

Carroll Ross Stearns;
John Pierce Bretherton, and
Ellwood Lorenzo Houtz.

The following-named second lieutenants to be first lieutenants in the Marine Corps, for temporary service:

David L. Ford and
Josephus Daniels, jr.

Second Lieut. David L. Ford to be a second lieutenant in the Marine Corps, for temporary service.

Second Lieut. Josephus Daniels, jr., to be a second lieutenant in the Marine Corps, for temporary service.

POSTMASTERS.

SOUTH DAKOTA.

Frank Dennerly, McLaughlin.
Charles H. Peckham, Alexandria.
Patrick J. Donohue, Bonesteel.
Thomas McAllen, Bristol.
Lloyd L. Truesdell, Burke.
George C. H. Kostboth, Canastota.
Frank P. Gannaway, Chamberlain.
F. Boniface Boyle, Corsica.
Patrick Holland, Fort Pierre.
Sigurd E. Olsen, Frederick.
William S. Small, Gettysburg.
Harry Donovan, Hecla.
Charles S. Eastman, Hot Springs.
Nels C. Andrews, Irene.
Frank C. Fisher, Lead.
Frank Junge, Leola.
Matthew F. Ryan, Mobridge.
Charles P. Dahlen, Oldham.
Stephen Donahoe, Sioux Falls.
Albert P. Monell, Stickney.
William Galvin, Sturgis.
Ephraim W. Babb, Wakonda.
George W. Turley, Willow Lake.
Mathew F. Cummins, Wilmot.
Martin K. Nolan, Winner.
Mark M. Bennett, Yankton.
Marshall Coffman, Dallas.
Edward J. Engler, Ipswich.
Mary M. Cullen, Reliance.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, September 11, 1918.

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore [Mr. GARRETT of Tennessee].

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

Almighty Father, we approach Thee in faith and reverence, praying for Thy sustaining grace and the light of Heaven to guide these Representatives of a great people; that they may be wise in their preparations to uphold and sustain our brave boys at the front; that every means shall be provided for the speedy prosecution of the war; that militarism and autocracy may be swept from the face of the earth; that democracy may advance to the good of all Thy children, in liberty, justice, righteousness; to the glory and honor of Thy Holy Name, in Christ Jesus our Lord. Amen.

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

REVENUE LEGISLATION.

Mr. KITCHIN. 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. 12863.

The question was taken.

Mr. DYER. Mr. Speaker, I ask for a division.

The SPEAKER pro tempore. The gentleman from Missouri demands a division.

The House divided; and there were—ayes 42, noes none.

So 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 bill H. R. 12863, the revenue bill, with Mr. SAUNDERS of Virginia in the Chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12863, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 12863) to provide revenue, and for other purposes.

Mr. DYER. Mr. Chairman, will the gentleman from North Carolina yield?

Mr. KITCHIN. I do.

Mr. DYER. I desire to ask the gentleman a question with reference to this bill. I, perhaps with a number of other Members, would like to know about the time the Committee of the Whole House on the state of the Union will take this bill up for reading under the five-minute rule—in other words, when general debate will cease. We want to be here. I know I myself and all Members would like to be here when this bill is taken up to be read. There is not much interest in general debate, it appears from the division just had, which shows there are some 40 Members present now, and I think that is about the average who have listened to the general debate, and I would like to get some idea as to when we will really start the consideration of this bill under the five-minute rule. I think the Members are entitled to that information, if it can be had.

Mr. KITCHIN. I think the gentleman is a bad counter; I think there are a good deal more than 40, maybe twice as many now.

Mr. DYER. I asked for a division, and the Chair counted.

Mr. KITCHIN. But a good many have come in since. I was in hopes we could finish general debate to-day, but it seems impossible, and I am pretty certain we will finish to-morrow and go into the consideration of the bill under the five-minute rule on Friday.

Mr. FORDNEY. I will say to the gentleman I have requests for six or seven hours under general debate on this side.

Mr. GILLETT. I understood the committee would take to-day, at least.

Mr. KITCHIN. No; there is only one other gentleman on our side who desires considerable time, and several will want 20 or 30 minutes.

Mr. GILLETT. The gentlemen on the committee ought to have an opportunity to discuss it.

Mr. KITCHIN. Not over three or four on our side on the committee will speak in all, and I think we can get through by 6 o'clock to-morrow; have all day to-day and all day to-morrow. I am not inclined myself, and I do not think any man on our side is, to shut off any debate. We believe it ought to be fully debated, but I hope to get through by to-morrow by adjournment. I now yield to the gentleman from Indiana [Mr. Dixon].

Mr. DIXON. Mr. Chairman, our country is now engaged in the greatest war in the history of the world.

To win this war is the fixed purpose of our Government. To help win it is the highest duty of every citizen.

Money is essential and necessary for the vigorous prosecution of the war to an early and successful termination.

The Secretary of the Treasury recommended and requested that \$8,000,000,000 in taxes be raised in this fiscal year for the partial payment of the expenses of the war and of the Government during said year.

This bill is the response by Congress to that recommendation. It will yield the full amount requested, and several millions in addition. The response is not a partial fulfillment of the request, but a complete compliance with it.

Every request for money by the Government has been promptly responded to; there has been neither hesitancy nor delay, and Congress will continue to furnish all that may be requested to make certain and complete the success of our cause and the victory of our forces.

This bill provides for raising over \$8,000,000,000 by taxation during this fiscal year ending June 30, 1919. The amount is enormous, but the expenses of war are great, and necessity demands the money. It is the largest tax bill ever presented to a legislative body in the history of the world, but we have a country richer in its resources and greater in its wealth than any other country. While there are no tax bills of other countries of such magnitude, so we have no other country with such resources and wealth. Our people are prepared to meet it and will pay the taxes gladly. They only ask that the taxes be equitably levied and the burden placed where they can be carried without too great an injury. Some of the taxes in this bill are large, very large, but it is believed that there is not a single American industry that can not pay the taxes and have sufficient money left to provide for extension of their business and pay good returns upon their invested capital.

Men should not expect or want to accumulate large fortunes or abnormal profits drawn from our people during this war. Men should not be allowed to profiteer, and the Government has not only the right but it is its duty to see that all profits above reasonable ones, based on equity and fairness, should either remain in the pockets of the people or be paid to the Government

in the way of taxes. Good conscience and justice demand it, and our business men and our people approve it.

• Last year a \$4,000,000,000 tax bill appeared large, but we are progressing, and an \$8,000,000,000 tax bill receives but little unfavorable comment from those who are to pay it.

While this bill was unanimously reported, and every item received a majority vote in committee, yet there are taxes contained therein not approved by individual Members and, in fact, objectionable to some, yet, as a completed bill, will no doubt be supported by each Member. This bill was prepared after extensive hearings, conferences with Treasury officials and experts, and long and earnest consideration by the committee.

As to the proper and best method of financing the war honest and sincere men differ. The proportion to be raised by taxation and by bonds is one upon which men may sincerely differ. I think it a wiser policy to pay as we go, as far as it is possible, and without too heavy a burden on the people. After the war heavy taxes must continue to be levied, and the more we pay the expenses by bonds the greater the interest charges must be and paid for an uncertain time in the future. It would also impose upon our soldiers fighting in this war, and who are to bring us the victory, the additional burden of paying in a large measure the expenses of the war.

The committee was advised by the Secretary of the Treasury that the estimated expenses of the Government for the present fiscal year ending June 30, 1919, would be about \$24,000,000,000. This amount included the usual monthly loans to our allies of \$500,000,000, or \$6,000,000,000 during the year. Our contract with the allies provides for the repayment of this money with interest at the rate of at least what we pay upon our bonds. This reduces our own expenses to \$18,000,000,000, but the amount will be increased before the end of the year. If this amount represents our entire expenses, we will raise by taxation about 45 per cent of the entire sum.

Our war expenses are necessarily very large, but instead of being discouraged by the magnitude of the figures our people courageously and gladly respond to the demand. The plans, enormous in their magnitude, for pushing this war to an early and successful termination, have inspired the people to meet every demand made by the President, and those charged with the responsibility of carrying on this war, and mere money will not be considered in the unchangeable purpose to win it.

The resolution declaring the existence of a state of war pledged all the resources of the country to its successful termination. We voted for that resolution, and we will not hesitate to carry out its promises and pledges. Our people have not hesitated or delayed in the part they have been called upon to do, and while this bill imposes great burdens, they will be assumed with cheerfulness and fulfilled with fidelity.

The money raised by this bill will be used to equip, provide, and care for our soldiers and sailors, and will carry cheer and encouragement to them. They will know that their every need will be promptly supplied. They are brave, courageous, and valiant, and have won the love, respect, and admiration of the world by their strength and fighting qualities on the bloody battle fields of France. They are the best soldiers in the world. They are the best fed, best clothed, best equipped, and best cared for soldiers in the war, and this bill will give them ample assurance that those conditions are to continue and that their wants and needs are uppermost in the thoughts of the people back home.

They are making the real sacrifices of the war, giving their lives for their country—the supreme sacrifice. How small indeed is the sacrifice we are laying upon the people when we seek only money, and that, too, from those who are able to pay. We are taking only from the earnings and profits of business, and leaving the capital and a reasonable profit intact. How many mothers and fathers of the boys over there would cheerfully give all their property for the absolute certainty that their son would return in safety, strong and loving as he left them a short time ago.

We believe the profits of those who are piling up dollars by reason of the war should first be reached before we invade the small earnings of those less able to pay. We have gone on the theory that the great mass of the people with small earnings should not be called upon in large numbers until those who have made abnormal profits have contributed a fair proportion of what they have made. Those who have profited financially by reason of this war must make liberal contribution under this bill, but justice and equity demand it, and the people will approve it.

This bill will take, through the individual income tax, from their incomes and earnings \$1,482,186,000 during this fiscal year.

It provides for liberal credits, and gives an exemption of \$2,000 to a married man and \$1,000 to a single man, with an additional \$200 exemption for each dependent. The rate upon incomes of \$4,000 and under is but 6 per cent, and these taxes will be paid by a very large number; the amount of taxes in the aggregate will be large, yet comparatively small in each individual case. Above this amount the normal tax is 12 per cent, and the supertaxes begin at \$5,000.

The following table shows the income tax levied under existing law and levied under the proposed bill for specified incomes of married persons without dependents and without dividends from corporations or interest from tax-free securities:

Incomes.	Tax under—		Per cent of tax to net incomes.	
	Existing law	Proposed bill.	Existing law (per cent).	Proposed bill (per cent).
\$2,500.....	\$10	\$30	0.40	1.20
\$3,000.....	20	60	.67	2.03
\$3,500.....	30	90	.86	2.57
\$4,000.....	40	120	1.00	3.03
\$4,500.....	60	150	1.33	3.33
\$5,000.....	80	180	1.60	3.60
\$5,500.....	105	220	1.91	4.03
\$6,000.....	130	260	2.16	4.33
\$6,500.....	155	330	2.38	5.03
\$7,000.....	180	400	2.57	5.71
\$7,500.....	205	470	2.73	6.27
\$8,000.....	235	545	2.93	6.81
\$8,500.....	265	620	3.12	7.29
\$9,000.....	295	695	3.28	7.72
\$9,500.....	325	770	3.42	8.11
\$10,000.....	355	845	3.55	8.45
\$12,500.....	530	1,320	4.24	10.56
\$15,000.....	730	1,795	4.87	11.97
\$20,000.....	1,180	2,895	5.90	14.48
\$25,000.....	1,780	4,245	7.12	16.98
\$30,000.....	2,380	5,595	7.93	18.65
\$35,000.....	2,980	7,195	8.51	20.53
\$40,000.....	3,580	8,795	8.95	21.93
\$45,000.....	4,380	10,645	9.73	23.63
\$50,000.....	5,180	12,495	10.36	24.93
\$55,000.....	5,980	14,695	10.87	26.72
\$60,000.....	6,780	16,895	11.30	28.15
\$70,000.....	8,880	21,895	12.69	31.25
\$80,000.....	10,980	27,295	13.72	34.12
\$100,000.....	16,180	39,695	16.18	39.10
\$150,000.....	21,680	70,095	21.12	46.73
\$200,000.....	30,180	101,095	24.59	50.55
\$300,000.....	52,680	165,095	30.89	55.03
\$500,000.....	122,680	297,095	58.54	59.42
\$1,000,000.....	475,180	647,095	47.52	64.71
\$5,000,000.....	3,140,180	3,527,095	22.80	70.54

The following table shows the supertax levied under existing law and the proposed bill:

Incomes.	Surtax rates under—	
	Existing law (per cent).	Proposed bill (per cent).
\$5,000-\$7,500.....	1	2
\$7,500-\$10,000.....	2	3
\$10,000-\$12,500.....	3	4
\$12,500-\$15,000.....	4	5
\$15,000-\$20,000.....	5	7
\$20,000-\$30,000.....	8	10
\$30,000-\$40,000.....	8	15
\$40,000-\$50,000.....	12	20
\$50,000-\$60,000.....	12	25
\$60,000-\$70,000.....	17	32
\$70,000-\$80,000.....	17	38
\$80,000-\$90,000.....	22	42
\$90,000-\$100,000.....	22	46
\$100,000-\$150,000.....	27	48
\$150,000-\$200,000.....	27	50
\$200,000-\$250,000.....	31	50
\$250,000-\$300,000.....	37	52
\$300,000-\$350,000.....	42	52
\$350,000-\$500,000.....	46	54
\$500,000-\$750,000.....	50	58
\$750,000-\$1,000,000.....	55	58
\$1,000,000-\$1,500,000.....	61	60
\$1,500,000-\$2,000,000.....	62	60
\$2,000,000-\$5,000,000.....	63	60
Over \$5,000,000.....	63	65

The Treasury Department estimates that in 1917 there were about 615,000 individuals with an income above \$4,000 per annum and 2,440,000 with taxable incomes of \$4,000 or less.

The total taxable income was \$7,400,000,000 and of income subject to normal tax, \$4,700,000,000. It is estimated that the individual normal income tax will yield \$414,000,000 and the surtaxes \$1,068,186,000, making the total individual income tax \$1,482,186,000. This will allow the individuals paying said

taxes the sum of \$5,917,814,000, or nearly 75 per cent of their total taxable incomes. This tax is taken entirely from incomes and the burden is paid in proportion to the incomes and the individual's ability to pay. In the calendar year ending December 31, 1916, personal returns in the number of 437,036 were filed, showing an aggregate income of \$6,298,577,620. The income tax amounted to \$173,386,694. More than one-fourth of the total net income reported was returned by persons with incomes of from \$3,000 to \$10,000, nearly one-half by those with incomes from \$3,000 to \$30,000, and more than three-fourths with incomes less than \$150,000. While 98½ per cent of the returns filed showed incomes less than \$100,000, the 1½ per cent showing incomes of \$100,000 and over represented nearly one-third of the total net incomes and nearly three-fourths of the total tax. This bill does not impose an income tax on partnerships, but provides that each partner will pay his income tax upon his share of the profits of the partnership, whether the same are distributed or not.

This bill provides that more than one-half of its total of \$8,000,000,000 will be in taxes from the earnings and profits of corporations. These corporations are allowed reasonable profits and liberal deductions before the taxes are imposed upon the net income. They deduct all the ordinary and necessary expenses in carrying on the business, including reasonable salaries for personal services actually rendered, rental, and all other necessary expenses; all interest paid or accrued within the taxable year on its indebtedness; taxes, except income taxes and war or excess-profits taxes, paid or accrued within taxable year; losses sustained and charged off, worthless debts, dividends from other corporations, allowances for wear and tear of property, amortization in case of buildings, machinery, or other factories constructed for the production of articles contributing to the prosecution of the present war, special deductions for mines, oil and gas wells. Then certain credits are allowed before the corporation tax is levied: Amount of interest upon bonds or obligations of the Government, or any State, Territory, or political subdivision, which is included in their gross income, also the amount of any war profit or excess-profit taxes, and in addition \$2,000.

Under the act of 1916 the corporation tax was 2 per cent upon the net income, with no allowance for deduction of dividends received from another corporation. The act of 1917 levied an additional tax of 4 per cent on corporations, but allowed a corporation to deduct amount of dividend received from other corporations. This bill allows similar deductions to the law of 1917 and levies a tax of 18 per cent upon the net income after allowance for credits and deductions, and provides the tax shall be 12 per cent upon that portion of said net income that does not exceed the sum paid in dividends during the taxable year, and in addition the amount paid during the taxable year out of the earnings and profits in discharge of bonds and other interest-paying obligations outstanding prior to the beginning of such year. It is estimated from this corporation tax the Government will receive \$894,000,000.

In addition to the corporation income tax, this bill provides for an excess-profits tax or a war-profits tax. Each corporation subject to its provisions must file a return which will show the amount of taxes it would be liable to pay under each method of calculation, and must pay the tax computed according to that method which yields the highest amount of taxes. The war-profit method provides for a tax of 80 per cent upon the amount of the net income in excess of the average net income for the prewar years 1911, 1912, and 1913 and a credit of \$3,000. In case the average net income of a corporation for the prewar years was less than 10 per cent of its invested capital, a corporation will be allowed to deduct from its net income an amount equal to 10 per cent of its invested capital, plus \$3,000, before applying the 80 per cent rate.

In cases where this method of calculation is used and the taxes to be paid are less than when calculated under the excess-profit method, the latter method is used, and the taxes are to be paid under its provisions. The method of determining the taxes under the excess profits is as follows: A credit of \$3,000 plus 8 per cent of the invested capital of the corporation for the taxable year is allowed. This amount is to be deducted from the net profits, and the tax will be computed on the following basis: Thirty-five per cent of the amount of the net income in excess of the excess-profit credits and not in excess of 15 per cent of such invested capital for the taxable year; 50 per cent of the amount of the net income in excess of 15 per cent of the invested capital and not in excess of 20 per cent of the invested capital; and 70 per cent of the amount of the net income in excess of 20 per cent of such capital. The corporate net income from 1909 to 1918 is as follows:

Corporate net income, 1909 to 1918.

Year.	Net income.
1909.....	\$3,530,000,000
1910.....	3,781,000,000
1911.....	3,533,000,000
1912.....	4,151,000,000
1913.....	4,714,030,000
1914.....	3,940,000,000
1915.....	5,310,000,000
1916.....	8,785,900,000
1917 (estimated).....	10,500,000,000
1918 (estimated).....	10,000,000,000

It is estimated that the revenue from the excess-profits and war-profits taxes for 1918 will be \$3,200,000,000 and from income taxes on corporations \$894,000,000, in all \$4,094,000,000. This will leave in the treasury of said corporations after payment of taxes \$5,906,000,000. This amount is larger than the total net incomes of corporations for either 1914 or 1915 or any year prior thereto. In other words, after the payment of these taxes proposed in this bill the corporations will have larger profits than any year from 1909 to 1915, inclusive.

While the taxes are large, very large, yet the corporations will pay these out of profits, after allowing most liberal deductions and credits, and when paid will have \$1,966,000,000 more than their total income in 1914 and \$596,000,000 more than they made in 1915, when their profits were abnormally high by reason of the war. They will retain about 59 per cent of their net profits after all salaries and expenses, including income, excess-profits, or war-profits taxes.

There have been a number of changes in the provisions of the estate tax for the purpose of simplification and clearness, and the rates have been increased 50 per cent to estates of \$8,000,000 and under and slightly above that per cent for larger estates.

The rates on transportation of freight and express have not been changed nor have the rates upon the transportation of persons. The rates on telegraph and telephone messages have been changed. Under the present law a tax of 5 cents is levied upon messages where the charge is 15 cents or more. Under this bill messages where the charges are more than 14 cents and not more than 50 cents are taxed 5 cents. Where the charges are more than 50 cents the tax is 10 cents.

The tax on beverages has been greatly increased; on distilled spirits for beverage purposes from \$3.20 to \$8 per gallon and on spirits for other purposes the present rates are doubled. The rates on beer and wines were doubled.

For the purpose of securing a larger revenue from soft drinks there is imposed a tax of 30 per cent upon the manufacturer's price of cereal beverages and 20 per cent upon the manufacturer's price of other soft drinks. Under the proposed bill a tax of 2 cents for each 10 cents of the selling price will be imposed upon soft drinks mixed at the place of retail sale and upon ice-cream sodas and other similar articles of food. Upon sales amounting to 7 cents or less the tax is 1 cent. It is estimated that from beverages alone the taxes will yield \$1,137,600,000.

The taxes upon tobacco, cigars, and cigarettes have been doubled in some cases and increased in all cases, and it is estimated that from these sources the Government will receive in taxes \$341,204,000, an increase of about \$130,000,000 over existing law.

The tax on admissions and dues have been doubled and the estimated revenue increased from \$50,000,000 to \$100,000,000.

The excise taxes proposed in this bill are levied upon articles that are either luxuries in themselves or become a luxury in the opinion of the committee when bought at more than the fixed price named in the bill. There is necessarily a difference of opinion as to many of these articles. What is a luxury to one person may be regarded as a necessity to another. These selections were made for the purpose of revenue, and when applied to articles selling above the fixed price it is the opinion that the tax will have a tendency to curtail purchases and reduce extravagance. Many of the articles enumerated under excise taxes are of absolute necessity, yet as the tax upon those articles only applies to the prices in excess of the reasonably high figures proposed in the bill it is not believed that the great mass of the people will be affected by the tax. Those who will be called upon to pay will be those who can afford to pay. Most of us buy these articles for amounts less than the exempted figures.

In addition to the excise taxes, there are a number of special taxes levied in this bill simply for revenue purposes. The money is needed, and the people who are called upon to pay it can well afford to contribute to their Government from their

profits. Many new items are incorporated in this bill. These special taxes, it is estimated, will yield the Government about \$165,000,000.

The stamp taxes provided for in this bill simply reenact the existing law, the rates remaining the same except as to playing cards, and these rates were fixed at what was estimated to be the largest revenue-producing rate, the money to be collected therefrom being alone considered in fixing the rate.

One of the most important provisions of the bill was the creation of an advisory tax board, to consist of five members, appointed by the President, confirmed by the Senate, and the tenure of office fixed to terminate one year after the termination of the war. This will provide a means whereby any taxpayer can have his individual case submitted to this board upon any question relating to the interpretation or administration of the internal-revenue laws, and this board will report its findings and recommendations to the Secretary of the Treasury or the Commissioner of Internal Revenue. This provision will give to the business man an opportunity to present his case in full to a board clothed with authority to report its findings and recommendations, and no doubt the recommendations will be approved. This will assure business men of a hearing and that justice and equity will be applied in their cases where appeal to this board is made. These are the main features of this bill. Many administrative provisions have been inserted, some changing existing and many being new provisions, but all intended to simplify the administration of the law. This bill seeks to correct the inequity in the operation of the present law, repeals most of the revenue acts of 1916 and 1917, and incorporates most of their provisions therein. The administrative features make the collection of the taxes simple and easy.

This law, made necessary by reason of the war, would not be enacted in times of peace. It is, in fact, a war measure, and with peace will come the repeal of many of its provisions and modification and radical changes in those that remain in the law.

Revenue receipts during the fiscal year 1918 and estimated receipts during the fiscal year 1919 under existing law and under the proposed bill.

	Revenue receipts.		
	Fiscal year 1918.	Fiscal year 1919 under existing law (estimated).	For 12-month period under proposed bill.
Income tax:			
Individual.....	\$930,000,000	\$930,000,000	\$1,482,186,000
Corporation.....	528,500,000	528,500,000	894,000,000
Excess-profits tax.....	1,791,000,000	1,791,000,000	3,205,000,000
Estate tax.....	47,453,000	73,000,000	110,000,000
Transportation:			
Freight.....	30,000,000	75,000,000	75,000,000
Express.....	6,459,000	20,000,000	20,000,000
Persons.....	24,306,000	60,000,000	60,000,000
Oil by pipe lines.....	1,453,000	3,500,000	4,550,000
Seats and berths.....	2,237,000	5,000,000	5,000,000
Telegraph and telephone.....	6,299,000	14,000,000	16,000,000
Insurance.....	6,492,000	12,000,000	12,000,000
Admission.....	26,357,000	50,000,000	100,000,000
Club dues.....	2,299,000	4,500,000	9,000,000
Excise taxes:			
Automobiles, etc.....	23,981,000	41,000,000	123,750,000
Jewelry, sporting goods, etc.....	13,000,000	35,000,000	80,000,000
Other taxes on luxuries, at 10 per cent.....			88,760,000
Other taxes on luxuries, at 20 per cent.....			184,785,000
Gasoline.....			40,000,000
Yachts and pleasure boats.....			1,000,000
Beverages.....	300,000,000	500,000,000	1,137,000,000
Stamp taxes.....	18,815,000	32,000,000	32,000,000
Tobacco:			
Cigars.....	30,909,000	41,700,000	61,364,000
Cigarettes.....	66,000,000	100,000,000	165,240,000
Tobacco.....	48,000,000	63,700,000	104,000,000
Snuff, etc.....	10,000,000	6,000,000	9,100,000
Papers and tubes.....	325,000	750,000	1,500,000
Special taxes:			
Capital stock.....	24,996,000	25,000,000	70,000,000
Brokers.....	333,000	850,000	1,765,000
Theaters, etc.....	865,000	1,070,000	2,143,000
Mail order sales.....			5,000,000
Bowling alleys, billiard and pool tables.....	1,086,000	1,100,000	2,200,000
Shooting galleries.....			400,000
Riding academies.....			50,000
Business license tax.....			10,000,000
Manufacturers of tobacco.....		37,000	69,000
Manufacturers of cigars.....	538,000	440,000	850,000
Manufacturers of cigarettes.....		120,000	240,000
Use of automobiles and motorcycles.....			72,800,000
Total.....	3,941,663,000	4,417,267,000	8,182,492,000

¹ Assessed but not collected in 1918.

Income tax based on total individual income of (taxable)..... \$7,400,000,000
 Corporation excess profits and income tax on net income of..... 10,000,000,000

Mr. FORDNEY. Mr. Chairman, I yield 30 minutes to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Chairman, I desire to ask leave to revise and extend my remarks.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. SLOAN. Mr. Chairman, I ask this leave at this time for the reason that I have no formal address prepared to present to the membership of this House. I expect, as do the other members of the Ways and Means Committee, when this bill is finally considered, to vote for its passage. I shall vote for it as a completed war measure, as I have voted for every completed war measure presented since the declaration of war.

Three months the Ways and Means Committee, during the heated season, labored in the production of this stupendous measure. There were those who likened their labors to the mountain in travail. But there were none hardy enough to suggest that out of that great travail of the mountain a mouse was brought forth. There may be those, and probably are, who claim that a monster was produced. But it is not of such frightful mien but that we can accept it. It is a measure somewhat in harmony with the events and conditions of the world. This is a day and age when we talk of men numbered in millions. We talk of money counted in billions. Races are at war and continents contend. The underseas have become the lair of the enemy, while the domain of the eagle has become the battle field of the world. So the bill we present, large in its terms and perhaps grievous in its burdens, is in entire harmony with the progressive movements of the world in this its most critical epoch.

I shall not hold you long, for the reason that the bill and its many features have been well explained and ably discussed. I shall devote myself to but a few features which appeal to me. The speech of the minority ranking member [Mr. FORDNEY] opened with an American poem inspiring to all of us. It depicts a son, whom the writer called "Bill," typifying the American soldier as a unit of America's fighting force. The unit of America's fighting force is now the effective significant unit of the fighting force of the world.

He spoke of him as "Our Bill." This great measure, laying its stupendous burden upon the people, is to provide for "Our Bill" that "Our Bill" may do the other "Bill." It is a mighty, golden sword placed in the hands of "Our Bill" with which to slay that worse than dragon, the other Bill. [Applause.]

Two serious breaks have occurred over on the western front recently. One was a break of the Hindenburg line, inspired by "Our Bill." The other was led by the other Bill, a break for the banks of the Rhine [applause], all inspired by "Our Bill." And the Teuton monarch is being followed, mind you, by the Teuton hordes toward safety beyond the Rhine. Speed to the pursued, but greater speed to the pursuer. [Applause.] Because just in that kind of a situation we find an opportunity for the slaughter or the capture of an army, which is necessary before there will be a decision in this war. We are wagering the amount of this bill on "Our Bill" beating the Hun Bill, and I do not believe the Reichstag will cover it.

