coal, and to prohibit storing the same upon freight cars at intermediate stations; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 4453) to increase the pension of veteran Civil War widows; to the Committee on Invalid Pensions.

By Mr. FLOOD: Resolution (H. Res. 80) sending greetings to the people of the Republic of Cuba; to the Committee on Foreign Affairs.

By Mr. TIMBERLAKE: Joint resolution (H. J. Res. 89) to relieve the owners of mining claims who have been mustered into the military or naval service of the United States as officers or enlisted men from performing assessment work during the term of such service; to the Committee on Mines and Mining.

By Mr. WEBB: Joint resolution (H. J. Res. 90) conferring certain powers on the President during the war; to the Committee on Interstate and Foreign Commerce.

By the SPEAKER: Memorial of the Legislature of the Territory of Hawaii, requesting the amendment of section 421 of the revised laws of Hawaii, 1915, so that the yearly rental for homesteads under right of purchase lease shall be at the rate of 6 per cent of the appraised value of such homestead instead of 8 per cent; to the Committee on the Territories.

Also, memorial of the Legislature of the Territory of Hawaii, commending the stand of the President and pledging loyalty to the United States; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the Territory of Alaska, favoring the abolishment of the contract system for the caring for the insane of Alaska and that an institution be established in Alaska at once for their proper care and maintenance; to the Committee on the Territories.

Also, memorial from the Legislature of the Territory of Alaska, inviting attention to the formulation of a plan for the leasing of oil lands in the Territory of Alaska; to the Committee on the Territories.

Also, memorial of the Legislature of the Territory of Alaska, urging an amendment to the act of May 11, 1908, relating to the shipment of trophies of game food animals; to the Committee on the Territories.

Also, memorial from the Legislature of the Territory of Alaska, requesting the suspension of section No. 2324 of the Revised Statutes of the United States relating to mining claims during period of enlistment of locator or claim holder in the Army or Navy of the United States; to the Committee on the Territories.

Also, memorial from the Legislature of the Territory of Alaska, to enact necessary legislation for the construction and operation of a pulp and paper factory in the Territory of Alaska; to the Committee on the Territories.

Also, memorial of the Legislature of the Territory of Alaska, requesting that a wireless telegraph station be established at some place on the Kuskokwim River, Alaska; to the Committee on the Territories.

Also, memorial from the Legislature of the Territory of Alaska, asking for an appropriation to build a trunk-line post road from Nome to Candle in the Seward Peninsula via the Kougarok and Immachik mining districts; to the Committee on the Territories.

#### PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. HASTINGS: A bill (H. R. 4454) granting an increase of pension to S. B. Johnson; to the Committee on Invalid Pensions.

By Mr. POU (by request): A bill (H. R. 4455) for the relief of the heirs of Nathaniel Boyden and Oliver H. Dockery; to the Committee on Claims.

By Mr. SMITH of Michigan: A bill (H. R. 4456) granting a pension to Webb W. Belknap; to the Committee on Pensions.

By Mr. STRONG: A bill (H. R. 4457) granting a pension to Mrs. Lavina Spiker; to the Committee on Invalid Pensions.

By Mr. ZIHLMAN (by request): A bill (H. R. 4458) for the relief of Frank H. Walker and Frank E. Smith, a part of whose real property was taken and is now occupied by the United States for the foundation of the west wall of the Government Printing Office, in the city of Washington, and the remainder not taken damaged by reason of the construction and operation of said printing office.

#### PETITIONS, ETC.

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

By the SPEAKER (by request): Memorial of committee of the Association of American Colleges, favoring national prohibition as a war measure; to the Committee on the Judiciary.

Also (by request), memorial of Board of Commissioners of Cook County, Ill., relative to establishing an Irish republic; to the Committee on Foreign Affairs.

By Mr. CARY: Petition of F. Mayer Boot & Shoe Co., of Milwaukee, Wis., against bill to amend the Federal banking law; to the Committee on Banking and Currency.

Also, petition of Park Theater, Milwaukee, Wis., relative to tax on theaters; to the Committee on Ways and Means.

By Mr. CLARK of Florida: Petition of Seminole Tribe, No. 29, Improved Order Red Men, asking enactment of law regulating export and price of foodstuffs, favoring volunteer system of raising armies, and pledging support to the Government; to the Committee on Agriculture.