Now, then, this bill which we have for consideration might be taken up in a great deal of detail. For two days the eloquent, witty, logical—sometimes—chairman discussed the measure which is partly the product of his creative brain. I thought, after listening to him for those two days, and recalling that one of the bases for the production of revenue was talking machines, that this would lead me to approve the tax in this bill on talking machines.

Mr. MOORE of Pennsylvania. Mr. Chairman—
 The CHAIRMAN. Will the gentleman from Nebraska yield to the gentleman from Pennsylvania?

Mr. SLOAN. I yield to the genial gentleman from Pennsylvania.

Mr. MOORE of Pennsylvania. I am very sorry the gentleman has given this trend to his remarks, because we have very high authority for the statement at this time "politics is adjourned."

Mr. SLOAN. Yes. I, too, thought that politics was adjourned. I think it is adjourned up here on the Capitoline hill, but not so on the Palatine. They are as active over on Palatine as they were since 1913, and that is strong tribute for political activity.

Mr. MOORE of Pennsylvania. The gentleman was dragging the gentleman from North Carolina [Mr. KITCHIN] into politics. That is what I objected to.

Mr. SLOAN. I was about to prophesy that, in a measure, he would be dragged out of politics. I assume the gentleman's objections are purely Pickwickian.

I shall confine myself largely to two features of the bill, both of which are features of absence and exclusion rather than features present. I refer first especially to the fact that there is no impost duty levied in this measure.

I can not understand what degree of prejudice, because I can attribute it to nothing else, led to this feature of a revenue measure being omitted, unless we are to look over our glorious past, in every war that we have had, and the mighty men who controlled our financial affairs, and condemn them as proceeding without political wisdom and without financial acumen. During every war that America has waged up to this time a substantial part of our revenues has been from collections at our ports. This is the first war, as it is the mightiest, when we find import duties practically neglected. Of course, we have the Underwood tariff law, which produces a beggarly amount of money. Did you ever think that during the course of this war that of the many slackers within our borders the Underwood tariff bill stands indicted as the worst slacker in America, considering the functions that it was supposed to perform? Last year our tariff law, known as the Underwood tariff law, produced only \$179,000,000. That was a law said to be for the production of revenue, but it never had any such function. It was simply a legislative device for the suppression of revenue, an aid to the foreigner, and encouragement of the issuance of bonds in time of peace as well as war. [Applause on the Republican side.]

We financed the war of 1812 by revenues consisting of 92 per cent collected at the ports and the internal revenues of three one-hundredths of 1 per cent. Yet up to this time I never heard anybody complain of the financial management of those in authority during 1812, 1813, and 1814.

In the Mexican War—and we remember who were in power at that time—we collected at the ports 89 per cent of all our revenues and in internal revenue fifteen one-hundredths of 1 per cent. Up to this time the financial management of that war I have never heard condemned. No political convention condemned the system of financial management of the affairs of state during our war with Mexico.

During our own Civil War—the mightiest struggle in the world up to the one in which we are now engaged—of the revenues collected 61 per cent were collected at the ports, 31 per cent internal revenue, and the remaining portion, of course, being from public lands, and so on. And yet we look back with approval of the financial management of this Nation during the Civil War. In fact, it was the amount of money, the gold or its equivalent, collected at the ports that gave such stability as we had to our financial and monetary conditions in that eventful period of American history.

In 1898, during the Spanish-American War, the revenues collected at the ports amounted to 36 per cent of all the revenues collected during that famous struggle. But now, engaged in a great war, when theoretically a tariff for revenue would have been given its greatest opportunity, we are to collect at the ports this coming year, assuming that the collections will be equal to the past fiscal year, 2½ per cent of our national revenues. I call your attention to the relative percentages of duties collected on all goods during former wars. For instance, during the Civil War, four years, the average duty on all goods shipped into this country amounted to 31 per cent. In the Spanish-American War the average duty on all—and that includes the dutiable and those that came in free—was 27.13 per cent. But for the year 1918 the average rate paid at our ports upon all goods imported, free and dutiable, amounted to 6.28 per cent. And yet this year past we had the largest importations of foreign goods in all the history of the Republic, amounting in value, in round figures, to \$2,946,000,000. We did not find the burden of the tariff during the Civil War grievous. If we had applied the average rates during the Civil War upon the goods that have just been shipped into this country, we would have collected \$900,000,000 instead of \$179,000,000, so that there has been loss to the American Treasury through the inexcusable prejudice of those in power of \$721,000,000. We find considerable fault, and justly, that an administration that handled the aeroplane fund with such misfortune—to call it nothing baser; with such lack of wisdom and prudence, to call it nothing worse—should have recommended that the House of Representatives and the coordinate body sit quietly by here in America and, in the interest of the foreigner, against the best interests of the American people, and to the prejudice of the Treasury, which needed the money, collected only \$179,000,000 duties when we should have collected more than \$900,000,000.

It was said by the chairman that that would place a tax upon the consumers of this country. That would seem quite an argument against many tariff planks we used to read in a great many presidential platforms. But in this case it is not correct. Who thinks for one moment that a tariff, whether it is a pro-

protective tariff or a tariff for revenue only, now collected at the ports, finds it way, in nearly all cases, to the consumer? Prices of articles sold now are not measured by items of cost such as the tariff collected at the ports. Prices are fixed now in the purchase and sale of articles largely upon the necessities of the purchaser and the opportunity of the seller. Who for one moment thinks that the hotel man here, with the prices he exacts, considers for one moment any duty he might have paid upon any importation or upon any article in competition with any imported article? No more does he think of it than did two men with whom I had a recent experience. Coming from New York to Washington, I had two mishaps, pretty nearly the same. I stopped at the wayside garages to have them adjusted. In the case of the first it was adjusted, and the price was \$1.30. Fifty miles farther on a similar mishap to the twin part of the machine occurred, entailing the same amount of work, and the charge there was \$5.50. It was not a question of figuring costs. Men do not figure those matters entirely on items of cost. They embrace the opportunity, based upon the necessity of the purchaser and the opportunity of the seller. So that we, with all our machinery for the collection of duties at the ports, are simply collecting \$179,000,000 when we should collect \$900,000,000. We lose \$720,000,000 on this basis.

Before the committee—and I violate no confidence, of course, in speaking of such matters in general terms—the discussion was all revenue. The chairman said something about the matter of protection. Protection was not mooted, so far as I knew. Revenue collected at the ports was urged. We did not propose at this time to cast our protective pearls before the members of an adverse Ways and Means Committee, but we did insist upon raising revenues. We did that because we thought of America first and Americans first, and not in the interest of the foreign laborer, the foreign producer, or anyone outside of the United States.

Mr. SMITH of Michigan. Mr. Chairman, will the gentleman yield there for a question on that subject?

Mr. SLOAN. I shall be pleased to.

Mr. SMITH of Michigan. I understood the gentleman's statement was that we now raise 6 per cent, on the average, upon imports.

Mr. SLOAN. Six and twenty-eight one-hundredths per cent for the last year.

Mr. SMITH of Michigan. And under the duty of the Payne bill we would raise \$900,000,000?

Mr. SLOAN. No; that was during the Civil War. That would be 31 per cent, which was the average rate upon all importations, free and dutiable, during the Civil War.

Mr. SMITH of Michigan. How much did the gentleman reckon the rate would be to raise the amount he suggested—\$900,000,000 upon imports?

Mr. SLOAN. Now?

Mr. SMITH of Michigan. Yes.

Mr. SLOAN. Thirty-one per cent. That is, if we were to adopt the average rate which was in force during the Civil War we would raise now instead of \$179,000,000 over \$900,000,000.

Mr. SMITH of Michigan. Well, in spreading that rate of 31 per cent over articles that might be imported, it would add a very small amount, would it not, to the price of the articles if it were added?

Mr. SLOAN. If it were added it would amount to very little, and would probably, in nearly all the cases, have no account taken of it. It is a free gift that we are making to the world now, whereas we should bring the money into the Treasury.

Mr. SMITH of Michigan. In the case of shoes, to give a concrete example, as I understand it, hides came in free and shoes have increased in price from two to three times. Can the gentleman tell us what is the cause of such an increase as that?

Mr. SLOAN. I can. I think I have given it twice. That is, they have fixed the price not upon the cost of production, but they have fixed it largely upon the necessity of the purchaser and the opportunity of the seller.

Mr. SMITH of Michigan. Arbitrarily?

Mr. SLOAN. Arbitrarily during these war times. There never was such a time or such an opportunity for a tariff for revenue only to work out according to the theory that we have listened to now for 50 years as there is now, and yet we could not induce the members of the Ways and Means Committee to take their own political medicine.

During the Spanish War the average duty spread over the dutiable and undutiable list was 27.13 per cent. If we were to adopt the same plan now that we did then we would be saving each year \$620,000,000. More than that, the average rate on all the goods imported into this country in the 20 years from 1898, after the repeal of the Wilson tariff bill, up to the present time is 24.29 per cent. If we were to adopt that and spread it over

the imports of 1918 we would have saved the people of the United States over \$500,000,000.

But it was remarked in a colloquy between the chairman of the committee and the gentleman from New York [Mr. LONDON] that if we put on these duties we would be putting them on against our allies. Well, if that be true, I am sorry that the same tender consideration has not been exercised by those whom we term the allies, because Britain collected last year of its revenues 13 per cent in import duties, more than twice the rate that we collected. Over here in Canada 58 per cent of their collections are made at the ports. So that as a matter of experience in American history in all our wars and in that period of our Nation's history where at least the greatest prosperity occurred the duties collected at the ports bore the large burden of paying the expenses of the Government.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. SLOAN. I do.

Mr. SNYDER. Based on the figures that the gentleman just stated, the United States to-day is the greatest free-trade country in the world?

Mr. SLOAN. The greatest that I know anything about, because France, we know, and Germany—although, of course, it is interfered with by war—are strongly protective countries. So is Italy. Of all the civilized nations on earth the United States comes the nearest to being a free-trade Nation.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. SLOAN. Will the gentleman from Michigan yield to me 20 or 30 minutes?

Mr. FORDNEY. I yield to the gentleman 20 minutes more.

The CHAIRMAN. The gentleman from Nebraska is recognized for 20 additional minutes.

Mr. SLOAN. In the face of America's more than a century of experience in financing peace measures, as well as those of war, we practically reject the best means of financial grace that are held out to us and throw into the sea multiplied millions when we need the money.

We have had in recent years a legislative and executive iconoclasm which finds expression in the aphorism, "Whatever is wrong." A careful inventory of our last five years of legislation will amaze Americans on the extent to which the foregoing policy has been followed. On some other occasion I shall go into details; but for the purpose here it is sufficient to allude to the complete reversal of all the policies proven in a century and a third to be sound and the adoption of policies which, however glittering and seductive, carry much danger to the welfare and even life of the Republic.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. SLOAN. I yield to the gentleman from Illinois.

Mr. GRAHAM of Illinois. I have been unfortunate in not having heard all of the gentleman's remarks, and therefore he may have covered this matter. Has the gentleman paid any attention to the statement made by the chairman of the committee [Mr. KIRCHIN] that most of the additional imports that we have had in the last two years have been articles that were free listed under both preceding tariff bills?

Mr. SLOAN. I paid considerable attention to that, but it was fully answered by the gentleman from Michigan [Mr. FORDNEY] in his elaborate discussion of that precise point. So I did not prepare and do not care to present any figures on that. I refer the gentleman to the answer to that precise question by the gentleman from Michigan [Mr. FORDNEY], which fully answers it.

Mr. GRAHAM of Illinois. Even conceding that to be true, as the chairman of the committee said, is it also true that there would have been approximately \$900,000,000 taken in, even if there had been large additional imports of free-listed articles?

Mr. SLOAN. There would have been a very large amount. I desire the gentleman to understand my precise statement, that spreading the duties over all the imports as they were during the Dingley and Payne tariff régimes, it would average 24.29 per cent on all articles, free and dutiable. Assuming that we would make the same general spread now, I multiplied it and found the result as I have stated, a loss of more than \$500,000,000. That \$500,000,000, I will say to my friend, would go a long way now toward taking the place of that which we are going to lose by reason of prohibition. But whether we give it that place or use it elsewhere we could have collected from the foreigners these multiplied millions, and we would not have had to resort to a heavy tax on the chewing gum of the children or the soap of the family. Nor would we have been required to take advantage of dead men in order to collect taxes from their estates, taxes which distinctively belong to the States and not to the Federal Government.

The other proposition that I desire to address myself to, and the absence of which from the bill I desire to criticize, is this:

It is one matter to lay a heavy taxing hand upon the American people and compel them to pay heavy tribute from that which they have or may earn. It is another and just as important—a really more important—thing to see that that money is properly expended and that criminal waste is not indulged in by those whose duty it is to expend. For that reason it has been urged in season and out of season by the minority members of the Ways and Means Committee that we ought to have a bipartisan committee on war expenditures.

I do not violate any confidence when I say that a year ago it was the will of this side of the House and the concession of the leadership of that side of the House that such a committee should be authorized and appointed. It was provided for at the other end of this Capitol. But one of those anticipatory vetoes came in. So we have no such committee. As a result of not having it we have the delectable memory of Hog Island and the aircraft fiasco. I venture to say that if such a committee had been organized, made up from both sides of this House and the Senate, the great aircraft fiasco, which is now the major tragedy and the premier scandal of the war, would never have occurred.

One serious trouble in not having such a committee during these times is, first, that all the people of the United States who contribute to these vast exactions and who bear these great burdens want to know that they are represented somewhere effectively by their friends in seeing that the money is not extravagantly disposed of. [Applause.] More than that, they want to know that hereafter when they pay taxes or when they invest otherwise in response to Government appeal, that money shall be husbanded and not wasted.

Another reason for it is personal to Members, and that is that had we such a committee it would relieve Members of this body from calling attention to important facts which are as distasteful to us as to those whom we criticize.

Mr. SNYDER. Will the gentleman yield?

Mr. SLOAN. Yes.

Mr. SNYDER. A few moments ago the gentleman stated that he thought that the prices of to-day were based upon the necessity of the consumer and the opportunity of the producer.

Mr. SLOAN. Very largely; not entirely.

Mr. SNYDER. I think that is a pretty broad statement.

Mr. SLOAN. I intended it to be so.

Mr. SNYDER. My judgment is that a vast amount of the business that is being done in this country to-day is still being done on the basis of a fair profit to each man who handles the product as it moves along from the producer to the purchaser. I do not think things have quite got into the state of affairs that the gentleman means to indicate. My statement is in defense of the large number of business men in this country who, I believe, are honest and patriotic.

Mr. SLOAN. I make no charge against the honesty or patriotism of any business man, and especially not against the gentleman, who is an excellent business man, and those whom he represents. But men make their charges largely with reference to the charges that they expect to submit to when they meet the next man, as well as the large feature of cost.

Mr. SNYDER. I can readily understand the personal experience that the gentleman had in coming over from New York in his automobile, but I do not think that is a fair comparison to apply to the great business of this country to-day.

Mr. SLOAN. Well, I am willing to leave the statement as it is modified. What I desire to call attention to is that the largest monetary asset of America now—that is, of the Treasury—is the evidences of indebtedness held by the United States against foreign countries. These do not appear in the daily report of the Treasury, although some of us think they should be scheduled there as are the other national documentary assets. This Congress authorized munificent loans to be made to those who are fighting with us against the common enemy. I voted for it. It seemed necessary and wise. This applies not only to what has been done but what may be done; but it is a fact that in the history of this legislation we first authorized the establishment of credits in the sum of \$3,000,000,000. The authority which I shall furnish for the RECORD is in section 2 of Public Document No. 3, Sixty-fifth Congress:

Sec. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase, at par, from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act; to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign governments and for the subsequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds

of the United States issued and used for the purchase of such foreign obligations shall thereafter be converted into other bonds of the United States bearing a higher rate of interest than 3½ per cent per annum under the provisions of section 5 of this act; then and in that event the obligations of such foreign governments held by the United States shall be, by such foreign governments, converted in like manner and extent into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section 5 of this act. For the purposes of this section there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$3,000,000,000, or so much thereof as may be necessary: *Provided*, That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

It provides for establishing credit with foreign governments; it also provides for taking bonds of the foreign countries at the same rate that we then loaned our money and under practically the same terms. No provision is made for short-time loans in this act and none were contemplated. Loans have been made, as I am advised, by the Treasury Department, September 4, 1918, of \$6,337,764,750. There have been authorized \$7,098,706,666. The Assistant Secretary of the Treasury makes this statement:

TREASURY DEPARTMENT,
Washington, September 4, 1918.

DEAR MR. SLOAN: Your letter of August 28 has been duly received. At the close of business September 3 credits had been established in favor of foreign governments, and cash advances made, as follows:

	Credits estab- lished.	Cash ad- vances.
Belgium.....	\$154,250,000	\$144,030,000
Cuba.....	15,000,000	5,000,000
France.....	2,065,000,000	1,780,000,000
Great Britain.....	3,745,000,000	3,482,000,000
Greece.....	15,790,000	
Italy.....	760,000,000	730,000,000
Roumania.....	6,666,666	
Russia.....	325,000,000	187,729,750
Serbia.....	12,000,000	9,000,000
Total.....	7,098,706,666	6,337,764,750

The obligations received from foreign Governments are in the form of, or are held as, demand notes, carrying interest at rates not less than those borne by the respective issues of liberty bonds of the United States, and the Treasury Department receives assurances from the Department of State as to the authority of the foreign representatives to execute the obligations on behalf of their respective Governments.

Very truly, yours,

R. C. LEFFINGWELL,
Assistant Secretary of the Treasury.

Hon. CHARLES H. SLOAN,

I think it is the general understanding of the American people, and has been up to this time, that bonds for these loans have been taken. The facts are that we now hold the diplomatic notes of the various nations for that amount and have no bonds.

Mr. COOPER of Wisconsin. Will the gentleman please state those amounts again?

Mr. SLOAN. The authorization is \$7,098,706,666. The actual cash advanced was \$6,337,764,750; making that the largest asset of our National Treasury, nearly 50 per cent more than all the gold and silver and other valuables held in the Treasury of the United States.

I believed it was good policy then, and I believe it is good policy now, that when we take securities from other countries we demand the same formalities from those other countries that every purchaser of an American bond demands from this Government in the purchase of every American bond. There should be connected with it a statement not only of the amount but the period for which it will run, the legislative authority for which the obligation was contracted, and the funds from which payments may be made during the course of years. If we issue a bond for 30 years and invest in a foreign bond, which is entirely proper under my view, we should have a bond similar in terms as to time, amount, and rate of interest. As the report of the chairman of the Ways and Means Committee in recommending that bill which became a law on the 26th of April, 1917, said:

The bill as heretofore stated authorizes the Secretary of the Treasury, with the approval of the President, to extend credits not to exceed \$3,000,000,000 to foreign governments. It authorizes the purchase with the proceeds from the sale of these bonds, by the Secretary of the Treasury, with the approval of the President, of the obligations of foreign governments bearing the same rate of interest and containing essentially the same terms and conditions as the bonds issued under authority of this act. It provides, however, that should any of the bonds of the United States issued and used for the purchase of such foreign obligations be converted into United States bonds bearing a rate of interest higher than 3½ per cent, that in that event the obligations of the foreign governments held by the United States shall be converted into obligations bearing the same rate of interest as the like bonds of the United States. It will, therefore, be observed that the \$3,000,000,000 credit proposed to be extended to foreign governments will take care of itself and will not constitute an indebtedness that will have to be met by taxation in the future.

In a later enactment, which I shall supply in the RECORD, there was given the Secretary, on account of the fact that it took some time to obtain these securities, authority to take short-time notes and provided for the conversion of those short-time notes into long-time notes.

[Act of Sept. 24, 1918.]

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to establish credits with the United States for any foreign governments then engaged in war with the enemies of the United States; and, to the extent of the credits so established from time to time, the Secretary of the Treasury is hereby authorized to purchase, at par, from such foreign governments, respectively, their several obligations hereafter issued, bearing such rate or rates of interest, maturing at such date or dates, not later than the bonds of the United States then last issued under the authority of this act or of such act approved April 24, 1917, and containing such terms and conditions as the Secretary of the Treasury may from time to time determine, or to make advances to or for the account of any such foreign governments and to receive such obligations at par for the amount of any such advances; but the rate or rates of interest borne by any such obligations shall not be less than the highest rate borne by any bonds of the United States which at the time of the acquisition thereof shall have been issued under authority of said act approved April 24, 1917, or of this act, and any such obligations shall contain such provisions as the Secretary of the Treasury may from time to time determine for the conversion of a proportionate part of such obligations into obligations bearing a higher rate of interest if bonds of the United States issued under authority of this act shall be converted into other bonds of the United States bearing a higher rate of interest, but the rate of interest in such foreign obligations issued upon such conversion shall not be less than the highest rate of interest borne by such bonds of the United States; and the Secretary of the Treasury, with the approval of the President, is hereby authorized to enter into such arrangements from time to time with any such foreign governments as may be necessary or desirable for establishing such credits and for the payment of such obligations of foreign governments before maturity. For the purposes of this section there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$4,000,000,000, and in addition thereto the unexpended balance of the appropriations made by section 2 of said act approved April 24, 1917, or so much thereof as may be necessary: *Provided*, That the authority granted by this section to the Secretary of the Treasury to establish credits for foreign governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

SEC. 3. That the Secretary of the Treasury is hereby authorized, from time to time, to exercise in respect to any obligations of foreign governments acquired under authority of this act or of said act approved April 24, 1917, any privilege of conversion into obligations bearing interest at a higher rate provided for in or pursuant to this act or said act approved April 24, 1917, and to convert any short-time obligations of foreign governments which may have been purchased under the authority of this act or of said act approved April 24, 1917, into long-time obligations of such foreign governments, respectively, maturing not later than the bonds of the United States then last issued under the authority of this act or of said act approved April 24, 1917, as the case may be, and in such form and terms as the Secretary of the Treasury may prescribe; but the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted into such long-time obligations; and, under such terms and conditions as he may from time to time prescribe, to receive payment, on or before maturity, of any obligations of such foreign governments acquired on behalf of the United States under authority of this act or of said act approved April 24, 1917, and, with the approval of the President, to sell any of such obligations (but not at less than the purchase price with accrued interest unless otherwise hereafter provided by law), and to apply the proceeds thereof, and any payments so received from foreign governments on account of the principal of their said obligations, to the redemption or purchase, at not more than par and accrued interest, of any bonds of the United States issued under authority of this act or of said act approved April 24, 1917; and if such bonds can not be so redeemed or purchased the Secretary of the Treasury shall redeem or purchase any other outstanding interest-bearing obligations of the United States which may at such time be subject to redemption or which can be purchased at not more than par and accrued interest.

It will be observed that the act of April 24, 1918, contemplates only the taking of bonds corresponding in terms with those the Government sold, the proceeds of which were to be loaned to the foreign Governments.

The act of September 24 authorizes in a manner constituting practically a command that the short-term loans to other countries should be converted into bonds. There were no short-term loans so authorized in the act of April 24. They were taken, however, and the excuse sufficient probably under the circumstances to meet the mechanical difficulties of completing the transfer of credits. A year and a half should be more than ample time for the purpose of completing the transaction.

In any event the \$3,000,000,000 loan authorized and made under the first act should have this permanent evidence of indebtedness in the highest form of international financial paper in the possession of our Treasury. So that, as we have issued our long-term obligations for the purpose of making these loans, and will have to pay them in the future years, we should then have the foreign similar bonds with which to meet them.

As to those loans made under the act of September 24, 1918, and later, I consider the intent of the legislation was to take bonds similar in term to those we issued. I further deem it sound financial policy so to do.

I believe it is proper to say at this time that the American people will expect the conversion of these diplomatic notes and

I. O. U.'s into formal bonds, executed with due formality, backed up by the legislative authority of the borrowing nation. It is nothing more than right. It is good business, because short settlements between individuals make long friends, and short settlements undoubtedly in this new departure of business between nations will tend to make long friends. For that reason I call the attention of the House that it would undoubtedly have been an important fact for a by-partisan committee of the House and Senate to have taken cognizance of and given it attention and publicity in the country, so that the original intent of the Congress of the United States, especially as to the first three billions of foreign loans, would have long before this been carried out.

This is a large measure, the largest measure which in a financial way was ever brought before this or any other legislative body. It involves \$8,000,000,000, which is equal to all the money gold of the world. It involves half of the gold produced in the world since Columbus discovered America. It involves three times the amount of silver produced in the world in the last 500 years. If we were to reduce the \$8,000,000,000 to gold and then to double eagles, it would pave Pennsylvania Avenue from the Anacostia River to the Georgetown bridge. If reduced to gold and distributed along the translucent path of the heavens, it would make the Milky Way look like a golden street. The interest upon it, if we were to borrow it at the current rates, would amount to twice the amount of collections that we get from the Underwood bill in a year. It is hard to conceive the real magnitude of the bill. All that we can do is think of the necessities and the successful prosecution of the war, vote for it, and then take such steps later on, if we can not in this bill, to see to it that the \$8,000,000,000 collected from the American people are not in any way wasted. [Applause.] I know no better method of making this a popular tax measure than to incorporate in it a provision for a bipartisan committee of the House and Senate with authority, not to hamper the administration but to aid it, not to interfere with the conduct of the war but to look after the great expenditures of the war. It will inspire a confidence in the American taxpayer that will be worth billions to the country.

The CHAIRMAN. The time of the gentleman from Nebraska has again expired.

Mr. LONGWORTH. Mr. Chairman, does the gentleman desire more time?

Mr. SLOAN. I would like to have 10 minutes more.

Mr. LONGWORTH. I will yield the gentleman 10 minutes more.

Mr. SLOAN. I believe no better provision could be adopted, in view of the mighty liberty-bond drive that is soon to begin, than to set aside some of our flaming posters, dispense with some of our spectacular "movie" stars, that entertained but did not reassure the public in the last drive, cancel some expensive meetings, and advertise throughout America that the Congress of the United States has determined that there shall not be any waste, has elected six of its best business Senators from both sides of that historic aisle and seven of the ablest business men who grace this great Chamber, representing both sides of this aisle, and has endowed them with authority to examine into the large expenditures of money collected by taxation and money obtained through the sale of bonds. The American people would be inspired by that pillar of security, if I may so call it, and they would buy with more freedom the fourth liberty bonds than they have purchased the first, second, or third. Confidence can best be inspired in the American people when it is known that not only are all of the American people called upon to pay, but, more than that, that all the people of America are represented among those who shall see how the money is expended.

This measure calls for sacrifice. It calls for sacrifice on the part of those who have and those who earn. Ungrudging financial tribute should not be difficult to obtain even though inequities may appear in a bill written with imperfect information, by imperfect men, using imperfect language. But the great sacrifices are not by those who pay nor by those who buy. The great sacrifices are made by the givers of men, the mothers; not by the bank presidents, by the wives; not by the railway magnates, by the sweethearts and sisters; not by the recipients of great incomes. The precious gifts in this war are the millions of the images of their Maker, moving in militant wrath over the fields of France to a decisive victory and a lasting peace. [Applause.] When their valor has made of Europe what it should be, a continent of composed nations and not an armed camp, I trust that they may return to their own country and find it as it was and in possession of all its liberties and independence, as it ever should be. [Applause.]

Mr. SMITH of Michigan. Mr. Chairman, I am authorized by the gentleman from Michigan [Mr. FORDNEY], who has charge of the time upon this side, to yield to the gentleman from Illinois [Mr. STERLING] 40 minutes.

Mr. STERLING of Illinois. Mr. Chairman, it is not my purpose to discuss the details of this bill. That has been done so thoroughly by the gentleman from North Carolina [Mr. KITCHIN] and the gentleman from Michigan [Mr. FORDNEY] and by other members of the committee that I am sure every Member who has cared to know the details of the bill has had ample opportunity to learn them. I shall content myself with a few general observations concerning some of the things in the bill and concerning some things not in the bill.

It is not strictly true for us to say this is a nonpartisan revenue bill. The general policy of the bill is the policy of the Democratic Party. It is the policy of the party in power. The President indicated to Congress that the revenues should be raised by a tax on incomes, on excess profits, and on luxuries.

The majority of the Committee on Ways and Means accepted that as the policy that should be pursued in raising this needed revenue. I think every member of the minority realized that the majority had the right under our form of government to lay down the general financial policy of the country, and in that view and in that spirit the minority members of the committee accepted the plan that is in this bill as the plan on which we would undertake to produce eight billions of revenue. But when we have passed that point I am sure that this bill is nonpartisan. I think I am safe in saying that the Republican members of the committee worked as diligently and had as much to do with arranging the details and fixing the plans of the bill under that general policy as had the Democrats, and suggestions from Republican members were given the same fair consideration by the chairman and by the committee as were the suggestions of Democratic members. Every suggestion and every idea coming from either side of the table was treated by the committee purely in a nonpartisan spirit and with the sole aim of giving to the House the best possible bill for its consideration.

I think if the Republicans had been in the majority the general policy of the bill would have been somewhat different. I have no doubt that much of this money would have been raised under a Republican administration from the very same sources that this bill raises it, but a Republican administration would have incorporated into the bill other features that would have been of vast importance to the American people and to American industry.

The Treasury Department estimated that it would be necessary to produce revenue to the amount of \$24,000,000,000 for this current year and suggested that 33½ per cent of it be produced by taxation. There has been a great deal of discussion on the floor of the House as to just what is the fair and proper proportion of the needed war revenue that should be raised by taxation and what proportion by the sale of Government bonds.

At the last session of Congress Members were greatly concerned about apportioning the revenues properly between cash payments of the war expenses and borrowed money. We have now reached the point where we must raise all we can by both methods if Congress is to be limited to the sources of revenue laid down by the President. I agree with the gentleman from Ohio [Mr. LONGWORTH] when he stated yesterday that the rates of taxation on incomes and profits prescribed in the bill had reached the maximum. We have reached the point where if Congress should cut much deeper into the earnings of business and industry we might destroy the very sources from which we are seeking these great revenues. If Congress would go beyond the sources prescribed, and accepted by the majority, as the proper and only sources of revenue, we could raise a great deal more tax and not seriously interfere with the business of the country. If we would resort to a tariff on imports, a tariff both for protection and revenue, we could produce a great deal in addition to the \$8,000,000,000 without disturbing business stability.

There is another source of revenue, which this bill scarcely touches, from which two or three billions of dollars could be realized and business go on unharmed. If we would impose a sales tax, a small sales tax of 1 per cent, on sales of every kind and character, it would produce a prodigious revenue. If the purchaser would pay to the seller, in addition to the purchase price, 1 per cent thereof, as a tax to be returned by the seller, each month or quarter to the collector of internal revenue, the income to the Government would be enormous, and the burden would always be fitted to the ability of the taxpayer to pay. Indeed, every person could in a measure regulate his own taxes. The extravagant and wasteful would pay more, the conservative and

careful person less. Everyone could, by the exercise of economy and discretion, so regulate his purchases as to save the amount of his tax, and thus the Government would realize a large amount of revenue from what is now unnecessary waste and thoughtless extravagance. I do not know how much revenue the Government would derive from such a tax.

Last year there passed through the clearing houses \$320,000,000,000. No doubt a vast majority of that business represented sales; but the business that goes through the clearing house does not represent by any means nearly all the transactions that are had in the country. Many millions of cash transactions are had in the United States every year. Millions of transactions are had where checks are given that never reach the clearing house but are presented directly to the bank on which they are drawn. Many millions more are cleared through local bankers and these local transactions never appear in the large clearing houses of the great money centers of the United States. So it seems to me that it would be a very conservative estimate to say that by a tax of 1 per cent on all sales the Government would realize \$3,000,000,000 every year.

Mr. LONGWORTH. Will the gentleman yield?

Mr. STERLING of Illinois. I will.

Mr. LONGWORTH. Does the gentleman estimate that there could be as much as \$300,000,000,000 sales in a year?

Mr. STERLING of Illinois. I think so; I think more. I think I am conservative in my estimate, but I am free to say I base my estimate largely on clearing-house business. That means only the clearing houses between the banks in large cities. It is true all that does not represent sales, but I have no doubt that a very large per cent of it does, and add to that the sales which are paid by local checks and the cash transactions that are had throughout the country I dare say that \$300,000,000,000 of sales underestimates the real facts.

It is not nearly of so much importance as some gentlemen seem to think as to whether we create a large or a small bonded debt. I think a great deal of sympathy has been wasted on the future in connection with this subject.

It is not of much importance to the future generation whether we pay all war expenses as we go along or whether we borrow money and leave some of it for the next generation to pay off. We must be careful, if we really have the interest of the future at heart, not to leave the country bankrupt when we pass it on to the next generation. If in our enthusiasm to relieve the future war debt we exhaust and destroy the business interests of the country, if we use up all of the income and all of the earnings of the country from year to year so there will be nothing to pass on to the future generation, it would be far worse for them and far more detrimental to their interests than it would to leave it as a going business, an actual earning concern, with some debt for them to pay.

Mr. LA FOLLETTE. Will the gentleman yield?

Mr. STERLING of Illinois. I will.

Mr. LA FOLLETTE. How would it be possible for us to leave the country in that condition unless the money is sent away from home and went away permanently?

Mr. STERLING of Illinois. If we tax industries more than they can stand, if we take away from the business of the country all of its income, or more, so that they can not operate, so as to leave them prostrate, we will commit an offense against the future far worse than leaving some war debts for it to pay.

Mr. LA FOLLETTE. Will the gentleman yield further?

Mr. STERLING of Illinois. Yes, sir.

Mr. LA FOLLETTE. How would it be possible for the Government to expend this money unless it went out of the country without going into the hands of the other citizens and other lines of business? In a sense it is being taken away, but it is being left in the country eventually, anyhow.

Mr. STERLING of Illinois. Well, if it is the gentleman's idea to take away from industries of the country their capital, so they can not do business, and distribute it throughout the country, we would have a prostrate country. We would have no active and important business enterprises to engage capital and employ labor, and the country would be bankrupt.

Mr. LA FOLLETTE. It is not the gentleman's idea at all. I can not see how, unless all money would leave the country, and if it is still here, how we could become bankrupt.

Mr. STERLING of Illinois. Here is my idea, if I can make it clear to the gentleman. Suppose we tax the great industries of the country—I do not care what industries they are, the steel industry, the manufacturing industries, if you please, the banking industry—and suppose we cut so deep that we take more than their earnings; suppose we take away from them their capital; suppose we take away so much that they can not make extensions to meet the expanding needs of the country, or suppose we cripple them so they can not go, then they must cease business. The shops and factories will close, the employees will

be discharged, and we would pass to the future a hulk instead of a working moving ship.

Mr. SMITH of Michigan. Will the gentleman yield for a question?

Mr. STERLING of Illinois. Yes, sir.

Mr. SMITH of Michigan. The bill proposes to raise \$8,000,000,000. How much of that is raised by tax on industry?

Mr. STERLING of Illinois. Well, the gentleman can see from the report just what tax is raised on all different incomes. These incomes come from industries. On the last page of the report the gentleman will find a table that gives the amount of revenue that comes from different sources.

Mr. SMITH of Michigan. I did not happen to see it here, and I did not know but that the gentleman had it in his mind.

Mr. STERLING of Illinois. Another thing about this idea of a tax on sales which seems to me important is this. The ultimate consumer would pay it, of course. He would pay every cent of tax collected in that way, just as he eventually and ultimately will pay the tax that is levied on the incomes of the rich and on war profits. Only under a sales tax he will pay it a little more directly. He will see and know just where and how he pays it. If it increases his cost of living he will know why and how much, and the dishonest salesman could not add more than the tax under false pretenses. If a year ago, when we passed the revenue law, any of us entertained the idea that the income and excess-profits tax would not be passed on to the consumer that delusion has now been dispelled. Do we not know when we pay twice as much for a pair of shoes as we did two or three years ago that we are paying the tax of the manufacturer? When we buy a suit of clothes at a greatly increased price, do we not know that we are paying the income tax of the maker of those clothes? When we pay these greatly increased prices on everything, on necessities and luxuries alike, we are paying the war revenue imposed in the present law, and we will pay that which is imposed in this law. It is better, in my judgment, that the consumer be permitted to pay directly, so that he may know and measure his burden and the sacrifice he is making for the winning of the war.

There was one statement made by the gentleman from North Carolina [Mr. KITCHIN] to which I wish to call the attention of the committee.

He said that he had seen it stated that if the Payne-Aldrich law was now in force it would produce between \$500,000,000 and \$600,000,000, and proceeded to disprove that statement. Now, I think the gentleman must have been mistaken as to what he read. I do not know that anyone pretends that the Payne-Aldrich law, if it was in force now, would produce between \$500,000,000 and \$600,000,000. But this statement has been made frequently, that if the same average rates on imports were now in force that were in force under the Payne-Aldrich bill, they would produce between \$500,000,000 and \$600,000,000. And that is easily demonstrated.

The average rate on all imports collected at our ports of entry under that bill was a fraction more than 18 per cent. The average rate collected now on all imports is only 6 per cent. Last year we imported \$3,000,000,000 worth of goods on which we imposed a tax, and that produced \$180,000,000. This Underwood tariff bill produced \$180,000,000 at a 6 per cent average rate on all imports, and at 18 per cent it would produce three times that much, or \$540,000,000. So that if the average rates of the Payne-Aldrich bill were now in force we would be receiving at the ports of entry revenues for war purposes to an amount of between \$500,000,000 and \$600,000,000.

As the gentleman from Nebraska [Mr. SLOAN] said, we have become absolutely the free-trade Nation of the world. Last year England collected import duties amounting to \$8 per capita for every one of its citizens and we collected \$2 per capita. England has again increased her import duties, and during the current year will collect \$10.25 per capita, and we will collect \$1.68 per capita. If we would impose on imports coming into this country a rate that would produce revenues to the amount of \$10.25 for every person in the United States, we would produce \$1,127,000,000.

Now, I am insisting that it is of very great importance at the present time that we have a protective tariff. It may not be very effective for the immediate present, while the war is on, but the industries of the country are entitled to know now what their fate is to be when the war closes. They are entitled to know whether their Government will protect them or whether they will be exposed to the ruinous and destructive influences of the Underwood law.

England, France, Italy, all the allied countries, have their eye on the future, and are preparing to raise their rates on imports that they may rehabilitate and build anew their industries after the war closes. The commercial bodies of England and France are passing resolutions and demanding at the

hands of their legislatures laws to that end. But there comes to us from the head of this administration a demand that when this war closes all economic barriers shall be swept away. Shall we open our markets to the world when the world is closing her markets to us? We ought to give assurances now to American capital and American labor that they will be given at least an even chance in our own American markets when the protection afforded by war conditions has disappeared at the coming of peace. It is our duty to look ahead. We ought to prepare now for the great readjustment.

The people ought to realize that policies are being reversed, that European countries are adopting protection, and America is adopting free trade. For 50 years we enjoyed the blessings of a Republican protective tariff. The country grew rich and prospered. We vastly raised the standard of American living. The people were better fed, better clothed, better sheltered, and better educated than those of European countries. We have produced an army of the strongest, bravest men the world has ever known. It pays a nation to protect its citizens in time of peace. They will protect it in time of war.

I submit, when we have changed policies, when Europe has adopted protection for European capital and European labor, and we have adopted the policy of free trade—when these policies are reversed, then conditions will be reversed, and the American standard of living will be reduced and the European standard will be exalted. I do not believe the American people will close their eyes to the fact that this administration is leading us in that direction. [Applause on the Republican side.]

I desire to call attention to another thing: There has been much said on the floor at this session and at the last session about certain sections of the country paying an undue proportion of these taxes. New York, Pennsylvania, and Illinois pay more than one-half and 10 States pay four-fifths of the revenue produced from incomes and excess profits. That is an interesting economic fact, but it is not an argument for nor against the legislation. Taxes must be levied on wealth, not on persons. They must be imposed according to property, not according to area. Much of the wealth of the country centers in the great cities around and in which great manufacturing and commercial enterprises have gathered. Large income and excess-profits taxes will never be derived from agricultural sections. We need not expect it. Profits from agriculture are not great. The farmer is a producer of raw material, and he who produces raw material never becomes extremely rich. The nation that confines itself to the production of raw material is always a poor nation. The great profits are made in manufacture and trade, and in those centers these taxes must be had in the first instance. New York, Pennsylvania, and Illinois should not regret, but should rejoice in the fact that they possess the great wealth from which the revenue is derived. Their burden is no greater to them than the burden of Iowa, Alabama, and Texas is to them.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. STERLING of Illinois. Yes, sir.

Mr. MOORE of Pennsylvania. Does not the gentleman take issue with the President of the United States in that statement, considering the message the President delivered in this House on May 24, when he indicated that the present laws were susceptible of injustice and inequality, that they were marred by these inequalities, which should be remedied?

Mr. STERLING of Illinois. Well, if the gentleman from Pennsylvania construes the message of the President to mean that it was an inequality because New York and Pennsylvania and Illinois paid more tax than other States, he wholly misconstrues the meaning of the President's message.

Mr. MOORE of Pennsylvania. Well, I construed the meaning of the President's message to be that the taxes should be equitably distributed throughout the country. I would like to read that portion of the President's message. It will take but a minutes—that portion with which the gentleman from Illinois takes issue. Referring to the people generally, the President said:

They know that the war must be paid for, and that it is they who must pay for it; and if the burden is justly distributed and the sacrifice made a common sacrifice from which none escapes who can bear it at all, they will carry it cheerfully and with a sort of solemn pride.

Now, in the address that I made day before yesterday, to which the gentleman from Illinois took exception, I used certain statistics which had been prepared by the Treasury Department, in which it appeared that a very large proportion of the people of the United States were paying no taxes at all.

Mr. STERLING of Illinois. I agree exactly with what the President said, and I have no doubt but that the gentleman

from Pennsylvania agrees with him also. The President suggested that the legislation be such that it would distribute these burdens equitably. The gentleman is making this mistake: He thinks it would be equitable for the man who is earning \$1,000 or \$2,000 to be required to pay the same amount of revenue as the man pays who is earning \$10,000 or \$15,000. That is evidently his idea of equity. He thinks the poor man should pay the same as the rich man.

Mr. MOORE of Pennsylvania. Oh, no; if—

Mr. STERLING of Illinois. Let me finish. Or is it his idea that Alabama, which has no great business enterprises and which is largely an agricultural State and has not nearly as much wealth as some of these Northern States—is it his idea that it would be equitable to make Alabama pay the same amount as Illinois? Is that the gentleman's notion of equity?

Mr. MOORE of Pennsylvania. Not at all. If the conditions do not compare, then the reasoning of the gentleman would not apply. If Alabama, for example, has a shipyard and contractors are building ships and paying high wages, and the same condition prevails in Pennsylvania, and those who make the profits are taxed, then I say the taxes should be levied in equal proportions upon those that are making profits in Alabama as upon those who are making the profits in Pennsylvania. That is the general trend of the argument of the gentleman from Pennsylvania.

Mr. STERLING of Illinois. I would state for the gentleman's information that is what the present law does, and it is what this bill does.

Mr. MOORE of Pennsylvania. I am inclined to think, from the statistics I read day before yesterday, that that very thing has not been done heretofore. I said during the discussion that I questioned whether this bill covered that situation, seeing how our revenue laws are enforced at the present time.

Mr. STERLING of Illinois. Of course, you can not expect a State or a locality that has not great wealth to pay great revenues. Now, the reason New York and Massachusetts and Pennsylvania and Illinois are rich is because they have been engaged in the kind of business in which men get rich. Men engaged in commerce, in manufacture, in transportation are the men who have grown rich in this Republic. It is because there are greater profits in business of that kind than there are in agriculture.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. FORDNEY. How much more time does the gentleman want?

Mr. STERLING of Illinois. Fifteen minutes.

Mr. FORDNEY. I yield to the gentleman from Illinois 15 minutes additional.

Mr. STERLING of Illinois. There are greater profits in enterprises of that kind than there are in agriculture. That is why these localities have grown strong and wealthy, because the people there are engaged in other pursuits than agriculture. The occupation that pays the least profit is the occupation of the farmer. It is the manufacturing nations, the commercial nations, in which men grow immensely wealthy, and not on the farms. That is why New York and Pennsylvania and Illinois pay more than these agricultural States.

And let me call the attention of the gentleman from Pennsylvania to this fact: I lay down to him this plain proposition, that the American farmer pays more of this revenue, according to his means, than do the rich men of the country. It is true that not a very great per cent of the farmers make tax returns, but they are paying very much of the income tax that is assessed against these gentlemen in Philadelphia, New York, Boston, and Chicago. None of the income tax that the farmer himself pays is passed on to the consumer. He can not do that. He does not fix the prices which he receives for his products. The man who buys of the farmer fixes the price, and the farmer can not pass his income tax on to the next man. But when this farmer buys shoes and pays three prices for them, or when he buys plows at two prices, or when he buys harness at two or three prices, or when he buys twine at four prices, or when he buys anything that he needs, he is paying the income tax of the manufacturer, the income tax of the man in commerce, the income tax of the man who transports the goods to the farmer. The farmer sells at the buyer's price and he buys at the seller's price. He can not add his tax to the price at which he sells, but the man who sells to him can and does add his tax, and the farmer pays it.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. STERLING of Illinois. Yes.

Mr. MOORE of Pennsylvania. I submit that these increased prices that he pays for the things he buys occasionally are compensated fully and completely by what the consumer pays in

higher prices for the farm products that he must have every day of the year.

Mr. STERLING of Illinois. Well, the gentleman is wrong again.

Mr. MOORE of Pennsylvania. I think not. The needs of the consumer require a daily expenditure for foodstuffs at the highest price that the world has ever known.

Mr. STERLING of Illinois. It is true that the farmer is getting more to-day for his grain and his pork and his beef than he ever did before, or more than he did during peace times, and if he did not get more he would not be producing these things. You have got to pay him more under the circumstances to keep him going. He could not pay these high prices for things with which he operates his farm. He could not pay these high prices for hired help, if he did not get more. And yet he does not get the price that the gentleman pays in Philadelphia for the butter and eggs and other things that he has on his table. The profiteer, the middleman in Philadelphia gets much more than half of the difference between the cost of production and what the gentleman from Pennsylvania pays to put the food on his table.

Mr. MOORE of Pennsylvania. The gentleman and I come together again, because there is no real difference between the producer and the consumer except that the consumer pays the highest possible price and the farmer gets his price, a price which he thinks is not commensurate with the service that he gives to the consumer.

Mr. STERLING of Illinois. It is very evident, I think, to all who heard the gentleman from Pennsylvania speak the other day that he is not much of a farmer himself.

Mr. SMITH of Michigan. Will the gentleman yield there for a question?

Mr. STERLING of Illinois. Yes.

Mr. SMITH of Michigan. Is it not true that when the farmer sells his product he sells it in a market where the price is fixed by somebody else?

Mr. STERLING of Illinois. Yes.

Mr. SMITH of Michigan. And when he buys his machinery and other implements, and whatever he needs, the prices of those things are fixed by somebody else?

Mr. STERLING of Illinois. Yes; that has always been the history of farm life.

Mr. SMITH of Michigan. So he gets it going and coming.

Mr. MOORE of Pennsylvania. If the gentleman will permit me, in answer to the gentleman from Michigan, I wish to suggest that the farmer buys his tools once in five years, possibly. He buys his shoes once in six months, whereas we have to buy the products of the farm every day of our lives. We use eggs constantly, and we buy them at the highest price.

Mr. STERLING of Illinois. Is the gentleman complaining because the middle man can hold up the farmer only once in five years?

Mr. MOORE of Pennsylvania. No, I am anxious that they shall both have fair play, but my point is that we must buy of the farmer continuously.

Mr. STERLING of Illinois. I am just coming to that, and I want the gentleman to listen to a few facts that will help him greatly. They will help to dispel some delusions from which some city people are suffering.

Mr. MOORE of Pennsylvania. I wish the gentleman would base his test on the ownership of automobiles. I should like to ask him if it is not true at the present time that his own constituents have more automobiles per population than my constituency in the city of Philadelphia have?

Mr. STERLING of Illinois. I do know about that. Many of the farmers in my district have automobiles, for which they paid large profits to the manufacturers, including the manufacturers' excess-profit tax.

Mr. MOORE of Pennsylvania. I do know; and I know that the gentleman's constituency is far better off than mine in that regard.

Mr. STERLING of Illinois. But the gentleman ought not to begrudge the farmer an automobile ride now and then. He can only use it on Sunday or after nightfall. He works 12 or 14 hours a day. It seems to chafe the gentleman if he sees a farmer driving out with his family in the evening for a little recreation after 10 or 12 hours' hard work in the harvest field.

Mr. MOORE of Pennsylvania. No; I like to see it; but I will match the gentleman's farmer constituent, riding around with his family in his automobile, with my workman constituent leading his children out by the hand and walking along the sidewalk.

Mr. STERLING of Illinois. The gentleman's workman constituent?

Mr. MOORE of Pennsylvania. Yes; the workmen whom I represent, whose labor I will compare with that of the gentleman's farmer constituents.

Mr. STERLING of Illinois. The gentleman's workmen constituents—does he refer to those at Hog Island, some of whom get as little as \$10 a day for an eight-hour day? [Laughter.] The farmers in the United States work 12 and 14 hours a day, and the average family of four, working together, earns a dollar a day and nothing for overtime. The farmers in my district, however, do better than that.

Mr. MOORE of Pennsylvania. He has to go back and forth in a crowded trolley car or walk. May I say to the gentleman that a great deal has been said about the high wages at Hog Island? They prevail, if they are high, in every shipyard at the present time under Government auspices and Government direction. I happen to have a list of the wages paid, handed to me by the Shipping Board, and I find the lowest rate of wages is 40 cents an hour and the highest \$1.35, and eight hours prevail. So it seems untrue that these men are obtaining \$10 per day or \$20 per day—the wages that have been spoken of.

Mr. SMITH of Michigan. How much do they get for extra time? I understand they get as high as \$30 or \$40 a day.

Mr. MOORE of Pennsylvania. They may get something for extra time; but it was admitted on the floor yesterday that the farmers, who are supposed to be badly treated, are doing so well to-day that they can afford to pay \$100 per month for a laborer in the field and give him board besides. I think our men would be glad to obtain that job.

Mr. STERLING of Illinois. Now, Mr. Chairman, I have been very kind to the gentleman and allowed him to make several speeches in my time, and I must proceed.

Mr. MOORE of Pennsylvania. The gentleman will remember that I yielded two or three times to the gentleman when I had the floor.

Mr. STERLING of Illinois. I am not here to champion the cause of the farmer. I say emphatically that I represent the best agricultural district in the United States. In my district they produce year after year more agricultural products than in any other district in this great country. [Applause.] I state that as a challenge; I am not bragging.

I will say, further, that I believe they have done it for the last 20 consecutive years. I am not here to champion his cause. I never thought the farmer was entitled to that distinctive appellation of "the honest farmer." He is not any more honest than anybody else, but he is just as honest. He is no more honest than the merchant or the banker, or the lawyer, or the wage earner, but he is just as honest.

When we make the mistake of picking out whole classes of men and denounce them as slackers or as cheaters or as being dishonest we make a grave mistake, and we ought not to do it. If we are going to classify men according to their merits we ought to go among all the occupations and all the professions, pick out the good men and the bad men, and classify them according to their merits. We ought not say that the farmers of America are slackers or that the farmers of America are shirkers; it is not fair to say that the lawyers are dishonest as a class; it is not fair to say that the merchants as a class cheat their customers. The man that undertakes to characterize any occupation, or any class of American citizens, as being more disreputable, or more reputable, than any other class simply does not understand human nature and does not know how to estimate the merits of men. He speaks from prejudice.

I was born and grew up on a farm. I have associated and dealt with farmers all my life. I know something of their joys and sorrows, something of their hopes and aspirations. When I hear reflections cast upon them as a class I resent it. When the statement is made on this floor, either directly or by innuendo, that farmers do not make their tax returns as honestly and faithfully as any other class I challenge the statement. I know they do not deserve to be picked out and charged with shortcomings that do not belong to all other occupations. If we Members who represent farming communities do not speak for them when they are assailed nobody else will. They do not keep special representatives in the lobbies of the legislative halls to speak for them.

I am going to give the gentleman from Pennsylvania a few facts. You know the average size of the American farm is 138 acres, and only half of this is improved. The average amount of improved land in the farms of the United States is 75 acres. That is a great deal less than many of you thought. But the average improved acreage of the American farm, as I say, is 75 acres. The average size of the farmer's family is 4.6 grown persons. Now, remember, I say grown persons. The average number of grown persons of the American farm family is 4.6,

and I am not saying anything about the babies and school children. This average farm family of 4.6 on this farm averaging 75 acres make gross every year an average of \$1,236. It takes \$532 to operate the farm, leaving a net income to the farmer, after he has paid his operating expenses, of \$724.

But he is entitled to a little allowance for income on his investment. Do you know at 5 per cent the average income of the American farmer on his investment is only \$322? So you take away from \$724 5 per cent for the return on his investment and you leave him the magnificent sum of \$402 as the net income of the average American farm family consisting of 4.6 persons. So you see the average American farm family, consisting of father, mother, and at least two grown children, and sometimes more, all together, for everybody works on the farm, including father, receive for their year's labor the average sum of \$402, or about \$1.35 per day for the four of them, and they work 12 and 14 hours a day in the busy season. The tax law in force at the time the statistics from which the gentleman quoted on yesterday were made up gave to every married man an exemption of \$4,000. Nearly every man operating a farm is married. Considering the average net income of the farmer to be \$402, it is not strange that only a small per cent of them pay an income tax. Yet the gentleman complains that only 14,000 of them out of 6,000,000 made tax returns under that law. I will agree with the gentleman. When one reads in the statistics that only 14,000 American farmers out of 6,000,000 made tax returns, that one must come to one of two conclusions—either that the American farmer is a slacker and has not made honest returns to the tax collector or that he has a very meager income. The trouble with the gentleman from Pennsylvania [Mr. MOORE] is that he drew the wrong conclusion, because he did not know the facts. My advice is that he should not come to any conclusion until he has ascertained the facts.

Mr. MOORE of Pennsylvania. Mr. Chairman, the gentleman ought not to make that statement, and I ask that he permit me to say in his time, because this is going in the Record, that that statement is not justified either by the belief or the feeling of the gentleman from Pennsylvania, or from anything he said.

Mr. STERLING of Illinois. I do not want the gentleman from Pennsylvania to think that I have made the statement with any ill feeling toward him. I have done it to give him light on a subject on which he needed light.

Mr. MOORE of Pennsylvania. No one in this House, nor in the country, has a higher regard for the American farmer than I, notwithstanding all of the jesting that may have been done upon this floor. I believe thoroughly in our interdependence as between the farm and the city, but I was pointing out from certain statistics furnished by the Revenue Office that it happened in this country that only 14,000 out of 6,000,000 farmers reported income taxes, and that the percentage of reports was equally small with regard to the merchant class of the country and with regard to 20 other occupations which the Treasury itself selected.

Mr. STERLING of Illinois. As the gentleman from Pennsylvania in the statement just made has revised the statement made yesterday, I will modify my statement. I shall modify it in this way, and say that the gentleman made the statement not knowing the truth about the condition of the American farmer. Is that satisfactory?

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. STERLING of Illinois. Mr. Chairman, I would like to have a little more time.

Mr. FORDNEY. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. MOORE of Pennsylvania. The gentleman will permit me to say in his time still, I hope, that I said during the discussion that I was seeking information; that the Internal Revenue Office facts were so startling and strange as to be susceptible of explanation. The gentleman from Illinois is giving his explanation and I am listening attentively.

Mr. STERLING of Illinois. I am sure the gentleman will not make the mistake again. I have given him the facts from the very best authority, on the things I have stated, that there is in the United States. He knows the truth about it now, and I undertake to say that in his opinion it is a wonder as many American farmers did make tax returns as actually did.

Mr. MOORE of Pennsylvania. And yet the gentleman, being on the committee and having heard the testimony of the Commissioner of Internal Revenue, Mr. Roper, will recall that he said he wanted \$7,500,000 for twenty-five hundred additional employees to go out among the farmers and others to secure the returns he had not yet been able to obtain.

Mr. STERLING of Illinois. Yes; but the Commissioner of Internal Revenue did not have the same idea that the gentleman from Pennsylvania did.

Mr. MOORE of Pennsylvania. He coincided with the gentleman from Pennsylvania.

Mr. STERLING of Illinois. The gentleman should not interrupt me until I complete my answer.

Mr. MOORE of Pennsylvania. He coincided with the gentleman from Pennsylvania.

Mr. STERLING of Illinois. But for a different purpose.

The CHAIRMAN. The gentleman from Pennsylvania will not interrupt the gentleman from Illinois without his permission.