By Mr. CONNELLY of Kansas: Petition of citizens of various counties of Kansas, asking Christian amendment to the Constitution; to the Committee on the Judiciary.

Also, petition of citizens of Osborne County, Kans., asking that pay of soldiers be increased; to the Committee on Military Affairs.

Also, petitions of citizens of Sylvan Grove, North Branch, Jewell County, students and faculty of the Osborne (Kans.) County High School and citizens of Rooks County, Kans., asking national prohibition; to the Committee on the Judiciary.

By Mr. DALE of New York: Petition of David Weil's Sons Lithographic Co. against sections 504 and 50c of the revenue bill; to the Committee on Ways and Means.

By Mr. COOPER of Wisconsin: Memorial of Wisconsin Brewers' Association, protesting against the passage of the Cummins amendment to the espionage bill; to the Committee on Military Affairs.

By Mr. DYER: Petition of Wheeler & Motter Mercantile Co., of St. Joseph, Mo., against charge of one-tenth of 1 per cent for collection of country checks; to the Committee on Banking and Currency.

By Mr. FOSTER: Petition of citizens of Illinois, favoring prohibition as war measure; to the Committee on the Judiciary.

By Mr. FULLER of Illinois: Petition of the Farm Journal of Philadelphia, Pa., protesting against the proposed zone system for second-class mail; to the Committee on the Post Office and Post Roads.

Also, petitions of the Trades Union Liberty League of Illinois; 50 members of the city council of Chicago; H. W. Orrel, of La Salle; Peru National Bank; Henry Ream; Peru Business Men's Association; Charles W. Helmig; Peru State Bank; Adolph Hoss; C. W. Corwin; Star Brewing Co.; Henry Hoener; Peru Brewing Co.; Andrew Hebel, of Peru, Ill., protesting against the Cummins amendment to the espionage bill; to the Committee on Military Affairs.

By Mr. GALLIVAN: Memorial of board of trustees of the American Defense Society, urging sending to France an expeditionary force of United States troops; to the Committee on Military Affairs.

By Mr. HASTINGS: Memorial of Local Union No. 351, United Association of Plumbers and Steam Fitters, of Muskogee, Okla., asking legislation to curb speculation in foodstuffs; to the Committee on Agriculture.

Also, petition of Al Folsom, of Muskogee, Okla., giving information regarding speculators buying up potato crop; to the Committee on Agriculture.

By Mr. HOLLINGSWORTH: Memorial of City Fireman's Union of East Liverpool, Ohio, favoring food-control bills, etc.; to the Committee on Agriculture.

By Mr. LINTHICUM: Petition of Farmers' Feed Co., of New York; Penn Grain & Feed Co., of Philadelphia, Pa.; and Milwaukee (Wis.) Grain & Feed Co., against prohibition as a war measure; to the Committee on the Judiciary.

Also, petitions of F. A. Davis & Sons and Neudecker Tobacco Co., of Baltimore, Md., against increased tax on tobacco; to the Committee on Ways and Means.

Also, petition of the Florsheim Shoe Co., of Chicago, Ill., against duty on hides and skins; to the Committee on Ways and Means.

Also, petition of A. G. Schumacher and Charles M. Stieff, of Baltimore, Md., against 5 per cent tax on musical instruments; to the Committee on Ways and Means.

Also, petition of Read Drugs & Chemical Co., of Baltimore, Md., against increase in tax on distilled spirits; to the Committee on Ways and Means.

Also, petition of E. E. Jackson Lumber Co., of Baltimore, Md., protesting against feature of excess-profits and income-tax bills which propose to make taxes retroactive so as to apply on profits of 1916; to the Committee on Ways and Means.

Also, petition of John W. Smith and W. P. Spare, of Baltimore, Md., against increase in postage rates; to the Committee on Ways and Means.

Also, petition of president of the Baltimore Athletic Club, against taxation on club dues; to the Committee on Ways and Means.

Also, petition of John Salmon, Baltimore, Md., favoring 10-cent tax added to the accessible basis of every State in Union as fairer way to collect taxes; to the Committee on Ways and Means.

Also, memorial of Brotherhood of St. Paul of First Methodist Episcopal Church, Baltimore, Md., favoring national prohibition as war measure; to the Committee on the Judiciary.

By Mr. LONERGAN: Petition of sundry citizens of Warehouse Point, Conn., favoring national prohibition as war measure; to the Committee on the Judiciary.