Mr. STERLING of Illinois. The gentleman from Pennsylvania very cheerfully voted for that increased revenue so that the Internal Revenue Commissioner could investigate the farmers.

Mr. MOORE of Pennsylvania. Not necessarily farmers.

Mr. STERLING of Illinois. But the internal-revenue collector wanted the money, not to investigate the farmers, but to investigate the profiteers in Philadelphia.

Mr. Chairman, the statement which I have here is taken from a hearing before the Committee on Agriculture the 15th day of February, 1916, and was made by W. J. Stillman, Chief of the Office of Farm Management of the Department of Agriculture. He says in this statement that it is based on investigations made by that bureau and on the reports made by the Census Bureau. They found that their independent investigations and the report made by the Census Bureau correspond, and both of these sources of information bear out the information which I have given here, and I ask leave to print this at this point in my remarks in the Record.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to extend his remarks in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

The matter referred to is as follows:

The following is a verbatim statement, taken from the evidence of Mr. W. J. Spillman, Chief of the Office of Farm Management in the Department of Agriculture, at a hearing before the Committee on Agriculture, February 15, 1916:

"Perhaps the central idea in the Office of Farm Management is to find out how much money the farmers are making, how they make it, and why they make it. We have been able, by using census data and factors worked out in our research work, to determine the following facts:

"The average farmer in the United States produces crops to the value of \$511, exclusive of crops fed to live stock.

"The value of the live-stock products on the average farm is \$177.

"The value of animals sold and slaughtered is \$288.

"The value of the house rent, food, and fuel consumed by the family and not reported by the census is \$260.

"The gross earnings of the farm and farm family—that is, of the capital and labor—is \$1,236. The expenses total \$512, made up of maintenance charges, and miscellaneous items amounting to \$430, making the net earnings of the farm and farm family \$724. Estimating that the property should earn 5 per cent, the property earnings are \$322, and deducting that from the earnings of the average farm and farm family—\$402—including what the farm furnishes toward the family living.

"The CHAIRMAN. The family, I believe, consists of five members, does it not?

"Mr. SPILLMAN. It is the equivalent of about 4.6 grown people—that is, the equivalent of about 4.6 grown people—having an income for their labor, including what they get from the farm in the way of vegetables, milk, and things of that character, of \$402. In addition to that, they get \$322, which represents the interest on their investment, out of which a considerable number of them who have mortgages must pay the interest on their mortgage.

"The CHAIRMAN. Let us see if we get what you mean. Your figures, then, show that the net earning capacity of the average farm family in the United States is how much?

"Mr. SPILLMAN. \$402.

"The CHAIRMAN. \$402?

"Mr. SPILLMAN. Yes.

"Mr. CANDLER. And the farm family consists of 4.6 grown people?

"Mr. SPILLMAN. The equivalent of 4.6 grown people.

"Mr. CANDLER. That is an average of \$100 for each one, then?

"Mr. SPILLMAN. Just about.

"Mr. RUBEY. You have just used the term 'net earning capacity.' That might indicate that they did not do any better than that.

"Mr. SPILLMAN. I did not mean, Mr. RUBEY, that that was their earning capacity.

"Mr. RUBEY. You mean that that is what they have done?

"Mr. SPILLMAN. Yes, sir; that is what they have earned.

"Mr. HOWELL. And you have deducted from that their living expenses?

"Mr. SPILLMAN. No; that is included in that \$402.

"Mr. HOWELL. You have charged them up in this with all they have consumed of the farm?

"Mr. SPILLMAN. Yes; that is counted as part of the salary and included in that \$402.

"Mr. HAWLEY. Have you taken it for granted that every farm furnishes the family with wood?

"Mr. SPILLMAN. Yes; and with vegetables and milk and things of that kind. That is all included in this \$402, and that is the wages that they get.

"Mr. HAWLEY. Does every farm furnish the family with wood?

"Mr. SPILLMAN. Not every farm, but a good many farms furnish a great deal more. We have a bulletin, which I will take up a little later, in which it is shown that the amount of food, fuel, and house rent furnished by the farm is \$421.

"Mr. REILLY. Then the average farmer does not make anything?"
 "Mr. SPILLMAN. The average farmer, for his wages—"
 "Mr. REILLY. Gets nothing."
 "The CHAIRMAN. Less than nothing."
 "Mr. SPILLMAN. No; he gets a good deal to eat and a house to live in."
 "Mr. REILLY. I mean he gets nothing above his living?"
 "Mr. SPILLMAN. He does not get quite that. His living is \$420, and he gets \$402."
 "Mr. REILLY. I do not know where you get these statistics, but in my section of the country they would not hold true."
 "Mr. SPILLMAN. There are many sections where they would not hold true."
 "Mr. LESHER. Have you given out that information to the public? If you have, I do not believe you will induce many people to go back to the farm."
 "Mr. SPILLMAN. We do not want to induce people to go back to the farm. We believe it is a mistaken idea to induce city people to go back to the farm—people who have more to learn than would the farmer who goes to the city to be a lawyer or a banker. This idea of getting city people to go out on the farm, from the viewpoint of the Office of Farm Management, is a serious error."
 "The CHAIRMAN. You are promoting the stay-on-the-farm movement?"
 "Mr. SPILLMAN. Yes, sir; the stay-on-the-farm movement, and not the back-to-the-farm movement. I have the facts here. It is true that there are a great many people who do not believe these facts, but they are facts, nevertheless."
 "The CHAIRMAN. I want to ask you a few questions in that connection. This is a little against our rule, which is that the gentleman be allowed to complete his statement before asking questions, but this is so very interesting. How do your figures compare with the figures of the Census Bureau?"
 "Mr. SPILLMAN. They are mostly Census Bureau figures. Most of the figures here are taken from the Census Bureau."
 "The CHAIRMAN. In your investigations in the field, have those investigations verified to a large extent the accuracy of the census figures?"
 "Mr. SPILLMAN. Yes, sir; to a very large extent. I have an instance right here in which I can show you how nearly they verify the census statistics. This is a farm-management pamphlet for Chester County, Pa., which I took the liberty of sending to each of you gentlemen some two weeks ago, because it shows particularly the most important type of work we are doing. I knew you had to consider this work, and I thought you would appreciate it."

Mr. STERLING of Illinois. Now, the gentleman from Pennsylvania is the exclusive possessor of another delusion. [Laughter.] I want to refer to that, too. The gentleman has had for 20 years the idea that we ought to tax cotton. I do not know whether he is aiming this blow at the cotton grower of the South or the cotton wearer of the North. Wherever it is aimed, we know where it will fall. It will fall on those who wear cotton. The consumer will pay it all in the long run, whether it be the workmen in the district represented by the gentleman himself or whether it be the farmer in my district. Why, cotton is as essential in clothing as wheat is in foodstuffs. Tobacco is the only agricultural product that is taxed and cotton does not belong to that class. He told you the other day how I would go out among the farmers in my district and tell what a splendid fight I made for the honest farmer. I will certainly not conceal from them anything I have done. He will never tell the down-trodden mechanics at Hog Island how he tried to raise the price of their cotton shirts and their overalls. [Applause.] Will he tell them in the coming campaign that he urged a tax on cotton so as to increase the price to those poor fellows who are getting only \$1.35 an hour and \$2.70 for overtime of the cotton they wear. But I can see him now—although the campaign is far off—I can see him appealing to these voters, telling them how he went forth single handed and assailed this great octopus, the American farmer, and made him divulge to the tax collector these stupendous and magnificent incomes of \$402 per year for a family of 4.6 persons. [Laughter and applause.]

Mr. FORDNEY. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, I am not going to indulge in any language that will get me into a controversy with any of my colleagues to-day. I have made no preparation whatever to speak on this bill, but I think I ought to say a few words expressing my opinion of the responsibility of Americans in connection with the taxation and purchase of bonds to enable the country successfully to conduct the war. I doubt if I would even have said a word except for the fact I am not to be here when the bill comes up for a vote, and I want those who are here to understand that I am heartily in favor of doing all that can be done to aid in the accomplishment of the great task upon which we have entered. [Applause.] My understanding is we are obligated to expend about \$24,000,000,000 during the fiscal year 1919; that one-third of that amount is to be levied in taxation upon the American people, and this sum is provided for in the pending bill. It is a gigantic sum, one that the mind can not conceive of; and yet we are engaged in a gigantic enterprise. We are engaged in an enterprise such as no people ever entered upon before. Every home in America will have given its sons before the contest is over. Some will survive and others perish. All should feel the need to make every sacrifice. Some can go to the front, others must remain behind. Men are making the supreme sacrifice, buckling on their armor, going forth where battle rages, offering for the life of the country the lifeblood

of their hearts; and we who are unable to do this should not complain, no matter how burdensome the taxation may be. Every dollar, every man, should be contributed to the success of the war. We can not compromise with this question. We must fight the war to a successful conclusion. It must not be a round-table settlement; it must be victory on the battle field. We might possibly compromise with those who are living, but under no circumstances must we ever think of compromising away the honor of those who have laid down their lives on the battle field in defense of America's honor; and the more of our men who die there the greater our obligation will be to fight on, and fight on to victory, and the more enthusiastic will the American people become in their insistence upon a successful warfare against Germany, the more readily will they permit the imposition of the burdens of taxation upon them, even to the last dollar.

And so in giving expression to the few words that I have to say here to-day, I want it to be understood that never before, as I see it, has America been so unified as it is to-day. There is no division as to what we ought to do. There may have been at the beginning of the war, but that no longer exists. Everybody now who is anybody, and living under the American flag, is in favor of doing the last thing that must be done, no matter what sacrifice it takes, to win victory for America and for the world.

We ought to be proud that we speak for a united people, with a fixed determination to preserve this as the land of freedom, to insist that no matter what may be necessary to be done, we shall do it in order that the institutions under which we live may be perpetuated and handed down to a grateful posterity.

Great as the sum is, beyond the conception of the mind of man, America will meet it. It will meet it cheerfully. The American people will smile while they pay. Some inequalities will appear in the bill. Taxation never can be uniform. It will fall unequally somewhere. Contentions are made here and there throughout the country that certain lines of endeavor are being unjustly imposed upon, but all of these contenders will admit that they are willing to pay their share, that they will pay it without complaint, and that they want to be understood as being patriotic. They do not want anyone to get the notion that they are finding fault even though they may be doing this.

I wish we could find some means for levying taxes so that they would fall equally everywhere, so that the burden would be felt alike by everyone; but it does not make any difference how honest you may be in an effort to raise either this vast sum or any other sum, you never succeed in meeting the expectations of everybody. That can not be done, and when you have done the best that it is possible to do with the light before you, that human agency is able to do, you have the right to say that you have met the reasonable expectations of the American people; and if there are those among them who will complain after that, let them complain. No man will be called upon to pay taxes who has no income. Many people will find themselves without incomes, but that is not the fault of the tax-levying body. They will find themselves without income because the line of business in which they are engaged is not essential to the war; and it will go out of existence. It can not be converted into a war activity. And many people will fail. They will lose all they have. They are not all profiteers. They can not be. And I hope that when this bill is finally enacted, although we have thus far not been able to criminally prosecute the profiteers, it will have provisions in it that will take all their profiteering income away and put it back into the Treasury of the United States. [Applause.]

Mr. HELVERING. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. HELVERING. Just along the line of the gentleman's argument, does he not think that this spirit has been exemplified from the fact that during the seven or eight weeks the committee was considering this bill there was no class that complained of the rates or the amounts they have to pay?

Mr. MADDEN. I think the people of America have reached that point where they really understand we are in the war. They were slow to realize it at first. They were slow to rise in anger. But they have now fully realized that we are in the war. Their boys are on the other side. Many of them are buried there, and many others of them will return home crippled, as many have done already. It does not make any difference what their nationality may be, as I see it, for every nationality has come to realize that this is, above all nations of the world, the land of opportunity. Look at the names of the men who have died or have been wounded on the battle field. People say that the Germans are unfriendly to America—that is, the Germans who live in America—but we see as many German names among

the dead and wounded as we see of those of any other nationality. And the German women over in my section of the country have organized associations to knit and sew and provide for the soldiers across the sea. They are loyal. They may not have wanted war against the fatherland. Who can blame them for that? But since the war has come they are loyal to America, and they will stand beside the Americans as well as the Americans themselves stand beside each other. I am proud to see the unanimity that prevails all over the land. I am proud to see the determination on the part of the American people to win the war, to sustain the Commander in Chief in every effort that he may make. I am proud that all have expressed the willingness to bear their burden, to pay their share, to give their lives and their limbs, to spill their blood, if need be, that America may live under the freedom which has prevailed here from its foundation.

I am for the bill in its present form or any other form that may be needed to raise the money. We will all pay our share. We may feel it. It will compel us to economize. But it will make us better men. We will be compelled to do things ourselves that we formerly employed others to do. We will learn a lesson in good citizenship. We will come down from the higher level in the clouds to the level of the man on the street. We will realize that we are only made of common clay, no matter how good clothes we wear or how much money we have. The son of the millionaire and the son of the poorest man in the land will sleep in the same cot, will shoot side by side at the foe of America, and die on the same battle field. They will experience a comradeship that they never knew before.

Better things will happen at the end of the war. We will have a rejuvenation of the citizenship of America that will make for the good of the future. We will then see what we have never dreamed of seeing before, namely, the men who have gone to fight America's battles come back home to run America. And they will be entitled to run it. They fought to save it. Some of them died that we might live in peace and happiness and freedom. But those who survive will be at the council table shaping the future policies of America when they come back to us. [Applause.] They will make for conservatism. They will make for better government. They will make for cleaner things. They will make for a more harmonious people, and they will make for less distinction between wealth and labor and race and creed.

I believe the future of America is bright as the result of this war, although we hate the war. All that we have, all that we love and are able to fight, are in the war. I would be glad to be beside mine over there if I were young enough to fight and able to do so. That would be the first thing I would do. But since I can not do that, I can by my voice, and my work, and my vote, and my pay, to the extent of my ability, do my share, and that I will do with the greatest pleasure in all the world, for I love America. [Applause.] I love her institutions, and I want to see her maintain the freedom that has been the admiration of all the world. I want to see the Army and Navy of America stand foremost of all the armies and navies of the world. We have done wonderful work since the war began. And we will achieve greater accomplishments as the days go by. We are proud of them, but we will be still prouder, and America everywhere, from coast to coast, and lakes to gulf, will be able to continue to sing the praises of the American Army and the American Navy as victory is accomplished upon the battle fields of France and on the high seas, and the world is free to maintain that independence for which we fight. [Applause.]

We owe allegiance to the flag. We owe it to the country. We are for America; and because we are for America, regardless of what our political affiliations may be, we are for the Commander in Chief of the American Army and Navy, no matter what his politics may be. We are for him, because he leads our forces. We want him to lead them victoriously. We are proud of the Commander in Chief of the American Army and Navy, and we pledge our support to him now and until the end of the war, in order that we may bring victory to the American arms and honor to the American flag. [Applause.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and Mr. SHALLENBERGER having taken the chair as Speaker pro tempore, a message, in writing, from the President of the United States was communicated to the House of Representatives by Mr. Sharkey, one of his secretaries.

THE REVENUE BILL.

The committee resumed its session.

Mr. KITCHIN. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. CONNALLY].

The CHAIRMAN (Mr. LONERGAN). The gentleman from Texas is recognized for 20 minutes.

Mr. CONNALLY of Texas. Mr. Chairman, the consideration by the House of Representatives of the revenue bill of 1918 marks an era in the legislation of the world. Never before since the beginning of organized government has any lawmaking body been called upon to enact a measure providing for the levy of taxes of the magnitude provided for in the present bill. The Constitution wisely provides that the initiation of revenue legislation shall rest with the direct representatives of the people, and in agreement with the responsibility that the Constitution imposes, the world witnesses the splendid spectacle of the people of the United States voluntarily and cheerfully, through their chosen agents, imposing upon themselves an annual tax burden of \$8,000,000,000.

The Ways and Means Committee of the House and its distinguished chairman merit and will receive the gratitude of Congress and the country for their arduous and diligent labors in preparing the bill now before us. Confronted by the necessity of drafting a measure raising such a stupendous sum, and likewise conscious of an obligation to so lay the taxes to be levied as not to disrupt the business and industrial activities nor cripple the productive agencies of the country, the committee has discharged its task with ability and impartiality.

In the face of Treasury estimates that the national expenditures for 1919 will total \$24,000,000,000, the committee and the Congress have wisely concluded that it is the duty of the present generation to pay as large a proportion of the expenses of the war as may be possible. With one-third of such expenditures discharged by taxation, two-thirds may be safely met by the issuance and sale of Government bonds. The increase in tax levies is principally laid upon excess and war profits and incomes. Those whose profits have been largely increased by reason of a state of war will justly be required to pay the Public Treasury 80 per cent of such profits and earnings. Taxation of incomes, war profits, and excess profits will place the burden upon those most able to bear it—upon those best able to make the sacrifice. This system is a "selective-draft" plan of taxation. It is that plan best calculated not only to meet the immediate burdens of taxation but to anticipate the economic problems with which the United States will be confronted when peace shall come again. The history of wars discloses that in the past huge fortunes have been amassed by reason thereof. The extraordinary and sudden demand for war supplies greatly enhances prices. This enhancement of price, as well as the multiplied production, rapidly enriches war industries. The committee and the Congress have wisely determined that in America the profiteer shall not fatten at public expense but that war and excess profits shall be paid into the Federal Treasury. It is not only a just and equitable policy but one founded upon a wise economic basis.

The justice of income taxation has been recognized by the American public for many years; its wisdom has been sanctioned by an amendment to the Constitution, and more and more has public attention been directed to this source of revenue. It is but fair that both individuals and corporations receiving incomes above the exemption provided should contribute a liberal share to the Public Treasury. If the young manhood of the land gladly rushes to arms in the Nation's hour of need, ready to make any sacrifice, surely there should be no grumbling when extravagant profits are drafted for the service of country.

The necessities of the times in which we live have compelled resort to many sources and objects of taxation that in times of peace and under normal conditions have been immune from the Federal tax gatherer. The bill is the composite result of somewhat divergent views of those of differing political faith. In each and all of its various provisions the bill does not, perhaps, reflect the exact ideas of any individual Member of this House, but in its entirety, in its whole scope, it is a measure upon which Democrats and Republicans alike may forget their partisan differences and give to it hearty and harmonious support. [Applause.] We are not living in normal times; this is the time neither for partisan platitudes nor political preachment. We can not hesitate or quibble over minor differences as to taxation or tariff when billions of dollars are imperatively required to prosecute America's participation in the mightiest struggle that ever stained the soil of Europe or snatched from the brow of conquered kings the despot's crown.

I shall vote for the bill and this House will vote for it as a measure necessary to promote the giant enterprise in which our country has embarked.

There was a time when the policy of the entrance of the United States into the conflict could with propriety be discussed, but that time passed away when the German Government, breaking its solemn assurances, announced that ruthless submarine

warfare upon American shipping, upon American citizens, and upon American women and children would be resumed on February 1, 1917. There was a time when America still hesitated to plunge into the miseries and agonies of war, when she viewed with horror the tragic consequences that would surely follow such a step, but that time came to an end when Germany filled our land with spies and conspirators and armed them with bomb and torch with which to wreck and destroy munition plants and factories and the lives of employees engaged therein. [Applause.] There was a time when America reluctantly contemplated appeal to the sword, but that time was terminated when Germany sought to incite the Mexican Republic, in whose behalf the United States had unselfishly and in a spirit of international friendship contributed so much toward pacifying its turbulent factions and substituting tranquillity for anarchy, to make war upon us under the fatuous lure and inducement of the dismemberment of the Union and the delivery to Mexico of the fairest and most promising States of the Republic. When repeated outrageous violations of international law, continual insults to our national honor, and treacherous betrayals of solemn assurances could no longer be tolerated by a brave and self-respecting people, the Nation, under the leadership of its great President, Woodrow Wilson, turned in righteous wrath, and, hurling at the enemy a defiant challenge to her self-assumed dictatorship of the civilized world, began to prepare to defend upon the field of battle what she had been unable to successfully maintain through the channels of diplomacy and peace. America, with grim determination, resolved that to the high purpose of vindicating our national rights, of disputing the desire of an impudent Emperor to substitute for the well-established canons of international law his own will, of preventing the conquest and dismemberment of weaker nations and the political slavery of their people by a despotic military power knowing no law save force and no rule of conduct save cruel and criminal aggression, she should pledge all her might and men and money, and, setting her heart with inflexible resolution, should give all that is hers, save liberty, to secure the triumph of her cause. [Applause.]

Let us for a moment pause to examine the basic causes that underlie the immediate provocations which involved America in the war.

Since the days of Frederick the Great, Prussia, and since the days of Bismarck, the German Empire, have been obsessed with the idea that destiny has ordained that Germany, under the leadership of Prussia, shall dominate the world and by the prowess of her sword impose upon all peoples German kultur and German institutions. Since the Franco-Prussian War of 1870, systematically and unhaltingly Germany has sharpened her sword, has armed and drilled her sons, has educated the youth in the belief in and practice of war, has filled her schools and universities with the philosophy that might makes right, that German blood is superior to all other, that the German race is predestined to master mankind, and has filled her arsenals and storerooms with ordnance and supplies and all the equipment and panoply of war, awaiting an opportune and propitious pretext to turn her engines of destruction upon her unprepared neighbors.

Such doctrines and schemes could only find lodgment and fruitage in an autocratic political system such as that of the Hohenzollerns—they could never find congenial soil in a Republic like our own, where the ideals of the people find expression in and give form to public affairs and where the Government is directed and controlled by the people rather than the lives and fortunes of the people being ordered and directed by a sovereign. And here at last lies the point of difference that, even though the United States might have been able, by the sacrifice of national honor, to avert the immediate issues that impelled her with drawn sword to step into the theater of war, sooner or later would inevitably have brought America, the great champion of free institutions, into armed conflict with the empires that still desperately cling to the fetish of absolutism and the divine right of kings.

Here is a parallel that is presented to the twentieth century—upon one side or the other must be ranged the peoples of the earth—this day—the day of our struggle with the enemy:

America is ruled by the people; Germany by the Kaiser; the one's institutions are those of a democracy; the other's, the apotheosis of a hereditary autocracy. America bows in reverence before the Deity and in humility beseeches His blessings and approval; Germany counts God as the "good old German god," and the Emperor with blasphemy on his lips claims partnership with God while directing his submarines to torpedo hospital ships and his aviators to bomb hospitals filled with helpless wounded soldiers and marked with the sign of the Red Cross. Our enemy is devoted to militarism; our own country

is warmly attached to peace and its triumphs—the one hungering for conquest and imperial sway, the other covetous of none of her neighbor's land, but championing the cause of the wronged against the aggressor.

Two such systems, the one seeking to crush the liberties of the world, and the other, the foremost example of what a great people may accomplish under institutions of their own making, quickening in the hearts of the peoples of all nations aspirations for liberty and equality, could not and can not both long endure, side by side, in peace.

This is forcibly illustrated by a conversation which Mr. Gerard, the American ambassador at Berlin, had with the Emperor on October 22, 1915, in which the Emperor said: "America had better look out after this war," and "I shall stand no nonsense from America after this war." Thus spoke an insolent monarch to the representative of a great free people. Thus spoke a self-appointed arbiter—a censor of the conduct of sovereign peoples and nations—thus spoke a pretentious potentate who derived his right to rule by favored birth, to the representative of a mighty people who derived their right to rule themselves from bloody sacrifices upon the fields of battle of the American Revolution, and have preserved it through the years by sleepless vigilance and shall preserve it against the armies of this haughty Hohenzollern by their fortunes and the heroic blood of their hardy sons.

Though the central powers comprise Germany, Austria, Bulgaria, and Turkey, the former dominates all the rest so completely that the armies and resources of all are at the disposal of the war lords of Germany. So abjectly have Austria, Bulgaria, and Turkey subordinated the interests of their people and governments to those of their powerful ally that those kingdoms have become merely the instruments of German will. They are but the physical members of a political and military alliance, whose mind and will reside at Berlin. Vienna and Sofia and Constantinople may attempt to flatter themselves into the belief that they are still the capitals of kings, but each of them "knows his master's voice," and that voice is at Berlin. Each has sunk to the level of a dependency in an economic, political, and military sense. Lured to enter such an alliance by promises of territory and prestige, they so linked their fortunes and future with Germany that they can not be disengaged without incurring disaster. By the force of circumstances, which they can no longer control, they are being hastened to their doom. In the hope of attaining her plans for the establishment of "Mittel Europa" and her own primacy therein and the extension of her influence through Asia to the Persian Gulf, Germany saw that the subserviency of Turkey was necessary, and without scruple joined common cause with a nation whose record of outrage and butchery has stained European history for more than four centuries. In greedy Bulgaria dangling German promises of new frontiers appealed to an appetite that had hungered since the Balkan War. That Germany was able to secure the assistance of Bulgaria and Turkey by tempting offers to share the loot is cumulative evidence that her primary purpose in waging war was and is to forcibly annex to her territory all that she may be able to subjugate by arms.

Had the Kaiser and his allies vanquished the allies and left them stricken and despoiled, he would have attempted to lead his triumphant armies against our own soil, here to gorge his appetite with the spoils of our cities and to wring from America staggering indemnities. The conflict lay in our pathway; it could not be averted without the surrender of all that we hold most dear.

Germany initiated the war with the same defiant disregard of the rights of neutral nations as signaled her later conduct toward the United States. Coincidentally with the declaration of war, in a bold and rapid stroke at the French capital, she poured her legions into Luxemburg and Belgium, both of whose independence and neutrality she had solemnly guaranteed to protect. The former was helpless and unresisting, but the latter was as brave and courageous as a good woman fighting desperately to the last breath to save her honor. The story of Liege and her valiant defense will thrill every reader of that tragic story. Malines, Antwerp, and Brussels speedily fell; courage alone could not prevail against hundreds of thousands of rough and brutal soldiers, and the greater part of that unhappy country was overrun and occupied by the armies of the Kaiser. Trampling the helpless Belgians under foot, they pressed on into northern France and laid waste its fair fields and pillaged and destroyed its villages and cities. On rushed the tidal wave until, at the Marne, the heroic French, stirred by the memory of the Maid of Orleans, put to flight the violator of the soil of France. [Applause.]

The central powers were not idle in other theaters of war. Their rumbling artillery rolled through the mountains of Serbia

and Montenegro and two kingdoms crumbled, and their subjects were driven from their homes and scattered like grains of dust. They hurled their bolts against Roumania, and a whole nation, hungry and naked, was left trembling at their power. Against the Russian armies, deficient in arms and munitions, they sent their swarming minions, well armed and equipped, and seized a large territory in the domain of the Czar. When no longer able to make headway against Russia on the battle field, when the Muscovite armies, at last at bay, doggedly disputed the invader's further advance, resort was had to intrigue and Russian treachery to destroy the morale of the soldiery and effect the destruction of organized opposition to Germany's dream of ambition and eastern conquest. Anarchistic agitators and ranting reformers, with gilded promises upon their lips and German gold in their pockets, deluded the poor Russian people and handed them over like chattels to German slavery. At Brest-Litovsk the crowning infamy of this chapter of shame culminated. There was consummated a false peace, a peace purchased at the price of Russian dishonor and betrayal, a peace that shall not bring the fruits of happiness, but instead a most burdensome bondage—not a peace that permits the Russian people to turn to profitable industry and commerce and to devote their energies to the cultivation of garden and field and loving herds to satisfy their own wants, but a peace that requires them, as slaves, to supply the sinews of war that other nations may be similarly enslaved—a peace that crushes and oppresses the spirit of the conquered until such a time as their smoldering resentment shall burst into flame and with a terrible revenge shall punish their heartless oppressors. At Brest-Litovsk the curtain went down on a shameful and disgraceful tragedy; the bleeding body of Russia lay writhing like a mighty giant convulsed and gripped by an insidious and deadly poison, with features distorted and drawn with the pain and agony of death.

The Central Empires wheeled their forces and their armies burst through the mountain passes of Italy, and by the strength of numbers and the machinations of conspirators, who deceived and seduced the Italian soldiery, captured many thousands of men and much booty and supplies. From this front the assuring news comes that the drooping Italian spirit has revived, and already in a brilliant allied campaign the intruder has been thrown back across the Piave with frightful loss in life and prisoners.

With the armies on the Russian front released, Germany renewed activity on the west, and in March, 1918, made a determined and powerful drive for the channel ports and for Paris, and, though gaining ground, was prevented by the French, British, and Americans from attaining her objectives. Encouraged by temporary success on this front, the enemy launched another formidable and dangerous attack in May, 1918, and drove the Rheims-Soissons salient far toward Paris to the Marne, where once before her armies had been brought to a halt. At this critical and fateful juncture American troops and marines, at historic Chatteau-Thierry, with dauntless daring and superb spirit, not only halted but hurled back the Hun in disaster and ignominious flight. Just as America entered the war at the moment when the fortunes of the allies were growing desperate, so American soldiers arrived on the battle field just in time to turn seeming Germany victory into utter defeat—just at the moment when the German wave, at its crest, was about to engulf the allied armies, American soldiers, standing like a granite wall against the savage storm, met the enemy's armies, vanquished his choicest shock troops, and scornfully scattered the ragged remnants that survived. [Applause.]

Heroic little France, worn and weary with four years of heartbreaking sacrifice, with her lands harried and torn by the shell and shrapnel of the invader, with a million of her bravest sons sleeping in shallow graves from the Belgian border to the Marne and Verdun, with much of her territory in the foreigner's grasp, with Paris, her pride, her ancient capital, almost in the conqueror's hands, witnessed with wonderment and marvelous admiration this valiant and fearless conduct of American troops, and, inspirited and heartened—yea, thrilled—by the superb spirit and dash of her newly arrived ally, turned an expected German offensive into an allied offensive and forced the armies of the Central Empires to retire from the Marne-Soissons salient in utter confusion and dismay, leaving behind vast stores of supplies and many thousands of prisoners, and marking their retreat by thousands of dead.

The British attacked on the sectors held by their armies, and in a series of brilliant attacks the Americans, French, and British have now driven the enemy almost to the old Hindenburg line; but he will not be permitted to rest there for long. In a little while an American army will be pounding his

trenches with artillery and raking his flanks with machine-gun fire so galling that another retreat will be inevitable.

Now that American troops in force are in France giving battle to the enemy may we not inquire how this great army was prepared and placed in the field? Is it not well to ask, How has America met the challenge of the enemy? What has she done to meet the shock of the foe? For answer let us for a moment inquire as to how this great Nation, busy with the pursuits of peace, with her sons engaged in industry and agriculture, with commerce and traffic and the various trades and professions of a thrifty and prosperous country, quickly converted this vast army of peace into a formidable implement and agency for war.

On April 6, 1917, the day upon which the United States stepped out upon the stern stage of war in defense of our right to live and in defense of the lives and safety of her citizens upon the high seas, she had a Regular Army of 5,791 officers and 121,797 men; on June 27, 1918, she had 11,365 officers and 514,376 men. At that time the National Guard in Federal service numbered 3,733 officers and 76,713 men, while on June 27, 1918, there were 17,070 officers and 417,441 men. The Reserve Corps in actual service has grown from 4,000 enlisted men to 131,968 officers and 78,560 enlisted men. The entire Army had grown from 9,524 officers and 202,510 enlisted men to approximately 160,400 officers and 2,010,000 enlisted men on June 27, 1918. Since June 27, 1918, additional calls by draft boards have increased the total strength of the Army to approximately 3,000,000. By the draft act of August 31, 1918, it is estimated that 2,000,000 additional men will be called to the colors as rapidly as facilities for training and equipment will permit. With an army of the magnificent proportions of 5,000,000 men in the field there can be in the "bright lexicon" of American achievement no such word as "fail." Its mighty tramp will be heard around the world, and its cadenced footsteps, like thunder, will shatter the stained glass of the palace at Berlin. Already an army of approximately 1,500,000 men is in France, and soon we may expect the major portion of this great army to strike the enemy a telling blow.

To train and qualify officers to lead the new armies 16 officers' training camps were held at military camps. In the first series, beginning May 15, 1917, there were 27,341 officers graduated; in the second, beginning August 27, 1917, there were 17,237; in the third, beginning in January, 1918, there were 11,657; while in the series beginning May 15, 1918, there were about 14,000 officer candidates in attendance. The War Department has recently inaugurated a series of continuous central officers' training camps which will accommodate thousands of officer candidates.

The War Department prepares and preserves a statistical record of each of the 3,000,000 men now composing the Army and will prepare and preserve such a record of those yet to be called, in which detailed information as to occupation, training, home address, nearest relative, and other data are contained.

For the United States to place in Europe an effective Army something more than the assembling and drilling of millions of men is required—armies must be fed, clothed, armed, equipped, and transported across 3,000 miles of ocean, infested with submarines, lurking in the darkness to assassinate the unwary, and skulking away to the safety of the deep when battle is offered—brave and bold against unarmed passenger ships laden with women and children, but craven and cowardly in the presence of an armed and alert foe.

To clothe our vast forces there had been provided by June 27, 1918, among hundreds of articles, the following: 43,922,000 cotton undershirts, 104,333,000 woolen stockings, 2,340,000 rubber hip boots, 103,028,000 yards of denim cloth, 4,010,000 pairs of arctic overshoes, 27,249,000 pairs of shoes.

To feed the Army supplies of food almost too vast to comprehend have been mobilized and transported to camps and to storehouses in France. There have been purchased 339,593 horses and mules, 18,000 Army trucks, and many other motor-driven vehicles. Among other articles provided are the following:

Hardware and metals.	
Articles:	Quantity.
Hammers	2,567,000
Axes	5,121,729
Files	10,870,000

Vehicles and harness.	
Articles:	Quantity.
Halters	1,700,000
Escort wagons	129,000
Combat wagons	26,000

Up to May 18, 1918, more than 1,800,000 rifles of all types had been produced by the Ordnance Corps. There are now on hand sufficient rifles for an Army of more than 2,000,000, allowing wastage for a year. Of this number more than 1,000,000 are of the new 1917 model. More than 80,000 machine guns have

already been produced and 350,000 have been ordered, as well as 35,000 tractors for hauling heavy cannon.

To provide shells for ordnance, the Government is operating 4 immense plants and 14 private plants are engaged by the Government. Great nitrate and powder plants are being constructed by the United States at an expense of \$90,000,000. Private plants are manufacturing for Government account large amounts of powder and other explosives.

Five billion rounds of small-arms ammunition, 80,000,000 projectiles, 1,500,000 pistols, 1,000,000,000 pounds of explosives, 35,000,000 hand grenades, and 18,000,000 rifle grenades have been provided for use against the enemy.

The Medical Corps is operating in the United States 72 base and general hospitals and in France hospitals of a capacity sufficient to accommodate 5 to 10 per cent of the strength of the American Expeditionary Forces.

Against the deadly gas attack first employed in civilized times by the Germans the Medical Corps has developed a gas mask, the best in use.

To house the Army during training 32 cantonments and camps have been constructed in the United States, at which new troops have been and are now being organized and trained.

In France vast storage houses and depots have been erected. These camps at home and abroad represent an expenditure of \$1,170,619,040.

The Department of Military Aircraft established in various parts of the United States 28 flying fields. At these fields there have been trained and are now in training thousands of aviators, while many are training in France, Italy, and England. These "American eagles" will drive the enemy from the air and carry the war into Germany. Almost each day brings tidings of some daring and successful exploit of American aviators, and when the temporary delay in production of planes shall have been overcome we may, with confidence, look for splendid service from this branch of the Army.

To provide for office space required by the rapid expansion of departments the Government has erected many immense temporary structures in Washington—houses for clerks to cost \$10,000,000 have been authorized, and \$50,000,000 have been authorized to build homes for workers in the shipyards.

To construct ships to carry food and supplies to the Army and transport our troops, Congress has authorized the expenditure of more than \$2,000,000,000, and the Shipping Board and Emergency Fleet Corporation on March 5, 1918, had in operation or employed under their direction 151 plants, 85 of which were engaged in wooden construction and 66 on steel ships. Under authority of law 112 German and Austrian ships have been taken over, repaired, and are now in operation. To accommodate our shipping, great docks and terminals have been required at French ports, and lines of railway from ports to the fighting front have been reconstructed and equipped by the United States. These works have necessitated immense outlays, but their need was imperative, and it was the duty of Congress to provide the necessary funds.

The Navy in the first year of the war in officers and men increased more than threefold, having now nearly half a million. There are now, including destroyers, and submarine chasers, and chartered vessels, more than four times as many vessels in the naval service as there were previous to April, 1917. Six new battleships are designed which will be the largest in the world.

The number of men in France or en route to France, including all units that go to make up an entire army, is practically 1,500,000. These troops have been transported by the aid of naval convoys in spite of U boats. Only one transport has been sunk, with a comparatively small loss of life.

This record of preparation for war is a marvelous one, it compels the admiration of the world. It pleases us beyond measure to know that a great democracy in an hour of stress and necessity may arm quickly and effectively when its heart and mind are resolutely set to the task.

It is not without staggering outlays of public money that such prodigious preparation has been made. For the fiscal year 1917 public expenditures, including loans to the allies, amounted to \$12,696,702,000. It is estimated that of these expenditures \$7,500,000,000 represents permanent assets of value after the war. The aggregate of Government expenditures for all purposes since April 6, 1917, to August 31, 1918, was \$17,329,000,000. Treasury estimates forecast an expenditure for the fiscal year, June 30, 1918, to June 30, 1919, for all purposes, of \$24,000,000,000.

Thus has America answered the challenge to fight. The Kaiser thought we loved our dollars too much to spend our gold for war. He thought we loved the ways of peace too dearly to leave its pleasant haunts for the rough and rugged road

that leads through the land of Mars, but he has found that America is ready to spend the treasure of her wealth and to spill the greater treasure of her blood rather than endure his violation of the sacred rights of her citizens. America's answer to his sneers and jibes will be uttered by the cannon's iron mouth, lips of steel, and tongues of flame will make America's reply.

Our dollars will be molded into shot and shell that shall be sent hurtling into his lines on the western front.

Over against his unholy claim to the divine right of one man to rule we place the divine right of every man to rule his own destiny and his own life under the ordinances of society. To this point at least all the causes and motives of the war find their way—back through all the tangled web of intrigue and diplomacy may be traced the soiled and slimy thread of imperial cunning. To the Emperor's wish to rule the world must be laid all of the tragedy and sorrow and waste and misery that war has wrought.

For this vain dream Belgium was destroyed; for this, that once happy land was filled with the wails and weepings of orphaned childhood and peopled with premature widowhood; for this little children were maimed and butchered, and women were dishonored and despoiled; for this kingly chimera harmless old men, already far on the journey that leads to death, were speeded on their way.

What a contrast between a political system that inspires such an imperial ambition and that of these United States. The Kaiser sees arrayed against him the conscience and the spirit of the civilized world. He knows that his name and that of his Government are execrated and despised in the four corners of the earth. Already he can see beyond the grave and realize how his memory will be linked with authorship of the greatest crime of all the centuries—accursed and damned.

On the other hand, let us turn our eyes for a moment to the tomb of Washington, the great American for whom kingly prerogative possessed no charm and whose only ambition was for his country's weal. On July Fourth it was my privilege to stand at that devoted shrine at Mount Vernon, where lies the dust of him who in life wrote with the sword what had been written with the pen on the day whose anniversary we were celebrating. I saw the ambassadors, ministers, and diplomats of many nations of the globe come like pilgrims to pay honor to the memory of that peerless patriot, to acknowledge the debt of all peoples and races to the greatest of the great, and to cover the vault with flowers in token of gratitude that such a man lived to save and serve the great Republic, which in turn shall save and serve the world. [Applause.] With such a setting and with the civilized nations as an audience, Woodrow Wilson, the splendid spokesman of America and the most commanding figure on the planet [applause], delivered an eloquent and thrilling address that embalmed in matchless language the significance of the day, the forces that centered in the life of Washington, and their recognition and appreciation by the representatives of the nations of the earth.

Between the ideals of Potsdam and those of Mount Vernon the irrepressible conflict has begun, and it shall not end until the former feels the might and strength of the latter—not until the shade of Washington startles the Emperor from his distempered dreams to the realization that the world has passed beyond the era of divine right to rule—that the period of imperial tyranny has vanished with the spectered ghosts that fear to walk where freemen dwell. [Applause.]

The spirit and heart of America are stirred by this war to their very depths; with unbending purpose the people are set upon waging the war to a speedy and successful issue. To the Government's call to war service the country has responded with superb patriotism. There rushed to the colors hundreds of thousands of the finest youth of the land, and other thousands above the age limit begged for permission to enlist.

Government loans of each issue of liberty bonds have been and in the future will be oversubscribed by the people of the United States, willing and anxious to make sacrifices to meet the Nation's demands. Thousands of committees of public-spirited citizens have devoted their time and energies in conducting liberty loan campaigns, thrift stamp sales, and other war activities. Millions have been gladly contributed to the Young Men's Christian Association in order that this organization may go with the boys to France and keep before them the sign of the cross and around them the wholesome influences of home.

With a glad generosity the country has poured millions into the treasury of the Red Cross. Every appeal of this great instrument of mercy has been more than met.

The women of America have met the tasks of war with nobility and unselfish service. [Applause.] They have flocked to Red Cross rooms in city and village and hamlet and rural community, and with needle and yarn and with bandage and

dressing have tolled unremittingly. Inspired by the thought that each sock or sweater or cap might bring comfort to some lad in a damp and dark trench in France, they have mingled their love and tenderness with the fabric formed and fashioned by their busy fingers. With a fortitude that excels the traditions of Sparta, they have sent their husbands and sons to the fighting lines. [Applause.]

With straining vision that reaches to the battle fields of Europe, strewn with maimed and wounded, they have made hundreds of thousands of bandages and surgical dressings to bind up the wounds and stanch the blood of the brave troops that are to fight our battles on foreign soil; their hearts are in France with the colors, their spirits are keeping watch and guard over the men with the flag. [Applause.] The same spirit of determination pervades every branch of our fighting forces, and by that token the American Army will be resistless when its full strength is put afield.

A few days ago I chanced to be at the Union Railway Station in Washington, and there witnessed a scene that shall not soon fade from the canvas of memory. Troop trains were departing for embarkation ports and companies and regiments were entraining. Column after column of fine, athletic, alert young soldiers, with heads erect and quickened step, cheered as they marched with military precision to embark upon a journey which they welcomed with joy; cheering because theirs is the task to cross 3,000 miles of turbulent sea, where the stealthy and crafty assassins of the deep lie in wait, with deadly torpedo poised, to strike in the dark, that they may vindicate upon the plains of Picardy and the fields of Flanders the principles and ideals for which the United States was at last forced to fight. [Applause.]

There can be nothing more inspiring, nothing that offers greater promise for the future, than the marvelous spirit of our troops; not there the furtive or slinking gaze of one afraid; not there the hesitant or halting steps of one reluctant to go where the fighting is fiercest; not there the faint heart that trembles and quakes before the "baptism of fire"; but with uplifted, determined faces, with resolute and steady step, with confident and unwavering purpose, they go to meet the enemy in the red arena of battle. That they shall fitly and nobly acquit themselves there is no fear; to their prowess and bravery, in the faith that their performances will comport with the finest and most heroic traditions of American arms, the United States has confided all that she is and all that she hopes to be—yea, has confided the very safety and life of the Republic. That new and thrilling chapters will be added to the glorious annals of America on both land and sea will follow "as surely as the night the day."

While our enemy is still strong and powerful; while he is yet able to marshal millions in the field; while he is yet in possession of much of the territory of the allies, victory approaches nearer as each day wheels into night—our final triumph is hastening as the weeks and months are unwound from the reel of time. Our sacrifices of men and money, the anguish and tears of American womanhood—these things shall not be spent in vain. The God of Justice will not permit the Hohenzollerns to trample into the lifeless and listless dust the liberties of the whole world; civilization shall not be again plunged into the impenetrable gloom of the Dark Ages. The clock that strikes the hours of destiny, that records the struggles by which man has climbed from savagery to enlightenment, that marvelous chronometer that is moved by mystic forces which we can not always fathom, shall not turn its hands backward a thousand years. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CONNALLY of Texas. Mr. Chairman, can the gentleman from North Carolina give me two minutes more?

Mr. KITCHIN. I yield to the gentleman two minutes.

The CHAIRMAN. The gentleman from Texas is recognized for two minutes more.

Mr. CONNALLY of Texas. The astrologer can not find it written in the stars, the soothsayer can point neither to omen nor augury, it can not be discovered graven upon cabalistic stone or tablet that "kultur" shall extinguish the "light of the West."

Twenty-four hundred years ago the Persian kings overran and conquered Asia and, sweeping westward with vast forces, sought to crush the liberties and civilization of Greece and of Europe, but Miltiades and his little band of Greeks hurled the oriental horde back upon the shores whence it came. In 451 A. D. there emerged from the wild plains and savage fastnesses of Central Asia a countless swarm of barbarian Huns that rushed across southeastern Europe like a blistering blight,

ravaging and wasting lands and cities and leaving in its wake nought but monuments of its vandalism and barbarity.

Attila, like his German imitator, claimed intimate contact and relation with God—he was the chosen conqueror Almighty. The Romans and their allies met him at Chalons and, though Rome was weakened and tottering to her fall, she was spared long enough to drive back with frightful slaughter the Hunnish host and add a crowning contribution to the "glory that was hers." [Applause.] The Fates had not so ordered the future that Attila's poisonous breath should wither and kill the culture of Greece on whose mystic mountain tops they had dwelt. In 723 A. D. the turbaned Arabs from the parched deserts of Africa poured through the passes of the Pyrenees and dashed across what is now France with the scimitar in one hand and the Koran in the other, with the one enforcing homage to the other and to Allah, but Charles of the Hammer shattered and scattered the frenzied fanatics and saved Christianity from conquest by the Crescent.

The same wild lust for power and dominion that generated these invasions of the past inspires the central powers in the mighty struggle in which we are grappling; now no less than in former times courage and patriotism shall halt the millions of the enemy and rescue the peoples of the earth from conquest, their liberties from destruction, and shall preserve their lives and the lives of their children from oppression by the most insupportable political bondage of modern times and shall save the institutions and agencies of self-government from prostitution to the selfish tyranny of imperial mastery.

The light is breaking through the clouds that have frowned and lowered upon the fortunes of the allies. We saw a glimmer of light at Seicheyres when American troops first went into action; we caught a vision of it when the drive for Paris and the channel ports was halted before Amiens; when the Austrians were thrown across the Piave, through the Italian sky it shot a brilliant shaft that brightened and cheered our lines from the Adriatic to the North Sea.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. KITCHIN. Mr. Chairman, I yield one more minute to the gentleman.

The CHAIRMAN. The gentleman from Texas is recognized for one minute more.

Mr. CONNALLY of Texas. It grew brighter and clearer at Bellieu Wood and Chateau Thierry, and in the German retreat to the Hindenburg line it dazzled us with its gladsome rays.

As each American lad dons the uniform of his country, as each one drops the implements of industry or agriculture, as each one leaves store or office to grasp the rifle and bayonet, that light in the heavens shall grow in power until its splendor is greater than ever "beat upon a throne." [Applause.] There it is. Can not you see it now—the light of victory set in the arching azure as pledge that the God of Battles "is with us yet, is with us yet." [Prolonged applause.]

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MERRITT].

The CHAIRMAN. The gentleman from Connecticut is recognized for 10 minutes.

Mr. MERRITT. Mr. Chairman, I agree with all the complimentary things which have been said about the Committee on Ways and Means, both as to the skill with which they have drawn this bill and as to the nonpartisan character of the committee. I appreciate that they had a tremendous task to draw a bill which would produce \$8,000,000,000, and so I think that criticism should be very sparing in connection with any of the items.

I agree also that in considering the bill the interests of the United States should be in all respects paramount. I do not believe that the interests of any individual or any class should stand in the way of the bill or any provision thereof, unless such provision would have a broad effect and a detrimental effect on the United States itself, and on the raising of future revenue. But I shall take the few minutes which I have to call attention to two matters in the bill which, it seems to me, are detrimental and will be detrimental to the business interests of this country. The first relates to that provision of the bill taxing net incomes of corporations at the rate of 18 per cent and exempting so much of the income as is paid out in dividends, which results, of course, in a punitive tax of 6 per cent on all the income of the corporation which is not paid out in dividends. Of course the result of that is to tempt all corporations to pay out all their earnings in dividends.

Now, so far as manufacturing is concerned, with which I am most familiar, it is an axiom which is well known and the result of generations of experience that any corporation which

does pay out all its earnings in dividends is sure, sooner or later, to fail. Because, naturally, fluctuations of business will bring about lean years, in which it is absolutely necessary to have the reserves of good years in order to keep the corporation on its feet.

It is also true that the goods which all corporations produce—or all manufacturing corporations, at least—are apt to get out of style at times, and the so-called inventory of the corporation will shrink. You have to provide for that. In other words, it is really a profligate way of doing business to pay out all of your earnings in dividends. It seems to me also that if that is done with the notion that the Nation at the present moment is going to get more of an income tax, it will be fallacious, or if it is done with the notion that the Government is going to get more subscriptions to bonds, that will be fallacious; because I think it will be found that those corporations which have not paid out all their earnings in dividends and have retained some as a surplus have been inclined, and are still inclined, to put that surplus into United States bonds, both from patriotism and on account of the fact that the bonds are the surest investment we know of, and the most easily convertible into cash when cash is wanted.

I think a provision could easily be put into the bill so that 6 per cent might be waived if the undivided surplus is put into United States bonds; and I am sure that will produce a greater sale of bonds than if it were paid out in dividends and divided among the small stockholders, who may or may not purchase bonds.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. With pleasure.

Mr. LONGWORTH. I want to ask the gentleman a question, because he is a student of this subject. I myself have some doubt as to the wisdom of this provision; but the committee was largely influenced by the fact that there seemed to be a large number of corporations in this country controlled in some cases by very rich men who want to avoid at all hazards the payment of taxes, and who will not therefore favor the distribution of dividends. From that point of view does not the gentleman think it is perhaps a wise policy to give a bonus for the distribution of dividends?

Mr. MERRITT. I think the number of such corporations must be very small compared to the number of legitimate corporations, and I do think it is a very decided detriment to try to force—I do not suppose that is exactly the right expression—to try to tempt them to pay out their earnings; but I should think the kind of corporations that the gentleman speaks of might be reached in some way, such as I mentioned, by making the tax dependent on whether or not they invested their surplus in United States bonds. That is what I think could be done. But I do think it tends toward an uneconomic use of the earnings of corporations to insist, at the risk of a penalty, that they shall pay them all out in dividends in the year in which they are earned.

Mr. PLATT. Is there not a provision in the present law under which their surplus can be invested in United States bonds?

Mr. MERRITT. There is, but I think it is taken out of this bill.

Mr. PLATT. There ought to be such a provision.

Mr. MERRITT. There is one other matter contained in the bill—

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. MERRITT. Yes.

Mr. COOPER of Wisconsin. Do I understand the gentleman from Connecticut to say that the pending bill contains a provision which is mandatory, requiring the paying out of all earnings in dividends?

Mr. MERRITT. It does not require it, but it provides that if they are not paid out the undivided profits shall be subject to a supertax of 6 per cent.

Mr. COOPER of Wisconsin. Does the gentleman think that would force the paying out of all earnings?

Mr. MERRITT. I do not think it will force it in all cases, because the very prudent ones would retain it and pay the tax, but, of course, the tendency would be to save that 6 per cent by paying out all earnings.

There is one other provision to which I will allude very briefly, that has to do with the so-called estate tax, which, it seems to me, differs from almost all the rest of the bill in that it is really not strictly a tax, but rather a confiscation of principal. Now, of course, in considering the great estates we are apt to think of the get-rich-quick estates, those that have been made in a short period of time, but all through New England, where I come from, there are a great many large estates which have been built up by the prudent accumulations of years, and it seems to me that you are going into a new field

when you confiscate a large part of those great estates. The highest bracket is 40 per cent. Even as to that I should hold to my principle that if this were solely to the advantage of the United States it could be defended, but I do not think it is. It seems to me that this is what might be called profligate taxation. Of course, capital is something which can not be put away in a pigeonhole or in a safe deposit box and be inert and still be of any use to the man who holds it.

It must be used, and the reason why it is capital is because it is savings from previous earnings. Now, if the United States reaches out and takes those savings for a war tax, of course they are going to be dissipated, so that you will diminish the capital of this country by that much, so diminishing the earning power of the country by that much and diminishing possible future taxation by that much. It strikes me, gentlemen, that it is exactly the same thing as we have seen happening in Russia, where the Bolsheviki have used the seed wheat and eaten it up, and so can not plant their crop. It is like going to a mechanic and saying, "We are going to take your tools away from you." He will say, "All right, if that is for the interest of the United States; but if you do, I can not do any more work." If you go to the capitalist, to the bank, to the estate and say, "I am going to take your savings of years and spend them on the manufacture of munitions of war," or anything else, so that they will disappear, you will take away from capital its tools, so that in future it can not do its work and can not help the United States as otherwise it would. [Applause.]

Mr. KITCHIN. I yield 30 minutes to the gentleman from Texas [Mr. McLEMORE].

Mr. McLEMORE. Mr. Chairman, I shall support this large revenue bill as it is reported from the committee, and I will also take advantage of the time allotted to me to make a few observations which I think should be made.

Much has been said in condemnation of the McLeMore resolution during this campaign year, but as long as these words of condemnation and misrepresentation came from a prejudiced, a perjured, and a paid press and from the so-called National Security League and the American Defense Society, of New York City, I had nothing to say. Since, however, the Democratic national congressional committee has deemed it expedient to quote the language of the National Security League in a circular letter which it has sent to the Democratic Members of this House I feel it my duty as an American citizen and as a Democratic Member of this House to resent the imputation which emanates from that grafting concern known as the National Security League and whose chief ambition now, it seems, is to asperse the character of those who do not subscribe to its views. The language used by the National Security League occurred in what is called a chart showing the "Americanism" or "patriotism" of each Member of Congress, and its language, as quoted by the Democratic national congressional committee in its circular letter, is as follows:

McLeMore resolution: This resolution was to the effect that American citizens should forego their natural, legal, and constitutional rights to travel on the high seas.

Mr. Chairman, a more malicious falsehood or a more willful misrepresentation was never uttered than is contained in these words sent out by the National Security League, so called, and repeated in a circular letter sent out by the Democratic national congressional committee to the Democratic Members of this Congress. It is a lie out of the whole cloth, and I need no better refutation of the malicious slander than the resolution itself, which is as follows:

Resolved, That the House of Representatives of the Sixty-fourth Congress of the United States do, and it hereby solemnly does, request the President to warn all American citizens, within the borders of the United States or its possessions or elsewhere, to refrain from traveling on any or all ships of any and all of the powers now or in future at war, which ship or ships shall mount guns, whether such ship be frankly avowed a part of the naval forces of the power whose flag it flies or shall be called a merchant ship or otherwise, and whether such gun or other armament be called "offensive" or "defensive"; and in case American citizens do travel on such armed belligerent ships that they do so at their own risk.

Mr. Chairman, this resolution was introduced in the House on the 17th day of February, 1916, and it was based on a note issued by the Secretary of State the 27th of January, 1916, and which note questioned the right of a belligerent nation in time of war to arm its merchant vessels. I was also guided in part by a warning issued by England to her subjects in the Far East during the war between Russia and Japan, which warning was sent out to British subjects, judging from the copy I have in my possession, through the English consulate at Shanghai. That warning read as follows:

All subjects of the Crown are notified that the British Government will not undertake to be responsible for the safety of any British subject leaving this port on a ship of either of the belligerent nations.

This is the common-sense warning England issued through her consulate at Shanghai, and, it is presumed, the same warning was sent to her consulates of other Far East ports. When I introduced my resolution we were at peace with Germany, the sinking of the *Lusitania*, which was a good cause for a declaration of war, having been recognized by our Government as "a closed incident." We had warned our citizens to get out of Mexico, although they had gone there and invested their all under treaty rights and a guarantee of the Mexican constitution and laws. More than 500 of them—men, women, and children—were ruthlessly murdered by the Mexicans and their property destroyed, but we afforded them no protection whatever, our only answer to their appeals being to "get out." Mr. Speaker, I could not by any stretch of my imagination, bring myself to believe that American citizens traveling on the armed boats of the nations then at war and in belligerent waters, and seeking pleasure or business, had rights that were any more sacred than the rights of those Americans who went to Mexico and invested their money under treaty rights and a guaranty of the Mexican constitution and laws, and nothing has happened to shake me in that belief.