By Mr. MORIN: Petition of Oakland Board of Trade of Pittsburgh, Pa., urging the proper authorities of our National Government to adopt such measures as will prevent further manipulation of the markets by speculators, believing that the increasing and prohibitive cost of food is caused by such criminal food speculation, and asking that such persons or combinations as may be found guilty be punished; to the Committee on Agriculture.

By Mr. NOLAN: Telegrams signed by 70 moving-picture manufacturers and exhibitors of San Francisco, Sacramento, San Jose, and Watsonville, Cal., protesting against the proposed tax on moving-picture films and theaters; to the Committee on Ways and Means.

Also, petition of Cigarmakers' Local Union No. 228, and Messrs. Tillman & Bendel, San Francisco, Cal., against any increase of tax on tobacco; to the Committee on Ways and Means.

Also, petition of Kohler & Chase, San Francisco, Cal., protesting against proposed tax on pianos and musical instruments; to the Committee on Ways and Means.

Also petition of California Viticultural Commission, Sacramento, Cal., protesting against the proposed tax on dry and sweet wines and brandy in the new revenue bill; to the Committee on Ways and Means.

Also, telegrams of John T. Williams, Foster & Kleiser Co., and P. H. McCarthy, president of the State Building Trades Council, San Francisco, Cal., protesting against the 5 per cent tax proposed on the gross receipts of billboard advertising; to the Committee on Ways and Means.

Also, telegrams of the State Building Trades Council and the California State Federation of Labor, San Francisco, Cal., protesting against any amendment to the Chinese exclusion act to permit of the importation of Chinese into this country; to the Committee on Immigration and Naturalization.

Also, resolution of Carpenters Union, Local No. 483, of San Francisco, Cal., and Marin County Building Trades Council, San Rafael, Cal., favoring certain methods for raising the war revenue, and protesting against the sale of necessities of life at excessive profits; to the Committee on Ways and Means.

By Mr. RAINEY: Petitions of Miss Alice Graham and 22 others, of New Salem, Ill., and Illinois Christian Missionary Society, of Bloomington, Ill., favoring prohibition; to the Committee on the Judiciary.

By Mr. RAKER: Memorial of Building Trades Council of San Francisco, Cal., protesting against the espionage bill; to the Committee on Military Affairs.

Also, petition of Kohler & Chase, of San Francisco, Cal., against any excise tax on musical instruments; to the Committee on Ways and Means.

Also, petition of California White & Sugar Pine Manufacturers' Association, of San Francisco, Cal., against proposed 15 per cent advance on lumber; to the Committee on Interstate and Foreign Commerce.

Also, petition of California Cotton Mills Co., Oakland, Cal., favoring increase on import duty on burlaps, and opposing duty on raw jute; to the Committee on Ways and Means.

Also, petition of 19 railway companies of California, relative to tax on passenger fares and commutation tickets; to the Committee on Ways and Means.

Also, petition of Paul Rieger, of San Francisco, Cal., relative to stamp tax; to the Committee on Ways and Means.

Also, petition of Robert Newton Lynch, Chamber of Commerce, San Francisco, Cal., urging assignment of vessels for the purpose of collecting and assembling at Manila cargoes for regular trans-Pacific liners; to the Committee on Interstate and Foreign Commerce.

Also, petition of Brace Hayden, president Dunham, Carrigan, Hayden Co., San Francisco, and Luke W. Peart, vice president Heald's Business College, Sacramento, Cal., favoring bill providing for revision postal rates to increase revenue of the department; to the Committee on the Post Office and Post Roads.

Also, petition of G. O. Ellis, the Sprague Publishing Co., Detroit, Mich., against proposed zone system in second-class postage rates; to the Committee on the Post Office and Post Roads.

By Mr. RANDALL: Petition of 3,097 citizens of Pomona, Cal., favoring prohibition as war measure; to the Committee on the Judiciary.

By Mr. SMITH of Michigan: Petition of James J. O'Meara and 10 citizens of Kalamazoo, Mich., against tax on cigars; to the Committee on Ways and Means.

Also, petition of printed-book binders, Local Union No. 3, New York City, against increase of postage rates on second-class mail matter; to the Committee on Ways and Means.

Also, petition of Arthur B. Williams and 37 citizens of Battle Creek, Mich., favoring universal military training; to the Committee on Military Affairs.