My resolution did not prohibit any American from traveling on any boat on which he might secure passage. It did propose, however, that if he took passage on an armed boat of any one of the nations then at war, sailing in belligerent waters, that he would do so at his own risk and without involving this country in war, in case the boat on which he sailed was attacked, and perhaps sunk, by an enemy submarine. My resolution was tabled, as the easiest way of getting rid of it, yet of all who spoke against it—and there were many—not one had the courage to say that the resolution was wrong in principle. Their excuse was that they did not wish to interfere with the President's foreign policy, and yet about the only foreign policy, at that time, on which the President was outspoken was his policy toward Mexico—a policy that but few men in this House indorsed, although they may have said little in this regard outside the cloakroom. The only intention of the resolution was to prevent the United States from becoming entangled in the European conflict, and it was furthest from my desire to interfere with the President's foreign policy. After the resolution was tabled the supporters of the President that year used the slogan, "He kept us out of war," and it was this slogan that caused the women of California and Kansas to vote for Mr. Wilson.

Mr. Chairman, it is a fact not generally known that shortly after the tabling of the resolution the State Department issued an order which virtually put into effect all that the McLemore resolution was intended to do.

At the time the resolution was introduced we were not at war with Germany nor did the people generally dream that we would soon be sending troops to Europe to put down German autocracy. There was one concern, however, that did dream of war with Germany, and it did everything in its power to force the United States into the conflict. I speak of the National Security League, an institution that was organized long before the United States entered into the war and whose sole object was to get this country involved in the European struggle—an institution that was financed by the war profiteers.

The founder of this institution, Mr. Chairman, was an Englishman by birth, and how well he succeeded in his efforts time has only too well proven. And after war had been declared by the United States against Germany the next move of this so-called National Security League was to force upon the country conscription and compulsory military training, and in this work it was assisted by the so-called American Defense Society, and both managed to work, in some way, through the commercial organizations of the different States of the Union, which held so-called mass meetings at their respective cities or towns and then sent telegrams, paid for by the two New York institutions, to their Congressmen expressing the wish of the mass meetings, so called.

Mr. Chairman, it may not be out of place to state that the National Security League is composed of as big a bunch of grafters as ever operated in any country, if we except the Anti-Saloon League, and the league is financed by war profiteers. I understand that the Navy League, since it was put out of commission, and righteously so, by the Secretary of the Navy, is affiliated in some way with this National Security League, which would be only natural, as birds of a feather are known to flock together, and there is usually a common cause between grafters.

But, Mr. Chairman, let me get back to the McLemore resolution. That resolution was introduced in all sincerity, and, as I have previously stated, its sole purpose was to keep this country from becoming involved in the European war, especially

after we had passed up the *Lusitania* incident. That resolution lay in the House Committee on Foreign Relations for more than a week, nor was it reported until the President demanded it, and then it was reported in its entirety to the Rules Committee without a chance being given me to amend it by cutting out the "whereases"—which are a resolution's arguments—and with the recommendation that it "do not pass." The same thing occurred in the Rules Committee, which reported it in its entirety, and this committee, so fearful that it would pass the House, reported it with a rule that it was to be debated a certain number of hours and at the end of that time that it be tabled under the previous question, which precluded any chance of amending it, the Rules Committee, as the Committee on Foreign Relations had done, reporting the resolution in full and precluding any chance to amend it.

It was the intention of the gentleman having the time in charge on the floor, and the intention was pretty well adhered to, to run the steam roller over the resolution and in this he was ably assisted by the Rules Committee. The time was equally divided between the Democrats and Republicans, the gentleman from Virginia [Mr. FROON] being in charge of the Democratic time and the gentleman from Wisconsin [Mr. COOPER] being in charge of the time allotted to the Republicans.

Having introduced the resolution, I naturally supposed I would be granted a little time to speak to it, but when I asked for time from the Democratic manager I was coldly turned down, and I met with the same result from the Republican manager, both of whom, I presume, were acting under orders from higher up. The only Democrat, as I now remember, who favored the resolution and was given any time was the gentleman from Missouri [Mr. DECKER], who got 10 minutes from the Republican manager. When the gentleman from Mississippi [Mr. Sisson] learned that I had been denied any time he went in person to the manager of the time of the Democratic side, so he informed me, and told him that it was an outrage that I should be denied time in which to defend my resolution. According to Mr. Sisson, this gentleman, out of the goodness of his heart, and, presumably, in violation of his instructions from higher up, agreed to give me four minutes. When my name was called, however, I was informed that the time allotted me was only two minutes, and, of course, I could do nothing more in this short period than thank the gentleman from Virginia for his generosity in granting me so much time and returning to him the unused portion of it, and which he most graciously accepted, as they all do when acting under orders.

But, Mr. Chairman, this is not all. The Atlanta Journal of August 18, 1918, printed a speech of Congressman HOWARD, then a candidate for United States Senator, in which the Congressman is quoted as follows:

It is pretty hard to have yourself treated worse than . . . disloyal McLEMORE.

Mr. Chairman, knowing how unreliable some newspapers are I wrote Mr. HOWARD, as follows:

WASHINGTON, D. C., August 19, 1918.

HON. W. S. HOWARD,
Atlanta, Ga.

DEAR SIR: In your speech, as published in yesterday's Atlanta Journal, you refer to me as the "disloyal McLEMORE." In view of the friendly relations that have existed between us since our first acquaintance, and because of the falsity of the charge, I am loath to believe that you were quoted correctly, nor will I believe so until I hear from you.

Very truly, yours,

JEFF: McLEMORE.

This letter was written on August 19, but so far I have not heard from Mr. HOWARD. I propose, however, to make the paper which published the statement prove its charge, and I suppose Mr. HOWARD will answer my letter as soon as he gets the time from his campaign, which has no doubt been absorbing all of his time. The Atlanta Journal further quotes Mr. HOWARD, as follows:

I stood on the floor of the House and denounced the supporters of the cowardly and infamous McLemore resolution.

Mr. HOWARD occupies the floor of the House so often when he is here that nobody takes seriously anything he may say, and his denunciation of the supporters of the McLemore resolution, if he did denounce them, attracted no attention out of the ordinary. However, the CONGRESSIONAL RECORD of March 7, 1916, the day the resolution was debated and tabled, fails to show that Mr. HOWARD opened his mouth against the resolution save to vote to table it, but the CONGRESSIONAL RECORD of March 8, the day following, does show an "extension of remarks" on the McLemore resolution, by Mr. HOWARD, although I fail to find in the "remarks" any special denunciation of those who favored the resolution. In fact, I think Mr. HOWARD was bawling those to whom he spoke in his speech which is printed in the Atlanta Journal of the date heretofore mentioned, and for a bawmer Mr. HOWARD is equal to all occasions. I suppose, how-

ever, he will answer my letter now that his campaign is at an end, or will be after to-day.

Mr. Chairman, I have been charged by a prejudiced, a perjured, and a paid press with being a critic of the President. I deny the imputation most emphatically. I regard the President as a great man who is doing his best for this country; but I do not feel that he is infallible, and I have differed from him on some of his policies. I did not subscribe to his Mexican policy, and I still think he made a mistake when he withdrew our troops from Mexico after once landing them at Vera Cruz. I had an idea when I first came here as a representative of the people that Congress was a coordinate branch of the Government, but I had not been here long before I discovered that I had made a mistake, and that, instead, it was subordinate and not coordinate. I still have an idea, however, that it is a coordinate branch of the Government, or should be, and for so thinking some people charge that I am disloyal—that is, they charge it when they are striving for administration favors, although their opinion, privately expressed, may be very different.

Mr. Chairman, since war has been declared I have been with the administration on practically everything it has declared for, with three exceptions, namely:

First, I voted against conscription, and in doing so I stood with the majority of the Military Committee and cast my vote with Chairman DENT, of the committee, Speaker CLARK, and Mr. KITCHIN, chairman of the Ways and Means Committee, and all three of whom are good men, honest, old-time Democrats, and men who have the courage of their convictions on the floor as well as in the cloakroom, and I had rather err with these men than shine with some others that I know of. All of our wars have been won with volunteers, and I thought it a good idea to first give those a chance to show their patriotism who were anxious for war and were shouting for it on every occasion. I also thought it proper to conscript incomes as well as human lives, but when I offered an amendment to that effect I failed to get anywhere with it.

Second, I voted to let Col. Roosevelt raise an army of volunteers and go to Europe. I thought such an army would have a good effect on our allies and a depressing effect on our enemies; but my wishes in this respect were of no avail, and Col. Roosevelt could do nothing more than send his four sons to the battle front, one of whom has died a hero's death, and the others—at least two of them—have been wounded.

Third, I voted against the bill creating Herbert Hoover food dictator and placing at his command \$162,500,000 of the people's money to do with as he pleased. Mr. Hoover had not been a resident of the United States for 23 years, had never in his life voted in this country, and was not a qualified voter when he was created food dictator and given \$162,500,000 of the people's money to use as he saw, or may see, proper. He is a mining engineer, a resident of London, England, where he owns a home and where his business interests are established, and I thought if we were to have a food dictator we should select him from our own people—a man who knows something of American conditions and who has the interests of the American people at heart, especially the farmers of the country, of whom Mr. Hoover is now the dictator.

Mr. Chairman, the law under which this food dictator was created explicitly says that the dictator must file a monthly report with the Speaker and the Clerk of the House. I can not find, however, that he has ever filed but two reports, and these about the same time, which shows the contempt he has for the law under which he was created.

But I had still another reason for voting as I did on this food-dictatorship proposition. Shortly before Mr. Hoover was made food dictator the Secretary of Agriculture published over his own name a letter, of which the following are excerpts:

There is nothing in the food situation of the country which justifies hysterical thinking or action.

The department and all agricultural agencies of the country are giving definite and careful attention to these problems. The Federal Government, through several of its departments, is giving continuous consideration to the immediate problems presented and to the possibility of remedial legislation.

The solution will certainly not involve a Federal dictatorship, and it is highly unlikely that it will involve a dictatorship in any State or community.

America does not take kindly to dictators. The difficulties in any event would be very nearly insuperable. We have a continent to deal with, and there are difficulties of double jurisdiction.

Consider, for instance, the matter of fixing a minimum price. The Federal Government could deal only with commodities passing into interstate commerce. The States might be hampered in attempting to fix prices.

We are maintaining a Department of Agriculture at a cost of some \$30,000,000 a year to the taxpayers of the country. The department has agricultural experts of all kinds, and it seems to me that, as the Secretary of Agriculture intimated in his published letter, these paid experts could have looked after

this food situation and thus saved to the country \$162,500,000 of the people's money, and perhaps more before it is over with. In casting my vote on the food-control bill, I voted with the gentleman from Virginia, Hon. CARTER GLASS, and I am sure no one has charged Mr. GLASS with being disloyal.

With these three exceptions, Mr. Chairman, I have stood with the administration on practically all of its war demands, and I have voted with the administration on some measures which others did not—others who had as good a right as I had, if not a better one, to stand by the administration, but who preferred to curry favor with the newspapers on the occasions of which I speak rather than with the President.

But getting back to the McLemore resolution I wish to state that that resolution was introduced in the best of faith and for no other purpose than to keep us out of the European war. It meant no reflection on the administration, and among its supporters were such men as Uncle JOE CANNON, Minority Leader JAMES R. MANN, Mr. LENROOT, since elected United States Senator, and many others, Democrats as well as Republicans, and whose Americanism is beyond questioning. A prejudiced, a perjured, and a paid press has had much to say in condemnation of this resolution, and I have been made the victim of all manner of slander and misrepresentation by this same press. But "thrice armed is he who hath his quarrel just," and I have survived the slander and misrepresentation, although it may have done me some harm among those people who do not know me personally. I did not wish to see my country become involved in foreign entanglements that will cost thousands of the lives of the country's manhood and billions of dollars which future generations will have to pay, and in introducing my resolution I tracked pretty closely President Washington, who, on the 22d of April, 1793, issued the following proclamation:

Whereas it appears that a state of war exists between Austria, Prussia, Sardinia, Great Britain, and the United Netherlands on the one part and France on the other; and the duty and interests of the United States require that they should with sincerity and good faith adopt and pursue a conduct friendly and impartial to the belligerent powers, I have therefore thought fit by these presents to declare the disposition of the United States to observe the conduct aforesaid toward those powers, respectively, and to exhort and warn the citizens of the United States carefully to avoid all acts and proceedings whatsoever which may in any manner tend to contravene such disposition.

And I do hereby also make known that whosoever of the citizens of the United States shall render himself liable to punishment or forfeiture under the law of nations by committing, aiding, or abetting hostilities against any of the said powers, or by carrying to any of them those articles which are deemed contraband by the modern usage of nations, will not receive the protection of the United States against such punishment or forfeiture; and, further, that I have given instructions to those officers to whom it belongs to cause prosecution to be instituted against all persons who shall within the cognizance of the courts of the United States violate the law of nations with respect to the powers at war, or any of them.

So careful was President Washington to avoid getting this country involved in foreign entanglements that he not only issued this proclamation, but he also declined to ask for the liberation of Lafayette, who was confined for several years in the prison of Olmutz. As soon as Napoleon came into power, however, he not only asked for but demanded the liberation of Lafayette. Napoleon's demand was at once acceded to, and the Austrians gave Lafayette his freedom. After that, however, Lafayette was never Napoleon's friend and showed his French nature by doing Napoleon harm whenever he could. In this respect he was not different from the Frenchmen of to-day, who charge our soldiers two or three times as much as they do French or English soldiers for the same articles, although the American soldiers have been the saviors of France. Mr. Chairman, show me a Latin country and I will show you a manhood that thinks first of itself.

Before I close these observations let me call attention to the fact that of 18 Congressmen from Texas, 8 voted against tabling the McLemore resolution, 7 voted to table it, and 3 are recorded as not voting. I only mention this to show that I did not stand alone among the Texas delegation in supporting the resolution.

One thing more, Mr. Chairman, I would like to call attention to before I conclude. A few days ago a gentleman in a high official position, in a very partisan speech, took occasion to criticize the President and one of his friends, the Hon. E. M. House. This spokesman, of course, was a Republican, and his idea was to make political capital out of his speech. What he said, however, in criticism of these gentlemen gave more honor to himself than it reflected discredit on the gentlemen he attempted to criticize. In fact, he was more honored in the breach than in the observance. As far as the President is concerned, he is in a position to defend himself and can do so in a more able manner than I can. I can not resist the temptation, however, to say to the gentleman that in abusing the President he elevated himself. The other gentleman he saw fit to abuse, being a private citizen, has no way to defend himself from the aspersions of this bully, who takes advantage of his official position to asperse the

character of a man who is in every respect his superior. Col. E. M. House is one of the most unassuming of men. I have known him long and intimately, and I can say in all candor that no truer gentleman or better citizen ever lived. He is the least obtrusive of men, he wants no official job, and those who know him best love him most. He never gives his advice unless it is asked for, and in having him for a friend and adviser the President is certainly to be congratulated. Even Col. George Harvey, in a recent issue of his War Weekly, spoke in high praise of some of the advice Col. House had given the President, and praise from Col. Harvey is praise indeed. Col. House is a man among men, and I am sure if the gentleman who spoke hastily and slanderously of him had known him as I do, his language referring to Col. House would have been the reverse of what it was. I have been told that for a Member of the House to take issue with a Member of the higher body is improper and out of place. But, Mr. Chairman, when a Member of the Senate for a political purpose indulges in slander of a President and of a good citizen of the United States he should be told so in plain and unequivocal language. If all men in this country—and this includes Members of the United States Senate—were honest with themselves and their fellow men, the country would be that much better off. Col. House is my friend, and as such I throw back the contumely that has been wantonly and without cause or provocation thrust upon him by one who shields himself behind the cloak of the United States Senate, but who would not personally dare indulge in the language he used on the Senate floor, for fear of getting called down, as he deserves to be.

In concluding my speech, Mr. Chairman, let me call attention to the fact that Hon. William Kent, of California, voted against tabling the McLemore resolution, and yet after that Mr. Kent was appointed by the President to a high official position, which is conclusive evidence, in my mind, that the President did not regard a vote for the McLemore resolution as an unpardonable sin. A Democratic Member of the Senate, who is regarded as a spokesman for the administration in that body, and who recently went to Europe on a mission for the administration, said to me shortly after we had declared war against Germany, that he had made a mistake in opposing my resolution and that Congress had made a fatal error in not adopting it. This was said to me in the presence of others and without any solicitation on my part. This Senator is a candidate for reelection and has the support of the administration.

Mr. Chairman, I was the first member of the Texas delegation to come out unreservedly for preparedness. That was before the President had changed his views on this proposition, and for so announcing my preparedness ideas I was criticized by some of my colleagues. This criticism ceased, however, as soon as the President announced that he thought preparedness was the proper thing. I did not want preparedness for offensive purposes, but rather that we might be in a position to defend ourselves against the encroachment of any foreign power. But since then times have changed—changed in a way I did not anticipate, nor did many others anticipate differently. But we now have a war to prosecute, and I am in favor of prosecuting that war to a successful and speedy termination, and in every way that we possibly can, both with man power and with money power, and prosecuting it to the bitter end, nor stop to count the result until our victory is won.

In speaking of a prejudiced, perjured, and paid press, I did not mean to convey the impression that all of our newspapers come under this class. I am an old newspaper man myself, and I would not, under any consideration, asperse the character of my fellow newspaper men as a whole. But, Mr. Chairman, we have a lot of newspapers and newspaper men that are out for the money they may make, and it is no difference to them how this money may come in. We also have a lot of clean newspapers and newspaper men that could not be deterred from the course of honesty by all the money in the land, and they would be a credit to any country. In the Sixty-fourth Congress, on page 3321 of the CONGRESSIONAL RECORD, appears the following remarkable statement:

Mr. CALLAWAY. Mr. Chairman, under unanimous consent, I insert in the RECORD at this point a statement showing the newspaper combination, which explains their activity in this war matter, just discussed by the gentleman from Pennsylvania [Mr. MOORE].

"In March, 1915, the J. P. Morgan interests, the steel, shipbuilding, and powder interests, and their subsidiary organizations, got together 12 men high up in the newspaper world and employed them to select the most influential newspapers in the United States and sufficient number of them to control generally the policy of the daily press of the United States.

"These 12 men worked the problem out by selecting 179 newspapers, and then began, by an elimination process, to retain only those necessary for the purpose of controlling the general policy of the daily press throughout the country. They found it was only necessary to purchase the control of 25 of the greatest papers. The 25 papers were agreed upon; emissaries were sent to purchase the policy, national and international, of these papers; an agreement was reached; the policy of the papers was bought, to be paid for by the month; an editor was furnished for each paper to properly supervise and edit information re-

garding the questions of preparedness, militarism, financial policies, and other things of national and international nature considered vital to the interests of the purchasers.

"This contract is in existence at the present time, and it accounts for the news columns of the daily press of the country being filled with all sorts of preparedness arguments and misrepresentations as to the present condition of the United States Army and Navy and the probability and probability of the United States being attacked by foreign foes.

"This policy also included the suppression of everything in opposition to the wishes of the interests served. The effectiveness of this scheme has been conclusively demonstrated by the character of stuff carried in the daily press throughout the country since March, 1915. They have resorted to anything necessary to commercialize public sentiment and sandbag the National Congress into making extravagant and wasteful appropriations for the Army and Navy under the false pretense that it was necessary. Their stock argument is that it is 'patriotism.' They are playing on every prejudice and passion of the American people."

Mr. Chairman, my recollection is that this statement followed a resolution introduced by a Member from Pennsylvania to investigate these newspapers that sold themselves and their influence to the highest bidder, but nothing ever came of the resolution and it did not even get out of the committee to which it was referred. I do not think it yet too late to investigate this bunch of slanderers and crooks, although, to keep down a sensation, the friends of honest endeavor may deem it best to keep down the investigation until the war is at an end. It will, I presume, be then so late that the miscreants will claim exemption from investigation by pleading the statute of limitation. These newspapers have been unmerciful in their criticism of Postmaster General Burleson and Mr. George Creel because these men sought to curb these paid newspapers in their willful and malicious misrepresentations. I think Mr. Burleson and Mr. Creel were both right, and I think Congress showed its lack of courage when it failed to give them the powers they asked for, that they might have made this misleading press at least halfway decent.

Mr. Chairman, there is another matter to which I wish to call attention. We have at work for our Government a lot of dollar-a-year patriots. Some of these patriots are members of big firms that get big Government contracts, while others are allowed expense accounts that are larger than any salaries they ever received in their lives. These matters should be looked into, although I am sure, judging from the past, and which is the only way we can judge the future, that nothing will be done and that this riot of spending the people's money will continue until the end of the war and then nobody will be to blame, as it will be too late to then bring the matter up for consideration, and to bring the matter up now might cause one to be charged with disloyalty. One of these dollar-a-year patriots, who is a Wall Street operator, made a tremendous sum of money not long ago because of a certain leak which is still fresh within the minds of the public; and it is presumed that his firm also made a large sum of money when, a few days ago, his official statement caused the price of cotton to fall more than \$20 a bale. These are the class of individuals that have been called in to run our Government, and I do not believe there is any other country under the sun save the United States that would stand for them for even a moment. Instead of being on the firing line they are given positions far away from danger, and when this war is ended there will be so many multimillionaires that a millionaire will be regarded as a very ordinary person. [Applause.]

Mr. FORDNEY. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. HAMILTON].

Mr. HAMILTON of Michigan. Mr. Chairman, on October 1, 1915, William II, King of Prussia and German Emperor, sent this message in reply to a message of congratulation by the Prussian Ministry:

"My warmest thanks to the Ministry of State for its inspiring words by which it renewed on the day of the 500th anniversary of the reign of my House over Brandenburg, its vow of loyalty.

"In reviewing half a thousand years of Brandenburg-Prussian History, God's guidance appears to have been wonderful. Across the depths and the heights, my House has been raised from the Electoral hat to the Imperial Crown; and a small Mark to the center of the German Empire, whose strength and power have been so brilliantly proved to friend and foe in the present War of the Nations, the greatest of all times."

What he calls the greatest War of all times is a War of reasoned cruelty and horror unparalleled in human history. When he claims God's guidance, he slanders God.

Here are three orders illustrating the Prussian idea of "Strength and Power" under "God's Guidance."

1—"With my authorization the General commanding these troops has reduced the town to ashes and has had 110 persons shot." (Proclamation by General Von Bulow Aug. 22, 1914.)

2—"In future, the inhabitants of places situated near railways and telegraph lines which have been destroyed will be punished without mercy whether they are guilty of this destruc-

tion or not. . . . the hostages that have been taken in all such places will be shot immediately." (Proclamation by General Von Der Goltz, Brussels, Oct. 5, 1914.)

3—"Beginning with today, no more prisoners are to be taken—all prisoners are to be put to death. The wounded, whether armed or not, are to be put to death. Prisoners, even when they are organized in large units, are to be put to death. No living man is to remain behind us. (Orders of the day by General Stenger, Commander of the 58th Brigade, Aug. 28, 1914, in France.)

THE HOLY ROMAN EMPIRE

Let us examine the historic evolution of this Mark Brandenburg and the House of Hohenzollern.

The Holy Roman Empire, which Voltaire said was neither Holy nor Roman nor an Empire, was the name given originally to the Empire erected by Charlemagne in Western Europe, after his Coronation in 800.

Technically, it is the name applied to the Roman Empire of the so-called German Nation inaugurated in 962 by Otho the Great.

From that time on, some German King was generally Emperor and after 1438, all the Emperors but two belonged to the House of Hapsburg.

The early Kings were elected by the chief men of their respective Kingdoms and the Kings in turn elected the Emperor, but finally the Emperor was chosen by Electors and the Margrave of Brandenburg was made one of seven Electors of the Empire in 1356 by the Golden Bull of Charles IV.

THE KINGDOM OF PRUSSIA.

In 1415, Frederick of Nuremberg, a Count of the South German House of Hohenzollern, received from the Emperor Sigismund the small and sterile Electorate of Brandenburg.

Two hundred years later (1618) Prussia, a Duchy lying north-east of Brandenburg, now known as East Prussia, was joined to Brandenburg and in 1701 Prussia, together with Brandenburg, became a Kingdom.

FREDERICK I AND FREDERICK WILLIAM I.

Frederick, the new-made King of the new-made Kingdom, whom Frederick the Great his grandson called great in small things and small in great things, incurred "the envy of the class he quitted, and the scorn of the class into which he obtruded himself."

Of Frederick William, who succeeded him, Macaulay says he was "a prince who must be allowed to have possessed some talents for administration, but whose character was disfigured by odious vices and whose eccentricities were such as had never before been seen outside of a madhouse."

He had two enthusiasms, one, economy amounting to penuriousness, the other, tall soldiers. His agents ransacked every country for tall men and in spite of his economy, in other directions, no price was thought too high to pay for them.

He picked up a seven-foot Irishman on the streets of London and paid him a larger salary than the Prussian Ambassador at St. James was receiving.

His reign is an epoch in the history of military training and his troops were the best disciplined in Europe.

FREDERICK THE GREAT.

He died in 1740 and left his Kingdom and his 90,000 soldiers to his son Frederick afterwards called The Great, whom he had abused and beaten in public; whom he had caused to be tried and convicted for desertion, because he had planned to flee from Prussia to marry; and whom he had forced to witness from the window of his cell the cruel execution of the friend who had aided him.

Frederick the Great came to the throne with an enthusiasm for French literature and the reputation of a voluptuary, but began at once to exhibit military and executive talent of a high order and the traits of a tyrant.

He had a harsh and bitter tongue, played the flute, aspired to a place in literature, and gathered around him a brilliant cosmopolitan society of free thinkers, wits, philosophers, and poets whom Voltaire kept in a continual ferment of jealousy, bickering and strife after his arrival.

Soon after Frederick became King, the Emperor of Austria died, leaving no son, and to secure to his daughter, Maria Theresa, and her descendants "the many crowns of the House of Hapsburg" he had promulgated the Pragmatic Sanction to maintain which the other Monarchs, including Frederick, had bound themselves by treaty.

But Frederick asserted a claim to Silesia, on which the statute of limitations had run for a hundred years, and without a declaration of war, proceeded to plunder a woman of her possessions in the dead of winter.

This piece of Hohenzollern rapacity started a war that spread beyond the confines of Europe and the qualities that

made Frederick great shone against a background of adversity for which he himself was largely responsible.

After the peace of Aix-La-Chapelle in 1748, there was a lull for a time and Frederick applied himself to the affairs of his Kingdom, to literature and sarcastic commentaries upon his contemporaries in power, three of whom were women.

Maria Theresa plotted revenge for Silesia and enlisted the cooperation of Elizabeth of Russia who hated Frederick because she knew "her gallantries had afforded him a favorite theme for ribaldry and invective" and of Pompadour who was an obvious mark for the King's talents, as the mistress of Louis XV.

There was a shifting of alliances upon the map of Europe and the stage was set for the Seven Years' War which left to history, such names as Rossbach, Luthen, Zorndorf, and Minden, cost a million lives, and loaded every State in Europe, except Prussia, with debt.

Frederick returned to his Kingdom at last gray, furrowed with care, and bowed with bodily ills, to find the currency debased, fields uncultivated, homes destroyed, and whole villages without a living soul, but he held Silesia, participated in the first partition of Poland, and lived long enough to see with dim eyes, the beginning of the age of steam, and to send his sword to Washington, soon to be the President of a Republic destined in time to sway the balance against the transmitted Autocracy of Prussia.

Dr. McElroy of Princeton has recently extracted from the works of Frederick some expressions of his philosophy which illustrate the Prussian idea of "God's guidance," in Frederick's time and now.

Among them are these—

"There is only one person in the Kingdom—that is myself."

"If there is anything to be gained by it, we will be honest; if deception is necessary, let us be cheats."

"One takes when one can; one is wrong only when one is obliged to give back."

"Foreign alliances only in order to sow animosities."

"Do not be ashamed to make interested alliances in which you, yourself, can derive the whole advantage. Do not make the foolish mistake of not breaking them when you believe your interests require it."

At the end of the eighteenth century there were in Germany no less than 300 independent sovereignties, ecclesiastical States and Free Cities.

When serfdom ended in Germany I have not been able to ascertain, but according to DeTocqueville "at the close of the eighteenth century there was hardly any part of Germany in which serfdom was completely abolished. Generally speaking, peasants still formed part of the stock on land as they had done during the Middle Ages. Nearly all of the soldiers in the Armies of Maria Theresa and Frederick were absolute serfs."

"In 1788 the general rule with regard to German peasants was that they should not leave the seignory and if they did, that they should be brought back by force. . . . They could not rise in their calling or change it or marry without leave from their master." DeTocqueville's "Old Regime" p. 38.

FREDERICK WILLIAM II.

Frederick the Great was succeeded in 1786 by Frederick William, his nephew.

The old Empire of Charlemagne and of Otho was on the edge of dissolution.

It was a time of strange pseudo scientific investigations. "Attempts were made to create men by chemical processes, to find the philosopher's stone that would turn everything to gold and to provide an elixir of youth."

When the French Revolution started, philosophers like Kant and Fichte defended the right of the people to change their form of Government by violence, and when the Bastille fell, Mainz, Hamburg, and some other towns put up liberty poles, but the Revolution soon got beyond philosophic theorizing.

Marie Antoinette was the sister of Leopold of Austria who induced Frederick William to join in an alliance and they met at Pillnitz and issued a declaration that they considered the affair of Louis XVI the common concern of all Sovereigns.

The reply of Leopold to the French ultimatum to renounce his plan of a European Alliance and support France started a war, the gravity of which Germany did not at first appreciate.

Louis XVI was guillotined in 1793 and Leopold died and was succeeded by Francis II, a weaker man.

On the plea that French Revolutionary ideas were taking root in Poland, Catherine II of Russia arranged a second partition of Poland, to which Austria was not invited.

Then Kosciusko led a revolt of what was left of Poland; Poland was divided a third time and this time Austria par-

icipated. Meantime the war with France had proceeded without energy.

Prussia and Austria were at odds, Prussian resources had dwindled, her zeal had burned low and she signed a treaty of peace with France at Basle which Treitschke has characterized as "An error that had to be atoned for through two decades of unparalleled misery."

Prussia stood aside now while Austria continued the war against five French armies, one of which, was commanded by Napoleon.

In October, 1797, Napoleon negotiated a treaty with Austria which Stein called "The black and complete treachery of Campo Formio," by which Austria took the dismembered Republic of Venice and France ultimately moved over to the left bank of the Rhine.

Since it was claimed that Austria had no right to convey territory of the Holy Roman Empire, a Congress of the German States was called to meet at Rastadt which sat for more than a year in an ignoble squabble among the petty German Princes whose lands were to be taken for the common enemy.

The Congress broke up in confusion, the treaty was not confirmed, and the War went on.

The second coalition was formed. Marengo and Hohenlinden brought Austria to the Peace of Lunéville (1781) by which the terms of Campo Formio were repeated.

FREDERICK WILLIAM III.

In 1797 Frederick William II died and Frederick William III, timid, ill-trained, and obstinate succeeded him.

The German States were fawningly subservient to Napoleon and the Princes who had lost possessions on the West bank of the Rhine and had fallen in with Napoleon's scheme to compensate them with ecclesiastical possessions on the East bank, flocked to Paris as suppliants.

Treitschky compares them to "a swarm of flies feasting on the bloody wounds of the Fatherland."

They compared Napoleon to Charlemagne and desired to be remembered when there should be any further lands to be divided.

Prussia "went so far as to accept for herself five times the amount of territory she had forfeited" and later remained inactive while Napoleon plundered her neighbor, Hanover.

On August 6, 1806, Francis II abdicated as Emperor of the Holy Roman Empire and it became a part of "yesterday's seven thousand years."

Prussia had "gone to sleep on the laurels of Frederick the Great" and when she finally entered the War, she entered it ill prepared.

The surviving officers of Frederick the Great had grown old and fat, the army suffered from arrogant overconfidence and at Jena and Auerstadt as Napoleon said, "the great and beautiful army of the Prussians vanished like an autumn mist before the rising of the sun."

The Rhine principalities, Saxony and Bavaria, joined the French. Napoleon entered Berlin, took down the figure of Victory from over the Brandenburg gate and stored it in a shed on the bank of the Seine.

After the Treaty of Tilsit, on a raft in the River Nieman, the humiliation of Prussia was complete but Stein, Scharnhorst, Blucher and Gneisenau not one of whom was Prussian born, lived to redeem the country.

The Revolution in Spain (1808) led men to question whether Napoleon was indeed invincible.

Stein was proscribed by Napoleon and fled to Austria with a price upon his head. But Austria was no refuge, Wagram was yet to follow, Josephine was to be put away, and Metternich was to negotiate the marriage of Napoleon and Marie Louise.

In 1811, the Czar, Alexander, having expressed the fear that the world was not big enough for both of them, Napoleon started for Moscow with 650,000 men to settle the question of space.

Stein went to Russia, after Napoleon's retreat, and entered East Prussia as the Czar's agent to rouse the Prussian people.

The wavering Prussian King joined Russia. Lützen, Dresden, Katzbach, Dannowitz, and Leipzig were fought, Napoleon was pursued to Paris, sent to Elba, and Prussia carried her figure of Victory back to Berlin.

A Congress of the powers of Europe, except Turkey, called at the moment of victory to meet at Vienna to rearrange the map of Europe which Napoleon had disarranged, was thrown into confusion, in the midst of its deliberation, by the news of Napoleon's escape from Elba and of the expulsion of Louis XVIII.

The Congress thereupon resolved that Napoleon was an outlaw and an enemy of mankind; each of the Powers agreed to

furnish 150,000 men, and four great armies, under Wellington, Blucher, Schwarzenberg, and the Czar prepared to invade France.

Waterloo followed Ligny, Blucher arrived in time and the Congress of Vienna resumed its deliberations, the result of which, as to the German States, which now numbered 39, was a mere Act of Confederation providing for a Diet with no coercive power, to meet at Frankfort-on-the-Main.

"But the very weaknesses of this German confederation were to conduce to the aggrandizement of Prussia and lead to her final triumph." (Henderson Vol II p. 223.)

Meanwhile, day after day, a lonely figure looked out to sea from St. Helena.

Liberal ideas were in the air now. France was about to do away with the principle of Monarchy and her influence was spreading.

Student secret societies, the supposed ultimate object of which was the overthrow of Monarchy, spread among the German Universities.

A system of espionage and repression led to Revolutionary demonstrations.

The attention of Europe was concentrated on Prussia and Otto von Bismarck began to be known.

FREDERICK WILLIAM IV.

On the death of Frederick William III (1840) the question of a Constitution for Prussia, which had been allowed to slumber during the last years of his reign, was renewed but the new King temporized and evaded.

A Diet called in 1847, which was thought to portend a Constitution, found itself convened for the purpose of a loan for a railroad, and when the delegates spoke of the rights of the people, the King made a speech, the peroration of which became historic.

"No written sheet of paper" he said "shall ever thrust itself like a second Providence between the Lord God in Heaven and this land."

In the smaller German States the Revolution had been accomplished without bloodshed.

Petitions for Constitutions, for Trial by Jury, for the Freedom of the Press, for the right of the people to bear arms, had been granted (Henderson Vol II P/ 345).

fanned by Kossuth.

The spirit of Revolution spread to Austria where it was in the midst of violent demonstrations, the Emperor Ferdinand was forced to grant a Constitution and Metternich joined Louis Philippe in exile in England.

The Vienna Revolution brought on a crisis in Berlin. After a barricade war of thirty-six hours, during which he was subjected to the utmost humiliation, the King called an assembly to meet in May, but in May, the crisis having passed, he prorogued it to meet in November, and in November, it was dissolved without action, the King having announced that he would impose his own Constitution, the clauses of which were to be revised by the Representatives themselves, and, in January, 1850, the work was completed.

A reaction set in and Austria abrogated her Constitution. Meanwhile a Parliament had met at Frankfort to settle the question of a Constitution for all Germany, which, after thirteen months of discussion as to the form of Government and the terms on which Austria with her non-German dependencies should be admitted, dispersed without action.

Prussia remained neutral during the Crimean War and, in 1859, refused to join Austria in her war with France and Sardinia.

WILLIAM I.

In 1861 Frederick William IV died and was succeeded by his brother, William I then sixty years old, who had been Regent during the four years of insanity that preceded the King's death.

In the midst of the crisis resulting from the refusal of the Prussian Parliament to grant money for the support of an enlarged army, and when the new King was contemplating abdication, Bismarck "undertook the task of ministerial government without a majority, without a budget, and without a programme." (Henderson Vol. II p. 382.)

The issue for the next four years was whether the Crown or a majority of the House of Representatives should govern Prussia, and in a historic speech, Bismarck declared that "Germany does not look to Prussia's liberalism but to her Power. . . . The great questions of the day are not decided by speeches and majority votes—therein lay the weakness of 1848 and 1849—but by blood and iron."

The differences between Austria and Prussia culminated in the war of 1866 over the Schleswig-Holstein affair which, Lord Palmerston once said only three persons ever understood, one of

whom was dead, one crazy, and the other, himself, had forgotten what it was all about.

The gist of it is, as stated by Lowell, that "Bismarck persuaded Austria to join Prussia in wresting Schleswig and Holstein from Denmark and then contrived to quarrel with her about their disposition." ("The Governments of France, Italy and Germany"—p. 171.)

Then followed Königgrätz and the treaty of Prague by which the old German Confederation was to be dissolved and, in its place, two new Confederations were to be created in neither of which Austria was to have a part.

"Bismarck had originally intended to compel all the States, except Austria, to form a Federal Union, but the intervention of Napoleon III forced him to abandon the plan." (Lowell, p. 172.)

Prussia therefore annexed Hanover, Hesse-Cassel, Nassau and Frankfort besides Schleswig Holstein "while with the other states north of the Main a new Federal Union was formed under the name of The North German Confederation."

"Austria was excluded from all participation in German politics; while the four States south of the Main,—Bavaria, Wurtemberg, Baden, and Hesse-Darmstadt—became independent and were expressly left at liberty to form a separate union for themselves." (Lowell, p. 173.)

Meanwhile Napoleon III had conveyed word to Bismarck that he desired to have it understood that the consent of France to Prussia's annexations presupposed a compensation to France to be determined thereafter.

The Austrian War made the King, Bismarck, Moltke, and Roon popular.

In all essential matters, Bismarck drew the Constitution of The North German Confederation and he invented the name Bundesrath for the Federal Council which was to represent the interests of the individual States. (Henderson Vol. II p. 414.)

The Reichstag was to represent the whole Confederation and be composed of members chosen on a numerical basis of one for each 100,000 of population. The President was to be the King of Prussia.

Bismarck constantly urged haste. "Set Germany in the saddle," he said, "and she will soon know how to ride."

The Constitution was adopted in less than two months and, in the fall of 1867, the first regular Diet of the North German Confederation was convened.

Napoleon III had insisted that one of the conditions of the partition of the Old Confederation should be that the South German States should be allowed to form their own union over which he hoped to exercise controlling influence, but the North and South Confederations bound themselves together by secret Treaties and commercial ties which excluded Napoleon's influence and he was delayed and baffled by Bismarck in his expectation of compensation in connection with Prussia's terms of peace with Austria.

He had demanded the left bank of the Rhine including Mainz in 1866 and gained nothing; (Henderson Vol II p. 415) he had abandoned Maximilian in Mexico; he had failed to arrange for the Luxemburg purchase; French public opinion was running against him and he desired to propitiate it by war with Germany which the French newspapers were demanding, but the immediate cause of the Franco-Prussian War was the celebrated Ems telegram.

In the fall of 1869 the throne of Spain became vacant by revolution and the news that the Spaniards had offered the throne to Prince Leopold, a Hohenzollern of remote relationship to the King of Prussia, added apprehension to hostility in France where the War Party began to talk about "a new Charles V on his double throne."

The craft of Bismarck was behind this Spanish offer which was finally rejected, but Benedetti, the French Ambassador, instructed by impatient telegrams from Paris, demanded of the King of Prussia, who was then at Ems, that he should bind himself not to give consent "if the Hohenzollerns should revert to their candidature."

This the King declined to do and caused an account of what had happened to be transmitted to Bismarck (Henderson Vol. II, p. 421) who condensed the incident into a telegram, copies of which he sent to all Consuls and Envoys in the German Capitals so worded as to fan international resentment and distrust into a blaze of open warfare.

Sedan was fought Sept. 1, 1870, 42 days after the official French Manifesto of War, July 19, and resulted in the surrender of "the largest army ever known to have been taken in the field," the capture of an Emperor, the dethronement of a Dynasty and the change of the form of Government in France from a Monarchy to a Republic.

A tumultuous assembly in Paris headed by Leon Gambetta declared Napoleon III deposed and appointed a Committee of National Defence.

Later a Provisional Government was established at Tours and negotiations for peace having failed, the siege of Paris began.

To hasten the raising of new armies for the relief of Paris, Gambetta escaped from Paris by balloon, "which had been tried with some success for reconnoitering and for sending dispatches," (Henderson Vol. II, p. 440) and reached Tours in safety. October 27 Bazain surrendered Metz.

Paris was starving in the bitter cold of winter when the armistice known as The Convention of Versailles was arranged pending which an election was held to choose an executive head of the French Republic to conduct negotiations with Germany, and Thiers was chosen.

A Treaty of Peace was finally signed at Frankfort, May 10, 1871, by which Germany gained Alsace, "a portion of Lorraine with Metz" and a war indemnity of five billion francs.

The Franco-Prussian War not only dethroned a dynasty in France and changed her boundary line, but it consolidated the German Empire and on January 1, 1871, the anniversary of the first coronation of a Prussian King, William I, King of Prussia, was crowned "German Emperor."

In 1884 Germany entered upon a policy of Colonial expansion and began to ransack the world for islands and out-lying territory.

In 1890, in a Treaty in relation to certain Zanzibar and other African apportionment of territory and influence, England committed what has been called "one of the supreme acts of folly in her diplomatic history" by surrendering to Germany The Island of Helgoland in the North Sea (Henderson Vol. II p. 474).

FREDERICK III AND WILLIAM II.

The old Emperor died March 17, 1888, and his successor, Frederick III, came to the throne a dying man, reigned three months and was succeeded by William II, who in May, 1889, wrote Bismarck "I pray God that in my difficult and responsible position as ruler, he may preserve you to me as a faithful and true advisor these many years to come" and ten months afterwards demanded his resignation.

Then he telegraphed the Grand Duke of Weimar "My heart is as heavy as though I had once more lost my grandfather, but it is the will of God and I must bear it, though it kill me. I am the officer on watch in the ship of State. The course remains the same—Full steam ahead!"

Since that time the world has become familiar with the Kaiser's identification of the will of God with his own inclinations.

At the time of Bismarck's dismissal, Punch published a cartoon by Sir John Tenniel called "Dropping the Pilot" which will be associated for all time with the incident in which the old Pilot, who had never slumbered at the helm, and had almost single handed braved the storms, was seen slowly descending the ship's side and leaving it to lesser hands.

INDUSTRIAL GERMANY.

In conformity with the tradition that each ruler should add territory to the hereditary Hohenzollern possessions, the Kaiser started early with the acquisition of Kiauchau (1898) and two Samoan Islands.

It is not good sense to minimize the strength and training of an adversary. In governmental supervision, scientific investigation, and individual training within the present generation, Germany has reached high efficiency.

Twenty-five years ago, her agricultural outlook was almost desperate, but the duty on grain which had been lowered under Caprivi was raised and scientific cultivation was encouraged until shortly before she commenced this war her "agricultural products, counting the industries directly dependent on them, such as sugar refineries, distilleries, and potato-drying establishments had a yearly value approximating twelve billion marks."

Her sugar beet production had increased from six and a half million acres in 1887 to ten millions in 1912, and her old hand labor agricultural methods had been replaced by machinery.

In 1913, she was producing 95% of her meat consumption, which had doubled since 1870. She had trebled her output of coal over that of 1886, she had trebled her tonnage of ocean-going ships, had more than doubled her railroad mileage, was producing more and better iron than any other nation in Europe, and had four thousand public electric plants supplying 17,500 communities with electricity.

She had great chemical plants, with libraries and laboratories, great institutions of technology, great trade schools, and "industrial continuation schools."

SOCIAL SCIENCE AND MENTAL SUGGESTION.

Nowhere had social science been more thoroughly applied. Human beings were under governmental guidance from birth to death as material for the use of the State.

There were Elementary Schools for normal children, Aid Schools for mentally defective children, Observation Stations for physically defective children, "Middle Schools" for those of moderate means, and Gymnasias for the well-to-do where the classics were taught.

Germany's autocracy reached down through all professions, through all industries, through all grades of society, controlled the people in their occupations, recreations, and social relations, and by operation of the laws of mental suggestion and thought transference, controlled their thinking.

Most men never originate anything, but most men think they think what some one else has stolen from some one else and said or written. Prussianism understands this.

Under German autocracy, her philosophers, teachers, preachers, military writers, newspapers and periodicals have loaded the waves of thought with claims of German greatness, superior rights, divine direction, and the glory of war.

Her constitution was framed to create and foster a powerful military state, whose social and industrial organization should be the shaft behind the spear-point.

The power of Prussia is the power of a hereditary, military despotism, which has trained the minds and bodies of its subjects to use the tools of industry and of war precisely as directed.

THE GOVERNMENT.

The German Empire was founded by Princes, not by the people. The constitution gives power to the Emperor and the shadow of it to the people.

Treitschke declared that "the conditions are such that the will of the Empire can in the last instance be nothing else than the will of the Prussian state." (Treitschke's "Political Thoughts" pp. 104-106) and the will of the Prussian state is the will of the Emperor.

In 1888, when the Crown Prince Frederick took the throne, Bismarck made it a condition of his continuance as Chancellor that there should be "no parliamentary government." (Bismarck's "Reflections and Reminiscences," Vol. 2, p. 330). And the condition of "no Parliamentary Government" has existed from the beginning of the Empire.

The Empire consists of 23 states, 3 Free Cities, and 1 Imperial Territory, Alsace-Lorraine.

In the language of the constitution "the presidency of the Union belongs to the King of Prussia, who bears the title of German Emperor."

"His functions as Emperor and as King are indeed so interwoven that it is very difficult to distinguish them. As Emperor, he has supreme command of the Army, and appoints the highest officers. As King of Prussia, he appoints the lower officers and has the general management of the troops over most of Germany."

"As Emperor, he instructs the Chancellor to prepare a bill. As King, he instructs him to introduce it into the Bundesrath and directs how one-third of the votes of that body shall be cast."

"Then the bill is laid before the Reichstag in his name as Emperor, and as King he directs the Chancellor what amendments to accept on behalf of the Bundesrath, or rather on behalf of the Prussian delegation there." (Lowell, p. 208.)

THE POWER OF PRUSSIA.

1. Prussia has a veto on all changes of the constitution. She has 17 votes in the Bundesrath, and 14 are enough. (Const., Art. 78.) Lowell, 178.

2. She has a veto on all changes in the Army, the Navy, and the taxes. (Arts. 5-35-37.) Lowell, 179.

3. She has the casting vote in case of a tie in the Bundesrath. (Art. 7.)

4. She has the Chairmanship of all the standing committees of the Bundesrath, except one, Foreign Affairs, the Chairmanship of which would be of no use to her. (Art. 8.) Lowell, 179.

5. She has 235 out of 397 votes in the Reichstag. Lowell, 185.

THE CHANCELLOR.

There is no Imperial Cabinet, and the only Federal Minister is the Chancellor, who has subordinates, but no colleagues. Lowell, 208.

1. The constitution declares that the Emperor, who is always King of Prussia, shall appoint the Chancellor, who presides over the Bundesrath and arranges its business. Through his hands, "all communications from the Reichstag and all motions and petitions must pass."

2. The Chancellor is always one of the Prussian delegates to the Bundesrath. Lowell, 197, footnote 2.

THE BUNDESRATH.

1. The Bundesrath is composed of delegates appointed by the Princes of the States and the Senates of the Free Cities. (Arts. 6-10.)

Since 1879, Alsace-Lorraine has been permitted to send three delegates who can debate, but not vote. Lowell, 191.

2. The Bundesrath has 58 members, of whom Prussia sends 17; Bavaria, 6; Saxony, 4; Wurtemberg, 4; Baden, 3; Hesse, 3; Brunswick, 2; Mecklenburg-Schwerin, 2; and the remaining 14 States and three Free Cities have 1 each. Lowell, 192.

Prussia actually has 20 votes, because the King bought out the governmental rights of the little principality of Waldeck, including its one vote in the Bundesrath, and because in 1884, he excluded the Duke of Cumberland from the succession in Brunswick and caused a Prussian Prince to be appointed perpetual regent in his place, thereby gaining two other votes.

3. All the delegates of a State are required to vote alike. Their votes are the votes of their State, cast by instruction of their State, and whether they all vote or not, all the votes belonging to a State are counted. The constitution provides that uninstructed votes shall not be counted. (Art. 7.) Lowell, 194.

"The true conception of the Bundesrath is that of an assembly of the Sovereigns of the States who are not indeed actually present, but appear in the persons of their representatives." Lowell, 197.

4. Every law requires the assent of the Bundesrath. "It has the first and last word on almost all the laws * * * and by far the larger part of the statutes, as well as the budget, are first discussed by the Bundesrath. They are then sent to the Reichstag, and if passed by that body, are again submitted to the Bundesrath for approval before they are promulgated by the Emperor." Lowell, 200.

5. Of 7 out of the 8 standing committees of the Bundesrath created by the Constitution, a Prussian member must always be chairman, and the Emperor appoints all the members of the Committees on the Army and Fortresses, and of the Committee on Maritime Affairs. (Lowell, 198.)

6. It has extensive powers of a judicial and semijudicial nature.

7. It can dissolve the Reichstag at any time, with the consent of the Emperor.

THE REICHSTAG.

1. The Reichstag has 397 members, elected for five years by secret ballot of electors who must have reached the age of 25 years. They are chosen from electoral districts created more than 20 years ago on the basis of 100,000 population to a district, and by reason of the growth of population in large cities, these districts have become unequal.

For illustration, Berlin has a population of two and a half millions and is represented by only six members, but Berlin and other large cities send radical members and reapportionment has been purposely delayed. (Lowell, 184-185.)

2. The members of the Reichstag served without pay down to 1906, when the Bundesrath permitted a salary of 3,000 marks a year (about \$750).

"The object of withholding pay from the members is, of course, to prevent the power of the poorer classes from becoming too great." Lowell, 189.

3. The Reichstag "can not be said to direct the policy of the State either in legislation or administration." Lowell, 189.

4. Its influence is further reduced by the fact that it can be dissolved at any time by the Bundesrath with the consent of the Emperor.

THE ARMY AND NAVY.

The Constitution provides that the military laws shall be made by the Empire.

2. That the military forces shall be a single Army under the command of the Emperor, whose orders they are bound to obey. (Lowell, 180.)

3. It gives the Emperor the right to inspect and dispose of the troops and to appoint all officers whose commands include the entire contingent of a State. Lowell, 180.

4. It provides also that the selection of Generals shall be subject to his approval.

5. The contingents of the States are recruited, drilled, and commanded by Prussia, and form an integral part of her Army. Lowell, 180.

6. The Army and the Navy are the instruments of Prussian autocracy. All German troops are bound to render unconditional obedience to the Emperor and "if in any part of the Federal territory the public safety is threatened," he has power to declare that such a condition exists, whereupon civil author-

ity is at once subordinated to martial law and the Emperor becomes the Military Dictator. (Art. 68.)

THE EMPEROR.

Here are the Emperor's views concerning his power:

1. "The King holds his power by the grace of God, to whom alone he is responsible."
2. "There is only one master in this country. That am I. Who opposes me I shall crush to pieces."
3. "There is only one law—my law—the law which I myself lay down."
4. "The soldier must not have a will of his own; they must all have only one will and that will mine."
5. "It may come to this—that I command you to shoot down your own relatives, brothers, and even parents, in the streets, which God forbid; but then you must obey my orders without a murmur."

Whether we call this megalomania or mediaevalism projected into the twentieth century, it is becoming more and more evident that the world will never again permit any one man to exercise the despotic power which this Kaiser wields. [Applause.]

"AN INCREMENT OF TERRITORY."

The Prussian lust of power was not satisfied by the domination of Germany.

Speaking of the Schleswig-Holstein affair in his "Reflections and Reminiscences" Bismarck says: "I reminded the King (William I) that every one of his immediate ancestors, not even excepting his brother, had won an increment of territory for the State; Frederick William IV had acquired Hohenzollern and the Jahde district; Frederick II, the Rhine Province; Frederick William II, Poland; Frederick II, Silesia; Frederick William I, old Hither Pomerania; The Great Elector, further Pomerania and Magdeburg, Minden, etc.; and I encouraged him to do likewise." (Vol. II, p. 39.)

Autocracy with the Army as its instrument, Autocracy with the Press as its servant, to teach the people to believe in a State which makes its own morality, unfettered by its own promises, whose sworn oaths are perjuries, whose diplomacy is duplicity, a State devoted to the policy of gaining "an increment of territory" in every reign—that is Prussia.

And this Hohenzollern King with inherited cumulative rapacity, armed with the most gigantic military weapon in history, armed with twentieth century scientific instruments for killing, armed with all the outlawed barbarisms of brute force, bent on an "increment of territory," invaded Belgium, admitting by his Chancellor that his invasion was "contrary to the dictates of international law," and he has since continuously committed crimes which the world can never forget nor forgive.

And what is this "increment of territory" that this last Hohenzollern dreamed of? Not Belgium alone, not France alone, not Mittle Europa alone, but Pan Germany and world power.

Not only did he propose to cut the map of Europe to his own pattern, but to extend his power beyond seas.

At Damascus in 1898 he told his audience that "the 300,000,000 Mohammedans who lived scattered over the Globe may be assured of this, that the German Emperor will be their friend at all times" and on July 3, 1900, he declared "neither on the ocean nor across it, can any great decision be again arrived at, without Germany and the German Emperor."

THE PAN-GERMAN PLAN.

The ultimate object of the Pan-German plan was the domination of territory from the Baltic Sea to the Persian Gulf.

In 1914 Prussia governed the German Empire. Three years later, by consent or by force, it had extended its dominion to territory occupied by 176,000,000 people as estimated by André Chéradame in his "Pan-Germany."

"The result" he says "has permitted the German General Staff to take over at will certain strategic points or regions of the greatest influence before the war. Zeebrugge on the North Sea, for instance; Trieste, Pola, and Cattaro on the Aegean; The Ottoman Straits; The Turkish, Bulgarian, and Roumanian shores of the Black Sea have always been strategic points or districts of exceptional value.

"This value, however, has become vastly greater, now that these points or districts form a part of a single military system under the directing and organizing power of the Berlin General Staff.

"At present (1918) these essential strategic points and districts are the stronghold of the Pan-German frontiers. * * * The internal military organization of Pan-Germany is being carried forward with uninterrupted speed.

"Factories of war material have been judiciously distributed throughout the whole territory with the double object of util-

izing raw materials near their source of origin, thus avoiding useless transportation and of making possible the swift dispatch of munitions to any threatened sector of front.

"For this reason, the Krupp Firm at the outbreak of the War established important branch factories, not only in Bavaria, but also in Bulgaria and Turkey." (Chéradame p. 36.)

This Pan-Germany is composed first, of the territory taken from France, Belgium, Russia, Serbia, and Roumania; second, of the Vassal Nations of Austria Hungary Bulgaria and Turkey, but it holds within itself the potential elements of its own dissolution.

Without Austria Hungary there can be no Mittle Europa; without Mittle Europa there can be no Pan-Germany and Chéradame estimates that in the middle of Mittle Europa there are 55,000,000 Polish Lithuanians, Ruthenians, Czecks, Jugo Slavs and Roumanians, who are hostile to Germany and would join the Allies if they had opportunity.

Thousands of these people surrendered to the Russians and to the Serbians to fight against Germany and Austria and thousands of them, who have found homes in America, are now fighting under the Stars and Stripes.

INFAMY ERECTED INTO A RELIGION.

It is four years now since Germany began to sear the face of Belgium and France and the world has grown familiar with the Prussian doctrine that might makes right; that military weakness is a sin; that a Nation makes its own morality; that a treaty is of no binding force after it ceases to be of advantage; that the Kaiser is not bound by the moral obligations of other men, and that he rules by Divine Right over a people chosen of God whose duty it is to impose their civilization upon other nations.