By Mr. SNELL: Resolutions of National League for Woman's Service, of Ogdensburg, N. Y., heartily indorsing the movement looking toward the prohibition of the manufacture and sale of intoxicating liquors throughout the United States during the period of war; to the Committee on the Judiciary.

By Mr. STINESS: Petition of adult members of St. Paul's Methodist Episcopal Church, of Providence, R. I., favoring national prohibition as a war measure; to the Committee on the Judiciary.

By Mr. WARD: Memorial of members of the Reformed Church of Woodbourne, N. Y., favoring selective draft; to the Committee on Military Affairs.

Also, petition of Rev. Nicholas Hess and other citizens of Glasco, N. Y., favoring national prohibition as a war measure; to the Committee on the Judiciary.

## SENATE.

WEDNESDAY, May 16, 1917.

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

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

Mr. SMOOT. 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:

Ashurst	Hitchcock	Martin	Smith, Ga.
Chalder	Husting	Myers	Smith, S. C.
Chamberlain	James	Nelson	Smoot
Culberson	Johnson, Cal.	New	Sterling
Cummins	Jones, N. Mex.	Norris	Stone
Curtis	Jones, Wash.	Overman	Swanson
Dillingham	Kellogg	Page	Thomas
Fernald	Kendrick	Penrose	Thompson
France	Kenyon	Pittman	Townsend
Frelinghuysen	King	Polndexter	Underwood
Gallinger	Kirby	Saulsbury	Watson
Gerry	La Follette	Shaforth	Weeks
Gore	Lodge	Sheppard	Williams
Gronna	McCumber	Sherman	Wolcott
Hale	McKellar	Simmons	
Hardwick	McLean	Smith, Ariz.	

Mr. CURTIS. I was requested to announce that the senior Senator from Michigan [Mr. SMITH] is temporarily detained from the Senate on official business.

Mr. FRELINGHUYSEN. I desire to announce the unavoidable absence of my colleague [Mr. HUGHES] on account of illness. I ask that this announcement may stand for the day.

Mr. REED. I desire to announce that the junior Senator from Mississippi [Mr. VARDAMAN] is detained from the Senate on official business.

Mr. THOMPSON. I have been requested to announce that the senior Senator from Arkansas [Mr. ROBINSON], the junior Senator from Kentucky [Mr. BECKHAM], the senior Senator from Louisiana [Mr. RANDELL], and the senior Senator from California [Mr. PHELAN] are detained on official business.

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

## ARMY AND NAVY APPROPRIATIONS.

Mr. MARTIN. I ask unanimous consent that the Senate take up the bill (H. R. 3971) making appropriations to supply urgent deficiencies in appropriations for the Military and Naval Establishments on account of war expenses for the fiscal year ending June 30, 1917, and for other purposes.

The VICE PRESIDENT. The Senator from Virginia asks unanimous consent to proceed to the consideration of House bill 3971. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. MARTIN. I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the committee amendments be first considered.

Mr. CUMMINS. Will the Senator from Virginia yield to me long enough to submit a resolution and have it referred to the Committee on Interstate Commerce. I am anxious to have it reach the committee before Friday morning.

Mr. MARTIN. I yield for that purpose.

## BOSTON &amp; MAINE RAILROAD.

Mr. CUMMINS. I submit the following resolution and ask that it be referred to the Committee on Interstate Commerce.

The resolution (S. Res. 65) was ordered to be printed and referred to the Committee on Interstate Commerce, as follows:

Whereas it has become important that the Committee on Interstate Commerce be informed respecting the attempts to reorganize and reestablish the Boston & Maine Railroad, with its branches and associated properties, occurring since the separation of said railroad from the New York, New Haven & Hartford Railway property; and Whereas it is desirable that the inquiry hereinafter requested shall include all the facts and circumstances relating to the financial transactions of the Boston & Maine Railroad, the organization of the Boston Railroad Holding Co., the deposit of the stock of the Boston Railroad Holding Co. in the hands of trustees, the appointment of a receiver for the Boston & Maine Railroad, the consolidation with leased lines, the organization and financing of the Hampden Railroad Corporation, and all other matters connected with the main inquiry: Therefore be it

Resolved, That the Interstate Commerce Commission is hereby requested to make an investigation of all the matters, facts, and circumstances set forth in the foregoing preamble and make report to the Senate of the evidence, its findings, and any recommendations which may seem to it appropriate.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House disagrees to the