It is four years now since the world began to realize with horror and amazement that a Nation, claiming for itself the highest civilization, could in the execution of a set purpose to enlarge its power, enter deliberately upon a "campaign of frightfulness" involving not only the violation of its treaty obligations, the violation of the law of Nations and the laws of civilized warfare, but the violation of every moral law and, at the same time, claim the inspiration and guidance of God.

It is four years now since Germany invaded Belgium and began to inflict death and torment by the use of poison gas, to murder and maim women and little children, to destroy undefended towns, to drop bombs on hospitals, to murder men, women, and children of neutral nations at sea, to outrage women and to burn noncombatant men, women, and children alive in the flames of their burning homes, under the pretense of a defensive war waged under God's guidance.

Nursed on its own foreordination to conquest, reared and trained in an atmosphere of its own infallibility, educated by a literature glorifying arms, the mailed fist, brute force, and the disregard of moral obligations, Germany deliberately entered upon a war of spoliation and conquest, and measured by the map, Hohenzollern Imperialism has occupied a large "increment of territory."

MAP MAKING.

But outside this black belt of German despotism, widened and lengthened by intrigue, and unspeakable cruelty, the civilized world is in alliance either formal or informal, and a reconstructed map of the Universe is slowly taking shape in human aspiration for better things.

Government, like all man-made material things, is first an invisible thing which takes shape in human thought and is afterwards made manifest in capitals, courts, and legislative bodies.

The old order is passing away—being shot away.

The foundations of things supposed to be permanent are being broken up.

It is difficult to lay premises from which to reason into the future, but when this war is over the changes in geography will not be as great as the changes in social and economic conditions.

The issues involved in this war are the principles upon which human society rests.

We used to bound America on the East by the Atlantic Ocean. It is bounded on the East now by the Hindenburg line.

On the other side of that line, the fundamental principle is to make each man a part of a military establishment, organized to perpetuate a few in power and to plunder and despoil its weaker neighbors.

On this side, we fight for the liberties of the civilized world; the sanctity of treaties; the law of Nations and the honor of womanhood. [Applause.]

On this side, it is not one man who controls, it is not one nation, it is not even one race; it is the spirit of Democracy.

It has never entered into the political philosophy of any American citizen to be a mere instrument for the aggrandizement of any man or set of men.

Every nerve of America is strung with one purpose now. We will talk about terms of peace after our immediate business is finished. [Applause.]

The men of France and Belgium whose women have been outraged, whose children have been impaled on German bayonets, whose homes have been desolated, and the men of England, knowing what Germany intended to do to England, if she could cross the narrow channel and set foot on English soil, will want to make the terms short and the conference short—and the terms ought to be the terms of Grant at Donelson, "unconditional surrender." [Applause.]

We Americans realize now that what we thought secure—our Constitution, our Government by the people, our Monroe Doctrine, our homes, our families, and our property—might have been swept into the horrible wake of barbaric plunder, devastation, and outrage.

Shortly before his death, Captain Knyvett, of the Australian Intelligence and Scouting Service, contributed an article to the Outlook in which he said: "We are fighting for ourselves in our own defense for every Australian knows that it is in France that Australian home defense is being secured." This also applies to America.

In answer to a French woman's words of thanks that Australians had come to fight for the women of France, he said "M'selle, we did not come here to fight for you; we came here to fight for our own women folk for we know that though you live next door to these brutes, we live in the same street and after they have done with you, it would be our turn and the turn of our women folk if we did not come and fight the fight of Australia's home defense here on French soil." This also applies to America.

On April 12, Marshal Haig issued an order to "all ranks of the British Army in France and Flanders" in which he said: "Every position must be held to the last man. There must be no retreat. With our backs to the wall, and believing in the justice of our cause, each of us must fight to the end. The safety of our homes and the freedom of mankind depend alike upon the conduct of each one of us at this critical moment."

And they stood fast with the blue of the English Channel behind them and the homes of England beyond.

Our boys are there now. We are under way now. We have geared the power of this Nation to the business of war now. And the man who obstructs or delays now will be despised as long as men read history. [Applause.] The thrifty soul who sees only a chance to make money, the politician who gets himself associated with war news for advertising purposes, the patriot who plays safe, will find his place in public estimation.

The issue is even greater than democracy against autocracy. It is Right against Wrong. [Loud applause.]

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BAER].

Mr. BAER. Mr. Chairman, I desire to speak upon the record of North Dakota in the war.

Mr. FORDNEY. I yield whatever time is necessary for Mr. BAER to finish his address.

Mr. BAER. Mr. Chairman, as we turn our eyes toward Old Glory, the emblem of the greatest Nation in the world, we behold 48 stars, each star representing one of the States in the Union. These States are not necessarily striving to excel each other in their patriotic endeavor. We are a united Nation. It is a united endeavor. To-day we see the sons of the men who wore the gray marching side by side with the sons of the men who wore the blue, fighting for the cause of freedom and justice, each vying with the other to exalt the name above all names—an American citizen. We have met, East and West, in the closest union. We have obliterated class feelings as such and welded our country into the most militant fighting force for democracy the world has ever seen.

In my remarks I shall not attempt to emphasize superiority for my own State in the matter of patriotic effort. I simply wish to show that she is in step with her sister States for the one great purpose of bringing this war to a speedy and successful issue. We want to win the war and win it quickly.

I believe all Congressmen will agree that the pride one has in the achievements of his own State is quite pardonable, especially when it has been intentionally or unintentionally misrepresented. North Dakota stands second to none in its response to every call of our beloved country. She needs no defense.

Many believe North Dakota did not subscribe its full quota to the first liberty loan, when as a matter of fact the subscriptions more than doubled her quota. In the second liberty loan we oversubscribed 70 per cent, which I understand is the high-

est for any State in the Union. We also have more members of the Red Cross, in proportion to our population, than any other State in this country. Again, the patriotic citizens of both city and country exerted the utmost energy in carrying on the Red Cross campaigns, the campaigns for religious organizations connected with the war, thrift stamps, savings stamps, and all the other war activities. Numerous public-spirited speakers and "four-minute men" have also done their bit for democracy. Members of the legislature and State officials have aided in this great work.

I believe, when the history of the war is written, the reader will find that the loyal citizens in the cities and in the rural districts of North Dakota have done their full share.

WAR RECORD OF NORTH DAKOTA.

The record of North Dakota in aiding and assisting our Government in the prosecution of this great war for democracy has truly been a record of loyal service.

VOLUNTEERS.

North Dakota has sent two volunteer regiments of as splendid men, morally and physically, as ever donned a khaki uniform. In the total number of volunteers, including the National Guard, the Regular Army, the Navy, and the Marines, North Dakota has not fallen below the average for the United States, and this in spite of the fact the Government has constantly pointed out that "soldiers of the soil" are as essential as the soldiers in the trenches.

THE SELECTIVE DRAFT.

When our Government asked for and enacted the selective-service draft law, North Dakota acquiesced and responded readily and without murmur or complaint.

Immediately North Dakota, peopled with a population consisting of farmers to the extent of about 85 per cent, set about to organize its draft boards, and the supplemental auxiliary agencies in aid thereof, in accordance with the regulation and request of the War Department and Provost Marshal General Crowder.

Gov. Frazier, with the active assistance of Attorney General Langer, and with the cooperation and advice of H. A. Bronson, vice president of the American Bar Association for North Dakota; F. T. Cuthbert, president of the State Bar Association; and Andrew A. Bruce, chief justice of the supreme court, immediately set to work to organize the various agencies in the State for full cooperation in order that the selective-draft law in the State might be made effective at a minimum cost.

North Dakota is proud of its record in response to the selective-draft law. The report of Gen. Crowder reveals that in the operation of this part of the selective-service law North Dakota leads the States of the Union in the minimum cost per certified draft man. The record for North Dakota is \$1.83 per soldier as against an average of \$4.23 for all of the States in our Union.

This record alone speaks volumes for the loyal devotion and ready response of our people to render every aid to our Government and at the minimum cost.

WHEAT CONSCRIPTION.

When our Government asked that wheat for our country and our allies be taken at a governmental fixed price of \$2.20 per bushel, and at a time when such wheat was actually worth in the open market over a dollar per bushel more than such fixed price, the farmers of North Dakota, without murmur or complaint, and without sending delegations to Washington to protest, loyally and willingly accepted and received the price so fixed for their wheat and delivered the same to our Nation.

COAL CONSERVATION—PRODUCTION.

Under the able fuel administrator, Capt. I. P. Baker, North Dakota has carried on an efficient campaign for fuel conservation by encouraging the use and development of the coal resources of our own State. In many households and public buildings lignite coal has been used exclusively. This not only encourages the use of our inexhaustible supply of lignite but also relieves the Government from the necessity of shipping coal from eastern points.

LIBERTY LOANS.

Whenever our Government has asked for financial support for our liberty loans, North Dakota, even though impoverished in parts of the State by severe crop losses in the years 1916 and 1917, nevertheless has gone over the top upon every request with magnificent oversubscriptions beyond the allotted quotas, and all this in the face of the fact that such moneys so sub-

scribed pass beyond the borders of the State and are not returned to the State, except as crop production may cause the same to return. For in the State of North Dakota there are no manufacturing industries engaged in war activities, no war manufacturing establishments, and no Army cantonments. Hon. Wesley McDowell is chairman of the liberty loan campaign and has rendered excellent service.

In the first liberty loan the allotted quota for North Dakota was \$1,500,000; the subscription was \$3,600,000. In the second liberty loan the quota was \$6,000,000; the subscription was \$10,238,000. In the third liberty loan the quota was \$6,500,000, and the subscription was \$11,244,000. Furthermore, North Dakota, in the third liberty-loan drive, with Montana, were the first States in the Union to complete their quotas.

RED CROSS.

In active support of the Red Cross, North Dakota has continuously set a record of high devotion and worthy achievement.

In support of the Red Cross magazines, North Dakota leads the entire United States for magazines received monthly per capita of population. Hon. N. C. Young, of Fargo, is the director for our State and has supervised this splendid work.

In the second Red Cross drive, North Dakota leads the States of the Union with an oversubscription of 250 per cent. Furthermore, throughout the State, here and there and everywhere, Red Cross acres may be found donated by farmers.

To illustrate this loyalty of service by one example: A landowner of the State possessed of 320 acres of good virgin soil agreed to donate the same to the Red Cross for two years. Through a member of the State council of defense tractors were secured, labor was furnished, and seed promised. This land so donated by one landowner will be devoted in its crop production for two seasons to the Red Cross, with the added provision that if there be a crop failure in either of these two years it may be used for an additional year for the Red Cross. Many other instances could be cited.

INCREASED FOOD PRODUCTION.

When again our Government requested that every effort be made to increase our crop production in the United States to aid and maintain our boys and our allies at the front, North Dakota again, upon its own initiative, willingly and immediately took action to insure as greatly increased acreage as possible in this State.

Gov. Frazier, realizing that the crop failures in the years 1916 and 1917 in various parts of the State had not only greatly impoverished the farmers, but in many counties of the State had left them without the seed necessary for a succeeding crop and without the money or the credit necessary to obtain the same, unless the State should in some manner render aid and assistance, as a patriotic endeavor called into special session the legislature and proposed that such legislature enact a seed-and-feed act for the benefit of the farmers, so as to enable needy farmers to borrow and secure sufficient seed and feed for purposes of crop production in the year 1918.

This act was adopted unanimously, practically as proposed, without regard to political affiliations. This measure was similar to one introduced by me here, known as the Baer bill, which passed this House by an overwhelming vote of 250 to 67.

And may I call attention here to the fact that the national administration has given substantial effect to the proposals of my measure through the granting of loans to needy farmers out of the \$5,000,000 appropriation? This money is being loaned to farmers through the agency of the Federal land banks. Six hundred thousand dollars has been assigned to North Dakota to use, if necessary. I am glad to say that my own district has had a record crop and will not require Federal aid.

John N. Hagen, the commissioner of agriculture and labor in North Dakota, put into force and operation this seed-and-feed act.

Here are some of the results of the operation of this act:

There are 53 counties in the State; 26 counties made application either to bond or to issue warrants for the purpose of securing seed and feed to sell to the farmers of the State upon their notes to be given for the cost of the same, including interest.

These counties authorized the issue of either bonds or warrants in the sum of \$3,435,000; the bonds so issued were sold upon the open market by Commissioner Hagen at the rate of 4 per cent.

What is North Dakota's record as a result of the efforts of the State administration in this regard?

I call your attention to the crop report statistics of the Secretary of Agriculture. They are herewith stated for three years, the 1918 report being taken from the August, 1918, bulletin for the monthly crop report:

Crop acreages in North Dakota. [Compiled from Federal reports.]

Crop.	1916	1917	1918
	<i>Acres.</i>	<i>Acres.</i>	<i>Acres.</i>
Wheat.....	7,150,000	7,000,000	7,630,000
Oats.....	2,500,000	2,575,000	2,520,000
Barley.....	1,725,000	1,825,000	1,700,000
Flax.....	790,000	965,000	955,000
Rye.....	450,000	1,040,000	2,038,000
Corn.....	510,000	590,000	484,000
Potatoes.....	75,000	90,000	90,000
Total acreage.....	13,200,000	14,085,000	15,417,000

An increase of over 2,200,000 acres over 1916, an average year.

Crop production in North Dakota.

	1916	1917	1918 estimated.
	<i>Bushels.</i>	<i>Bushels.</i>	<i>Bushels.</i>
Wheat.....	39,325,000	56,000,000	83,548,000
Oats.....	53,750,000	38,625,000	62,721,000
Barley.....	26,738,600	22,812,000	35,280,000
Flax.....	8,135,000	3,764,000	7,922,000
Rye.....	5,985,000	4,200,000	21,399,000
Corn.....	13,515,000	5,310,000	11,926,000
Potatoes.....	6,975,000	3,870,000	9,004,000

Wheat production increased over 50 per cent according to these statistics.

These statistics speak volumes concerning the patriotism of the farmers of North Dakota and the splendid leadership of the State administration.

It should be noticed that the increased acreage is for those cereals used in food for human consumption. In other words, the farmers raised the crops which our Government requested.

FLAX PRODUCTION.

Again, when our Government requested that as much flax as possible be produced this year for governmental needs North Dakota quickly, loyally, and willingly responded.

There are thousands of acres of land in our State vacant, tillable, idle, and unproductive. Many of these acres are owned by nonresidents; many by speculators who have been holding these lands as an investment for the natural increment in land values that has occurred and will occur as surrounding lands are peopled by actual farmers, broken up, and made productive.

In North Dakota this same special session of the legislature created an act granting to the governor of the State the authority to appoint the members of a State council of defense, of which the governor should be chairman, and granting to such council of defense broad powers to aid and assist our Government in the prosecution of this war and to protect the families and property of our soldier boys who have gone to the front. This council of defense has taken a noteworthy and advanced step to aid and assist our Government in crop production. Thomas Allen Box is the secretary and an active worker.

It enacted a regulatory order providing that any farmer of our State, upon a showing being made that there were idle, vacant, and tillable lands in the State which he could utilize for crop production for purposes of aiding our Government, could secure a permit of such council of defense to enter upon the same and make them productive for the year 1918 for raising flax and for the year 1919 for raising wheat, providing he would carefully farm the same and had the ability so to do, and providing, further, proper compensation to the owner of the land for its use.

This act has worked out successfully and beyond the hopes of the most sanguine. From every part of the State the willing and loyal hands of the farmers went to work to add to the acreage of North Dakota what had been idle and vacant lands. Some complaints have come from landowners and speculators who desired rather to hold slacker acres and virgin prairie than to make the same productive. Threats have been made of the exercise of unlawful powers by the council of defense, but it has been only as a murmur as against the sounding waves of an incoming tide of patriotic approval. Three hundred thousand of these idle acres have been added to the productive acreage of North Dakota.

SOLDIERS' MORATORIUM.

Furthermore, this same special session of the legislature enacted a moratorium act for the benefit of our soldier boys who are in the service, prohibiting the foreclosure of liens or mort-

gages upon soldiers' property during the period of war, except under necessary circumstances. It also passed an act giving to our men in the service the right to vote whether here or abroad.

Under its broad powers granted the burden has been placed upon our State council of defense to protect the property and the dependents of our military men in the service of our Government.

Well and promptly has it acted in seeing that our men in the service of our Government and fighting for the principles of democracy abroad should be protected and safeguarded here both as to their dependents and their property.

Mortgages here and there in the State have been made to feel the exercise of the broad powers of this council prohibiting acts not only contrary to the moratorium act but acts that would or might serve to embarrass our soldier boys or their dependent wives.

And, again, when complaints began to come to this council of defense that the greedy desires of some men were impelling them in certain cases to proceed to take farm machinery and farm instrumentalities necessary now to harvest the present crop under liens and chattel mortgages upon the same, this council, in a patriotic endeavor to do everything possible to insure the largest crop production, prescribed that during the harvesting and thrashing season foreclosures upon such farm machinery should not be had, and this moratorium act is being enforced and being obeyed.

WORK OR FIGHT.

And this same council of defense, to conserve our man power and to increase crop production, further decreed that all male persons between the ages of 18 and 50 years of age be usefully employed, thus supplementing the orders and regulations of our War Department through Provost Marshal General Crowder.

And to further set the example of loyalty at this time when every ounce of human energy and power should be directed in aid and assistance of our Government in the prosecution of this war, the governor of the State has requested all State employees able so to do to devote their time as far as possible and their vacation in actual work in assisting the harvesting and thrashing of the present crops, and for some time past he and other State employees have been found in the harvest fields doing actual work and service in the garnering of the present crop in North Dakota, doing what they can to make every resource of our State available for our Government in this great war.

Business men, professional men, and others residing in the cities volunteered their services to help harvest the bumper crop in North Dakota. Many gave all their time. Business men closed their stores at 4 o'clock and went out into the fields and worked until dark helping the farmers. I have a photograph in my office of a wagon load of huskies leaving Fargo to do the work of the farm hands in the field. There is an aroused feeling of patriotism throughout the State which I have not seen manifested in any other part of the country which I have visited.

WOMEN'S ACTIVITIES.

In conclusion I am proud to pay tribute to the magnificent example of patriotism of our North Dakota women in their efforts to win the war. They have, without murmur, met the added responsibilities and successfully carried forward the Red Cross and the many activities growing out of the war. Without complaint they have carried out the regulations of food conservation in their households. Dr. E. F. Ladd, president of the agricultural college and also food administrator for North Dakota, has done excellent work along the lines of conservation of foodstuffs and he had the hearty cooperation of every housewife. The women have gone about this work with hearts saddened by the absence of loved ones that may never return and in the face of conditions requiring a great courage as those who have gone to the front.

With all her sister States, North Dakota has heard from across the waters the Macedonian cry, "Come over and help us," and has nobly and courageously responded by first giving the best of her young manhood and then unstintingly of her means. I am confident she will continue to meet every call made upon her in the same loyal manner in the future as in the past. [Applause.]

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. GARRETT of Tennessee having resumed the chair as Speaker pro tempore, Mr. SAUNDERS of Virginia, 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. 12863 and had come to no resolution thereon.

HOUR OF MEETING TO-MORROW.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet to-morrow at 11 o'clock a. m.

Mr. GILLET. That will be just for general debate?

Mr. KITCHIN. Yes.

The SPEAKER pro tempore. Is there objection? There was no objection.

ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 6 minutes p. m.) the House adjourned until to-morrow, Thursday, September 12, 1918, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. SINNOTT, from the Committee on the Public Lands, to which was referred the bill (S. 3225) to reserve as a part of the Oregon National Forest certain lands that were revested in the United States pursuant to the decision of the Supreme Court of the United States in the case of the Oregon & California Railroad Co. against the United States, reported the same without amendment, accompanied by a report (No. 776), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. PADGETT: A bill (H. R. 12915) to provide additional pay for warrant officers on shore duty beyond the continental limits of the United States; to the Committee on Naval Affairs.

Also, a bill (H. R. 12916) to provide for the temporary promotion of commissioned officers of the Marine Corps serving with the Army; to the Committee on Naval Affairs.

By Mr. KINCHELOE: A bill (H. R. 12917) to provide for the establishment of a sanatorium for the treatment of persons discharged from the military and naval forces of the United States, and for other purposes; to the Committee on Public Buildings and Grounds.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BROWNE: A bill (H. R. 12918) granting an increase of pension to Thomas McBean; to the Committee on Invalid Pensions.

By Mr. TIMBERLAKE: A bill (H. R. 12919) granting an increase of pension to Ann E. McGrew; to the Committee on Pensions.

By Mr. WHITE of Ohio: A bill (H. R. 12920) granting a pension to Eliza M. Wells; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

By Mr. DYER: Memorial of Branch No. 3, National Association of Post Office Laborers, urging increased pay for post-office laborers; to the Committee on the Post Office and Post Roads.

Also, petition of Dr. J. R. Haynes, Los Angeles, Cal., urging the passage of House bill 12767; also, resolutions of the Central Trades and Labor Union of St. Louis and vicinity, concerning a minimum eight-hour day, minimum wage scale, and other matters touching the welfare of labor; to the Committee on Labor.

By Mr. ELSTON: Petition submitted by the Northern California Branch of American Committee for Armenian and Syrian Relief (originated by Berkeley branch thereof) with signatures of many hundreds of representative California citizens appealing for American interest and aid in behalf of suffering Armenians in the Russian Caucasus; to the Committee on Foreign Affairs.

By Mr. ESCH: Petition of the Public Ownership Association of California, concerning oil-land legislation; to the Committee on the Public Lands.

By Mr. GALLIVAN: Petition of J. F. Marsten, president of the Taxi Service Co., Boston, Mass., against the proposed tax on taxi companies; also the petition of Charles L. Burrill, treas-

urer and receiver general of Massachusetts, protesting against the proposed tax on municipal bonds; to the Committee on Ways and Means.

By Mr. KAHN: Papers to accompany House bill 12913, a bill for the relief of Edna R. Brady; to the Committee on Claims.

By Mr. LINTHICUM: Petition of the Henry S. Wampole Co. and of Charles T. Kemp, protesting against the proposed \$100 tax on brokers; also the petition of H. B. Wilcox, vice president of the Merchants-Mechanics Bank of Baltimore, Md., against the high taxes in new revenue bill; to the Committee on Ways and Means.

By Mr. SHERWOOD: Petition of citizens of the ninth congressional district of Ohio, against the passage of the discriminatory war tax on automobiles; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES.

THURSDAY, September 12, 1918.

The House met at 11 o'clock and was called to order by the Clerk of the House.

The CLERK. The Clerk will read a letter from the Speaker of the House.

The Clerk read as follows:

SEPTEMBER 11, 1918.

Hon. SOUTH TRIMBLE,
Clerk of the House:

I hereby designate Hon. FINIS J. GARRETT, of Tennessee, as Speaker pro tempore for Thursday, September 12.

Yours, respectfully,

CHAMP CLARK, Speaker.

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

Unto Thee, O God, our Heavenly Father, do we lift up our hearts in gratitude and praise for Thy goodness and for Thy wonderful works unto the children of men.

Especially do we bless Thee for a Government of the people, by the people, for the people. Continue Thy favors unto us, our arms and those of our allies in the progress they are making, until a permanent peace shall be established; that all nations shall enjoy freedom, liberty, justice, equal rights for all.

We thank Thee that two thousand eight hundred of our soldiers were saved from a watery grave by the ingenuity and skill of our sailors in sinking the dastardly U-boat.

Hear our prayer in His name. 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 bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 4886. An act providing for the sale of certain lands in the original town site of Port Angeles, Wash.;

S. 4855. An act to amend an act approved April 5, 1918, entitled "An act to provide further for the national security and defense, and for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes"; and

S. 4889. An act to give effect to certain provisions of the convention for the protection of trade-marks and commercial names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes.

The message also announced that the Senate had passed without amendment bill of the following title:

H. R. 8004. An act authorizing the resurvey or retracement of lands heretofore returned as surveyed public lands of the United States under certain conditions.

The message also announced that the Senate had passed with amendment the bill (H. R. 11259) to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of those ores, metals, and minerals which have formerly been largely imported or of which there is or may be an inadequate supply, had requested a conference with the House of Representatives upon the bill and amendment, and had appointed Mr. HENDERSON, Mr. WALSE, and Mr. POINDEXTER as the conferees on the part of the Senate.

SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 4889. An act to give effect to certain provisions of the convention for the protection of trade-marks and commercial

names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes; to the Committee on Patents.

S. 4855. An act to amend an act approved April 5, 1918, entitled "An act to provide further for the national security and defense, and for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes"; to the Committee on Banking and Currency.

S. 4886. An act providing for the sale of certain lands in the original town site of Port Angeles, Wash.; to the Committee on the Public Lands.

REVENUE LEGISLATION.

Mr. KITCHIN. 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 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 bill H. R. 12863, with Mr. SAUNDERS of Virginia in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the purpose of considering the bill H. R. 12863, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 12863) to provide revenue, and for other purposes.

Mr. KITCHIN. Mr. Chairman, I would like to ask the gentleman from Michigan [Mr. FORDNEY] if he has anyone to go on now?

Mr. FORDNEY. I thought Mr. LONDON was going to talk.

Mr. KITCHIN. I am going to yield him 30 minutes.

Mr. FORDNEY. Mr. Wood of Indiana is here, and I would just as soon go on, but I want somebody to hear him.

Mr. GARRETT of Tennessee. Mr. Chairman, I make the point of order there is no quorum present.

The CHAIRMAN. The gentleman from Tennessee makes the point that there is no quorum present, and evidently there is not. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fairchild, B. L.	Linthicum	Sanders, La.
Anthony	Fairchild, G. W.	Lobeck	Sanders, N. Y.
Ashbrook	Farr	Lufkin	Sanford
Aswell	Flynn	Lundeen	Schall
Austin	Foss	Lunn	Scott, Pa.
Bacharach	Francis	McAndrews	Scully
Baer	French	McArthur	Sears
Barkley	Fuller, III.	McCormick	Shackleford
Bell	Gallagher	McKinley	Sherley
Blanton	Gallivan	McLaughlin, Mich.	Shouse
Borland	Gandy	Madden	Sims
Brand	Garland	Maher	Siemp
Britten	Glass	Mann	Small
Browning	Godwin, N. C.	Mason	Smith, Idaho
Byrnes, S. C.	Goodall	Mays	Smith, T. F.
Caldwell	Goodwin, Ark.	Meeker	Snook
Candler, Miss.	Graham, Pa.	Miller, Wash.	Steenerson
Caraway	Gray, N. J.	Morin	Sterling, Pa.
Carew	Griffin	Mott	Stiness
Carter, Mass.	Hamill	Mudd	Strong
Cary	Hamilton, N. Y.	Neely	Sullivan
Church	Harrison, Miss.	Nelson	Summers
Clary	Haskell	Nicholls, S. C.	Swift
Coady	Hastings	Nichols, Mich.	Switzer
Cooper, Ohio	Heaton	Nolan	Tague
Cooper, Wis.	Helatz	Oliver, Ala.	Talbott
Copley	Hicks	Oliver, N. Y.	Taylor, Colo.
Costello	Hood	Olney	Templeton
Cramton	Houston	O'Shaunessy	Tinkham
Crosser	Howard	Overstreet	Van Dyke
Curry, Cal.	Husted	Padgett	Vare
Dale, N. Y.	Hutchinson	Paige	Venable
Dallinger	Ireland	Peters	Vestal
Darrow	Johnson, Ky.	Phelan	Vinson
Delaney	Johnson, S. Dak.	Platt	Voigt
Dempsey	Jones	Porter	Walker
Dewalt	Juul	Powers	Walton
Dies	Kahn	Price	Ward
Dillon	Keating	Ragsdale	Wason
Donovan	Kelley, Mich.	Rainey, J. W.	Watkins
Doolling	Kelly, Pa.	Ramsey	Watson, Va.
Doollittle	Kennedy, R. I.	Randall	Weaver
Doremus	Kettner	Rankin	Welling
Doughton	Kiess, Pa.	Reed	Williams
Drane	King	Riordan	Wilson, Ill.
Drukker	Kraus	Roberts	Wilson, Tex.
Dunn	Kreider	Rodenberg	Wingo
Dupré	La Follette	Rogers	Winslow
Eagan	La Guardia	Rowland	Wise
Ellsworth	Lea, Cal.	Rucker	Woods, Iowa
Emerson	Lee, Ga.	Russell	Woodyard
Estopinal	Lehlbach	Sabath	Wright

The committee rose; and the Speaker pro tempore [Mr. GARRETT of Tennessee] having resumed the chair, Mr. SAUNDERS of Virginia, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee finding